

Rebecca Evans MS/SC
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Llywodraeth Cymru
Welsh Government

Our ref: MA-RE-0852-20

Kathryn Bishop
Chair – Welsh Revenue Authority

03 July 2020

Dear Kathryn,

WELSH REVENUE AUTHORITY REMIT

Firstly, may I congratulate the Welsh Revenue Authority (WRA) on another successful year collecting and managing the two devolved taxes, land transaction tax and landfill disposal tax.

Delivery against the WRA's remit is all the more noteworthy given the additional challenges faced by the WRA as a result of the flooding of your main office in February and then dealing with the emerging impact of the Coronavirus pandemic on your operations.

The Remit Letter issued last year (2 April 2019) set out my expectations for the operation of the WRA over a three-year planning period 2019-20 to 2021-22.

The Remit Letter also referenced the importance for the WRA to maintain some flexibility as a relatively new organisation, and indicated I would revisit and potentially write further in relation to these priorities on an annual basis.

The Coronavirus pandemic has created an extraordinary situation for all of us. Through its digital offering, the WRA has ensured it has been able to continue to deliver its key services. In addition, the need to respond to the impact of the pandemic has required an element of reprioritisation and redeployment of resources both within the WRA and across the Welsh Government. The WRA's provision of support to Welsh Government at this time, and its offer to provide ongoing support, has been particularly welcome in this regard. It is important to recognise, this has resulted in the temporary redeployment of a limited number of staff to support the Welsh Government's and the UK Government's responses. Given the need to move quickly and flexibly, these arrangements have been put into effect with a more limited degree of governance than would normally have been the case. Therefore, it is important to recognise through this remit letter, resources allocated to the WRA budget

are being utilised in supporting the delivery of the Welsh Government's and UK government's responses to the Covid-19 situation, and this may continue to be the situation for a significant period of this financial year. I also appreciate this support has been provided without any additional resources, and thus will necessitate a degree of flexibility around the WRA's remit and priorities in the coming months.

With regard to the WRA's budget for this financial year, I have agreed a revenue budget of £6.196 m with additional expenditure, up to a maximum of £300,000 to be managed as an in year pressure. I have also agreed a capital budget of £170,000.

- **Appointment of non-executive members**

I am grateful for the valuable work undertaken by you and all the non-executive members during their time in office.

I am very pleased you have agreed to an extension to your position as Chair of the WRA for a further two years. You continue to play a valued role in providing leadership and support to the ongoing development of the WRA. I have also valued your involvement in the development of Reflecting Wales in Running Wales: The Diversity and Inclusion Strategy for Public Appointments in Wales.

Also, Dyfed Edwards and Jocelyn Davies agreement to extend their appointments for a further two years will ensure that the Board is able to continue to operate effectively over the coming year.

- **'Reset' of the WRA Budget**

As you know, a three-year WRA budget was agreed by Ministers in November 2017. This budget was based on estimates and assumptions ahead of the WRA becoming operational.

Going forward, it will be important for the WRA to work with my officials in partnership to 'reset' budget planning so that future decisions on the organisation's total budget in future years (revenue and capital) is based on considered operational needs and experience. Officials will ensure that the necessary information and dates are provided in order that this can be aligned to the Welsh Government's 2021-22 budget planning exercise.

- **Design and Data Objectives**

Last year's annual remit letter recognised the potential benefits from the WRA's objectives of:

- Making the most of data assets, including working with partners holding Welsh taxpayer data to improve the way that information is shared and analysed; and

- Working with the wider Welsh Government to, where appropriate, support the design of national Welsh revenue services.

I welcome the collaborative working I've seen so far between WRA, Welsh Treasury and wider Welsh Government; bringing together a broad range of skills and experience to design tax and revenue services for Wales. It is important that the collaboration continues as the Welsh Government continues to explore a range of areas to further strengthen fiscal devolution. These include the work on developing a strategic approach to tax implementation, the potential devolution of vacant land tax, the development of environmental taxes such as relating to single-use plastics and the options relating to a social care levy. I am also keen that the WRA is engaged in the programme of work to develop local taxes as part of longer term local government financial reform.

I continue to support the WRA's aim to maximise the value of Welsh taxpayer data and welcome the intention, in conjunction with colleagues within Welsh Government, to explore powers within the Digital Economy Act to see how the data WRA holds can help partner organisations. I see this as the start of a journey to improving the way taxpayer data is shared and analysed for the benefit of the people of Wales. The WRA has a key role in this space.

- **Unauthorised Disposals**

I am aware of the close work you have undertaken with Natural Resources Wales (NRW) to establish a partnership approach to taxing unauthorised disposals of waste. I welcome the early work you have done to identify how the WRA's tax powers can best complement action by NRW to tackle waste crime. As I set out last year, it is important for there to be a focus on cases which address environmental impacts and adversely impact legitimate landfill and waste management businesses.

I look forward to your continued progress in this area during the forthcoming year. In particular, you will take forward work to scope out and start to test your tax powers. This testing phase will enable you to build a clearer picture of the associated practical and legal issues, and the resources utilised in carrying out this work. This is essential to inform the development of a longer term strategic approach to taxing unauthorised disposals and associated business case.

Your partnership with NRW is clearly key to the success of this work. I am therefore pleased to see that a new Memorandum of Understanding has been agreed, extending the delegation of certain landfill disposals tax (LDT) functions by the WRA to NRW for a further three years. In addition, I welcome your intention to continue exploring opportunities for partnership working with local authorities and the industry in tackling illegal dumping.

There will be a new Government with a new set of priorities and programmes after the Senedd elections in May 2021. Current plans, as set out in the 'Delivering Together' Report, are to move towards term of government remits for all Arms-length Bodies and Non Ministerial Departments in Wales which will provide a high-level, strategic vision for the delivery of Government objectives. My officials will engage with WRA to explore how subsequent WRA Corporate Plans relate to this new framework.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid, with a small dot at the end of the last word.

Rebecca Evans AS/MS

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Minister for Finance and Trefnydd

CC: Minister for Local Government and Housing, Permanent Secretary of the Welsh Government; Director, Welsh Treasury; WRA Chief Executive