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Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/RE/1297/21

Dyfed Alsop
Chief Executive
Welsh Revenue Authority

Copied to : Kathryn Bishop
Chair
Welsh Revenue Authority

26 March 2021

Dear Dyfed,

WELSH REVENUE AUTHORITY REMIT

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

As the WRA continues to mature, I made clear the importance of having the scope to revisit and update the Remit letter each year to take account of the WRA's progress and the wider developing context within which the WRA operates.

The Coronavirus pandemic has created an extraordinary past twelve months for all of us. During this time, 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. We will continue to need a degree of flexibility around the WRA's remit and priorities in the coming months as we emerge from the current restrictions. Similarly the potential relocation to new offices later in 2021 may impact on WRA's capacity and flexibility will be required to enable a successful transition to the new space with minimal disruption to taxpayers.

The Director of Welsh Treasury will write separately to formally allocate the WRA's budget for the next financial year. However, given that the Final budget has been approved, I can confirm that the revenue budget will increase next year by £300,000 to £6,496,000. My letter of 4 February to the Chair set out the reasons for the additional funding. In particular the increased budget will allow the organisation to continue to develop its approach to "managing tax risk" in Wales, focused on supporting people to get it right first time and making it harder for those few people who attempt to evade paying what they owe.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Continuing the approach of the previous remit letters, this letter focuses on three broad and complementary areas:

- the ongoing development of the WRA;
- delivery against the key performance measures
- developing the three strategic areas:
 - Managing tax risk
 - Landfill Disposals Tax on Unauthorised Disposals
 - Design and data objectives

Ongoing Development of the WRA

- **Appointment of non-executive members**

I am grateful to the non-executive members for their hard work during their time in office.

A key focus for next year is the permanent filling of the non-executive positions on the WRA Board that are currently filled on a 12 month temporary basis.

- **Future WRA Budget**

In order to be considered in any spending review exercise this year, it will be important to work together to ensure we have the WRA's budget plans for the next three years setting out the organisation's future revenue and capital funding requirements based on identified operational needs and priorities.

- **WRA Governance Review**

Given the WRA has now been in operation for three years it is appropriate to review how well the current governance arrangements are working. Experience to date of the WRA's position as a non-Ministerial department of Welsh Government has identified some aspects of the current arrangements which could benefit from closer inspection to ensure the arrangements properly reflect the WRA's position within Welsh Government and provide a more appropriate set of arrangements going forward.

Delivery against the key performance measures

The most recent Annual Report and Accounts for the WRA reflected successful delivery against the key performance measures. It is important that the WRA continues to build on that performance and continue to deliver against the agreed performance indicators.

Key Strategic areas of development

- **Managing tax risk**

Continuing to develop the approach to managing tax risk working across the four areas of tax risk, namely: identification, risk assessment, mitigation and correction.

- **Design and Data Objectives**

Previous annual remit letters have recognised the potential benefits from the WRA's objectives of:

- Making the most of data assets, including working with partners holding Welsh taxpayer data, including local authorities, 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 have 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 next Welsh Government considers its priorities for devolved taxes. 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 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 Wales. The WRA has a key role in this space.

- **Unauthorised Disposals**

It is anticipated that the Landfill Disposal Tax on Unauthorised Disposals will provide an innovative approach to help tackle waste crime in Wales. Tackling waste crime, given its environmental impact and adverse impact on legitimate landfill and waste management businesses, is a priority for Welsh Government. The WRA scoping work in 2020-21 has identified several opportunities to progress work in this area. Next year, we would expect the WRA to move into its testing phase, on the basis that the testing phase was not feasible in 2020-21 due to the impact of COVID on WRA's operations. A testing phase will enable the WRA and WG to consider the future options for longer term operational delivery of LDT on unauthorised disposals, working closely with NRW and local authorities to explore the potential benefits and address the associated risks. I would expect the WRA to report back before the end of 2021-22 on the interim findings of the testing phase and to set out options for longer term operational delivery.

New government

There will be a new Government with a new set of priorities and programmes after the Senedd elections in May 2021. Welsh Treasury officials will engage with WRA to explore how it's next Corporate Plan takes account of these priorities and programmes.

This letter is being copied to the Chair of the WRA and also to the Permanent Secretary and Director of Welsh Treasury.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS
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Minister for Finance and Trefnydd