



Awdurdod Cyllid Cymru
Welsh Revenue Authority

Annual Report and Accounts 2017-19

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Mae’r ddogfen yma hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

Chair's Foreword

As the first appointed Chair of the Welsh Revenue Authority (the WRA), I am honoured to introduce our first Annual Report and Accounts.

We were established by Welsh Government in October 2017 in readiness to collect and manage the first devolved Welsh taxes from 1 April 2018. Our report therefore covers an 18-month period and reflects the results of an excellent first year of operations.

Our people, partners and stakeholders have all played a role in helping to build the Welsh Revenue Authority – a new organisation serving Wales and the first non-Ministerial department of Welsh Government. It is with thanks to them, and many others, that we can report on successful operations to date.

In our report, we explain how we have responded to the three priorities set out in our Remit Letter from Welsh Ministers. The first priority was to establish the organisation and design the process of administering Welsh devolved tax collection, particularly to enable Welsh citizens to pay the right amount of tax at the right time.

From the start, we designed the organisation and our processes to work effectively in partnership with taxpayers and users of our systems, to help them to get it right first time. We implemented new digital systems and developed guidance about the requirements of the Tax Collection and Management (Wales) Act 2016 (TCMA).

Our second priority involved developing our tax systems to help deter and tackle tax evasion and avoidance. We have created a uniquely Welsh approach to this, drawing on the latest and best ideas from across the world. We have been refining this approach and establishing a set of metrics to measure our progress.

Our third priority related to public service delivery with a focus on improving the administration of devolved taxation in Wales. We have worked closely with our colleagues in Welsh Treasury and continue to do so by sharing aggregated data analysis to shape and improve Welsh tax policy. This collaboration is an important way of connecting the formulation of tax policy with its implementation.

The Remit Letter reflects our continued focus on partnership working, which has characterised our first operational year. I would like to thank all those who have supported us and with whom we work: in particular, Natural Resources Wales and the Law Society, as well as legal professionals and landfill disposal operators as daily users of our systems.

We have recently published our Corporate Plan (2019-2022) setting out our purpose and strategic objectives for the next three years. We remain focused on the work we are doing to help support the delivery of a fair tax system for Wales. And we are proud to manage and collect revenue through taxes which are designed in Wales, for the benefit of Wales.

Kathryn Bishop
Chair of Welsh Revenue Authority

Performance Report

Chief Executive's Overview

I'm pleased to present the WRA's first annual report and accounts, including this overview of our activities. At the WRA, we have gained 18 months' experience of working together – collecting Land Transaction Tax and Landfill Disposals Tax on behalf of Welsh Government. We have built a new organisation, forming teams and developing new approaches to how we work together, and with others.

I want to thank everybody who was involved in Welsh Government's WRA Implementation Programme, which oversaw our establishment. Our organisation would not be what it is today without the expertise, energy and support of countless colleagues in Welsh Government and across other public sector bodies. The first six months of our establishment saw real commitment and collaboration to get us to a successful launch on time and on budget on 1 April 2018.

As Accounting Officer, I take seriously the duty to ensure that the public money we are entrusted with is spent well and that we collect devolved taxes efficiently and effectively.

Our management team

I wouldn't be able to carry out this role without the support of the WRA's Tîm Arwain (leadership team). Membership includes myself and the:

- Chief Strategy Officer – Rebecca Godfrey
- Head of HR – Melissa Quignon-Finch
- Chief Finance Officer – Teresa Platt
- Head of Operations – Sam Cairns
- Chief of Staff – Jo Ryder
- Chief Legal and Policy Officer – Sean Bradley

Tîm Arwain forms part of our governance structure which we implemented in readiness for April 2018. The organisation is led by our Board which is supported by its committees (Audit and Risk Assurance Committee and People Committee), and Tîm Arwain is supported by the Change Portfolio Committee and Case Management Committee.

Priorities and strategy

Guided by the Remit Letter from Welsh Ministers, our priorities during our first year of operation were:

- **Embedding *Our Approach*** – this is integral to how we deliver all our work, particularly for those paying tax
- **Understanding our environment and operations** – this ranged from our operations to relationships; customer insight to budget; performance to internal processes
- **Building our capability** – this has concentrated particularly on our people and systems

I'm proud of the innovative approaches we have taken, really thinking through all we do, and engaging with others to help us build a tax system that reflects the priorities of Wales. Examples include the development and implementation of *Our Approach*; our award-winning cloud-based digital systems; our enthusiastic focus on engaging and responding to

customers; and the attention we have given to developing new measures which aim to assess the whole tax system.

One of the highlights of the year for me is the very positive response to our first Civil Service People Survey. We are a small and multi-skilled organisation and we can only succeed thanks to the commitment and passion shown by all our people, which is reflected in our staff survey results.

We currently have the second highest engagement score out of over a hundred civil service organisations, a score of 85% is something for us all to be proud of. I am particularly pleased that we scored highest in “Inclusion and Fair Treatment” and “Leadership and Managing Change”.

In terms of our relationship with taxpayers and agents, I’ve seen truly positive and meaningful engagement, all moving towards building a tax system that is highly automated, genuinely digital and timely. Thank you to everybody who has been involved.

We have delivered a significant amount of work in a relatively short space of time; providing new public services that are usually delivered by much larger organisations. It has been a privilege to lead this organisation through its first term and I look forward to the challenge and opportunities that lie ahead.

Performance Summary

The data contained in the performance analysis below, helps provide some insight into the performance of the WRA and the devolved taxes during the period that these accounts cover. This summary helps explain why these data are different to what you could expect to see in future.

The WRA’s first accounts cover both the set-up period immediately before we began to collect taxes and the first 12 months of tax collection. The activities that we carried out during these last 18 months are therefore different to what we will typically be doing in the future. For instance, in the months leading up to 1 April 2018 the WRA’s focus was on providing support to taxpayers and their agents in understanding how the new taxes would work, along with services to allow businesses to register. No filing of returns or collection of revenue was undertaken before 1 April 2018.

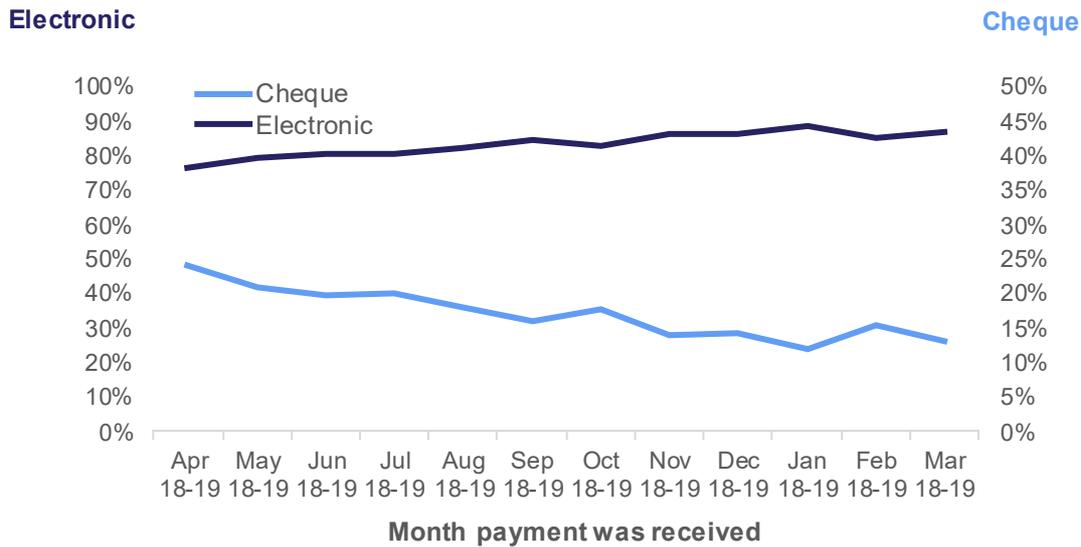
The work we did in 2018-2019 was also unusual as it was mostly focused on supporting the initial part of the tax collecting process (filing returns and making payments) more than on deploying risk methodologies to identify areas of possible error in returns. Such risk profiling, and the mitigation and recovery activity which follows it, could not be undertaken until a sufficiently large stock of returns had been filed. In future we would expect this risk work to be a significant part of the WRA’s activities and therefore we will record and publish data to explain how well that work has gone. These differences in the work being carried out are the natural consequence of launching a new organisation, doing new things.

In recognition of these unique circumstances the WRA was asked by Welsh Ministers to develop a set of performance measures during 2018-2019 based on our growing understanding of delivery of devolved taxes in Wales. This work has culminated in the measures that we have included in our Corporate Plan for 2019-2022; here you’ll find details

on how we developed our blend of measures for that period. We have been able to collect data that relate to some of these measures from the start of 2018-2019. The data that we have on these measures are included in the performance analysis section that follows.

Performance analysis

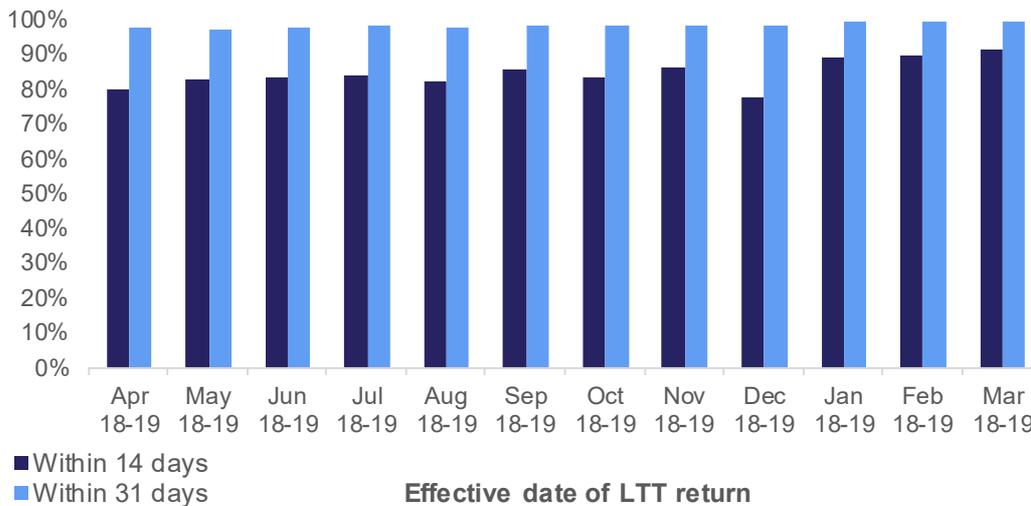
Figure 1: The percentage of payments received electronically, by month received



The figure above corresponds to measure 1.2 in the WRA Corporate Plan and covers all payments made to the WRA.

By working closely with taxpayer agents we have seen a general improvement over the year in the proportion of payments received electronically, which includes both Land Transaction Tax and Landfill Disposals Tax (Figure 1).

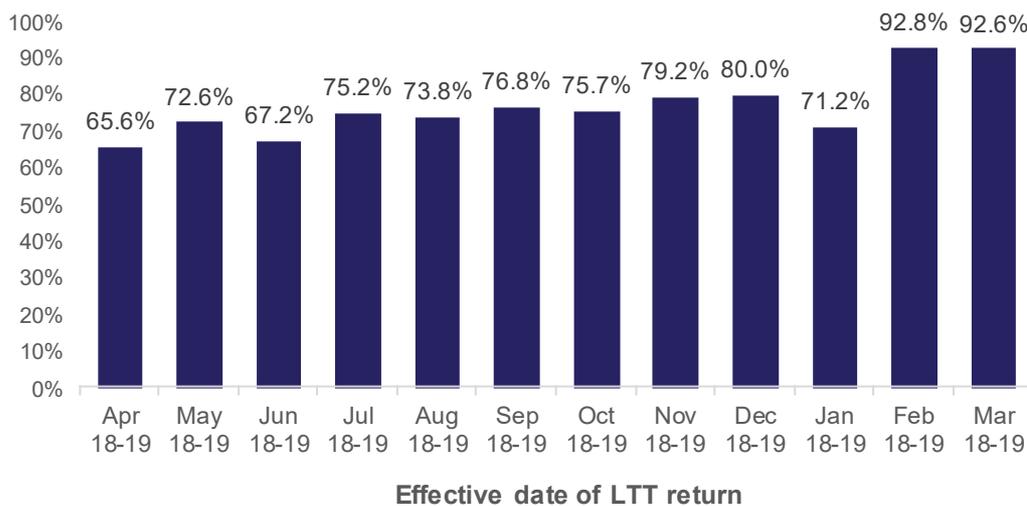
Figure 2: The percentage of Land Transaction Tax returns received within 31 days, by month transaction was effective



The figure above corresponds to measure 5.1 in the WRA Corporate Plan and covers only Land Transaction Tax. The effective date is generally when the property changes hands.

Figure 2 shows that the level of timeliness in receiving Land Transaction Tax returns (i.e. the proportion received within a month of the date the transaction became effective) has remained near 100% over the course of the year.

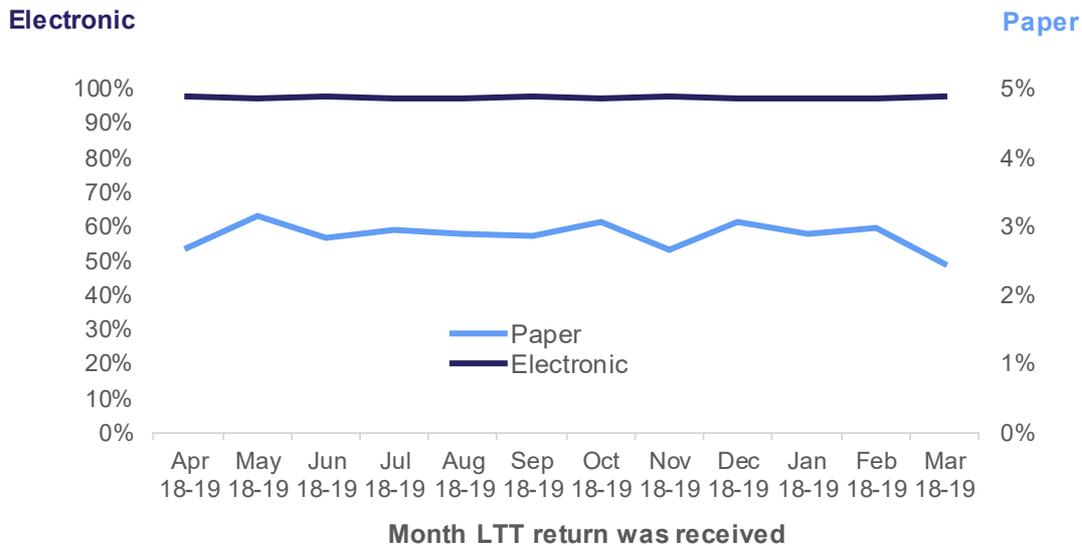
Figure 3: The percentage of Land Transaction Tax debts collected within 30 days, by month transaction was effective



The figure above corresponds to measure 5.2 in the WRA Corporate Plan and covers only Land Transaction Tax. The effective date is generally when the property changes hands.

Timeliness in respect of collecting Land Transaction Tax amounts that have ended up in debt is also improving, particularly in the last two months of the year.

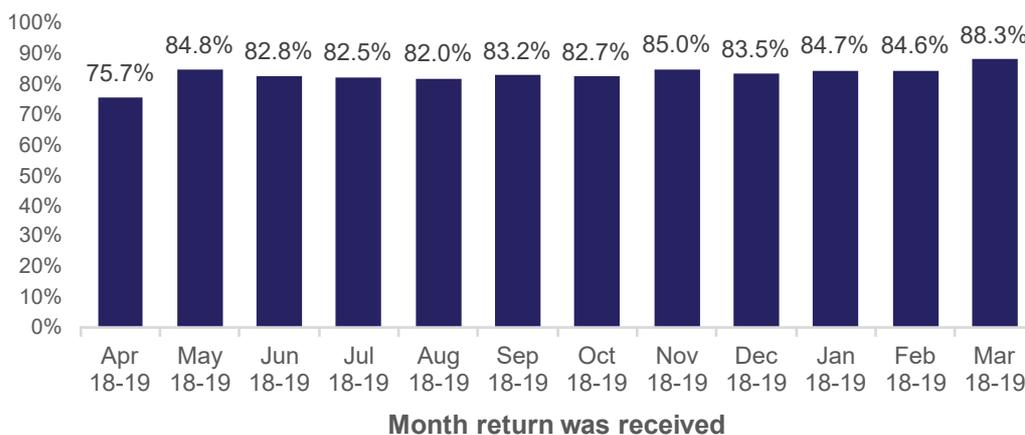
Figure 4: The percentage of Land Transaction Tax returns received electronically or by paper, by month received



The figure above corresponds to measure 1.1 in the WRA Corporate Plan and covers only Land Transaction Tax.

Figure 4 shows the rate of electronic submission for our returns has fluctuated a little around an average of 97%, although the most recent month shows an upturn in this measure (more easily seen in the percentage of returns received on paper), following an earlier dip which led to action by our customer service team. Landfill Disposals Tax returns are all filed electronically and excluded from the above as a paper return is not offered as an option.

Figure 5: The percentage of transactions that automatically progress to initial* closure with no WRA action, by month received



*The figure above only includes initial submission and payment (if relevant) but not any future work the WRA might undertake to manage tax risk. It corresponds to measure 6 in the WRA Corporate Plan and covers all tax transactions.

Figure 5 demonstrates how the extent of our automatic processing (i.e. returns received digitally and where relevant paid with no manual intervention) has improved over the year. This covers both Land Transaction Tax and Landfill Disposals Tax.

Figure 6: The percentage of Land Transaction Tax higher rate refunds made within 30 days of approval, by month of approval



The figure above corresponds to measure 5.3 in the WRA Corporate Plan.

The processing time (from approval to payment) for Land Transaction Tax higher rates refunds has met our target of payment within 30 days since summer 2018 (when we received our first significant applications), as shown in Figure 6. The average number of days to process has been around the five-day mark for the latter half of the year.

We are aware that meeting this target in future is likely to be more challenging as the number of refunds is expected to increase, and we also acknowledge that the measure should include some information on the time taken to initially approve the refund, which we will aim to add in the coming year.

User feedback

During 2018-2019, we asked generic questions of our users relating to service ratings and ease of our services. Users have found our services to be accessible, with data over the year indicating an average of around 75% of respondents rating our services as excellent or good, and around 60% finding our services easy or very easy to use.

Financial Performance

Resource Accounts

The WRA was set-up on the 18 October 2017 and this first annual report for the resource accounts covers the period 18 October 2017 to 31 March 2019. Initial revenue set-up costs of £1.44 million covering the period 18 October 2017 to 31 March 2018 were in Welsh Government's 2017-18 accounts. Spend in 2018-2019 was lower than the £6.0 million budget initially awarded by Welsh Government. The main reason for this was staff costs being lower than estimated, due to some staff being recruited later than initially planned. Further information is provided in the Resource Accounts section on pages 37 to 43.

Devolved taxes

The table below shows the tax revenue net of repayments. Further information is provided in the Tax Statement section on pages 44 to 51.

	2018-19 £000
Land Transaction Tax	227,846
Landfill Disposals Tax	44,433

The procedure to transfer tax revenue to the Welsh Consolidated Fund is well established, with revenues being transferred in accordance with agreed processes. An internal audit assessment of our End-to-End process for tax collection, including the Finance systems and payment to WCF, found that 'substantial' assurance could be given on this area.

Dyfed Alsop

Chief Executive and Accounting Officer

2 July 2019

Accountability Report

Statement of Accounting Officer's responsibilities

Under Section 33 of the Tax Collection and Management (Wales) Act 2016 (TCMA), the Chief Executive of the WRA is designated its Accounting Officer, who has, in relation to the accounts, tax statement and finances of the WRA, the responsibilities which are specified by the Welsh Ministers. These include responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the WRA's assets, as set out in Managing Welsh Public Money, published by Welsh Government.

Under Sections 29(1)(b) and 30(1) of the TCMA, the Welsh Ministers directed the WRA to prepare for each financial year accounts and a tax statement in compliance with the accounting principles and disclosure requirements of the Financial Reporting Manual (FReM) issued by HM Treasury.

The accounts shall be prepared so as to: give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, and cash flows; and, provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Welsh Government or material transactions that have not conformed to the authorities which govern them.

In preparing the accounts, the Accounting Officer is required in particular to:

- Observe the Accounts Direction issued by the Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis
- Confirm that the Annual Report and Accounts, as a whole, is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The tax statement shall be prepared so as to:

- Show the amounts receivable from the collection of taxes, penalties and other income, any deductions permitted, and amounts paid to the Wales Consolidated Fund in accordance with Section 25 of the TCMA
- Give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, and cash flows
- Provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Welsh Government or material transactions that have not conformed to the authorities which govern them

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Auditor General for Wales' auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Dyfed Alsop
Chief Executive and Accounting Officer
2 July 2019

Governance Statement

Responsibilities and Governance Framework

The WRA was established on 18 October 2017 under the TCMA to collect two devolved taxes: Land Transaction Tax and Landfill Disposals Tax, which replace Stamp Duty Land Tax and Landfill Tax, respectively in Wales. The WRA is the first non-Ministerial government department created by Welsh Government, staffed by civil servants but supported and overseen by an independent Board, which is accountable to the National Assembly for Wales.

Our organisational structure, policies and procedures have been established in line with the UK 'Corporate governance in central government departments – code of good practice'. Our leadership is consistent with expected senior management roles and responsibilities; supporting procedures are in place to ensure Board roles can operate effectively; our reporting routes are clear to ensure accountability and key internal controls are in place; remuneration is considered by the Board's Non-executive Member led People Committee to ensure independence. We also have regular meetings with our key stakeholders to maintain constructive working relationships.

Board and Committees

The WRA Board consists of a Non-executive Chair, five Non-executive Members, a Chief Executive and two Executive Members who are also WRA employees. In autumn 2018, a Staff Elected Member was appointed through an employee ballot. Non-executive Members are appointed by Welsh Ministers.

The Board provides leadership and strategic direction to the WRA and seeks assurance that its statutory functions are carried out effectively and efficiently. The Board published its [terms of reference](#) on 21 March 2018.

Through its Chair, the Board is held to account by the National Assembly for Wales and by the Welsh Ministers for assuring that it achieves the objectives and priorities agreed between the WRA and the Welsh Ministers, as set out in the [annual Remit Letter](#) and reflected in the Ministerial agreed WRA Corporate Plan.

All Board members have undergone a thorough induction process and support for on-going training and development is available on a group and individual basis. All Board members and staff complete a conflicts of interest declaration which is regularly reviewed. All Related Party Transactions are disclosed in note 7 to the resource accounts. Members' attendance at Board and Committee meetings (18 October 2017 to 31 March 2019) is shown in the table that follows.

Board Member names	Board	ARAC	People Committee
Number of meetings held	14	7	3
Non-executives:			
Kathryn Bishop (Chair)	14	1 (as observer)	3
Jocelyn Davies	14	7	3
Dyfed Edwards	14	N/A	3
David Jones (ARAC Member since June 2018)	12	4	N/A
Lakshmi Narain	14	7	N/A
Martin Warren	12	7	N/A
Executives:			
Dyfed Alsop (Chief Executive)	14	7	3
Sean Bradley (Chief Legal & Policy Officer)	14	N/A	N/A
Rebecca Godfrey (Chief Strategy Officer)	12	N/A	N/A
Staff Elected Member:			
Lucy Robinson (since October 2018)	3	1 (as observer)	1 (as observer)

Board activity

The Board's business during the reporting period included:

- Agreeing its terms of reference and standing orders
- Agreeing its committee structure and the delegation of powers
- Developing the WRA purpose statement, strategy and Charter
- Establishing partnership arrangements with Welsh Government, including agreeing a Framework Document
- Consideration of the performance of key activities, the development of projects and receiving regular updates, assurances and reports from Committees
- Input into, and agreement of, the 2018-2019 and the 2019-2022 Corporate Plan

Board performance and effectiveness

The Board, led by the Chair, considers that its role in providing governance, direction and oversight is important to the success of the organisation. The Board discussed and agreed its operating basis and the Chair met all Board members at least twice during the period on an individual basis to discuss performance. Amongst other measures, a strong commitment has been demonstrated and evidenced through members' attendance at Board, Committee and other meetings.

The Board reviewed its collective performance during the year and concluded that it was operating effectively although, inevitably for a new organisation, there were some improvements to be made. The review also assessed the quality of information provided to the Board and concluded that overall it was effective.

Audit and Risk Assurance Committee (ARAC)

The Board established the Committee in November 2017 to support itself and the Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, and the annual report and accounts. Responsibility for ensuring the integrity of financial information and that systems of risk management are robust and defensible lies with the Board.

Committee membership comprises Non-executive Members only, however, the Chief Executive and the Chief Finance Officer also attend meetings. Minutes of Committee meetings are shared with the Board, and the ARAC Chair summarises its work at each Board meeting. The Committee prepared an annual report about its activities which was presented to the Board.

Since its establishment, ARAC has considered the following matters:

- ARAC terms of reference
- The risk management framework, including the corporate risk register and the development of a Board Risk Appetite Statement
- Progress by the executive in implementing policies, procedures and internal controls
- Internal audit arrangements including plans, the reports from assignments and progress by the executive in implementing agreed actions
- Cyber security and information governance
- Preparations for the annual report and accounts, and the WAO audit plan

The Committee undertook a review of its effectiveness during the period. The approach included an anonymous questionnaire based on National Audit Office's effectiveness checklist for audit committees that reflected the principles from HM Treasury's Audit and Risk Assurance Committee Handbook. The Committee discussed the results of the review and agreed the review's findings that although ARAC was still in its infancy, it was nevertheless operating effectively.

People Committee

The People Committee was established by the Board in June 2018. The Committee supports the Board in their responsibilities for issues around remuneration, staff terms, recruitment, performance management and talent management. Specifically, it reviews, confirms, and provides assurance on a range of WRA policies relating to total remuneration, the provision of benefits such as pensions and allowances, termination and severance payments, recruitment and remuneration proposals for Senior Civil Service (SCS) roles, and changes to staff contractual terms.

Committee membership comprises Non-executive Members only. The Head of HR attends every meeting. People Committee minutes are shared with the Board, and the Committee Chair summarises its work at each Board meeting.

Since its establishment the Committee has considered the following matters:

- People Committee terms of reference
- Living Wage accreditation
- SCS pay guidance
- Well-being
- WRA location
- Gender pay gap

Internal audit

The WRA appointed Welsh Government to provide its Internal Audit Services (IAS) and these operate to Public Sector Internal Audit Standards. A full programme of audit work was undertaken in the reporting period, based upon an analysis of the major risks facing the organisation and governed by an Audit Plan agreed in February 2018. Internal Audit submitted regular reports to ARAC on progress in implementing this audit plan.

Internal Audit coordinated its work with that of the Wales Audit Office and together the two independent sources of assurance provided the Accounting Officer with significant comfort in respect of the reliability of the financial accounts in the case of the Wales Audit Office and on the operation of the framework of risk management, governance and control in the case of Internal Audit.

In the Internal Audit Annual Assurance Report, the overall assurance opinion given was:

Management can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with moderate risk exposure until resolved.

The programme of audit work completed during the reporting period, which drives the overall assurance opinion given, produced the following opinions for the audit reports issued:

- End to End Review of the Tax System (Substantial Assurance opinion)
- Governance Framework (Reasonable Assurance opinion)
- Protection of taxpayers' data (Reasonable Assurance opinion)
- Business Continuity Plans (Reasonable Assurance opinion)
- Processes to ensure compliance with LDT and LTT (Reasonable Assurance opinion)

None of the individual audit reports received a "limited" or "no assurance" classification. Where weaknesses were identified in audit reports, appropriate observations were made to enhance the control framework and address the issue identified

Risk Management

Risk management framework

The Board has responsibility for ensuring that the WRA has a robust system of risk management in place and to help with that it has established and delegated authority to an Audit and Risk Assurance Committee. The Board through ARAC developed a Risk Appetite Statement, which provides a steer to management on the level of risk which the Board considers to be acceptable in the delivery of the WRA's strategy.

The Chief Executive is accountable for risk management in his role as Accounting Officer, and provides leadership on discussions of strategic risks at monthly Tîm Arwain meetings. Tîm Arwain maintains the Corporate Risk Register which is also a standing item at ARAC. Tîm Arwain members are owners of individual risks and provide updates on how risks have evolved and the suitability of risk mitigations.

A Risk Management Strategy has been prepared which explains the WRA's approach to risk management and records the risk management framework. In developing a risk management framework, the WRA has applied the guidance in HM Treasury's publication 'Orange Book: Management of risk – Principles and Concepts' and 'Managing Welsh Public Money'.

Strategic risk profile

The WRA managed a number of strategic risks covering corporate and tax collection activities. In summary, these included:

- As a new organisation we have developed our own approach to tax collection and we will continue to explain this clearly to ensure that the approach becomes embedded. The approach has been explained through our new Corporate Plan, engagement with customers and briefings with other stakeholders.
- Having the right people and skills is essential to delivering our approach. The majority of recruitment has now been completed and the organisational structure will continue to be monitored.
- Managing demand on our services relative to our resources requires us to be proactive in identifying where this demand will occur. Tîm Arwain has regular prioritisation and planning work to respond to developments. Regular contact with Welsh Government ensures that we are aware of future developments.
- Ensuring that we can provide effective, stable digital systems is particularly important as this is often the first point of contact by customers. A range of IT security and testing arrangements are in place. Wider change management arrangements are in place to ensure that new systems are designed effectively, and that changes to systems are tested and implemented in a co-ordinated way.
- Maintaining the security and integrity of Welsh taxpayer data we collect is also a key priority. A range of controls and guidance are in place in relation to information security, cyber security and physical security to ensure that data is protected and that the WRA meets its regulatory obligations.

Annual Internal Control Questionnaire and Assurance Statements provided to the Accounting Officer

The Accounting Officer required Tîm Arwain to compile an Internal Control Questionnaire (ICQ) and, based on this, provide a statement of assurance with an assessment of the effectiveness of the WRA's arrangements of internal control. Through the ICQ, Tîm Arwain members provided their self-assessments of internal control, governance and risk management and their considerations about how effectively they thought controls had operated throughout the reporting period. The Accounting Officer attended an assurance "stock-take" with Tîm Arwain to consider the assurances available in respect of the reporting period. These included positive assurances in respect of the key activities and functions undertaken. No fundamental control weaknesses were identified during the reporting period.

The Accounting Officer also sought and received assurances from Natural Resources Wales in relation to the delegated functions concerning the Landfill Disposals Tax and sought assurance from Welsh Government in relation to their provision of HR Shared Services.

Information Governance

We have an Information Management Strategy which explains our approach to managing information effectively. This is accompanied by further policies and guidance for all staff, including an Information Management and Governance Policy.

The WRA has an IT Security Officer (ITSO) who leads on managing the day-to-day information risks associated with information activity. We share a Senior Information Risk Owner (SIRO) with Welsh Government as a pragmatic solution to the fact that we have some common digital platforms and need to maintain digital security for both organisations across those platforms.

We also share with Welsh Government a Data Protection Officer (DPO) who provides independent advice, assisting us to monitor internal compliance with General Data Protection Regulation and Data Protection Act 2018 (GDPR) related matters. In particular, she advises on data protection related decisions and data protection breaches to test reporting decisions and our implementation of follow-up action. The DPO provided a report and commentary on the activities she had undertaken since the Data Protection Act 2018 came into force. This also confirmed that no correspondence had been received directly from any data subject concerning the use of their data by the WRA. Neither had the DPO received any correspondence from the Information Commissioner's Office concerning data protection at the WRA.

There were no successful breaches of our IT security or associated data losses. Quarterly reports of all attempted breaches and other security incidents are produced for Tîm Arwain and ARAC. The WRA security assurance consists of a series of risk assessments following National Cyber Security Centre (NCSC) guidance and ISO27001 and ISO27002 principles. The specific risk management methodology is HMG Information Assurance Standard 1 & 2. The WRA is working closely with NCSC to review the security assurance risk assessment process and will take their advice on the merits of achieving the Cyber Essentials Plus accreditation.

The WRA had 13 data breaches during 2018-2019, most of which occurred in quarters two and three and were relatively minor. Two linked breaches were referred to the Information Commissioner's Office, which was satisfied with the mitigating actions we took and closed the incidents without penalty.

In January 2019, an internal audit assignment that considered the protection of taxpayers' data was completed which provided reasonable assurance.

Freedom of Information requests

We received five Freedom of Information requests in the reporting period, all of which were responded to within 20 working days. For three of the requests we were able to provide some of the information sought. Information was exempted from disclosure in the other cases. We undertook an internal review of a response given following a request. There were no complaints received relating to our handling of requests for information and there were no investigations by the Information Commissioner's Office.

Whistleblowing

The WRA adopted Welsh Government's whistleblowing policy provisionally and then, in the course of the period, developed proposals and supporting arrangements to meet its specific circumstances. There were no incidents of whistleblowing during the reporting period.

Welsh Language

The WRA has been established as a bilingual organisation, that enables and supports its customers to conduct their business in Welsh or English. Customers are able to carry out every aspect of their business with the WRA through the medium of Welsh as well as

English. All our published guidance, information and systems is available in both languages and we have a committed, fluent customer service team on hand to deal with any queries.

We actively promote the use of the Welsh language and encourage individuals to work with us in Welsh. For example, our digital services are designed so that you can toggle easily between Welsh and English online services. This means people who might lack confidence in Welsh can switch to English and back throughout the form as needed.

The Welsh language has equal status within the WRA and we promote and encourage its use in the office and provide staff with opportunities and access to training. We strongly believe that creating the right culture within the WRA will contribute to improving our outward facing services.

As a new Department, we do not have Welsh language standards of our own and therefore, as part of ensuring good Welsh language services, we are voluntarily complying with Welsh Government standards where proportionate. We have started discussions with the Welsh Language Commissioner's office about developing standards that are suitable for the WRA.

Well-being of Future Generations

Although the WRA is not listed in the Well-being of Future Generations (Wales) Act 2015, Welsh Ministers asked us to work across the wider public service to contribute to and work to further the aims of the Act. We have in the course of developing Our Approach (which drives all we do) incorporated the spirit and sense of the Act and will continue to look to embed the Act in all policy outcomes.

Dyfed Alsop
Chief Executive and Accounting Officer
2 July 2019

Remuneration and Staff Report

Remuneration Report

Service Contracts

WRA employees are civil servants. The Constitutional Reform and Governance Act 2010 requires civil service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

The senior officials covered by this report hold appointments which are open-ended with their home civil service departments. As of 31 March 2019, the senior officials covered by this report were all working with the WRA on a loan basis from other civil service departments. Early termination by those home departments, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Remuneration Policy

The remuneration of members of the Senior Civil Service (SCS) is not delegated, unlike the remuneration of staff below SCS. This means that the WRA implements SCS pay in accordance with the rules set out in chapter 7.1, Annex A of the Civil Service Management Code and annual guidance produced by UK Cabinet Office, following recommendations from the Senior Salary Review Body (SSRB). In reaching its recommendations, the SSRB is to have regard to the following considerations:

- The need to recruit, retain and motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the government's departmental expenditure limits
- The government's inflation target
- Evidence they receive about wider economic considerations and the affordability of their recommendations

Further information about the work of the SSRB can be found at <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>.

The WRA's People Committee, chaired by a Non-executive Member, is responsible for recommending senior pay decisions on an annual basis, or as required. The Committee is responsible for ensuring that remuneration is handled fairly and in line with the Cabinet Office guidance. The Committee has, during the period, chosen to broadly align its approach to that of Welsh Government, which has some flexibility to operate within the guidance set by the Cabinet Office. For example, the WRA has not made any performance related bonus payments to members of the SCS during 2017-2018 or 2018-2019.

The remuneration of staff below the SCS in the WRA mirrors the approach of Welsh Government. Further information about Welsh Government's Pay Policy can be found at <https://gov.wales/sites/default/files/publications/2018-09/pay-policy-statement.pdf>.

The WRA Board's Non-executive Members receive fees for duties on behalf of the WRA, such as attendance at Board and Committee meetings. Fees are paid at a daily rate as set out in their letters of appointment and are as follows:

	Daily Rate (£)
Non-executive Chair	400
Non-executive Deputy Chair	350
Non-executive Member	300

Expenses incurred in carrying out these duties are also reimbursed.

Remuneration Disclosure

The following section provides information about the remuneration and pension interests of the WRA's most senior management, its Board members. This includes both Non-executive Members and senior officials, but does not include the Board's Staff Elected Member.

Salary covers both pensionable and non-pensionable amounts and includes gross salaries, overtime, recruitment and retention allowances, or other allowances or payments to the extent that they are subject to UK taxation, and any severance or ex-gratia payments. It does not include amounts which are reimbursement of expenses directly incurred in the performance of an individual's duties. This report is based on accrued payments made by the WRA and thus recorded in these accounts.

The monetary value of benefits in kind covers any benefits provided by the WRA and treated by HMRC as taxable emolument.

In order to balance reporting requirements against individual privacy, in most cases we report remuneration figures in bandings of £5,000 (for example, £65,000-£70,000).

Non-executive remuneration

Fees paid for the period 18 October 2017 to 31 March 2019 for Non-executive Members were:

Non-executive Members	Fees £000
Kathryn Bishop Non-executive Chair	35-40
Dyfed Edwards Non-executive Deputy Chair (from 20 July 2018) Non-executive Member (to 19 July 2018)	25-30
Jocelyn Davies Non-executive Member	10-15
David Jones Non-executive Member	20-25
Lakshmi Narain Non-executive Member	15-20
Martin Warren Non-executive Member	10-15 ^{1,2}

This table is subject to audit.

In addition to their fees, where Non-executive Members incur necessary travel and other expenses in attending meetings required in their role with WRA, they are entitled to be reimbursed under the WRA Fee Paid Fees and Expenses Policy. The tax liability arising from the reimbursement is met by the WRA.

Non-executive Members are not employees of the WRA and do not receive pension benefits from the WRA.

Senior officials' remuneration and pension benefits

Remuneration figures for the period 18 October 2017 to 31 March 2019 for senior officials were:

	Salary £000	Pension benefits³	Total £000
Dyfed Alsop⁴ Chief Executive	135-140	71,000	205-210
Rebecca Godfrey Chief Strategy Officer	100-105	66,000	165-170
Sean Bradley Chief Legal & Policy Officer (from 04/12/17)	90-95	33,000	125-130

This table is subject to audit.

¹ A payment of £81.43 was made to Martin Warren in March 2019 as a gesture of good will in relation to the additional tax treatment applied when multiple delayed payments relating to the period August 2017-March 2018 were paid in February-April 2018.

² An overpayment of £1,933.20 was made to Martin Warren in December 2017 in error. This was repaid in part in March 2019, and the remaining amount (£411.96) repaid in April 2019.

³ Pension benefits are rounded to the nearest £1,000. The value of pension benefits accrued during the year is calculated as *the real increase in pension multiplied by 20 less the contributions made by the individual*. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

⁴ An overpayment of £608.28 in non-taxable expenses was made to Dyfed Alsop in June 2018 in error. This was repaid in May 2019.

Benefits in kind assessed were nil in both 2018-19 and 2017-18.

Senior officials were paid salaries in the following bands:

	Salary 2018-19	Salary 2017-18 (from 18 October 2017)
	£000	£000
Dyfed Alsop Chief Executive	95-100	40-45 (FYE 90-95)
Rebecca Godfrey Chief Strategy Officer	70-75	30-35 (FYE 65-70)
Sean Bradley Chief Legal & Policy Officer (from 4 December 2017)	65-70 (FTE 75-80 ⁵)	25-30 (FYE 75-80)

This table is subject to audit.

*FTE: Full-time equivalent.

*FYE: Full year equivalent.

Senior officials' pension benefits during 2018-19 were:

Senior officials	Accrued Pension at pension age as at 31/03/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real Increase in CETV
	£000	£000	£000	£000	£000
Dyfed Alsop Chief Executive	20-25 plus lump sum of 45-50	2.5-5 plus lump sum of 0-2.5	342	266	26
Rebecca Godfrey Chief Strategy Officer	15-20	2.5-5	196	144	20
Sean Bradley Chief Legal & Policy Officer	25-30 plus lump sum of 10-15	0-2.5 plus lump sum of 0-2.5	397	328	14

This table is subject to audit.

⁵ Sean Bradley changed working pattern from 1.0 FTE to 0.86 FTE on 01.10.18 and this change was backdated to 01.04.2018.

Senior officials' pension benefits between 18 October 2017 and 31 March 2018 were:

Senior officials	Accrued Pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 18/10/17 ⁶	Real Increase in CETV
	£000	£000	£000	£000	£000
Dyfed Alsop Chief Executive	20-25 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	266	245	8
Rebecca Godfrey Chief Strategy Officer	10-15	0-2.5	144	132	8
Sean Bradley Chief Legal & Policy Officer (from 4 December 2017)	25-30 plus lump sum of 10-15	0-2.5 plus lump sum of 0	328	324	0

This table is subject to audit.

*CETV = Cash Equivalent Transfer Value.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave

⁶ Or at date of appointment as Director, if later.

alpha. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a

consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Welsh Revenue Authority in the financial year 2018-19 was £95,000-100,000 (2017-18: £90,000-95,000). This was 2.45 times (2017-18: 2.29) the median remuneration of the workforce, which was £39,750 (2017-18: £40,345). The highest paid director was the Chief Executive in both 2018-19 and 2017-18.

The reason that the ratio of highest paid director to median pay increased, albeit minimally, from 2017-18 to 2018-19 is due to the WRA having a high proportion of vacancies filled during this period. As a new organisation, not all staff were in post at the start of the reporting period (21 staff in post at 18 October 2017 and 66 staff in post at 31 March 2019). Senior roles were generally recruited first, to allow these individuals to then be in post to recruit the junior roles in their teams. This meant that during 2017-18 there was a lower proportion of junior staff employed than in 2018-19, increasing the median pay ratio accordingly. The remuneration of the highest paid director also increased between 2017-18 and 2018-19 as a result of the annual SCS pay award.

In 2018-19 and 2017-18, one employee received remuneration in excess of the highest paid director. This employee provided implementation and business change services. Their full-time equivalent remuneration in the financial year 2018-19 was £95,000-100,000 (2017-18: £95,000-100,000).

Remuneration ranged from £19,240 to £96,907 (2017-18: £17,200 to £96,907). Total remuneration includes salary and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff Report

Staff costs

Staff costs for the period were:

Senior officials	Permanently employed staff ⁷	Contract and agency staff ⁸	Total
	2017-19 £000	2017-19 £000	2017-19 £000
Salaries ⁹	3,447	155	3,602
Social security costs ¹⁰	386	0	386
Other pension costs	756	1	757
Total	4,589	156	4,745

This table is subject to audit.

Staff costs during the period were lower than expected. This was because the majority of employees were recruited to the WRA during the period, and this took longer than expected for both planned and unplanned reasons. For example, security clearance processing took longer than expected at times, and some roles were later decided to not be required immediately and were postponed until later in the period.

Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which the WRA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2018-19, employers' contributions of £556,964 were payable to the PCSPS (2017-18 £167,511) at one of four rates in the range 20.0 to 24.5 per cent (in both 2017-18 and 2018-19) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,007 (2017-18 £1,719) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 to 14.75 per cent (in both 2017-18 and 2018-19) of pensionable pay. In addition, 0.5 per cent of pensionable pay is payable to the PCSPS

⁷ Permanently employed staff in this table include staff who are on loan to the WRA from other Civil Service employers, but who are permanently employed by that Civil Service employer.

⁸ Contract and agency staff for the period included a small number of agency staff (three) and one fixed-term contract. In addition to these figures, one agency staff member was included in projects relating to ICT.

⁹ Salary includes gross salaries, overtime, recruitment and retention allowances, and other allowances or payments to the extent that they are subject to UK taxation. In addition, for contract and agency staff, salary may also include agency fees and VAT at the applicable rate.

¹⁰ Social security and other pension costs for contract and agency staff are in most cases included under the figures for salaries because they were invoiced on a gross basis.

to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Employers also match employee contributions up to 3 per cent of pensionable pay.

No persons (in either 2017-18 or 2018-19) retired early on ill-health grounds; the total additional accrued pension liabilities in the year were therefore nil.

Civil Service and other compensation schemes

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. These are employer costs associated with early departure and are accounted for in full in the year of departure. Where the WRA has agreed early retirements, the additional costs are met by the WRA and not the Civil Service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the undernoted.

Such payments during the period were nil.

SCS by Pay Band

The number of members of the SCS by pay band as of 31 March 2019 was:

Pay band ¹¹	Number
SCS 2 (all disclosed in Remuneration Report)	1
SCS 1 (all disclosed in Remuneration Report)	2

Number of Persons Employed

The average number of full-time equivalent (FTE) persons employed (including SCS) was:

	2018-19	2017-18 (from 18 October 2017)
Permanent staff	38	6
Loan staff	23	27
Fixed term staff ¹²	0.2	0
Total	61	33

In addition to employed staff as above, the average number of FTE agency staff engaged was:

	2018-19	2017-18
Agency staff	1	0.2

Staff Composition

The WRA holds and reviews equality information on its staff, and considers the impacts on recruitment, training, career development and promotion for groups protected by the Equality Act 2010 (for example, disability, age and gender). Oversight of equality in the WRA was provided by the Board, People Committee and Tîm Arwain during the reporting period, and the Board signed off the WRA's [Strategic Equality Plan and Equality Objectives](#) in March 2019. While this equality information is reviewed internally, in most cases the breakdown of

¹¹ The WRA does not have any roles at SCS pay bands 3 or 4.

¹² For example, paid summer placements for students in higher education.

staff is not fit to publish because, as a small employer, it would allow individuals and/or small groups to be identified. An exception to this is our staff gender profile, which is included below.

The gender breakdown of persons employed as of 31 March 2019 was:

	Female	Male
Directors / SCS	1	2
Other employees	34	25

The gender breakdown of persons employed as of 31 March 2018 was:

	Female	Male
Directors / SCS	1	2
Other employees	23	16

All members of the SCS were also Directors during the reporting period (2017-18 and 2018-19).

Processes that were implemented during the period to promote equal treatment included:

- Gaining Disability Confident – Committed employer status, and displaying this status on our recruitment web page
- Introducing a guaranteed interview scheme for all disabled applicants who meet the role’s minimum requirements
- Removing all reference to name, gender, age, address and names of educational establishments from job applications to avoid bias during selection
- Asking all candidates if they have any adjustments or require alternatives to the assessment processes
- Requiring all recruitment panels to be of mixed gender and panel members to have completed unconscious bias training
- Centrally considering all requests for training, for reviewing talent management and internal promotion to assure consistency and reduce bias
- Procuring and promoting Occupational Health and Employee Assistance Programme services to support staff who become unwell during employment
- Establishing a staff Wellbeing Group, launching a Wellbeing Strategy, and arranging events including in-house health checks and mental health training for line managers
- Conducting DSE assessments for all staff to identify any reasonable adjustments required on joining the WRA and as required
- Providing all staff, regardless of role, with laptops to facilitate flexible working

Sickness Absence

Sickness absence figures are typically expressed as one of two Annual Working Days Lost (AWDL) calculations:

AWDL per staff year = total number of working days lost across the year / total number of potential staff years.

This is a better representation of true available days lost because it excludes weekends, public and privilege holidays from the sickness period. Using total staff years also correctly accounts for part-time staff, new entrants and leavers during the period. For example, someone working half the full-time number of hours per week would have a staff year of 0.5.

AWDL per person = total days lost / total headcount.

This calculation is widely used across the public and private sectors and is included only for ease of comparison with other organisations for 2018-19. This figure is not provided for the period 18 October 2017 to 31 March 2018 because this is a part year period, and would provide a misleading figure due to the way AWDL per person is calculated.

The level of sickness absence within the WRA in 2018-19 was 6.86 AWDL per staff year (4.65 in 2017-18). This is similar to the Civil Service AWDL for 2018-19 (6.9 days). AWDL per person for the WRA in 2018-19 was 8.83, which is higher than the Civil Service AWDL per person of 5.9 days for 2018-19.

The figure for the WRA staff sickness absence includes the extended absences of four members of staff following serious illness, which in a small organisation like the WRA can have a significant impact on AWDL calculations. When their absence is excluded from the calculation, the AWDL per staff year in 2018-19 was 2.07 (2.29 for 2017-18).

Consultancy Costs

Consultancy costs during the period were:

	2017-19 £000
Digital and technology costs	578
Communication costs	85
Data costs	47

Where there is a permanent need for skilled individuals, the WRA would typically recruit an employee or team to undertake the activities. However, for shorter-term specialist work, this is neither practical or cost effective, and best completed by a specialist consultancy organisation rather than an individual. This approach allows the WRA to buy the expertise and services it needs, without unreasonable costs or the creation of fixed-term contracts. This is particularly the case because the WRA is a small organisation and cannot operate the economies of scale required to in-house all work, and due to the interim nature of much of the implementation work required during the first 18 months of operations.

Consultancy costs were incurred in the following areas:

- Digital and technology: the majority of these costs relate to developments to the Tax Management System, as well as cyber security testing and advice
- Communications: brand identity work and reviews of the understanding and impact of the WRA's culture and Our Approach
- Data: development of a back-end system to help structure our data for publication on StatsWales, and services to allow us to securely connect to partner organisations

Off-payroll Disclosures

Off-payroll arrangements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer.

From 6 April 2017, reforms to intermediaries legislation (known as IR35) came into effect. These changed the rules for off-payroll people working in the public sector and moved the obligation to determine tax status from the contractor to the engager.

All existing off-payroll engagements have been subject to a risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Off-Payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than 6 months:

No. of existing engagements as of 31 March 2019	3
Of which:	
No. that have existed for less than one year at time of reporting	2
No. that have existed between one and two years at time of reporting	1

All new off-payroll engagements, or those that reached six months in duration, between 18 October 2017 and 31 March 2019, for more than £245 per day and that last for longer than six months:

No. of new engagements, or those that reached six months in duration, between 18 October 2017 and 31 March 2019	7
Of which:	
No. assessed as caught by IR35	2
No. assessed as not caught by IR35	5
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0 ¹³
No. of engagements that saw a change of IR35 status following the consistency review	0

Any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 18 October 2017 and 31 March 2018:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off-payroll that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year.	11

Other Employee Matters

The WRA actively ensures participation of its staff in issues and decisions which involve them in several ways. These include digital communications such as emails and use of the intranet, a fortnightly all-staff call and Q&A with the Chief Executive, and quarterly away

¹³ The WRA operates quarterly reviews of off-payroll engagements for consistency and assurance purposes; however, due to some contracts originally being procured via Welsh Government, the limited period of some engagements and other contracts ending none of the engagements required review during this period.

days where all staff are involved in the organisation's decision making, such as the creation of our Corporate Plan objectives. Additionally, three trade unions were voluntarily recognised by the WRA to represent employees.

Staff safety at work is reviewed and maintained by a variety of processes. While in our offices, checks of physical safety of the workplace and equipment used are conducted frequently, with additional checks for staff with particular needs such as during pregnancy or when experiencing stress or other ill health. When visiting other sites and taxpayers, risk assessments are completed, and a buddy system is in operation to ensure staff safety. As mentioned previously, an active Wellbeing Group is in place, and a Wellbeing Strategy was agreed by the People Committee.

16 different professions are represented in the WRA, including data, digital, finance, legal, HR and tax specialists. Both WRA-wide and profession or role specific training has been conducted during the period for all staff, and around a third of roles have been offered on a loan basis to encourage interchange and knowledge sharing between other civil service employers. A performance management process based on continual development and high-quality line management conversations is in place.

Dyfed Alsop
Chief Executive and Accounting Officer
2 July 2019

Accountability Disclosures

Losses Statement

There are no material losses to disclose. Note 3.2 to the Tax Statement discloses revenue losses.

Dyfed Alsop
Chief Executive and Accounting Officer
2 July 2019

Independent Auditor's Report

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales (Resource Accounts)

Report on the audit of the financial statements

Opinion

I certify that I have audited the Welsh Revenue Authority's Resource Account for the period ended 31 March 2019 under the Tax Collection and Management (Wales) Act 2016. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of the Welsh Revenue Authority's Resource Account as at 31 March 2019 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the ability of the Welsh Revenue Authority's Resource Account to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and financial statements. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Tax Collection and Management (Wales) Act 2016.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Minister's guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Tax Collection and Management (Wales) Act 2016 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability of the Welsh Revenue Authority's Resource Account to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales
3 July 2019

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the Welsh Revenue Authority's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales (Tax Statement)

Report on the audit of the financial statements

Opinion

I certify that I have audited the Welsh Revenue Authority's Tax Statement for the year ended 31 March 2019 under the Tax Collection and Management (Wales) Act 2016. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, Statement of Financial Position, Statement of Cash Flows and related notes, including a summary of accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the Welsh Revenue Authority's Tax Statement as at 31 March 2019 and of the net revenue for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Welsh Revenue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the ability of the Welsh Revenue Authority's Tax Statement to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Accounting Officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to

identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Welsh Revenue Authority's Tax Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Tax Collection and Management (Wales) Act 2016 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability of the Welsh Revenue Authority's Tax Statement to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions. I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales
3 July 2019

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the Welsh Revenue Authority's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Resource Accounts

Statement of Comprehensive Net Expenditure

	Note	2017-19 £000
Staff costs	2	4,745
Other staff related costs	2	216
Other operating costs	2	2,159
Depreciation	3.1	35
Amortisation	3.2	850
Net operating expenditure		8,005
Total comprehensive expenditure for the year		8,005

Statement of Financial Position

	Note	2017-2019 £000
Non-current assets		
Equipment	3.1	69
Intangible assets	3.2	1,625
Total non-current assets		1,694
Current assets		
Prepayments and other accrued income	4	156
Cash and cash equivalents	5	477
Total current assets		633
Current liabilities		
Trade and other payables	6	(703)
Total current liabilities		(703)
Total assets less current liabilities		1,624
Taxpayers equity		
General fund		1,624

Dyfed Alsop
 Chief Executive and Accounting Officer
 2 July 2019

Statement of Cash Flows

	Note	2017-19 £000
Cash flows from operating activities		
Net operating expenditure		(8,005)
Adjustments for non-cash transactions		
(Increase)/decrease in trade and other receivables		(156)
Increase/(decrease) in trade and other payables		703
Depreciation and amortisation	3.1 & 3.2	885
Net cash inflow/(outflow) from operating activities		(6,573)
Cash flows from investing activities		
Additions of equipment	3.1	(104)
Additions of intangible assets	3.2	(2,475)
Net cash inflow/(outflow) from investing activities		(2,579)
Cash flows from financing activities		
Funding from Welsh Government		9,629
Net financing		477
Net increase/(decrease) in cash and cash equivalents at the beginning of the period		0
Net increase/(decrease) in cash and cash equivalents at the end of the period	5	477

Statement of Changes in Taxpayers' Equity

	Note	General Fund £000
Balance at 18 October 2017		0
Changes in taxpayers' equity 2017-19		
Funding from Welsh Government		9,629
Total comprehensive expenditure for the period		(8,005)
Balance as at 31 March 2019		1,624

Notes to the Resource Accounts

1. Statement of accounting policies

1.1 Basis of accounting

These accounts are prepared in accordance with:

- A direction issued by Welsh Ministers, in accordance with Section 29(1)(b) of the Tax Collection and Management (Wales) Act 2016
- The 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury.
- International Financial Reporting Standards (IFRS) adapted or interpreted for the public sector context.
- The accounting policies detailed in subsequent notes

The WRA have considered the impact of standards and interpretations which have been issued but not yet effective. It is not expected that these will have a material impact on the financial statements.

The Welsh Revenue Authority was created on the 18 October 2017 and therefore the 2017-19 period covers the 18 October 2017 to 31 March 2019.

The financial information contained in the statements and in the notes is rounded to the nearest £000.

1.2 Accounting convention

In accordance with the FReM these accounts have been prepared under the historical cost convention and on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. Expenditure has been accounted for on an accruals basis.

1.3 Value Added Tax (VAT)

The WRA is registered for VAT and recovers some elements of VAT for business services and contracted out services. Other goods and services expenditure is recorded inclusive of VAT.

1.4 Funding

The only source of funding the WRA receives is from Welsh Government. These amounts are regarded as financing rather than as income, and are credited to the General Fund on a monthly basis.

1.5 Segmental reporting

The WRA only operates in Wales and collects income for the whole of Wales on behalf of the Welsh Consolidated Fund. It is therefore our opinion that the organisation only operates in one segment as reported.

1.6 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. IFRS7, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Owing to the nature of the WRA's activities and the way it is financed, the only financial instruments within the

accounts are financial assets in the form of trade and other receivables and financial liabilities in the form of trade and other payables. Therefore there is no exposure to significant liquidity, interest rate risk and foreign currency risk.

1.7 Non-Current Assets

Equipment

Equipment is carried at fair value, historic cost is used as a proxy for the fair value of these assets. The minimum level of capitalisation of individual assets is £5,000.

During implementation of the WRA; ICT equipment was purchased by the Welsh Government. On 1 April 2018 this was transferred from Welsh Government to the WRA.

Depreciation is provided on all plant and equipment assets. It is calculated to write off the value less estimated residual value, by equal instalments over their estimated useful lives, as follows:

- ICT equipment 3 years
- Other equipment 5 years

Depreciation is calculated from the month after the asset is acquired.

Intangible Assets

Intangible assets are stated at historic costs. Amortisation is provided on a straight line basis, over the estimated useful life or term of the license. Amortisation is calculated the month after the asset is acquired.

- Licenses and software 3 years

2. Expenditure

	2017-19 £000
Staff and related costs¹	
Wages and salaries	3,450
Pensions costs	757
Social security costs	386
Agency costs	152
	4,745
Other staff related costs	
Training and development	115
Travel and subsistence	88
Other employee related expenses	13
	216
Other operating costs	
Administration and other office costs	97
Board and related costs ¹	167
External audit fee	30
ICT related costs ²	1,570

	2017-19 £000
Internal audit fee	21
Other professional costs ³	274
	2,159
Amortisation and Depreciation	885
Total comprehensive expenditure for the year	8,005

¹ Further analysis of staff costs is provided in the Staff Report on page 25.

² These costs relate to ICT support costs, system improvements and cloud related costs.

³ Other professional costs include payments to Natural Resources Wales, consultancy and communication costs and legal fees.

3. Non-current assets

3.1 Equipment

	ICT equipment ¹ £000	Other equipment £000	2017-19 £000
Cost or valuation			
At 18 October 2017	0	0	0
Additions	93	11	104
At 31 March 2019	93	11	104
Depreciation			
At 18 October 2017	0	0	0
Charged in year	33	2	35
At 31 March 2019	33	2	35
Carrying amount at 31 March 2019	60	9	69

¹ These assets were purchased by Welsh Government and transferred to the WRA on the 1 April 2018.

3.2 Intangible assets

	Licenses ¹ £000	Software ¹ £000	2017-19 £000
Cost or valuation			
At 18 October 2017	0	0	0
Additions	66	2,409	2,475
At 31 March 2019	66	2,409	2,475
Amortisation			
At 18 October 2017	0	0	0
Charged in year	24	826	850
At 31 March 2019	24	826	850
Carrying amount at 31 March 2019	42	1,583	1,625

¹ These assets were purchased by Welsh Government and transferred to the WRA on the 1 April 2018.

4. Trade receivables and other receivables

	2017-19 £000
Prepayments and other accrued income	156
	156

There are no amounts falling due after one year included in the figures above. A provision for bad and doubtful debts is not required.

5. Cash and cash equivalents

	2017-19 £000
Balance at 18 October	0
Net change in cash and cash equivalent balances	477
Balance at 31 March	477

All balances are held with the Government Banking Service.

6. Trade and other payables

	2017-19 £000
Trade payables	(599)
Other accruals	(104)
	(703)

The majority of the amount in other accruals relates to an accrual for staff holiday entitlement. This is based on the date their holiday entitlement starts usually the date on which they were employed. The calculation is therefore based on individual holiday anniversaries rather than a fixed holiday year.

7. Related party transactions

The Welsh Revenue Authority is a non-ministerial department of Welsh Government. Welsh Government is therefore regarded to be the parent department and regarded as a related party with which the Welsh Revenue Authority has had a number of material transactions.

Funding of £9.63 million was received in 2017-19, (£1.44 million was in Welsh Government's accounts in 2017-18 and £2.57 million related to non-current assets transferred on the 1 April 2018).

Payments of £3.89 million were made to Welsh Government during 2018-19 mainly in relation to payroll costs including staff seconded to the WRA but also for IT cloud costs.

During the period, there were no material transactions with organisations in which staff members of the non-executive committees, nor any key members of staff nor their related parties had undertaken with the WRA.

8. Capital Commitments

There were no capital commitments as at 31 March 2019.

9. Contingent assets and liabilities

There were no contingent assets and liabilities as at 31 March 2019.

10. Events after the reporting period

There are no reportable events after the reporting period.

Tax Statement

Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2019

	Note	2018-19 £000
Revenue		
Taxes and duties		
Land Transaction Tax (LTT)	2.1	227,846
Landfill Disposals Tax (LDT)	2.2	44,433
Total taxes and duties		272,279
Penalties and interest		
Penalties	2.3	157
Interest	2.3	16
Total penalties and interest		173
Total revenue		272,452
Expenditure		
Interest paid	3.1	(13)
Revenue losses	3.2	(2)
Total expenditure		(15)
Net revenue for the Welsh Consolidated Fund		272,437

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes at pages 47 to 51 form part of this statement.

Statement of Financial Position

as at 31 March 2019

	Note	2018-19 £000
Current assets		
Receivables	4.1	1,892
Accrued taxes receivable	4.1	14,479
Cash	5	5,459
Total current assets		21,830
Current liabilities		
Payables	6	143
Total current liabilities		143
Total net assets		21,687
Represented by		
Balance due to the Welsh Consolidated Fund	8	21,687

Dyfed Alsop
Chief Executive and Accounting Officer
2 July 2019

Statement of Cash Flows

for the year ended 31 March 2019

	Note	2018-19 £000
Net cash flow from operating activities	A	256,209
Cash paid to the Consolidated Fund		(250,750)
Increase/(decrease) in cash in this period	B	5,459

Notes to the Statement of Cash Flows

	2018-19 £000
A: Reconciliation of new cash flow to movement in net funds	
Net revenue for the Welsh Consolidated Fund	272,437
(Increase)/decrease in non-cash assets	(16,371)
Increase/(decrease) in liabilities	143
Increase/(decrease) in provisions for liabilities	0
Net cash flow from operating activities	256,209

	2018-19 £000
B: Analysis of changes in net funds	
Increase/(decrease) in cash in this period	5,459
Net funds at 1 April 2018 (opening bank balance)	0
Net funds as at 31 March 2019 (closing bank balance)	5,459

Notes to the Tax statement

1. Statement of accounting policies

1.1 Basis of accounting

These accounts are prepared in accordance with:

- The accounts direction issued by Welsh Ministers, in accordance with section 30(1) of the Tax Collection and Management (Wales) Act 2016
- The 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury
- International Financial Reporting Standards (IFRS) adapted or interpreted for the public sector context
- The accounting policies detailed in subsequent notes

The WRA have considered the impact of standards and interpretations which have been issued but not yet effective. It is not expected that these will have a material impact on the financial statements.

The income and any associated expenditure contained within these statements are those flow of funds which the Welsh Revenue Authority handles on behalf of the Welsh Consolidated Fund and where it is acting as agent rather than as principal.

This is the first year that the Welsh Revenue Authority has produced a trust statement and therefore there are no comparators for 2017-18. The period the tax statement relates to is the 1 April 2018 to 31 March 2019.

The financial information contained in the statements and in the notes is rounded to the nearest £000.

1.2 Accounting convention

The Tax Statement has been prepared in accordance with historical cost convention. Taxes including repayments are accounted for on an accruals basis.

1.3 Revenue recognition

Taxation

Taxes are measured in accordance with IAS18. They are measured at the fair value of amounts received or receivable, net of repayments. Revenue is recognised when:

- A taxable event has occurred, the revenue can be measured reliably and it is probable that the economic benefits from the taxable event will flow to the Welsh Consolidated Fund. A taxable event occurs when a liability arises to pay a tax

Any amendments including higher rate refunds are recognised up to the 30 April 2019 where they relate to a previous financial year.

Penalties and interest

Penalties and interest are measured in accordance with IAS18. They are measured at the fair value of amounts received or receivable. Revenue is recognised when:

- The fine or penalty is validly imposed and becomes receivable by the Welsh Revenue Authority

The penalty or interest is de-recognised when:

- A penalty is cancelled following correction of a tax return arising from a minor error by the tax payer or agent
- Where on appeal or for other legal reasons, the penalty is cancelled

Where penalty and interest which has previously been recognised is later deemed to be uncollectable for reasons other than shown above, this is recorded as an expense at the date of the decision.

The tax gap is not recognised in the Tax Statement. The tax gap is the difference between the amount of tax that should, in theory, be collected by the WRA (the theoretical liability), against what is actually collected. The theoretical tax liability represents the tax that would be paid if all individuals and companies complied with both the letter of the law and the WRA's interpretation of the intention of the Welsh Assembly in setting law (referred to as the spirit of the law). The WRA undertakes mitigation and recovery work in order to ensure the right amount of tax is paid.

Further accounting policies are explained under the relevant notes.

1.4 Financial instruments

A financial instrument is a contract that gives rise to a financial assets in one entity and a financial liability or equity instrument in another. IFRS7, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Owing to the nature of the WRA's activities. The only financial instruments within the accounts are financial assets in the form of receivables and financial liabilities in the form of payables. Due to this there is no exposure to significant liquidity, interest rate risk and foreign currency risk.

2. Revenue and other income

2.1 Land Transaction Tax

	2018-19 £000
Residential	155,428
Non-residential	72,418
Total Land Transaction Tax	227,846

The taxable event for Land Transaction Tax is the purchase of land or property.

Higher residential rates are payable on the purchase of additional properties in Wales. It is repayable where the taxpayer's previous main residence is sold within three years of the purchase of the additional property. The contribution from higher rates transactions for 2018-19 was £77.69 million. This figure has been reduced for higher rate refunds of £5.83 million and £3.39 million that are now treated as main residential rates where taxpayers have successfully claimed a refund.

2.2 Landfill Disposals Tax

	2018-19 £000
Landfill Disposals Tax	44,433
Total Landfill Disposals Tax	44,433

Landfill Disposals Tax is paid when waste is disposed of to landfill and is charged by weight.

2.3 Penalties and interest

	2018-19	
	Penalty £000	Interest £000
Land Transaction Tax	156	16
Landfill Disposals Tax	1	0
Total penalties and interest	157	16

Penalties are charged on the late receipt of tax returns, late payments or other reasons permitted under the Tax Collection and Management (Wales) Act 2016.

Interest is charged on the late payment of tax returns or penalties.

3. Expenditure

3.1 Interest paid

	2018-19 £000
Land Transaction Tax	(13)
Landfill Disposals Tax	0
Total interest paid	(13)

Interest is payable by the Welsh Revenue Authority on the repayment of any tax liabilities or penalties.

3.2 Revenue losses

	2018-19
	Debts written off
	£000
Land Transaction Tax	(2)
Landfill Disposals Tax	0
Total	(2)

Revenue losses are debt write-offs where following all reasonable action being undertaken and following careful consideration, these amounts are deemed to be irrecoverable.

4. Receivables and accrued revenue receivable

4.1 Receivables due:

	2018-19	
	Receivables	Accrued Revenue Receivable
	£000	£000
Land Transaction Tax	1,892	5,883
Landfill Disposals Tax	0	8,596
Total	1,892	14,479

Receivables represent liabilities where a liability including financial penalties and interest has occurred in the reporting period but the amounts has not been received by the balance sheet date.

Accrued revenue receivable represents amounts payable in relation to taxes where the amount of repayment has not been established at the balance sheet date.

5. Cash

	2018-19
	£000
Government Banking Service	5,459
Balance at 31 March	5,459

Funds are paid over to the Welsh Consolidated Fund when requested to manage cash flow. The above represents funds received from taxes which were not paid over prior to the 31 March 2019 but these will be transferred over in 2019-20.

6. Payables

	2018-19 £000
Land Transaction Tax	143
Landfill Disposals Tax	0
Total	143

Payables are amounts recorded as due by the Welsh Revenue Authority but payment has not yet been made. Taxpayers are entitled to amend their return up to twelve months from, the filling date and in some circumstances this will result in a repayment. These relate to outstanding repayments of tax, penalties or interest, including claims for higher rate repayments, where the amounts has been established at the balance sheet date.

7. Provisions for liabilities and contingent liabilities

Taxpayers who have paid higher rates may in respect of transactions where the main residence is disposed of within the period of three years after the replacement is acquired may pay the main rates rather than higher rates. The taxpayer must submit a claim in order to receive the refund.

Taxpayers are able to indicate their intention to sell their main residence and seek repayment of the higher rates when submitting their tax return. Where taxpayers have indicated that it is their intention to sell their previous main residence but they have not submitted a claim, the potential refund is disclosed as a contingent liability. For 2018-19, the estimated amount is £11.89 million. It should be notes that this is an indicative figure and the event and timing are still unknown.

8. Balance due to the Welsh Consolidated Fund Account

	2018-19 £000
Balance on Welsh Consolidated Fund as at 1 April	0
Net revenue for the Welsh Consolidated Fund	272,437
Less amount paid to the Welsh Consolidated Fund	(250,750)
Balance due to the Welsh Consolidated Fund	21,687

9. Events after the reporting period

There are no reportable events after the reporting period.

Accounts Directions

Welsh Revenue Authority

Accounts Direction given by the Welsh Ministers in Accordance with the Tax Collection and Management Wales Act 2016, Section 29(1)(b)

The Welsh Revenue Authority shall prepare accounts for the financial period from 18 October 2017 to 31 March 2019 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (“the FReM”) issued by HM Treasury which is in force for that financial year.

1. The accounts shall be prepared so as to:
 - a. give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, and cash flows; and
 - b. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Welsh Assembly Government or material transactions that have not conformed to the authorities which govern them.
2. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Assembly Government.

Gawain Evans
Director of Finance
Welsh Government
Date: 19 April 2018

Welsh Revenue Authority

Tax Statement Direction given by the Welsh Ministers in Accordance with the Tax Collection and Management (Wales) Act 2016, Section 30(1)

Tax Statement

The Welsh Revenue Authority shall prepare a tax statement, for revenue and other income collected in the exercise of its functions, for the financial period from 1 April 2018 to 31 March 2019 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (“the FReM”) issued by HM Treasury which is in force for that financial year.

1. The tax statement shall be prepared so as to:
 - a. show the amounts receivable from the collection of taxes, penalties and other income, any deductions permitted and amounts paid to the Wales Consolidated Fund in accordance with the Tax Collection and Management (Wales) Act 2016, Section 25.
 - b. give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, and cash flows; and
 - c. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Welsh Government or material transactions that have not conformed to the authorities which govern them.
2. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the tax statement to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with Welsh Government.

Gawain Evans
Director of Finance
Welsh Government
Date: 19 April 2018

Glossary

Amortisation

The apportionment of the cost of an intangible asset over its useful life.

Depreciation

The apportionment of the cost of a tangible non-current assets.

Financial Reporting Manual (FReM)

HM Treasury technical accounting guide to the preparation of the financial statements.

International financial reporting standards (IFRS)

These are issued by the International Accounting Standards Board and financial statements of Government use these as the basis of preparation for their accounts.

Non-current assets (also called fixed assets)

An asset that is held by the organisation. These can be tangible assets with physical substance or intangible assets - an identifiable non-monetary asset without physical substance, for example licenses and software.

Payables

Amounts due for payment to suppliers of goods and services at the end of the reporting period.

Receivables

Amounts owing to the WRA at the end of the reporting period.

Taxpayers' equity

The net assets of the organisation.

Welsh Consolidated Fund

The fund used by the National Assembly to hold sums voted by Parliament which are then allocated via a Budget Motion to Welsh Government, Auditor General for Wales, National Assembly Commission and Public Service Ombudsman for Wales.

Appendix A

Our Charter: working together to deliver a fair tax system for Wales.

[Our Charter](#) sets out shared values, behaviours and standards which enable us to work together with taxpayers, their representatives and the Welsh public more easily to deliver a fair tax system for Wales. Our Charter applies to everyone we work with including our delivery partners, for example Natural Resources Wales.

Our Charter was published on 29 March 2018 after an innovative period of engagement and consultation where we received a positive response to the idea of a set of shared values. We tested several draft versions to ensure that our collaborative intentions were understood and welcomed by our stakeholders.

Understanding how we could effectively deliver the values in Our Charter provided the catalyst for developing [‘Our Approach’](#) and creating a Welsh way of doing tax.

In our first year we have demonstrated each joint value by:

Value	What we have done
 <p>Secure: protect all information and respect confidentiality.</p>	<p>We have established robust controls around information management and in particular the protection of taxpayers’ data. Work continues to strengthen controls, especially in light of the General Data Protection Regulation (GDPR), which came into force in May 2018.</p>
 <p>Supportive: create guidance and provide support when you ask for help. Build and use effective digital services.</p>	<p>We have published comprehensive guidance on our taxes which we continue to develop, responding to customer comments and feedback. We are improving the feedback function on our website to enable accurate feedback on each section.</p> <p>We provide accessible guidance to a wide range of stakeholders. This is important in creating an informed taxpayer.</p> <p>We are developing other tools to support our customers in key areas. We held engagement events to provide training to solicitors and conveyancers to help them file their returns easily and accurately.</p> <p>We have improved our tax systems and delivered successful webinars on the Higher Rate of Land Transaction Tax and continue to offer training to</p>

Value	What we have done
	<p>support filing in complex areas of land transaction tax.</p> <p>Our helpdesk has built up a vast amount of knowledge in our first year and we have received excellent feedback regarding the quality and timeliness of responses provided.</p> <p>We launched our tax opinion service which has been praised by solicitors and conveyancers who appreciate the support this service offers. This service is an important tool in our approach to enabling taxpayers.</p>
<div data-bbox="292 779 564 1025" style="text-align: center;">  <p>Fair Teg</p> </div> <p>Fair: be honest in our dealings with each other and create a level playing field so all taxpayers are treated equally. Tackle evasion and avoidance, use powers consistently and proportionately.</p>	<p>We have used data and intelligence to inform our approach to reducing tax risk and have taken appropriate and proportionate action, initiating projects in key risk areas.</p> <p>We are undertaking a range of activities to enable people to pay the right tax at the right time and to develop ways of making it harder for people to evade or avoid the taxes they owe.</p>
<div data-bbox="304 1299 580 1545" style="text-align: center;">  <p>Engaging Ymgysylltu</p> </div> <p>Engaging: support the Welsh Public to understand devolved taxation and work together to develop it for the benefit of Wales.</p>	<p>We have worked in partnership with Welsh Treasury to raise the profile of devolved taxation with the Welsh Public.</p>
<div data-bbox="304 1738 587 1984" style="text-align: center;">  <p>Responsive Ymatebol</p> </div>	<p>Acting on feedback from taxpayers and representatives has been a key priority for us in our first year. Our tax management system was developed with the focus on our users. In our first year of operations we have made significant changes to this system.</p>

Value	What we have done
<p>Responsive: listen to each others points of view and be open in our conversations, act on feedback and advice given. Treat each other with respect.</p>	<p>These changes will reduce filing errors, improve our data, and importantly help our users file tax returns efficiently and accurately. This helps the taxpayer and us and reduces the need for contact after a tax return has been filed. This is a positive example of 'you said, we did'.</p> <p>In relation to LDT, responding to the need and common practice of industry, we have amended regulations to permit topsoil to be included in the scope of reliefs.</p>
<div data-bbox="311 694 590 952" style="text-align: center;">  <p>Bilingual Dwyieithog</p> </div> <p>Bilingual: confidence to conduct our business in Welsh and English.</p>	<p>We offer a fully bilingual service and conduct our business in both Welsh and English.</p> <p>We promote and encourage the use of the Welsh language internally, enabling our staff to work through the medium of Welsh. We are creating a culture where people feel confident to talk about tax in Welsh.</p>
<div data-bbox="311 1064 590 1321" style="text-align: center;">  <p>Accurate Manwl Gywir</p> </div> <p>Accurate: work together to get things right and correct them if we need to, share accurate data and information, taking reasonable care to avoid mistakes. Keep accurate records.</p>	<p>We have reviewed our decisions in response to feedback on our tax system, and where mistakes have been made we seek to take proportionate action to correct this, working with taxpayers and representatives to get things right.</p> <p>We are keen to support those who wish to use our data. We publish our data under the Official Statistics banner, following a regular, pre-announced timetable, so that those who use our data can do so transparently, and with confidence in its impartiality and accuracy.</p>
<div data-bbox="311 1579 590 1836" style="text-align: center;">  <p>Efficient Effeithlon</p> </div> <p>Efficient: respond quickly to each other, submit returns and process requests on time. Identify ways we can improve the service.</p>	<p>Solicitors, conveyancers, and tax payers have regularly praised the speed and quality of our response to queries and requests. We have improved our service where we have received suggestions for improvement. We have made mistakes and learned as we have gone along. From this we have improved our internal and external processes as we have understood what works best for us and the people who use our services.</p>