



Awdurdod Cyllid Cymru
Welsh Revenue Authority

Annual Report and Accounts 2020 to 2021

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Chair's Overview



This year's Annual Performance Report and Accounts comes at the end of another remarkable year.

The Welsh Revenue Authority (WRA) has responded to 2 successive crises, one of which continues, although the impact of both remain. In February 2020, our offices in Treforest were flooded, along with several buildings and many homes in that community and in March 2020, we all began to deal with the constraints imposed due to coronavirus (COVID-19).

We were able to respond to the first of those crises very well, implementing our business continuity plans rapidly and successfully, and were already working remotely using our digital capability when the pandemic lockdowns became necessary.

We continued to deliver our core services to Welsh taxpayers thanks to the exceptional dedication and commitment of all our people.

Coping with the challenges of the past year has been difficult for many of us, but our people have performed incredibly well. I and my fellow Board members would like to express our appreciation and our admiration of all that they have done - and continue to do.

We've all had to make some changes in response to the pandemic, of course, and the organisation has also focused on providing support to our staff. Many of our people carry other responsibilities for family members and for neighbours, while working remotely from home. The organisation has provided equipment and technology, together with support for their well-being as they continue to serve Wales.

As we responded to the developing pandemic, like many organisations, we had to re-prioritise tasks and re-allocate responsibilities to ensure that the services we offer could be maintained. We also re-structured our governance arrangements during the year, to make certain that oversight and scrutiny could be appropriately maintained in these new conditions. Remote board meetings are not always easy and I'm grateful to all my colleagues on the Board for the flexibility and commitment they have shown.

As we look forward, we're aware that the challenges of the last 15 months are not over, and there are other priorities to be addressed in the year ahead: meeting the demands of a new government, moving into new offices which will be our future home, whilst we are recovering from the impact of COVID-19.

I'm confident that, based on the excellent efforts of the past 15 months, the Welsh Revenue Authority will be able to meet those challenges. We'll do this as we continue to work with our stakeholders on the effective and efficient collection of taxes in Wales for the benefit of Wales and its people.

Kathryn Bishop
Chair of the Welsh Revenue Authority

Performance Report (including Chief Executive's overview)



2020 to 2021 was an extraordinary year. This report provides a wide range of information to show what we achieved. The increased use of our digital services, to file and pay, and the impressively high on-time completion rates, are evidence of the partnership we have with our taxpayers and agents. I'm grateful for the support they, along with our delivery partners, have shown us.

I'm proud of the way we maintained high levels of support for taxpayers and agents. We moved our tax seminars online, kept our guidance up to date and, as far as possible, worked hard to make repayments on time. We also implemented rapid budget changes to the taxes we are responsible for, and all done remotely.

These accomplishments show how we kept innovating and working collaboratively even working from home. We could only do this by making decisions around what not to prioritise. We were clear, above all, we needed to keep our people safe, support each other adapting to working from home and provide extra time off for the unforeseeable additional responsibilities and crises we have all had to contend with.

The data and explanations in this report can only go so far in telling the story. I'm struck that although COVID-19 has had an impact on us all, we have all had our own unique experience. It has been tough for everyone in different ways. I'm not sure there is a way of conveying that in a report, but I would just highlight one undeniably positive consequence. The COVID-19 experience has allowed us to learn to be more understanding of each other as individuals. I have been amazed by the resilience and kindness of the people who work in the WRA and the communities we live and work in. The expansion of empathy all round is something I would want us to take with us and build on in future.

Dyfed Alsop
Chief Executive of the Welsh Revenue Authority

Performance Report part 1: about the WRA

Since 1 April 2018 we've collected and managed the following devolved taxes, designed and made by the Welsh Government for Wales:

- Land Transaction Tax (LTT)
- Landfill Disposals Tax (LDT)

Our overall purpose is to design and deliver Welsh national revenue services and lead the better use of Welsh taxpayer data for Wales. We're proud of our role in collecting vital funds to support services, like the NHS and schools, in communities across Wales, in a way that is supportive and fair.

Strategic objectives

To help us deliver our purpose, we have the following objectives which form the basis of our [Corporate Plan 2019 to 2022](#):

- making it easier for people to pay the right tax
- ensuring we're fair
- being more efficient
- enhancing our capability

We also have 2 further objectives through which we aim to produce longer-term benefits for the people of Wales, recognising their investment in us:

- using our operational experience and knowledge, we are supporting Welsh Government to design future revenue services
- we will make the most of our data assets, and work with others holding taxpayer data to enhance the way we share, use and analyse those data, for the benefit of Wales

Our people

We're a small and multi-skilled organisation of more than 80 people, with skills and experience spanning 15 different professions.

We want to be an organisation whose collaborative, innovative and kind culture fuels high engagement, continuous learning and inclusion. We believe that having capable people doing jobs that they truly enjoy will translate into everyday excellence in our day to day services and innovative and sustainable solutions for the future. By working together across skilled, multi-profession teams, we'll be more than just the sum of our parts and achieve stretching and bold objectives for the benefit of our own learning and our stakeholders.

Our Approach: working together

We appreciate the vital role partnerships play in our operations. Adopting a partnership-led approach is fundamental to the way we collect and manage devolved taxes in Wales. We refer to this as 'Our Approach'. This Welsh way of doing tax guides everything we do.

In delivering our objectives, we aim to work collaboratively and openly with all our stakeholders to ensure taxes are collected and managed in a way that is supportive and fair and delivers the best value for money for the Welsh public. Both our objectives and Our Approach incorporate the spirit and sense of the 'Wellbeing of Future Generations (Wales) Act'.

Performance Report part 2: impact of COVID-19

Our initial response to the pandemic was to ensure our people had the equipment to work from home and were supported in being flexible with their time so they could care for their families. We made every effort to continue to deliver our tax services, reaching out to people to understand the impact on them and how we could alter our services to help them. This section covers the impact on the housing market, how people's behaviour changed, and how we responded.

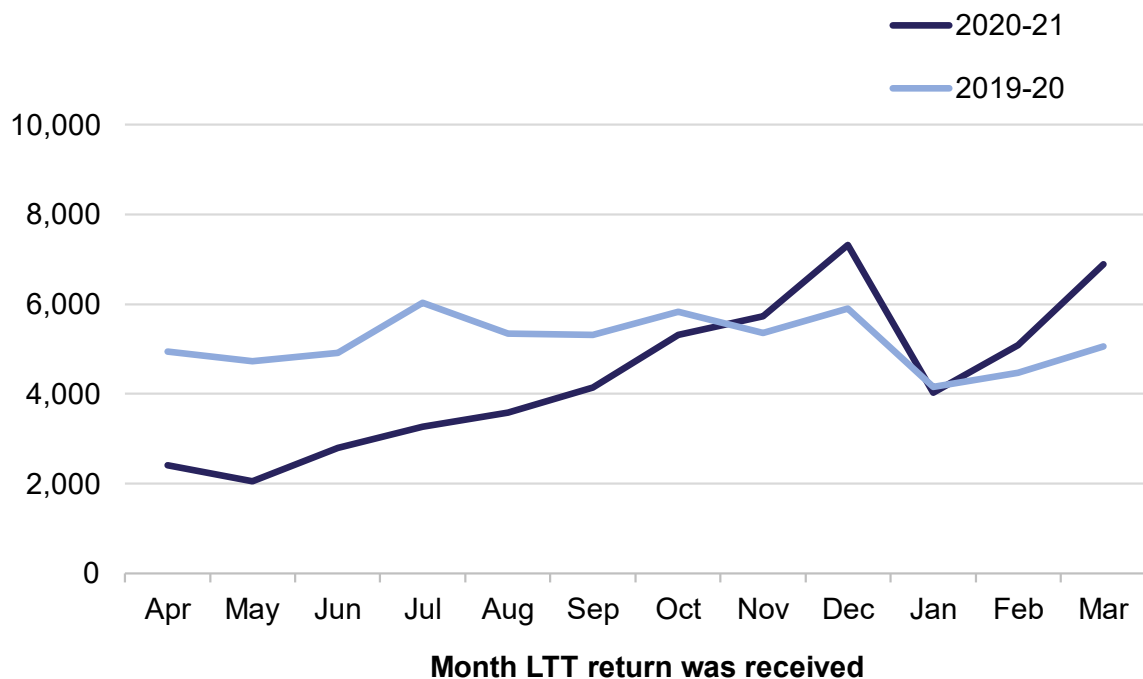
Housing market

The national lockdown imposed on 23 March 2020 resulted in the housing market being mainly closed until it **partially re-opened** on 22 June. At this point, house viewings could take place in vacant properties along with house moves where a sale had been agreed but not yet completed. The market opened up further on 27 July 2020 to coincide with a **change in LTT rates** on that date which was effective until 30 June 2021.

This had a marked impact on the numbers of LTT transactions we received in 2020 to 2021. At the beginning of the year, transaction numbers had dropped to a low of around 40% of the levels seen the year before and they remained relatively low until the summer when they started to recover. That recovery gathered pace during the autumn and numbers eventually overtook those seen in the previous year during October. Numbers then stayed relatively higher, including over the Christmas period when record levels of transactions to that point were recorded. Following a small drop below 2019 to 2020 levels in January, record levels were again recorded as the year came to a close. During March 2021, the number of transactions was nearly 50% higher than in March 2019 (which is a better gauge given the impact of COVID-19 on March 2020 activity). By the end of 2020 to 2021, an estimated 85% of the number of transactions expected in any given year had taken place.

Chart 1 below shows the number of LTT transactions we received in 2020 to 2021 compared to 2019 to 2020.

Chart 1: Number of LTT transactions submitted to the WRA, by month received



Within these numbers there was significant variation between transaction types. Residential transactions were initially harder hit than non-residential transactions and then, during the recovery period, a bigger share of residential transactions subject to higher rates was initially reported, although this evened out towards the end of the year. Although there were further local lockdowns and a national lockdown during the latter half of the year, they appear to have had limited impact on transaction counts, with activity remaining strong throughout the second half of the year.

People's behaviour

Lockdown resulted in people making different choices and changing the way they work. We've seen a move to automation by those who were not already using our digital systems as they filed and/or paid online while access to post was restricted. We've made the electronic submission of documents easier and most of the process of submission and payment has remained fully automated. Early in the year there were spikes of businesses not being able to pay their tax due to uncertainty about the impact of the pandemic, but as the pandemic progressed such incidents decreased as businesses adjusted and society normalised.

How we responded

The impact of the pandemic has required reprioritisation and redeployment of our resources, and we had to keep revisiting this. Many of our people had additional commitments and responsibilities outside work and some of them left us temporarily to support Welsh Government's and UK Government's response to the pandemic. This, along with a recruitment freeze in the first 6 months, meant we had to be selective about which priorities we could focus on in our strategic plan. And we were clear with our people that our expectations of what they could deliver would be less ambitious than originally planned. We refocused and re-prioritised in response to the changing circumstances, ensuring that we continued to have the right people in place to keep our core tax filing, payment and support services running, whilst putting some of our education, tax risk and change activities on hold during the first half of the year.

The activities that were not prioritised included:

- offering tax forums
- tax risk mitigation communication campaigns (these were put on hold, with some educational activity starting up online and via webinars later in the year)
- many existing tax enquiries (these were put on hold and restarted later in the year as taxpayers' lives returned to a new normal)
- our data objective (on hold for the whole year)
- the roll out of some major developments due for release at the start of 2020 to 2021 (delayed to reduce additional pressure on taxpayers and agents as they adjusted to new working environments and pressures)

Our own performance has continued to be positive overall, although some areas have been impacted more than others. This is explained further in this performance report.

A major recruitment project during the second half of 2020 to 2021 has put us in a stronger position to cope with higher levels of demand, but we'll have a period of catching up to do during the first part of next year, along with introducing the new activities planned for the final year of our 3-year corporate plan. We recognise that next year will continue to be challenging. We'll need to maintain a degree of flexibility, being prepared to adapt to changing demands as the year progresses.

Performance Report part 3: performance analysis

The table below shows the progress against each of our performance measures for the year.

PM	Indicator	Objective	2022 Target/Aim	2020-21 Progress
1	How well our digital services are used: 1.1 Filing 1.2 Paying	Easier Efficient	1.1 98% 1.2 90%	1.1 98.9%, consistently within target range over the year. 1.2 99%, consistently above the target range, due in part to less use of cheques during COVID-19 pandemic.
2	How people find dealing with us	Easier Fair Capable	More people find it easy to use our services, and improved Welsh language services.	91% of our feedback respondents found our services easy to use.
3	Support people to get their taxes right	Easier Fair Efficient	More people getting their taxes right.	98.3% of transactions were correct first time.
4	Reduce the scope for tax risks	Easier Fair Efficient	Reducing each individual tax risk.	Tax risk has increased marginally over the year, broadly in line with an increase in transactions as COVID-19 restrictions have eased. However, in Q4, there was a more noticeable rise. There is work for us to do to catch up during 2021 to 2022.
5	Timeliness: 5.1 Filing 5.2 Paying 5.3 Refunds	Efficient Easier Fair	5.1 98% 5.2 90% 5.3 Less than 30 days	5.1 98.2%, generally marginally below or within target, and within target as the year ended.

PM	Indicator	Objective	2022 Target/Aim	2020-21 Progress
				<p>5.2 81%, increasing at first following a low at the end of the previous year, followed by a further dip towards end of 2020, before a recent increase back up towards target as financial year closed.</p> <p>5.3 86%, considerable variation through the latter half of the year, but most recent months' trends were upwards.</p>
6	Extent of automation	Efficient	90%	93%, within target range, increasing over the course of the year to the high end of the target range.
7	How our people feel	Capable	Top 25% of Civil Service organisations for engagement.	Second across over 100 CS employers.
8	Our skill mix	Capable	Maintain breadth of professions and develop our Welsh language skills.	<p>15 professions.</p> <p>78% know some Welsh.</p> <p>19% are fluent or near to fluency.</p>
9	Diversity	Capable	Be an inclusive organisation which values and involves people regardless of their background or circumstances. Ensure fair and equal treatment to all.	We have made positive progress. Diversity data will be published in our Equality Report in March 2022.

Objective 1: making it easier

We'll make it easier to pay the right amount of tax.

This year our focus has been on making our services accessible during the pandemic, taking into account the ever-changing circumstances affecting our users, for example staff being furloughed, remote working, and the fluctuating demand in the housing market.

This has been a joint effort across our organisation and with our users and our stakeholders. We're grateful for the support that has enabled us to continue delivering services to our high standards and continue improving. It highlights the dedication and commitment of our people and their pride in the services we offer. We've adjusted our services to enable people to use them during the pandemic, examples include:

- we created a digital route to allow people to submit paper returns through our website – this supported people who could not post a paper return and helped us when we could not access our post
- keeping our users updated through service updates and using our website and tax management system. This has been vital in ensuring the people who file and pay tax with us could continue to do so during the pandemic
- we delivered webinars – with over 600 registered users instead of tax forums – and have received positive feedback with requests for further webinars on new topics
- we delayed the roll out of some tax management system (TMS) improvements, recognising a lot of agents were on furlough early in the year
- we delivered these improvements later in the year giving agents greater flexibility and functionality to add and delete users within their business
- we included videos on our website demonstrating the changes, making the improvements easy to implement
- we published our accessibility statement in September. It included a pathway for us to have a completely accessible Tax Management System by September 2022
- we created a new authorisation to act form and updated our web pages to make that process clearer, informing people about how to tell us about a power of attorney

Helpdesk and tax specialist support

We put the customer at the heart of what we do. Despite the impact of COVID-19 on our resources, our bilingual helpdesk and tax specialist teams have continued to offer a high level of customer service. During the past year we've continued to invest time in the learning and development of our teams to ensure that the advice given is accurate and is confidently delivered.

This year:

- we received almost 6,000 calls through our bilingual helpdesk
- our LTT specialists responded to over 1,300 technical queries
- our LDT specialists responded to 150 queries and applications
- of the total queries received across LTT and LDT we provided a tax opinion on 11 due to the complexity of the query
- we processed just under 600 paper returns despite not being able to access our post for periods due to lockdown restrictions. We did this by introducing an upload function to our SmartSurvey form
- we approved over 1,600 refund applications, working across operations and finance to provide a quick and accurate service

Feedback and insights

Providing excellent quality customer service is at the heart of what we do and feedback from our customers ensures our services continue to meet their needs. We have invested a lot of time in enabling our users to provide feedback on our services and this year we received almost 1,800 pieces of feedback through a number of channels. We regularly review our feedback and have been able to prioritise changes to our services to ensure a quality service is maintained. Most feedback was complimentary about our services and people. Importantly we receive suggestions for improvement, which enable us to make it easier for people to get their tax right.

What have we done in response to feedback?

We continually improve our online forms as a result of specific feedback, simplifying questions, adding in help text, and adding and removing questions to make completing the forms simple. We have also simplified our registration pages and added the facility for solicitors to add new users to their accounts without having to contact us.

This year we received a lot of feedback that suggested that the language used in our LTT calculator, which is one of the most popular services, is complicated and technical for non-tax professionals. We've carried out user research to understand how we can properly address the issues identified and have decided to carry out a full review of the calculator. We intend to roll out an updated version later in the year. These will be rolled out towards the beginning of 2021 to 2022.

Making it easier case studies

The following case studies provide examples of what we've done this year to make it easier to pay the right amount of tax.

Case study 1: WRA webinars

As we were unable to undertake as much engagement as planned for the year and couldn't provide any in person training, we increased our webinar offering to replace our tax forums for solicitors and conveyancers. We ran the webinars on topics where we'd identified that there were risks and that agents needed support with understanding LTT.

Statistics:

- 7 webinars
- 628 attendees
- 91.3% told us the webinar they attended was useful

Testimonials from attendees:

"Thank you for your 3 webinars of this week, they were very helpful. They did cover points that regularly confuse us."

"Please keep doing the online sessions to build confidence. It works really well."

Case study 2: LTT rate changes

July 2020 saw the first rate changes for LTT. To ensure that the changes were managed, implemented, and communicated effectively, a working group bringing together functions from across the WRA was set up.

The working group were responsible for:

- implementing digital changes to our Tax Management System and LTT calculator
- identifying and updating guidance
- communicating the changes to our users and taxpayers through our website, operational update board, social media channels and email
- upskilling and training our bilingual helpdesk to support users and taxpayers with these changes

Our investment in our Tax Management System and in our people enabled us to implement the changes at a very small cost and we had the skills to implement these changes quickly and at short notice. Following the rollout of these changes we reviewed progress and looked at what went well and where improvements could be made. We have now identified a model and a way of working to successfully implement future changes that support our customers making it easy for them to navigate change to our tax system.

Case study 3: LDT Customer Relationship Managers

When we set up the WRA, we adopted a Customer Relationship Management model to support our Landfill Site Operators (LSOs) to pay the right tax at the right time. Each LSO has a single point of contact for support and help with complex areas of the tax, to reduce any tax risks. We recognised that the coronavirus pandemic would have a significant impact on the LSOs. As key workers they would need to continue to provide their important services throughout the pandemic.

Our Customer Relationship Managers engaged with the LSOs to understand the impact the pandemic was having on them and their business and worked with them to put the necessary support in place for them to continue to meet their tax obligations. To do this we reviewed key policies and updated them to reflect the support and help that we could offer in line with our legislation. Our Customer Relationship Managers kept in touch and responded quickly to any queries the LSOs had around the tax and provided additional support they may require.

Digital filing of tax returns

Our digital tax management system is designed to provide our users with an easy way to file their tax returns. Each year we make enhancements to the system to improve the user experience and the quality of the data we collect.

Chart 2: The percentage of Land Transaction Tax returns received by paper, by month received

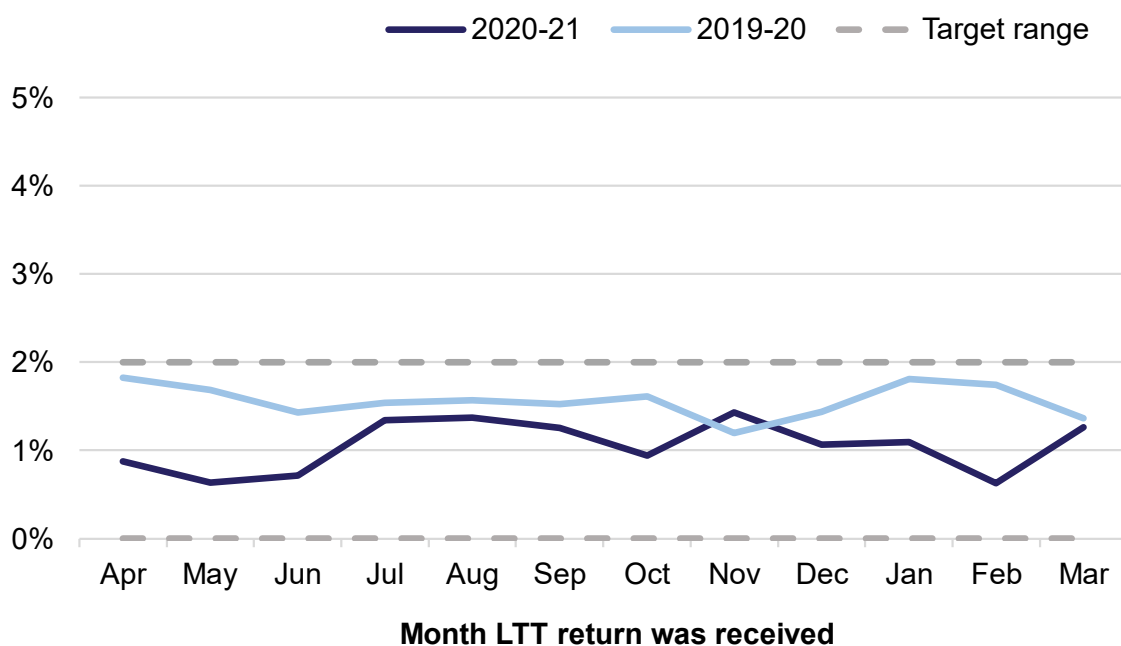


Chart 2 shows the monthly trends in the percentage of total tax returns received via paper for the year, which is one of our main performance measures (PM1a). Most of our tax returns are received through our digital tax return system. The levels of tax returns received by paper has remained low, and well within target of 2% throughout 2020 to 2021.

Objective 2: ensuring we are fair

We'll be fair and consistent in the way we collect and manage tax, taking proportionate action when people do not meet their obligations.

The devolved taxes are self-assessed, but rather than wait for people to contact us for help, or to pick up an error after they've filed their tax returns, we have a positive impact by being proactive in addressing tax risk. We target our activities to raise awareness and educate people and we make changes to our guidance and our tax system to reduce the scope for errors before returns are filed with us. We help people get their taxes right first time.

We've developed ways of supporting people to correct their tax returns if they've made a mistake. In those few instances where people try to evade paying the full amount, we've put in place mechanisms to quickly identify them and use our powers to ensure that the right tax is paid.

The approach helps more people to pay the right tax at the right time and reduces the scope for errors, tax avoidance and evasion. A more detailed explanation of how we manage 'tax risk' and measure our progress in respect of this approach can be found in our [2019 to 2020 Performance Report](#).

During 2020 to 2021 we continued to develop our data analysis capabilities to better understand the information we receive from various sources. The collective knowledge we've built up has enabled us to identify emerging trends and patterns which can indicate a particular tax risk.

The significant fluctuations in the transactions during the year as a result of the impact of COVID-19 on the property market, made it more difficult to identify and measure these trends. It's challenging to draw any conclusions from our Performance Measure (PM4) charts for this year, particularly in linking any changes in tax risk to our risk mitigation activities.

Whilst we were able to undertake some tax risk mitigation activities during 2020 to 2021, the full extent of our mitigation work was significantly impacted by COVID-19, in terms of both our resources and our preferred methods for engaging with agents and taxpayers.

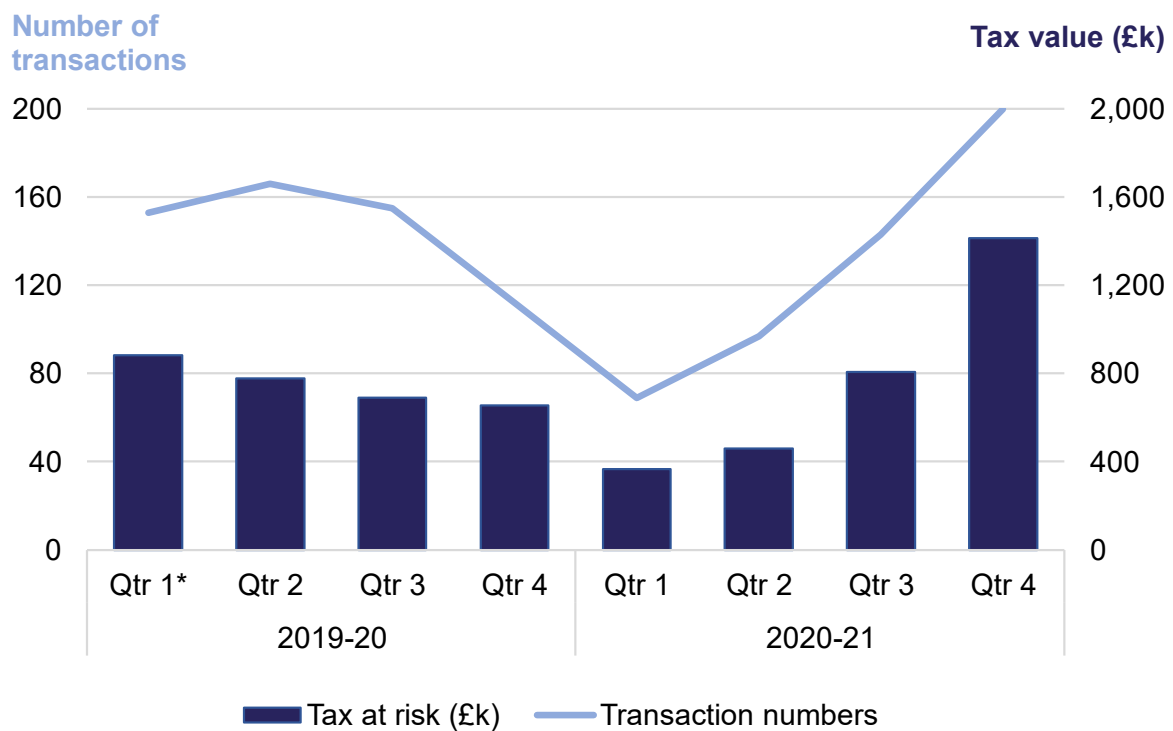
Although we were able to continue to support taxpayers and maintain our core services, the scale of mitigation activities was reduced and was less than we would have undertaken in normal times.

For several of our tax risks, whilst we saw a decrease during the first half of 2020 to 2021, that is likely to be linked to the decrease in overall transactions resulting from COVID-19. Some of the decrease may relate to mitigation activities during the end of the previous year (2019 to 2020) but it's difficult to identify this from the data. We then saw an increase in the risk cases during quarter 3 and quarter 4 of 2020 to 2021.

The increase for some of the larger tax risks was broadly in line with an increase in transactions as coronavirus restrictions have eased.

Given the more noticeable rise in tax risk during quarter 4 in 2020 to 2021, as can be seen from some of the Performance Measure 4 (PM4) charts below, there is more work for us to do in mitigating several of the larger tax risks during 2021 to 2022.

Chart 3: Number of transactions and total tax in LTT risks 1 to 5



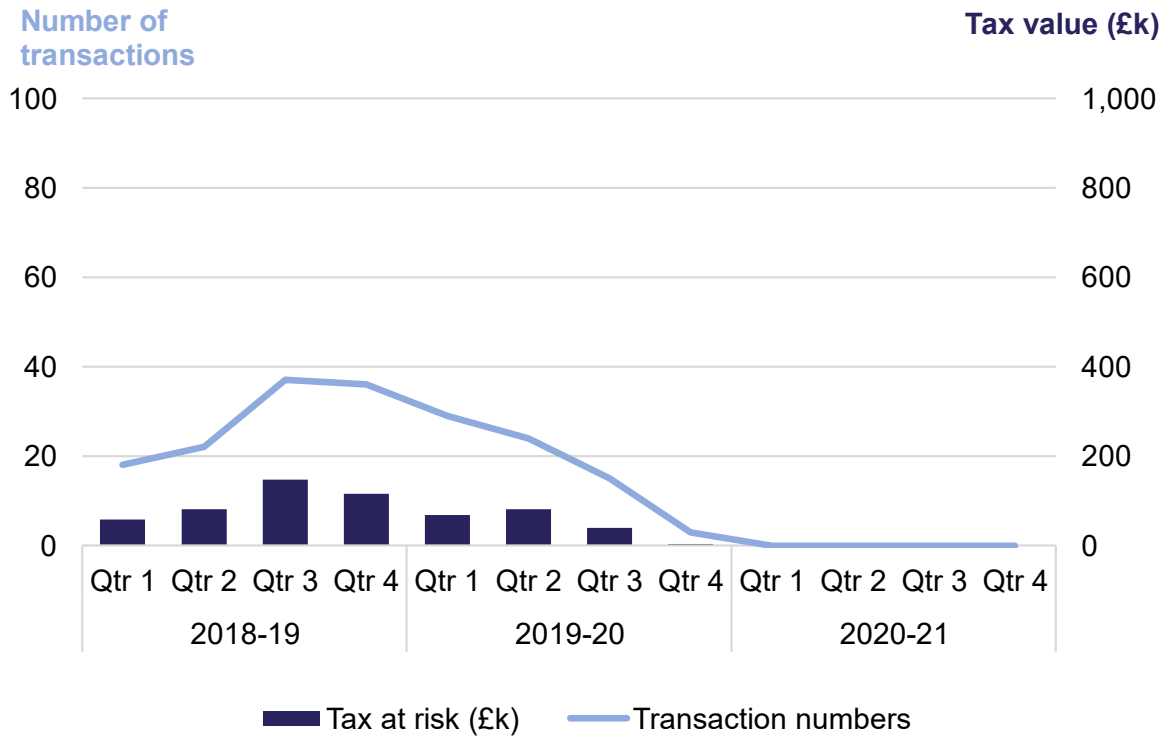
(*) large outlier replaced with mean value of tax at risk

The first of our Performance Measure (PM4) charts above shows the change in tax risk across the 6 main LTT risks during the year:

- company buying residential property
- residual risk around companies buying residential property
- outstanding tax return
- disagreeing with LTT calculator
- LTT risk in relation to a specific relief (a)
- tax treatment of different types of property

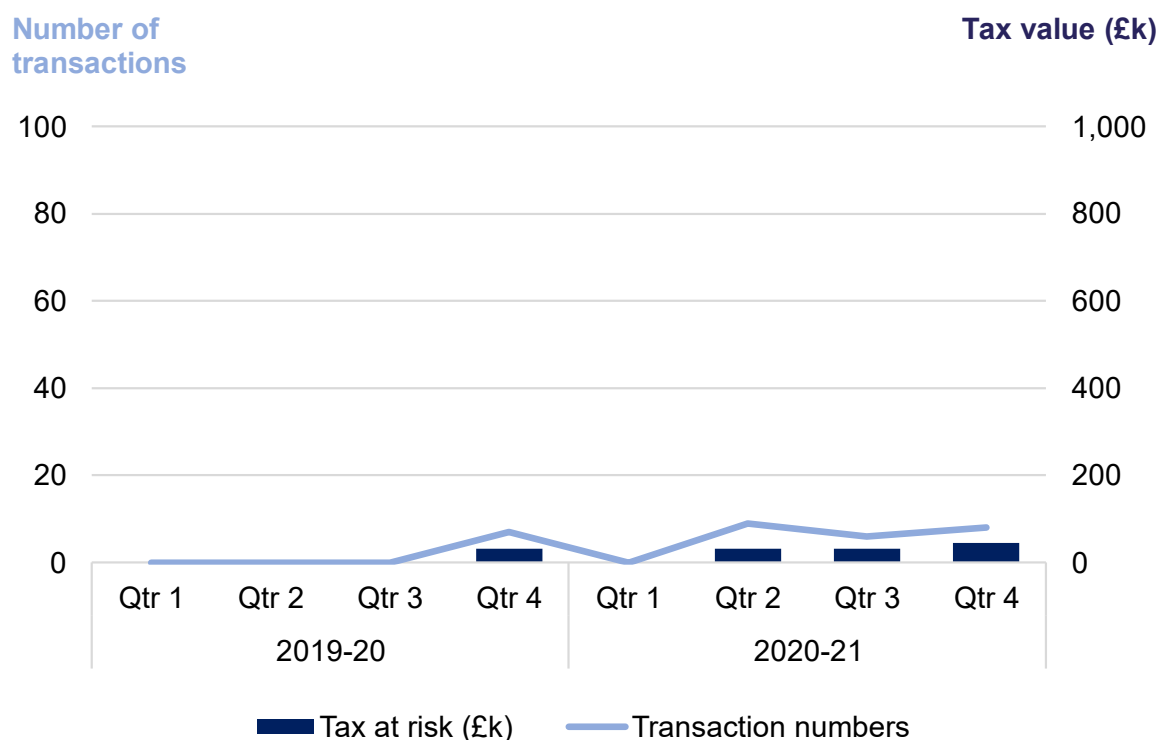
For the chart above, we've used a bigger scale to fit all the tax risks in. For the individual tax risk charts below, we've used a smaller scale, given the lower values at an individual risk level. This smaller scale has been used consistently across all the individual tax risk charts.

Chart 4: LTT risk 1 - companies buying residential property



The next PM4 chart above shows the transactions for LTT Risk 1 – companies buying residential property. We can see that the digital changes we put in place in quarter 4 2019 to 2020 had the desired effect in mitigating this risk to nil cases and tax risk. This has freed up resources to work on new and emerging tax risks and illustrates the benefit of targeted tax risk mitigation activities.

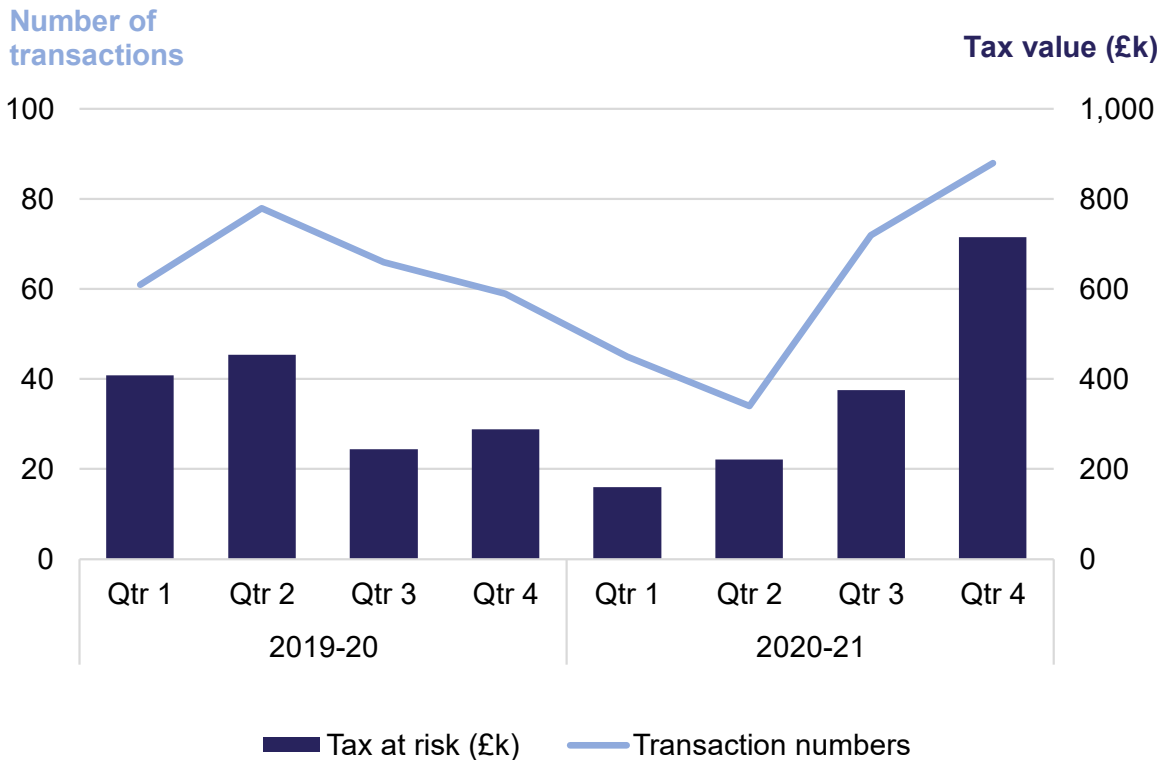
Chart 4a: LTT risk 1a - residual activity around companies buying residential property



The next PM4 chart above – LTT risk 1a - is linked to LTT Risk 1 in so far as the digital change we implemented to mitigate LTT Risk 1, helped us to identify a specific risk where a very small number of transactions involving dwellings were filed incorrectly as there was misunderstanding over the tax rules in this area. To avoid this escalating, we updated our guidance and undertook some targeted communications during the year. We can see above that transaction levels and the tax at risk stayed low throughout the year.

The next 2 PM4 charts show greater fluctuation over the past year in respect of our 2 largest LTT risks for 2020 to 2021. However, these fluctuations are broadly in line with the changes we saw in overall quarterly transactions across the year, although quarter 4 does represent a slight increase relative to total transactions.

Chart 5: LTT risk 4 - tax treatment of different property types

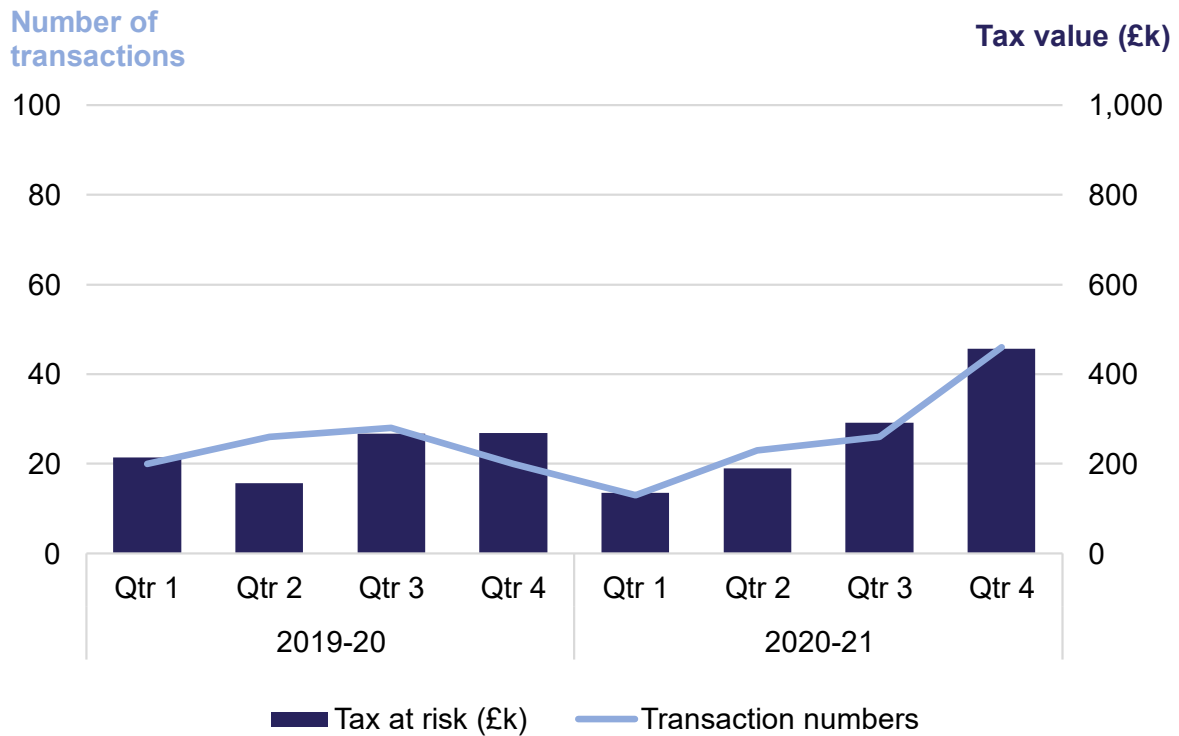


The first chart for LTT risk 4 – tax treatment of different property types, shows a drop in tax risk cases during the first half of the year, broadly in line with the drop in transactions due to COVID-19, whereas the second half of the year saw the risk cases rise as total transactions started to rise during that same period.

Building on some initial mitigation work during 2019 to 2020 in respect of the broad risk area, during 2020 to 2021 we’ve focused on engaging with several taxpayers and agents, in order to understand the risk further and resolve high risk cases. In turn we’ve used this to educate taxpayers and agents to help reduce future errors.

There is more to do in respect of this risk and given the increase in quarter 4 2020 to 2021 for both transactions and tax at risk, we’ll be prioritising some of our mitigation activities on this particular risk area.

Chart 6: LTT risk 5 - in relation to a specific relief (relief a)



The above PM4 chart shows LTT risk 5 – in relation to a specific relief (a). During 2019 to 2020 we improved our guidance in respect of this particular relief and promoted this amongst our customers. Building on this, in quarter 2 and quarter 3 of 2020 to 2021 we undertook more targeted communication and educational activities (including online webinars) to manage this risk area.

Despite this, we’ve seen the risk gradually rise, albeit broadly in line with the increase in total transactions over the same period. As with LTT Risk 4, this is a risk area we’ll be prioritising some of our mitigation activity during 2021 to 2022.

Our Annual Data release contains the performance charts for all our LTT risks for the period 2020 to 2021. Here is a link to that [release](#).

LTT Performance Measure 3 – total tax risk

The significant fluctuations in transactions and in turn tax risk shown in the PM4 charts above, has less bearing on Performance Measure 3 (PM3). This is the total of all transactions that fell within one of the tax risks we identified during the year, added to any transactions where the tax return was later corrected. In some cases, the correction led to additional tax being paid or refunded. In others, there was simply an administrative error, and the return was still technically incorrect.

Of all transactions received, this accounted for 1.7%. As such, we established that at least 98.3% of transactions, we believe, were correct first time during 2020 to 2021.

Last year we established an initial baseline of at least 98.4% of transactions that we believed were correct first time during 2019 to 2020. Note that the figure reported last year was 98.3%, but this has now changed due to a combination of some transactions being received after the end of the year and rounding. Nonetheless, despite the impact of COVID-19 both on our mitigation activities and the significant fluctuation of transactions and tax risk cases across the year, overall, the level of tax risk has remained very similar year on year.

We expect the figures under this measure to initially fluctuate year on year as we identify new tax risks and reduce existing tax risks. We still believe it's too early to draw any conclusions or comment on these figures. We'll continue to track the figure over time to look at how effective we are at identifying tax risks and then reducing them. We still hope that, with time, we'll see an increase in the numbers of people getting things right first time through our approach to managing tax risk.

Analysis of our tax risk work – LDT Risks

We adopted a similar approach to managing tax risks for LDT. We focused on supporting people to pay the right tax first time and identified potential tax risks to carry out mitigation activities to reduce the scope for errors. As we have far fewer taxpayers for LDT, we tailored our approach.

During the year, we continued to develop our relationships with landfill site operators at sites in Wales through our dedicated LDT specialists. The impact of COVID-19 on operations within the waste sector, meant that our specialists were particularly busy ensuring that we could support our taxpayers during this time, addressing queries and issues as they arose.

We combine our knowledge with information and expertise from our partner organisation, Natural Resources Wales, to provide more bespoke support to our taxpayers, which enables us to take a more tailored approach to managing tax risks.

We're unable to report on the impact of our tax risk activity for LDT in the same way that we do for LTT because we only work with 17 landfill site operators. As a tax authority, we have a legal obligation to protect the confidentiality of taxpayers so we cannot provide data for tax risk cases on such a small pool of users.

Therefore, instead of providing data on our performance, we provide a narrative of our tax risk activities and impact.

LDT risk 1 – discounting water content in waste

In last year's Performance Report, we outlined this tax risk area and explained the progress that had been made in mitigating the risks around it. During 2020 to 2021 we carried out an annual risk review, working closely with taxpayers, reviewing evidence and data to check all discounts remained appropriate and conditions were being applied correctly.

We were pleased to see that as part of the review process, several of our taxpayers had identified potential risk areas and had taken action to address these in advance of the annual review, therefore mitigating the risk even further. The review this year was more efficient and overall showed a greater level of engagement and compliance with the rules and conditions, indicating that the improvements we made to the conditions in the agreements to help reduce the risks going forward, were working.

LDT risk 2 – tax treatment of fines material

We continued to work closely with Natural Resources Wales to identify potential tax risks across the industry in relation to certain types of waste. Whilst we've seen some reduction in this risk across Wales, some risk remains, and so we continued to work with taxpayers to improve their awareness and education, and in some cases, we've undertaken formal enquiries to check the accuracy of their tax returns.

The improvements we continued to make to the LDT tax return system during 2020 to 2021 went live in May 2021. The updated LDT tax return system should help taxpayers get their taxes right first time, and further reduce the tax risks we've identified. The system collects more data than before, helping us ensure greater fairness and consistency across the tax.

LDT on unauthorised disposals

As noted in our performance report for 2019 to 2020, prior to the coronavirus outbreak, we planned to scope and test our LDT powers during 2020 to 2021 in respect of unauthorised waste disposals. We also planned to use the scoping and testing phase during 2020 to 2021 to build a clear picture of the longer-term opportunities and risks of the tax in respect of unauthorised disposals.

However, the speed of progress in this new area was affected by the impact of COVID-19 on our operational processes and resources. Despite this, we've made progress in enhancing our approach to sharing information and evaluating potential cases with Natural Resources Wales, which has put us in a stronger position to begin to test our powers during 2021 to 2022.

Preventing and tackling tax avoidance or evasion

Whilst most people want to pay the right tax at the right time, we recognise that some seek to pay less through tax avoidance or evasion. As part of the way we manage tax risk, we've reduced opportunities to avoid or evade paying tax, making it harder to do so.

During this year we've continued to:

- develop our partnerships with other law enforcement agencies
- used our own data and intelligence, as well as data and intelligence from our partners, to identify potential cases
- used our powers, including tax enquiries, to investigate potential cases; and worked with other law enforcement agencies to share intelligence on those cases
- reduced the scope for evasion through implementing our tax risk management plans, including making updates to our systems and processes
- increased awareness of potential tax risks through early engagement and communications

Additional tax collected

Given that it takes time to reduce tax risks and that not all tax risks are capable of being mitigated easily, we'll work with taxpayers and their agents to put things right, either collecting additional tax due or refunding tax overpaid in error.

And where appropriate we'll use our formal enquiry and assessment powers to investigate cases of non-compliance to recover underpaid tax.

From these various tax correction activities during the year, we collected £1.4 million additional tax from tax risk cases, through amendments to tax returns and in relation to missing tax returns. This was drawn from 2 broad categories: tax recovered from tax risk and voluntary disclosures.

Tax recovered from tax risks

We recovered £1.1 million from cases that fell within one of our tax risks or from other direct interventions. We collected most of this tax from cases that fell within the main LTT and LDT tax risks we reported above.

Voluntary disclosures

We collected a further £300,000 of tax from other amendments to tax returns. These amendments were not in relation to our tax risks, or any direct intervention by us, such as a prompt letter or formal enquiry. However, some of these amendments have been influenced by other educational and engagement activities, which we explain under [making it easier](#).

Tax refunded due to errors

We refunded around £92,000 to taxpayers because of errors we identified in their tax returns which caused them to overpay tax. We identified these errors through our tax risk profiles and helped them to correct the errors so that they paid the right tax.

Identifying and acting to reduce tax risks will mean that fewer errors are made across the entire tax system and less tax will need to be collected or refunded to correct errors – effectively more people will be paying the right tax first time through our approach.

Penalties

We've charged penalties where taxpayers have either filed their tax returns late, paid late, or made an error in their tax returns. We apply penalties to ensure that everyone is treated on the same fair basis. In 2020 to 2021 we charged penalties amounting to a total charge of £136,000.

Due to the impact of COVID-19 on our resources at a time of increased demand on our services during quarter 4 of 2020 to 2021, some cases where a penalty is likely to be due, are yet to be assessed and therefore are not included in these figures. Those penalties once assessed will be included in next year's report.

We introduced a new 'pre-review' process for certain types of potential penalty, given the impact COVID-19 was having on taxpayers and agents. The process is designed to reduce the number of penalties that would be issued and then successfully challenged on review or appeal where there is a legitimate reasonable excuse for the failure. The process was put in place in recognition of the fact that a greater number of people may have a reasonable excuse related to the issues caused by COVID-19 than in normal times. During the COVID-19 pandemic, the pre-review process has ensured that a fair, consistent but supportive approach is being undertaken for each case.

The pre-review process invites the taxpayer to put forward any representations in advance of us issuing the penalty, making it easier for everyone involved.

Traditionally those representations would form part of a formal review process subject to time-limits. We found that cases are dealt with quicker, and where there is a reasonable excuse, matters are resolved within days under the pre-review process.

Agents and taxpayers have complimented us on the process and fed back that that it has reduced the pressure and stress on them during an already difficult time.

Reviews and appeals

Where we identified errors, we worked with taxpayers and their representatives to put things right. However, some issues led to a dispute over the correct tax. When this happened, we took the same positive, collaborative approach to resolving the dispute as effectively and efficiently as possible.

In those cases, we sought to reach agreement on disputes in line with the legislation, ensuring the right tax was paid. Where a dispute could not be settled by agreement, in most cases the taxpayer could ask us to review that decision. This is known as a statutory review.

In 2020 to 2021, a total of just under 60 new requests for a review were submitted to the WRA.

If a taxpayer does not accept our operational team's decision or the subsequent decision of our Review Officer, then she or he can also appeal to an independent body, the First Tier (tax) Tribunal. In 2020 to 2021, the Tribunal notified us of fewer than 5 new appeals.

As part of our own continuous improvement, we use feedback from the case team, our review officers and our taxpayers to try to understand how we can reduce the scope for disputes and resolve them more effectively in future.

Objective 3: being more efficient

We'll deliver in a way that is sustainable and delivers value for money

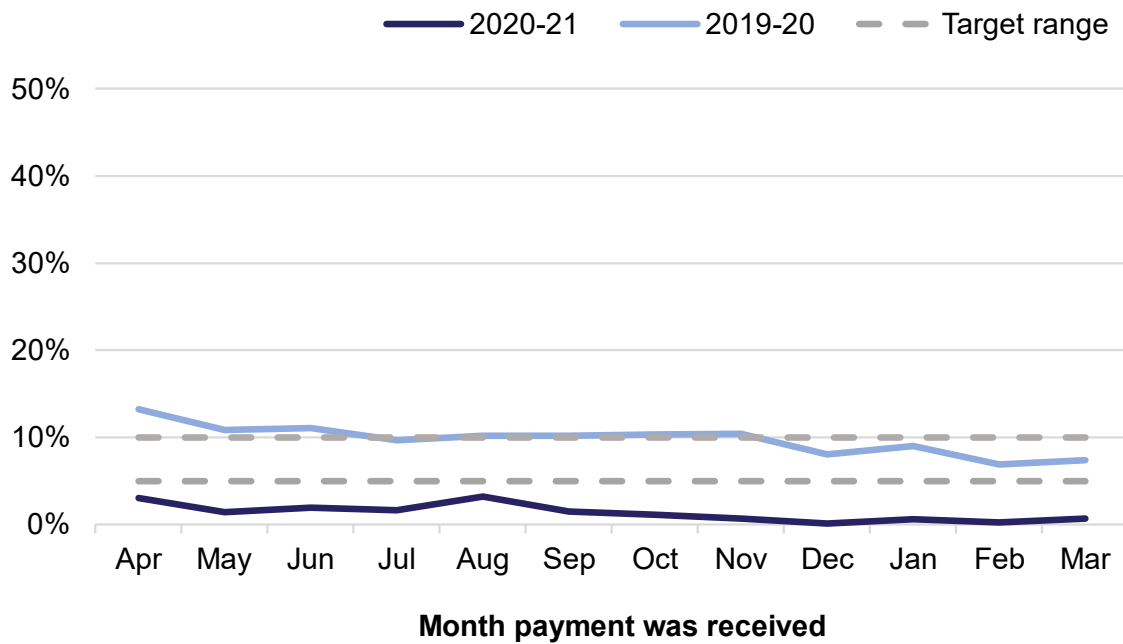
To be efficient and effective as an organisation, we designed our processes to be digital end-to-end as far as possible.

Reducing the number of people who pay us by cheque is an indicator of how efficient our services are and is one of our key performance indicators.

We believe the impact of COVID-19 has encouraged more people to move from cheque to online payments. There were difficulties for us and our customers in processing physical post during certain times during the year and we actively encouraged and supported taxpayers and agents to use electronic payment methods wherever possible.

Chart 7 shows the monthly trend in the percentage of payments received by cheque. There has been a notable fall in this measure, with an initial sharp drop at the start of the year, followed by a steady fall over the whole of 2020 to 2021. In fact, since November 2020 the percentage of cheques received represents less than 1% of the total payments received each month – comparable to 7% in the lowest month during the same period in 2019 to 2020.

Chart 7: The percentage of payments received by cheque, by month received



Automation

In our Corporate Plan 2019 to 2022, we explained that automation was an important way for us to continue to be efficient. As mentioned earlier in the report, COVID-19 has changed people’s behaviour and this has had a positive effect on the number of digital interactions with us, and on automation as a whole, as people looked for alternative ways to interact with us.

Chart 8 shows the monthly change in the percentage of transactions that were processed automatically through to initial payment. The indicator continued its already upward trend through the whole of 2020 to 2021, reaching the upper part of our target range by the end of the year. This was largely driven by the reduction in payments received as cheques.

Chart 8: The percentage of transactions that are processed automatically through to initial payment, with no manual involvement, by month received

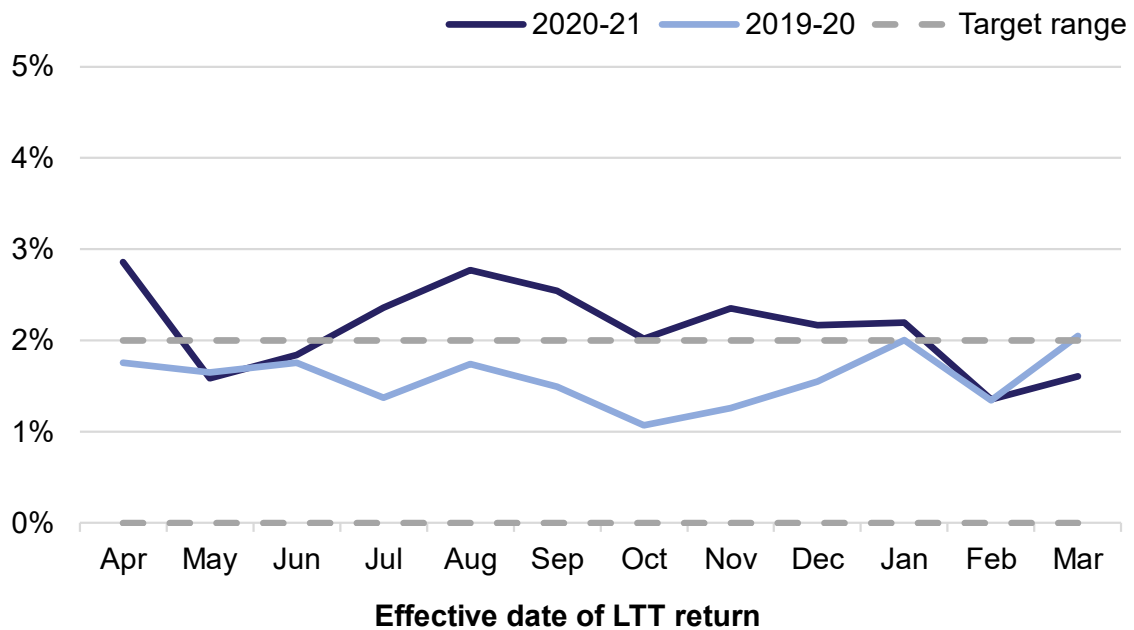


This only includes initial submission and payment (if relevant) and not future action the WRA might undertake to manage tax risk.

Time taken to file

Chart 9 shows the monthly trend in the percentage of returns filed more than 30 days after the effective date. This figure has remained relatively low over the year, although it was initially impacted by COVID-19 over the summer months. Since then, it has stabilised and had returned to the target range by the end of the year.

Chart 9: The percentage of Land Transaction Tax returns received outside 30 days, by month transaction was effective



Preventing debt

We analyse our transactions to establish how many have paid on time compared to those that are paid late and result in a debt. Payment is typically due within 30 days of the transaction date for LTT (or the end of the accounting period for the small number of LDT transactions, which are not included in this analysis). Previously we excluded transactions that had been amended or resulted in a refund, because this sometimes impacted the closure dates we were using in our calculations. However, we have managed to resolve this issue over the course of the year and the data now cover all LTT transactions.

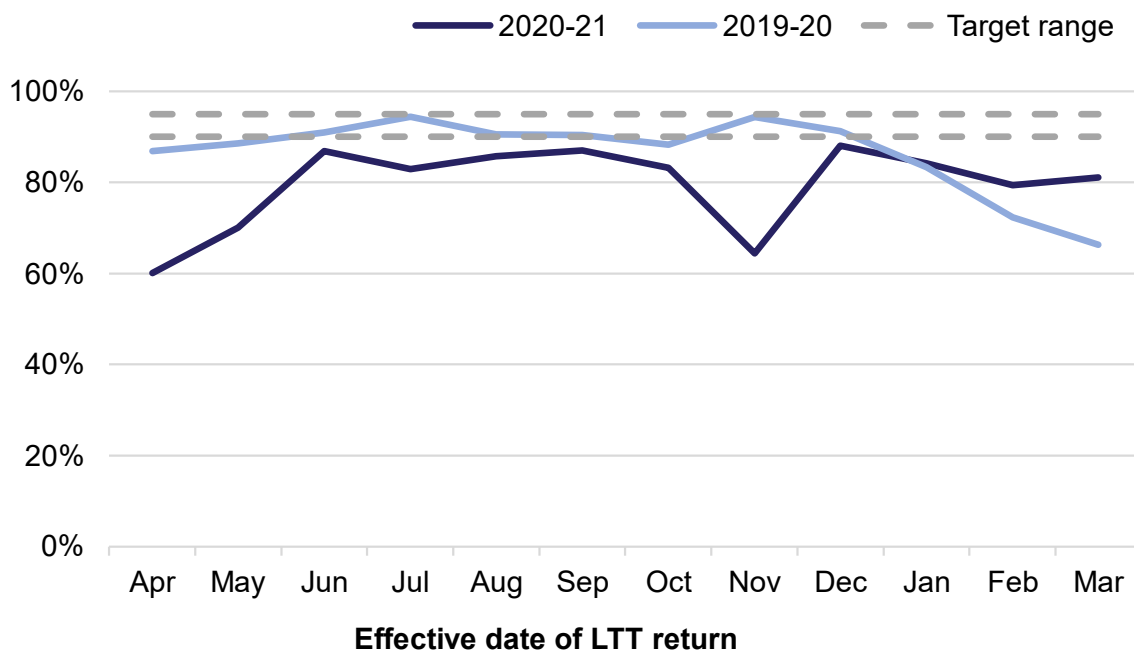
Of the transactions that we received, 95% were paid on time. This is a good indication of our ability to prevent debt and is at a similar level to the previous year.

For the remaining 1,150 transactions that were paid late or remain as debts, we can measure our impact in recovering the debt within a further 30 days after they become a debt (effectively 60 days from the transaction date). We have a target (Performance Measure 5.2) of 90-95% of debts paid within 30 days of cases becoming a debt. We restrict our analysis to those cases where the tax return was received within 60 days of the effective date as it would be impossible to meet this target for those received later than 60 days after the effective date. We use the term 'manageable' to describe the debt in these cases. The large majority (just over 1000) of our debts are manageable.

Time taken to pay debts

Chart 10 shows the monthly trend in the percentage of transactions counted as manageable debts that are collected within 30 days of them becoming a debt. The chart shows the impact of COVID-19 on manageable debt collection - with clear impacts at the start of the year and again around the second lockdown. In the last few months the measure has recovered with the figure for March 2021 being around 81%.

Chart 10: The percentage of manageable Land Transaction Tax debts collected within 30 days, by month transaction was effective



From the beginning of the year, we recognised that COVID-19 could have an impact on some of our customers' ability to pay, both in terms of uncertainty regarding their financial position, and also in terms of practical issues of being unable to access offices as well as the impact of staff being furloughed. In recognition of this we temporarily paused our proactive debt collection and enforcement activities between late March 2020 and May 2020 and then again in December 2020. We encouraged people to use electronic payment methods where possible, updating our guidance and sending our operational updates to agents.

We encouraged taxpayers and agents to discuss their financial situations with us in real time and worked with those that found themselves in financial hardship to put the necessary support in place for them to continue to meet their tax obligations. To do this we reviewed key policies and updated them to reflect the support and help that we could offer in line with our legislation.

The impact of COVID-19 on our resources and the increase in demand on our services in the later part of 2020 to 2021 meant that we had to scale back some of our debt management activities during the year. We will focus on catching up in 2021 to 2022, continuing to provide support to those who need it and pursuing those who have chosen not to pay while having the means to do so. We are also reviewing our debt processes and approach in 2021 to 2022 and are looking for improvements in this area.

Time taken to pay LTT Higher Rate refunds

We approved and made around 1,600 higher rate refund payments during 2020 to 2021, compared to 1,450 repayments in the previous year. We anticipated this increase in refund processing as the taxpayer has a 3-year period to make a repayment claim. We expect these repayments to rise further in 2021 to 2022.

To measure our performance we calculate the number of days it takes to process each of our higher rate refunds. During 2020 to 2021 we made changes to our systems which enabled us to measure our process from the time a refund request was received, giving us a fuller understanding of our performance. In previous years, we were only able to measure this indicator from the point the refund was approved.

Both measures are covered in Charts 11a and 11b for context, with the headline measure being that based on date of request, which is a fairer reflection of customer waiting time.

Chart 11a shows the monthly trend in the average number of days taken to process a refund on both bases, and also includes a count of refunds made in each month. From the chart we can see that the number of refunds we processed varied greatly over the year. As transaction numbers dropped at the start of the year, so did refund claims, but towards the end of the year, we processed record monthly numbers of claims. As the number of claims increased, so did the time taken to process these whether from approval or from request, rising to an average of 34 days from request in January 2021. However, since then, that average has dropped back to 24 days.

Chart 11a: The number of and average days to pay Land Transaction Tax higher rate refunds, by month of approval

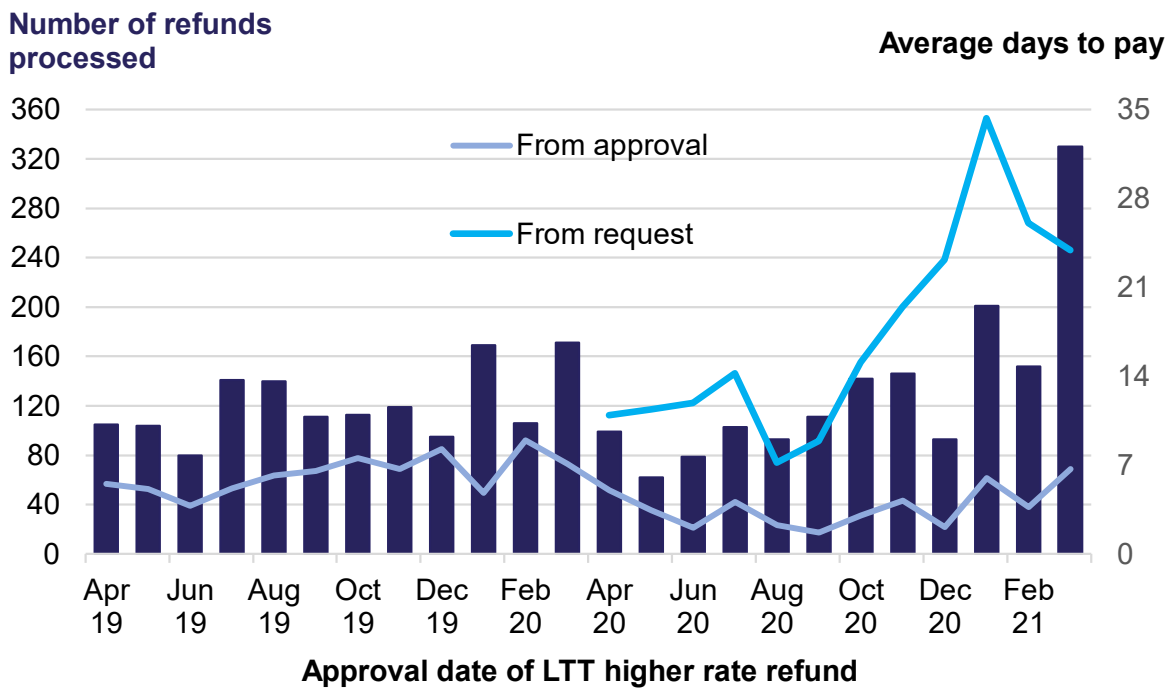
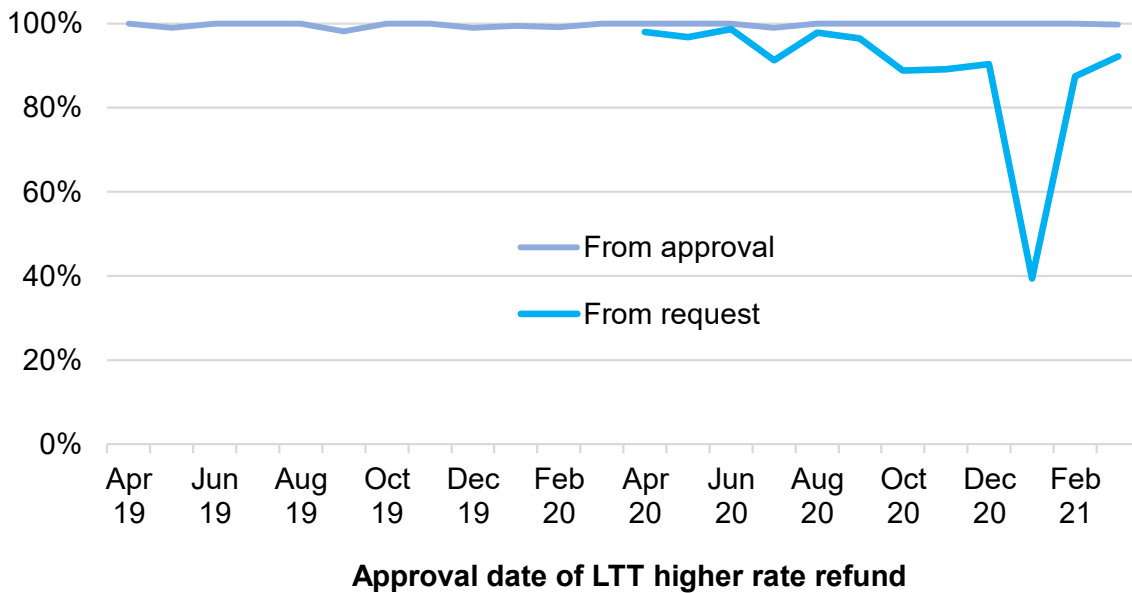


Chart 11b focuses on the monthly trend in the percentage of payments made within 30 days on both bases. Generally numbers have remained high, apart from a significant dip in January 2021, corresponding to the peak seen in Chart 11a, with a recovery to over 90% by March 2021.

Chart 11b: The percentage of Land Transaction Tax higher rate refunds paid within 30 days, by month of approval

Percentage of refunds completed within 30 days



The drop in our performance measures for higher rate refunds was caused by a combination of factors. We've already mentioned and can see the significant increase in demand on our services during the second half of the year (Chart 11a). This was caused by unprecedented levels of higher rates transactions during the second half of the year, as overall transaction levels recovered from the impact of COVID-19. Secondly, we had lower resource capacity as we were still recovering from an earlier pause on recruitment and the impact of COVID-19 on our people. Despite these challenges, higher rate refunds remained an area of activity we prioritised, continuing to maintain a high quality of service and assurance. In particular, to ensure that claims are valid, we continued to carry out a series of due diligence checks, working with taxpayers and agents to check the nature and accuracy of claims. This meant that in January 2021, a large number of refunds were processed after the 30-day target.

In identifying the above challenges and in order to address the dip in performance, we reviewed our process to look for efficiencies that would not compromise quality and assurance. We carried out user research to identify what was working well and where we could improve. Based on this research, we made improvements to our refund form, including additional questions. These changes enabled us to reduce the need to confirm information, and do follow up work with customers, thereby speeding up the refund process.

This has meant that we've been able to reduce the processing time for refunds, despite a significant increase in transactions during February and March. This is evidenced in both charts.

Objective 4: enhancing our capability

We'll develop individual and collective capability.

We want to be an organisation whose collaborative, innovative and kind culture fuels high engagement, continuous learning and inclusion. We believe that having capable people doing jobs that they truly enjoy will translate into everyday excellence in our day to day services and innovative and sustainable solutions for the future. By working together across skilled, multi-profession teams, we'll be more than just the sum of our parts and achieve stretching and bold objectives for the benefit of our own learning and our stakeholders.

Engagement

Having highly engaged people is important to us as it increases both our people's happiness and their motivation to do their best to achieve our objectives.

For our people to be engaged, we:

- provide interesting roles with high levels of autonomy
- offer Living Wage salaries and fair benefits
- always prioritise and support our people's wellbeing

Maintaining engagement during such a challenging time taught us a lot. We learnt that using a 'preferred by most' approach to engagement wasn't suitable for how we now work. We instead better support our people by treating everyone as an individual, and appreciating that individual, family and community situations were going to change numerous times. To do this, we've moved to providing a wider range of options for engagement and support, which our people can choose from according to their individual, changing needs and preferences.

Specifically, in 2020 to 2021, we prioritised or introduced the following activities to engage our people:

- kept our people involved and informed with weekly all-staff calls, launched Microsoft Teams for video calls and created different channels – including wellbeing, learning and development, and all-staff updates
- ensured all our people were having structured, frequent wellbeing conversations with their line managers
- promoted maintaining our positive working relationships by encouraging our people to invest time in informal and social time with their colleagues
- our staff-run Wellbeing Committee dedicated their time to running events to bring our people together, keep active, and add some joy to some of our most difficult times, such as a walking challenge, quizzes and sharing ideas for using our weekly wellbeing hour
- provided training relating to working remotely, encouraging our people to share their experiences, challenges and ideas

- reduced core working hours to give our people more flexibility on when they start and finish work, to allow for caring responsibilities, and provided support, counselling and special leave
- reviewed how to best support our changed business priorities and teams with reduced numbers, supporting our people to temporarily move to different roles

Many of these activities were in response to the impact on our people of living and working during a pandemic, but we expect to retain many to support a longer-term move to more homeworking.

As well as our usual annual engagement survey, the Civil Service People Survey, we issued a one-off engagement survey, specifically concerned with the impact of COVID-19, in May 2020. Some key findings were:

- 43% of our people reported changes to their role – such as picking up different responsibilities to support team members needing time off, or moving to a different role entirely
- 85% of our people felt they completely or mostly had the equipment they needed to work from home
- 100% of our people felt supported by their line managers
- 100% of our people were confident in senior leaders' handling of the impact of COVID-19

As a result, we continuously reviewed equipment needed and working conditions, with a small number of staff working partially from an office location, when safe, where they did not have appropriate space to work at home. We also re-started recruitment in August 2020, prioritising roles that were temporarily filled or had been vacant the longest.

Having prioritised the wellbeing of our people, but considering how difficult the year had been, we were very pleased to have maintained our high engagement in 2020 to 2021. Some highlights from our 2020 Civil Service People Survey were:

- being rated second out of more than 100 Civil Service employers
- being rated in the top 10 for areas such as having interesting and challenging work, being involved in organisational decision making and change, having confidence in senior managers, supportive line management and collaborative teams, and a working culture that supported raising of concerns and treating people fairly
- 91% of our people would recommend the WRA as a great place to work
- 87% of our people are satisfied with their total benefits package (+44 percentage points compared to the UK Civil Service as a whole)
- 99% of our people reported having the technology needed to connect and collaborate with their colleagues, and 96% of our people reported their manager trusts them to do their job effectively from home

Other indicators include:

- 100% of our people earn above the Living Wage Foundation's Living Wage
- 93% of our people have permanent contracts and none of our people have zero-hours contracts

Skills

To encourage a learning culture and ensure we have the skills we need as an organisation, we sought to bring in a wide variety of professions, and created interesting opportunities for promotion, learning and development. Despite our small size, we provided loans in and out of the organisation as well as apprenticeship, student, and graduate opportunities.

We measure our progress by looking at the professions, development, and Welsh language skills of our people.

Some achievements and indicators of our progress during the year are:

- 15 different professions represented across our organisation
- 11 staff joined us, despite pausing recruitment from March to August, around a third from other civil service organisations, and around two thirds from a variety of public and private sector employers
- 30% of our people took up a temporary promotion or lateral move, many to support our recruitment freeze or to support colleague's reduced working hours due to COVID-19
- 9% of our people took up a permanent new role within the WRA or another civil service employer

On Welsh language, we published our first Welsh Language Strategy in October 2020 through consultation with the entire organisation. In a survey completed during the period, 78% of our people speak some level of Welsh, with 19% at fluency or near to it, and we will monitor this in future years to measure progress.

Learning and development took a different form during the year, with all training delivered remotely to enable our people to remain safely at home. All our people took part in training during the year, and we invested £71,000 of our budget into formal training, with Tîm Arwain and their team leads reporting to them working with a formal coach to develop their skills and leadership styles. We continue to identify skills gaps and provided training in areas such as cyber security, equality and diversity, and Welsh language.

However, we were not able to progress our plans for learning and development as much as we'd planned, choosing instead to focus on more immediate priorities. Our people also had less time for formal training over the year, due to caring responsibilities and working on other priorities, or adjusting to working from home. In 2021 to 2022, we plan to upskill as an organisation. We aim to become the best line managers we can be – supporting our staff to grow.

We continue to prioritise reducing manual processes, giving our people the space to address more complex issues and have more meaningful roles. Some work we had hoped to complete around automation was delayed but will remain a focus in future years.

Diversity

For our people to feel included and respected, we aim to maximise the opportunity for everyone to innovate, collaborate, and be involved in the decisions we make. We also work to create and maintain an inclusive culture where everyone feels valued and able to achieve their potential.

This year we've seen equality feature more prominently across the organisation. We've sought to enhance our people's understanding of equality through a mixture of training and raising awareness and understanding. Equality regularly featured at Tim Arwain and Board sessions, including preparations for the introduction of the Socio-Economic Duty in Wales. We've also been enhancing our internal digital capability to maximise accessibility of our services, making several improvements to better support customers during the pandemic.

Our annual People Survey provides several indicators of how successful our people believe our approach to be:

- ranking fourth out of over 100 civil service organisations under the theme of 'inclusion and fair treatment' in the 2020 Civil Service People Survey
- 91% of our people believe that the WRA is committed to creating a diverse and inclusive workplace
- 95% of our people agree that the WRA respects individual differences, such as cultures, working styles, backgrounds and ideas

Measuring and publishing data on diversity is difficult in an organisation of our size. We don't publish data which could reveal an individual's or a small group of individuals' identities, to protect their privacy. This means we won't publish data on groups of fewer than 10 people, so we are unable to publish most of our diversity data.

Our annual **Equality Report** includes data that is large enough to make public and provides a narrative where this isn't the case. It is published annually, and includes a report on our progress against our Strategic Equality Objectives.

Our previous Reports and Objectives are available on our website, and our Equality Report for 2020 to 2021 will be published in March 2022.

Design objective

Our aim is to be a trusted partner for the design of end-to-end revenue services which achieve Welsh Government objectives, whether the services will be delivered by us or others. Working across Welsh Government on new and existing revenue services, we can draw on our experience and expertise in customer insight, operations, data, digital and policy to support the design of systems, policy and legal frameworks in an integrated way that work well for end users and meet Welsh Government objectives.

During 2020 to 2021 our design work has understandably slowed down due to the impact of coronavirus. However, through our design working group we have continued to bring together the range of skills needed for end-to-end design across both the WRA and wider Welsh Government. We've supported early thinking on potential future changes to LTT and LDT, as well as possible new taxes and revenue services such as a vacant land tax and a social care levy.

We look forward to working with Welsh Government throughout 2021 to 2022 and supporting them to deliver for Wales and its people.

Data objective

Our aim is to maximise the value of Welsh taxpayer data. Working across government we want to explore effective and secure ways of sharing, using and developing data – turning that data into an asset for Welsh taxpayers. Initially we aim to explore the potential use of the data we hold and how to make it available to relevant partners, bearing in mind legal aspects of data-sharing.

Due to the impact of coronavirus our work with local government was put on hold for a year as government priorities shifted to supporting and delivering the work that helped the people of Wales through the pandemic. We're keen to pick up this work and are planning on bringing stakeholders together early in the summer of 2021 to discuss and agree what we can achieve this year.

Data remained key to our operations and during the year we've worked closely with HM Land Registry to set up a regular data supply of property title information that can be used to support our assessment of tax risk and we've developed our own skills to understand and analyse that data.

We've also considered working with other data and carried out further analysis of our existing data. One example has been to provide further details within our higher rates transactions to support increasing interest in that data in the context of second homes in Wales. We've published an article to support the appropriate use of that data, and to extend the analysis available. The article refers to work in progress and how this might be improved by further extending our data using information from the [Welsh register of landlords](#).

Publishing LTT and LDT data

We also published detailed data on LTT and LDT to a defined timetable, in line with the Code of Practice for Statistics.

We worked with some of our main users of our data to ensure what we publish addresses the questions they have. The main improvement we made in 2020 to 2021 was to publish an article with some further information on how to use our LTT statistics. This was in response to some misinterpretation in the press of our annual statistics on the higher rates of residential LTT, and the article included some additional data not previously published ([Welsh Revenue Authority local area statistics explained | GOV.WALES](#)).

We also developed the way we published the data to include more accessible formats, and are continuing to develop this work in 2021 to 2022, alongside starting the process to achieve National Statistics accreditation for our statistics.

Wellbeing, charity, and the environment

Wellbeing

Our wellbeing strategy is aligned with the National Health Services' '5 Ways to Wellbeing' as we recognise that the workplace is a key setting for promoting good behaviours. We've supported our people with access to training and support on how to work from home and signposted advice in areas such as working from home with children, mental health, personal safety, and personal finance. This support has been ongoing and will continue to be and the support will adapt as our circumstances do. We've supported people to return to the office, when able, based on wellbeing, recognising that everybody has different needs.

Charity

We first established a charity of choice in October 2018 and hold annual discussions as to what it should be for the following year. During 2020 to 2021 our chosen charity was [FareShare](#) who are the UK's longest running food redistribution charity.

Raising money for our charity of choice is about looking out for the wellbeing of others. It also supports the overall wellbeing of our people. During a challenging year for fundraising, we're pleased to have raised £390 for FareShare.

Environment

We're committed to protecting the environment. We recognise the impact that the important work we do in collecting and managing LDT has on the environment.

Review of Our Charter

Our Charter sets out the shared values, behaviours and standards which enable us to work together with taxpayers, their representatives and stakeholders to deliver a fair tax system for Wales.

Our Charter, published in 2018, applies to everyone we work with, including our partners, for example Natural Resources Wales. It incorporates the spirit and sense of the Wellbeing of Future Generations (Wales) Act.

Understanding how we could effectively deliver the values in Our Charter provided the basis for developing **Our Approach** which sets out a Welsh way of doing tax.

Our Charter values are at the core of how we've supported the people who use our services. Below we summarise our performance against each of the values in our Charter and provide examples throughout the Annual Report.

Value	What we have done
Secure: protect all information and respect confidentiality.	<ul style="list-style-type: none"> We take the security and management of information seriously which is reflected in our Information and Governance Policy see our governance statement for further details Our website provides a helpful guide on how we manage information. We've undertaken Cyber Essentials Plus certification. See our governance statement for more information on cyber security.
Supportive: create guidance and provide support when you ask for help. Build and use effective digital services.	<ul style="list-style-type: none"> We continue to improve our website and digital services. We engaged with our users to understand the impact COVID-19 was having on their business and their ability to engage and transact with us. We made several changes to our services based what people told us and more information is provided under the Performance Report section on our objective of making it easier.
Fair: be honest in our dealings with each other and create a level playing field so all taxpayers are treated equally. Tackle	<ul style="list-style-type: none"> We've continued to manage task risk ensuring fairness and consistency across the tax system. We've supported people to put things right when errors have been made. Where people tried to

Value	What we have done
<p>evasion and avoidance, use powers consistently and proportionately.</p>	<p>evade or avoid paying the full amount, we've identified these cases and taken steps to ensure that the right tax was paid.</p> <ul style="list-style-type: none"> • More information is provided under the Performance Report section on our objective of ensuring we are fair.
<p>Engaging: support the Welsh public to understand devolved taxation and work together to develop it for the benefit of Wales.</p>	<ul style="list-style-type: none"> • We've changed the way we've engaged to meet the challenges of remote working and social distancing. • We've used webinars to engage with our users and delivered training to a wide audience using this channel. • We've engaged with stakeholders across government (including Ministers) at virtual conferences and events, ensuring our position and the opportunity we provide in tax devolution are understood.
<p>Responsive: listen to each other's points of view and be open in our conversations, act on feedback and advice given. Treat each other with respect.</p>	<ul style="list-style-type: none"> • Listening to and responding to feedback has been more important than ever this year as people and their business circumstances have changed many times during the year. More information is provided under the Performance Report section on our objective of making it easier. • We considered the wellbeing of our people and the support required to deploy our staff flexibly to meet the changing needs of the organisation. • We considered the impact of COVID-19 when working with taxpayers and their representatives throughout this year to correct errors and collect underpaid tax or refund overpaid tax.
<p>Bilingual: confidence to conduct our business in Welsh and English.</p>	<ul style="list-style-type: none"> • We continue to offer a bilingual service in Welsh and English. • Our digital services are offered in both Welsh and English, including a built in 'toggle' feature within our online tax system – which enables

Value	What we have done
	<p>users to seamlessly switch between Welsh and English.</p> <ul style="list-style-type: none"> • We've developed a Welsh language strategy and support and encourage our staff to use the Welsh language.
<p>Accurate: work together to get things right and correct them if we need to, and share accurate data and information, taking reasonable care to avoid mistakes. Keep accurate records.</p>	<ul style="list-style-type: none"> • We continue to engage with taxpayers and representatives to build up our collective knowledge from queries, virtual tax events, and webinars. We used this knowledge to manage tax risks, raising awareness and providing education to help people get things right first time and prevent errors. • Our section on ensuring we are fair in the Performance Report explains more about our work managing tax risks.
<p>Efficient: respond quickly to each other, submit returns and process requests on time. Identify ways we can improve the service.</p>	<ul style="list-style-type: none"> • During this year we're proud of how we've implemented changes to the LTT rates and how we responded to a high demand by improving our process for making refunds. • Our section on being more efficient in the Performance Report explains more about how we implemented rate changes to LTT and managed improvements in our refund process.

Management of the Welsh Revenue Authority

Board of Management

Name	Position Held
Kathryn Bishop (1)	Non-Executive Chair; People Committee Member
Jocelyn Davies (1)	Non-Executive Member; Chair of ARAC; People Committee Member
Dyfed Edwards (1)	Non-Executive Deputy Chair; Chair of People Committee
David Jones (until October 2020)	Non-Executive Member; ARAC Member
Lakshmi Narain (until October 2020)	Non-Executive Member; ARAC Member
Mary Champion (from October 2020) (2)	Non-Executive Member; ARAC Member
Rheon Tomos (from October 2020) (2)	Non-Executive Member
Dyfed Alsop	Chief Executive
Sean Bradley (until May 2020)	Chief Legal and Policy Officer
Rebecca Godfrey (from May 2020) (3)	Chief Strategy Officer
Sam Cairns	Chief Operating Officer
Lucy Robinson	Staff Elected Member

Notes:

(1) The appointments of Kathryn Bishop, Jocelyn Davies and Dyfed Edwards were due to end in October 2020, but were all extended to October 2022.

(2) Mary Champion and Rheon Tomos were appointed for an interim period of 12 months, due to public appointments being suspended across Welsh Government because of COVID-19.

(3) Rebecca Godfrey returned to her Board role following maternity leave in May 2020.

Senior Officers

Name	Position Held
Dyfed Alsop	Chief Executive
Rebecca Godfrey	Chief Strategy Officer
Jim Scopes (covered maternity leave until April 2020) (1)	Interim Chief Strategy Officer
Melissa Quignon-Finch	Chief People & Communications Officer
Sam Cairns	Chief Operating Officer
Robert Jones (from July 2020)	Chief Finance Officer
Kate Innes (until July 2020) (2)	Interim Chief Finance Officer
Jo Ryder	Chief of Staff
Neil Butt (covered maternity leave from November 2020 onwards)	Interim Chief of Staff
Sean Bradley (until May 2020)	Chief Legal & Policy Officer

Notes:

(1) Jim Scopes remained in the WRA until November 2020.

(2) Kate Innes remained in the WRA until October 2020.

Financial Report

Resource Accounts

We receive an annual funding allocation from the Welsh Government to cover our expenditure. We set an expenditure budget each year based on the activities we plan to undertake to deliver our Corporate Plan, functionally split into the following broad areas:

- staff costs including learning and development
- operational costs of collecting the taxes, enforcement action and data intelligence
- corporate running costs, such as HR, ICT, facilities, governance, and legal advice
- business change to ensure continual improvement to both digital systems and operational processes to support new processes and tax legislation change

Funding allocated to our organisation and drawn down from the Welsh Government is set out in the table below.

Funding Stream	2020-21 Allocation £,000	2020-21 Funding Drawn £,000	2019-20 Allocation £,000	2019-20 Funding Drawn £,000
Revenue	6,196	6,541	6,616	5,948
Capital	175	175	80	79
Total Funding Allocation	6,371	6,716	6,696	6,027

For 2020 to 2021 the WRA received an allocation of funding of £6,196,000 for Revenue expenditure from the Welsh Government (2019 to 2020 £6,616,000) and £175,000 for Capital (2019 to 2020 £80,000).

Funding Drawn is the actual cash received in year from the Welsh Government; while the Funding Allocation is the amount awarded to us to cover essential running costs and to finance system and business process improvements that contribute to the reduction of tax loss risk.

Funding Allocation differs from Funding Drawn as we only call down the funding required to pay costs as they fall due. Allocated Funding includes costs for expenditure which the WRA is liable to spend but has not yet paid (for example trade and other payables).

Additional funding was drawn at the beginning of 2020 to 2021 to meet expenditure relating to 2019 to 2020. This was within the Funding Allocation for 2019 to 2020.

Expenditure for 2020 to 2021

	2020-21 £000	2019-20 £000
Staff Costs	4,430	4,317
Other Related Staff Costs	139	205
Other Operating Costs	1,490	1,933
Depreciation	31	35
Amortisation	804	870
Net Operating Expenditure	6,894	7,360

Our expenditure has been managed efficiently throughout the year and final expenditure was 2% below the allocated funds. The net operating expenditure before depreciation and amortisation, and a prepayment adjustment relating to 2019 to 2020 was £6,098,000 (compared to budget of £6,196,000). Reserve levels were managed below 2% of net operating expenditure before depreciation and amortisation.

Tîm Arwain undertook a review during the year to ensure the available funds were spent effectively in response to COVID-19. The review identified opportunities to bring forward digital capability projects, which were delivered efficiently, and with savings.

Devolved Taxes

During the year, the WRA raised taxes on behalf of the Welsh Government as set out in the table below.

	2020-21 £000	2019-20 £000
Land Transaction Tax	210,510	260,281
Landfill Disposals Tax	31,719	36,926
Total taxes and revenues	242,229	297,207

WRA Annual Accounts 2020 to 2021

The WRA processed just over 53,400 LTT returns, (2019 to 2020: 61,000). Of these returns, 46% resulted in a tax liability requiring payment (2019 to 2020: 53%). The lower proportion of returns with a liability was expected because of the reduction in main rates residential LTT that applied to transactions completed between 27 July 2020 and the end of the financial year. This generated a net revenue income of £210 million for the Welsh Consolidated Fund (2019 to 2020: £260 million).

We also processed higher rate LTT refunds totalling £9.78 million (2019 to 2020: £11.25 million).

Penalties due to late submission of returns and or late payment of tax resulted in £136,000 (2019 to 2020: £325,000) of additional revenue charged along with late interest charges of £130,000 (2019 to 2020: £45,000).

The WRA paid interest to taxpayers totalling £82,000 (2019 to 2020: £42,000) where the taxpayer received a tax refund. This occurred either as a result of an amendment to a return or where an application for refund of the higher rate element of LTT was approved following the sale of a previous main residential property within a 3-year period.

The WRA successfully collected the following net cash amounts:

	2020-21 £000	2019-20 £000
Net Cash Collected	264,878	271,377
Cash Remitted to the Welsh Consolidated Fund	260,400	274,000

The remaining cash balance will be held on account and remitted in the next financial year.

Accountability Report

Statement of the Accounting Officer's responsibilities

As Accounting Officer of the WRA, the Chief Executive, Dyfed Alsop, is personally responsible for:

- the proper stewardship of public funds
- day to day operations and management of the WRA
- ensuring compliance with the requirements of 'Managing Welsh Public Money'

Under Sections 29(1)(b) and 30(1) of the Tax Collection and Management (Wales) Act (TCMA) 2016, the Welsh Ministers have directed the WRA to prepare for each financial year our resource accounts and tax statement in the form and basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the WRA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular must:

- 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 Accounts, as a whole, are fair, balanced and understandable and take personal responsibility for the Annual Accounts and the judgements required for determining that they are fair, balanced and understandable

In addition, the Accounting Officer must ensure that the tax statement is prepared in accordance with Section 25 of the TCMA to:

- show the amounts receivable from the collection of taxes, penalties and other income, any deductions permitted, and the amounts paid to the Welsh Consolidated Fund
- 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 standards of the authorities which govern them

The duties of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding WRA assets, and are set out in the Accounting Officer's Memorandum, Framework Document and Managing Welsh Public Money.

As the Accounting Officer for the WRA, I confirm that:

- the Annual Accounts as a whole for the period 1 April 2020 to 31 March 2021 are fair, balanced and reasonable
- I take personal responsibility for the Annual Accounts and the judgements required for determining that they are fair, balanced and reasonable
- in producing these accounts, I have undertaken widespread consultation, seeking feedback and comment and sought assurance from the WRA Management Board, Audit and Risk Assurance Committee (ARAC), internal auditors and members of the wider staff team
- I have taken all reasonable steps to make myself aware of any relevant audit information, and to establish that our auditors are aware of that information
- as far as I am aware, there is no relevant audit information of which our auditors are unaware

Dyfed Alsop
Chief Executive and Accounting Officer
23 June 2021

Governance Statement

Introduction and scope of responsibility

As the Accounting Officer, I'm personally responsible for the Governance Statement which outlines how I've discharged my responsibility to manage and control our resources during the financial year.

The Statement provides an account of our corporate governance structure, an overview of the risk management arrangements and a description of the main risks faced by the organisation.

TCM (Wales) Act 2016, designates me as the Accounting Officer and details of my Accounting Officer responsibilities are annexed to the published WRA Framework Document.

Corporate governance

Our Board provides leadership and direction and retains overall legal responsibility for ensuring there is an effective and proper standard of governance within the organisation. It therefore plays an important role in scrutinising the performance of the management team in their delivery of agreed objectives and priorities.

As Chief Executive, I'm responsible for ensuring that a sound system of internal control is maintained to support the delivery of policies, aims and objectives and for regular review of the effectiveness of the system.

Our Board is held to account by the Senedd and by Welsh Ministers. They're responsible for ensuring that it achieves the objectives and priorities agreed between our organisation and Welsh Ministers, as set out in the Annual Remit Letter and reflected in our Corporate Plan, which was agreed by the Minister for Finance and Trefnydd.

During the year, the Chair of the Board and I attended quarterly meetings with the Minister for Finance and Trefnydd, alongside officials from the Welsh Treasury, to discuss our operational performance and the development of new policies and strategies. The meetings provided an opportunity for the Chair to update the Minister on Board performance and progress.

Governance framework

Our organisational structure, policies and procedures have been established in line with UK Corporate Governance in Central Government Departments (2017). Our leadership structure is consistent with expected senior management roles and responsibilities; supporting procedures are in place to ensure Board roles can operate effectively. We have clear reporting routes to ensure that accountability and key internal controls are in place. The independence of decisions on remuneration is ensured by delegation of all such decisions to the Board's People Committee (non-executive members only). We maintain constructive working relationships with our key stakeholders through regular meetings.

Overview

The Board, ARAC and the People Committee have key roles in relation to governance and assurance, scrutiny, development discussions, assessment of current risks and performance monitoring. Committees are chaired by Non-Executive members and are attended by relevant members of Tîm Arwain. They report directly to the Board, with all minutes being made available to Board members. An overview of the activity of the Board and its Committees during the year is set out below.

Exceptional circumstances

Our cloud-based IT infrastructure proved to be robust during the year and fully supported homeworking. Our Business Continuity Plan was kept under review as were governance processes, and adjustments were made in year to support the change in circumstances. Virtual (and more frequent) Board and Committee meetings were the norm throughout the year. We identified new risks and established appropriate controls, mostly around ensuring the continued health and well-being of staff and tax risks associated with COVID-19. We also took action to maintain the integrity of our IT infrastructure and the security of our data.

The Board

The Board consists of 5 Non-Executive Members, the Chief Executive, 2 Executive Members, and a Staff Elected Member. Board Ymgynghorwyr (Advisers) include: Director, Welsh Treasury; Chief Finance Officer; Chief People & Communications Officer; Chief of Staff; Head of Legal and Head of Communications. Current Board membership and meeting attendance are listed below.

In October 2020, 2 Non-Executive members reached the end of their term. Due to the COVID-19 pandemic a recruitment campaign to appoint successors could not take place. A decision was taken to fill these roles with temporary appointments for a

period of 12 months to ensure the resilience of the Board at least until a full campaign could be put into effect.

The Board would usually meet formally 6 times in the year. Due to COVID-19 additional meetings were held to discuss organisational reprioritisation and staff wellbeing, giving a total of 15 meetings during the financial year.

Two Board development away-days were held: the annual Strategy Away Day in July 2020 and an annual Effectiveness Review Workshop in January 2021.

Minutes are made available on our website.

Board performance and effectiveness

The Chair's performance is independently assessed on a 6-monthly basis against objectives. The Permanent Secretary of the Welsh Government leads the appraisal process on behalf of the Minister for Finance and Trefnydd.

The Chair holds 6-monthly performance review meetings with all Board members. Non-Executive Members and the Staff Elected Member have agreed individual objectives, which are areas of particular focus for their individual oversight and which are discussed at their performance meetings.

Given the circumstances resulting from COVID-19 and changes to Non-Executive membership part way through the year, a decision was taken to suspend temporarily the practice of individual objectives, in order to focus the Board's collective efforts on organisational priorities.

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 through an annual anonymous online survey, the results of which were considered and discussed alongside the survey results from the previous year. The Board were asked to assess their effectiveness across 18 areas; the survey results showed improvements in 13 of the 18 areas, and 1 had remained with a score of 100%.

The survey data confirmed the Board's view that the most significant improvements had been made in the following areas:

- all Board members contributing
- being open and honest
- stakeholder relationships
- visible leadership

The survey results confirmed that the Board felt there had been a slight decline in the following areas, in some cases as a result of pandemic related changes:

- right governance
- effective and efficient
- focus on the right topics
- management information

At a Board effectiveness away-day held in January, members discussed the areas for improvement and agreed a set of actions to improve the Board's effectiveness.

Audit and Risk Assurance Committee (ARAC)

ARAC supports the Board 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.

Number of meetings in 2020 to 2021: 6

The number of meetings was more than in recent years, but the duration of the first 4 meetings was shortened. This was done to help the Committee to adapt to the new working arrangements and to manage its work effectively during the pandemic.

Chair: Jocelyn Davies

Members: Including the Chair, 3 Non-Executive Members. The Chair of our Board also has an open invitation to attend meetings. Ymgynghorwyr (Advisers) of the Committee are the Chief Executive, the Chief Finance Officer, an Internal Audit representative, the Audit and Risk Manager and (from January 2021) the Chief Operating Officer. Representatives of Welsh Government and Audit Wales also attend regularly.

People Committee

The People Committee has been set up to support the Board by providing assurance and scrutiny in relation to the effectiveness of senior succession planning and recruitment, and approval of interventions where Tîm Arwain have a conflict of interest, such as around remuneration, contractual terms, and any termination or severance payments under the Civil Service Pension Scheme.

Numbers of meetings in 2020 to 2021: 3

Chair: Dyfed Edwards

Members: Including the Chair, the Committee has 3 Non-Executive Members. Each meeting is also attended by the Chief People and Communications Officer and the Chief Executive.

Highlights in 2020 to 2021

- Agreeing the Senior Civil Service (SCS) pay award for 2020 to 2021.
- Scrutinising and providing advice from experience relating to Tîm Arwain succession planning and planned senior recruitment schemes.
- A separate session to provide assurance and challenge on the identified people risks relating to COVID-19 and the impact of Storm Dennis.

Board and Committee member attendance

Attendance by members at Board and Committee meetings during 2020 to 2021:

Board/Committee Members	Board	ARAC	People Committee
Number of meetings held	15	6	2
Non-Executive Members:			
Kathryn Bishop (Chair - Board)	15	N/A	2
Jocelyn Davies (Chair - ARAC)	15	6	2
Dyfed Edwards (Deputy-Chair - Board, Chair – People Committee)	15	N/A	2
David Jones (until October 2020)	12	4	N/A
Lakshmi Narain (until October 2020)	12	4	N/A
Mary Champion (from October 2020)	3	2	N/A
Rheon Tomos (from October 2020)	3	2	N/A
Executive Members:			
Dyfed Alsop (Chief Executive)	13	6*	2*
Sean Bradley (until May 2020)	0	N/A	N/A
Rebecca Godfrey (from May 2020)	10	N/A	N/A
Sam Cairns	14	1*	N/A
Staff-elected Member:			
Lucy Robinson	14	N/A	N/A

*Attendance as advisor

Strategic risk

As the Accounting Officer, I have specific responsibility for risk management and reporting. The Board has a responsibility to ensure that the systems of risk management are robust and defensible, and it also provides a clear steer on the desired risk appetite within which risks are expected to be managed. ARAC supports the Board in looking at risk management and provides advice as well as both assisting and challenging Tîm Arwain. The internal audit review of risk management provided a reasonable assurance and actions have been agreed to enhance the risk management system in 2021 to 2022.

Summary of key strategic risks

The impact of COVID-19 and the transition to new offices following the floods of 2020 continue to offer risks to staff wellbeing, and we are actively managing through staff engagement.

The risks relating to operational capacity, ensuring the right mix of skills, and budget resources, reflect the size and evolving nature of the department. We continue to collaborate, innovate, and work flexibly as a team, to mitigate these risks, so we can respond to the priorities in taxation in Wales.

We are also mindful of the risks of tax evasion and avoidance and mitigate opportunities for both developing intelligence using data and by collaborating with other authorities.

There is a risk that our data and digital capability for managing tax risk is not fully understood and so we continue to work with strategic partners to develop awareness and engagement. As a digital organisation the risk to information and security from cyber threats means that governance in this area remains a priority.

Annual Internal Control Questionnaire and assurance statements provided to the Accounting Officer

Through completion of an annual Internal Control Questionnaire (ICQ), senior managers provide me with their self-assessments of internal control, governance and risk management arrangements and their thoughts on how effectively controls have operated throughout the year. The latest exercise provided positive assurances in respect of the key activities and functions undertaken. There were 5 areas where the assurance rating had changed from last year's ICQ, and a summary of actions was agreed to be reviewed after 6 months. Some areas for future development were identified and an action plan was established. No fundamental control weaknesses were identified during the reporting period.

I have also received assurances from Natural Resources Wales in relation to the delegated functions concerning LDT and sought assurance from the Welsh Government in relation to its provision of HR shared services.

Internal audit

We appointed the Welsh Government Internal Audit Services (IAS) to deliver a programme of audit work and provide assurance to the Accounting Officer and to the Board, via ARAC, concerning the controls in place to manage risk and the quality and compliance of our service delivery.

The audit programme is risk-based and agreed annually with ARAC and the Accounting Officer. IAS attended ARAC meetings to present reports on progress in implementing the programme and coordinated its wider work with that of Audit Wales.

The Head of Internal Audit provided an annual opinion and report. The majority audit work was pre-planned and comprised, for the most part, formal audit reviews of operational and policy areas, following a risk-based audit approach. Formal reports were issued on all the audit work completed. Over the course of 2020 to 2021, IAS issued 6 reports, provided advice on data protection, and attended the ARAC meetings.

The Audit Plan provided sufficient coverage to give a broad-based opinion on the adequacy and effectiveness of the WRA's risk management, control and governance arrangements. The audit opinion, based on the results of the audit work during the year, 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.”

All audit work carried out in the period produced positive outcomes. Overall, we consider effective progress has been made in implementing a robust framework of governance, risk management and control within the WRA. Where we identified significant weaknesses, even when aggregated, they were not significant to the overall opinion.

Further details of the audit reports follow:

Assignment	Assurance opinion	Number of Observations		
		Fundamental	Significant	Merits attention
Tax Repayments	Reasonable	-	-	1
Application of Inaccuracy Penalties	Reasonable	-	1	-
Complaints Process & Feedback Loops	Reasonable	-	1	1
Delegation Arrangements with NRW	Reasonable	-	-	2
Corporate Risk Management	Reasonable	-	4	-
Information Management	Substantial	-	-	1

We commenced a review of our corporate risk management practices in 2020 to 2021 and we're committed to implementing all 5 of the Orange Book's mandatory requirements.

External audit

Our organisation is audited by Audit Wales which, on behalf of the Auditor General for Wales, has responsibility for the review and audit of financial controls and the reliability of the financial accounts. Audit Wales issues an audit report and presents its findings to ARAC and the Board. Audit Wales' report for the year can be found for the [Resource Accounts](#) and [Tax Statement](#).

Information management and governance

We've developed an Information Management Strategy which explains our approach to the management of the information held by our organisation. We've established a culture that supports best practice in data and information management, through appropriate policies, procedures, guidance and regular training for our people.

No correspondence had been received directly by our Data Protection Officer (DPO) from any data subject concerning the use of their data by us. Neither has our DPO received any correspondence from the Information Commissioner's Office concerning data protection at our organisation.

In moving to predominantly home working arrangements due to COVID-19, we used our business continuity plans that had been tested previously. This transition had minimal disruption on our operations and underlying processes and represented a low risk to data and information management.

Cyber security was the main risk we have actively managed throughout the period, which is explained below. Nonetheless, we looked closely at potential new risks from this change in working arrangements and provided our people with additional guidance and support to ensure data and information continued to be managed securely and appropriately when working from home.

We had 16 data breaches and 2 ‘near misses’ during 2020 to 2021:

Type	2020-21		2019-20	
	Total	Reportable to ICO	Total	Reportable to ICO
Data breach	16	0	6	0
Near miss	2	n/a	10	n/a

The increase in data breaches compared to last year was mainly due to several incidents involving the use of ‘autocomplete’ in emails. We changed our processes to mitigate this, which resolved the issue. No breaches required referral to the Information Commissioner’s Office due to the low risk to the data subjects in each case.

An internal assessment during the year against the ICO’s Accountability Framework established that appropriate measures are in place to demonstrate compliance with UK GDPR. In addition, an internal audit provided substantial assurance of our information management processes.

Cyber Security

Our organisation gives high priority to cyber security. Our Corporate Risk Register includes 2 risks on ICT system failure and information loss that are specific to cyber security.

We follow National Cyber Security Centre (NCSC) guidance regarding IT infrastructure, devices, data and applications. We adhere to Welsh Government aligned ISO27001 and ISO27002 security standards and principles. Assurance of our security operations and posture is provided by the Welsh Government.

To support our cyber security*:

- all our digital infrastructure and software are tested annually using an independent NCSC accredited third party
- we've undertaken Cyber Essentials Plus certification
- significant changes to digital systems and infrastructure are security tested
- there's mandatory cyber security training for all staff and Non-Executive Members
- staff are tested regularly through various phishing simulation exercises and, where necessary, additional training is given
- there's a cyber security incident plan and NCSC 'exercise in a box' scenarios are used to simulate a cyber security incident; these test the resilience of our incident plan and staff awareness of cyber-attacks
- we continue to work with key partners such as NCSC, Microsoft, HMRC, the Welsh Government and the University of South Wales Cyber Security Centre to review and improve cyber security risks

*This list is not exhaustive.

Freedom of Information requests

We received 9 Freedom of Information requests in the year, all of which were responded to in accordance with the appropriate timescales. No complaints were received relating to our handling of requests for information and there were no investigations by the Information Commissioner's Office.

Whistleblowing

We have a Whistleblowing Policy and guidance in place to provide staff with clear details about how to raise any concerns, and a nominated officer to receive any disclosures.

Our organisation is also a prescribed person for matters relating to devolved Welsh taxes. This means that a worker in any organisation with a whistleblowing concern relating to devolved Welsh taxes may make a protected disclosure to us.

No disclosures were made under either remit during the year.

Welsh Language Standards

We do not have our own formal Welsh Language Standards. However, we voluntarily comply with Welsh Government Standards where it is both appropriate and proportionate. A Welsh Language Strategy was agreed during the year and an annual action plan has been developed to support the strategy. Our plan focuses on culture, learning and development and creating opportunities for our people and customers to use the Welsh language.

Wellbeing of Future Generations

We're committed to a sustainable future for the people of Wales. Although we are not subject to the Well-being of Future Generations (Wales) 2015 Act, Our Approach (which drives all we do) incorporates the spirit and sense of the Act, and the work which we have been asked to undertake by Welsh Ministers supports the aims of the Act.

Conclusion

As the Accounting Officer for our organisation, I confirm that the statements made in this report are correct for the period 1 April 2020 to 31 March 2021. There have been no significant internal control or governance issues and I confirm that there are sound systems of internal control in place to support the delivery of the organisation's policy aims and objectives.

Dyfed Alsop
Chief Executive and Accounting Officer
23 June 2021

Remuneration and Staff Report

Remuneration Report

Service contracts

Our 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 in which appointments may be made otherwise.

The senior officials covered by this report hold appointments which are open-ended, either with us directly, or with their home Civil Service departments if they are on loan to the WRA. Early termination, by the WRA or 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 the [Civil Service Commission website](#).

Remuneration policy

The remuneration of members of the 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 we receive about wider economic considerations and the affordability of our recommendations

Further information about the work of the SSRB can be found at the [SSRB website](#).

Our 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 the Welsh Government, which has some flexibility to operate within the guidance set by the Cabinet Office. For example, we have not made any performance related bonus payments to members of the SCS during 2020 to 2021 or 2019 to 2020.

The remuneration of our employees below the SCS mirrors the approach of the Welsh Government. Further information about [Welsh Government's Pay Policy can be found at GOV.WALES](#).

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 necessarily 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. Reimbursement of legitimate expenses directly incurred in the performance of an individual's duties is not included in salary. 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 emoluments.

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 to Non-Executive Members were:

Executive Member	Fees	
	2020-21 £000	2019-20 £000
Kathryn Bishop Non-Executive Chair	20-25	15-20
Dyfed Edwards Non-Executive Deputy Chair	5-10	10-15
Jocelyn Davies Non-Executive Member	5-10	5-10
Martin Warren Non-Executive Member (to August 2019)	N/A	0-5
David Jones Non-Executive Member (to October 2020)	0-5	5-10
Lakshmi Narain Non-Executive Member (to October 2020)	0-5	0-5
Mary Champion Non-Executive Member (from October 2020)	0-5	N/A
Rheon Tomos Non-Executive Member (from October 2020)	0-5	N/A

This table is subject to audit.

In addition to their fees, where Non-Executive Members' work for the WRA necessitates travel and other expenses to attend meetings, they are entitled to reimbursement under the WRA Fee Paid Fees and Expenses Policy. 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 senior officials were:

	Salary in bands of £5,000		Pension benefits to the nearest £1,000		Total in bands of £5,000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Dyfed Alsop Chief Executive	95-100	95-100	48,000	35,000	145-150	130-135
Rebecca Godfrey Chief Strategy Officer	70-75	05-10	40,000	4,000	115-120	10-15
Sean Bradley Chief Legal & Policy Officer (to May 2020)	05-10	65-70	10,000	31,000	15-20	100-105
Sam Cairns Chief Operating Officer (from May 2019)	80-85	75-80	33,000	33,000	110-115	105-110

This table is subject to audit.

Notes:

- benefits in kind were assessed as nil in both 2020 to 2021 and 2019 to 2020
- no bonuses were paid in 2020 to 2021 or 2019 to 2020
- 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
- Rebecca Godfrey was on maternity leave from May 2019 through May 2020, during which time she remained a member of staff but was not an active Director. Her annual salary in 2020 to 2021 would have been £80,000-85,000 (2019 to 2020: £75,000-80,000)
- Sean Bradley, Chief Legal and Policy Officer, worked on a part-time basis at 0.86 full time equivalent (FTE). His FTE annual salary in 2020 to 2021 would have been £80,000-85,000 (2019 to 2020: £80,000-85,000)
- Sam Cairns was appointed as Chief Operating Officer from 1 March 2020 through fair and open competition. He had held the role on an Interim

promotion basis from 1 May 2019. His annual salary in 2019 to 2020 would have been £80,000-85,000

Senior officials' pension benefits were:

Senior officials	Accrued Pension at pension age as at 31/03/21 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/21 £000	CETV at 31/03/20 £000	Real Increase in CETV £000
Dyfed Alsop Chief Executive	25-30 plus a lump sum of 45-50	2.5-5 plus a lump sum of 0-2.5	421	377	24
Rebecca Godfrey Chief Strategy Officer	20-25	0-2.5	251	221	18
Sean Bradley Chief Legal & Policy Officer	30-35 plus a lump sum of 10-15	0-2.5 plus a lump sum of 0-2.5	452	434	7
Sam Cairns Chief Operating Officer	15-20	0-2.5	201	178	11

This table is subject to audit. *CETV = Cash Equivalent Transfer Value.

Other staff

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 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 4 sections: 3 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 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 **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 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) 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 3 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 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

updated 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 2 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 [Civil Service pension scheme website](#).

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

This section is subject to audit.

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 WRA in the financial year 2020 to 2021 was £95,000-100,000 (2019 to 2020: £95,000-100,000). This was 2.3 times (2019 to 2020: 2.4) the median remuneration of the workforce, which was £42,660 (2019 to 2020: £40,545). The highest paid director was the Chief Executive in both 2020 to 2021 and 2019 to 2020.

In 2020 to 2021 (and 2019 to 2020), no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £20,500 to £99,344 (2019 to 2020: £20,000 to £98,360 (2018 to 2019)).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

There were 2 main reasons for the increase in median pay in 2020 to 2021 compared to 2019 to 2020:

- a pay award was implemented which increased salaries by 2.5%
- a higher proportion of employees naturally moved to highest spine-points in their pay grade due to length of service

On creating the WRA, most staff joined the organisation at the first spine point of their grade, but this has decreased as staff have the potential for longer service since 2017. Staff reach the top of their spine point in 3-4 years, depending on their grade.

Proportions of staff at each grade level have remained broadly the same, with median pay falling within our SEO pay grade in both 2020 to 2021 and 2019 to 2020.

Staff Report

Staff costs

Staff costs were:

	Permanently employed staff	Contract and agency staff	Total	Total
	2020-21	2020-21	2020-21	2019-20
	£000	£000	£000	£000s
Salaries	3,029	223	3,252	3,169
Social security costs	328	9	337	330
Other pension costs	839	2	841	818
Total	4,196	234	4,430	4,317

This table is subject to audit.

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

Contract and agency staff for the period included a small number of agency staff (5) and fixed-term contracts (2).

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

Staff costs during the period were lower than expected, due to the decision to freeze recruitment from March 2020 in order to focus on the organisation's response to coronavirus. Recruitment restarted in August 2020, but several roles remain to be filled over the coming months.

Pension scheme

The 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](#).

For 2020 to 2021, employers' contributions of £763,395 were payable to the PCSPS (2019 to 2020: £749,432) at 1 of 4 rates in the range 26.6-30.3% (in 2020 to 2021 and 2019 to 2020) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every 4 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 £5,833 (2019 to 2020: £4,600) were paid to one or more of the panel of 3 appointed stakeholder pension providers. Employer contributions are age-related and range from 8-14.75% (in both 2020 to 2021 and 2019 to 2020) of pensionable pay. In addition, 0.5% of pensionable pay is payable to the PCSPS 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% of pensionable pay.

No persons (in either 2020 to 2021 or 2019 to 2020) retired early on ill-health grounds; the total additional accrued pension liabilities in the year were therefore nil.

SCS by pay band

The numbers of members of the SCS by pay bands, as of 31 March 2021, were:

Pay band	2020-21	2019-20
SCS 2	1	1
SCS 1	3	2

Our organisation does not have any roles at grades SCS3 or SCS4.

Number of persons employed

The average numbers of full-time equivalent (FTE) persons employed (including SCS) were:

	2020-21	2019-20
Permanent staff	59	58
Loan staff	6	11
Fixed term staff	4	2
Total	69	71

This table is subject to audit.

Fixed term staff included roles such as cover for existing staff's parental leave or other time away from their role, or where the requirement for the role was temporary.

In addition to employed staff as above, the average numbers of FTE agency staff engaged were:

	2020-21	2019-20
Agency staff	2	2

Staff composition

We're committed to the principles of equal treatment, and we hold and review equality information on our staff to inform our decision making and review progress. We have policies to ensure equal treatment and consider the impact 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 and Tim Arwain during the reporting period, and the Board signed off our [2021 Equality Report](#) in March 2021. While this equality information is reviewed internally, in most cases the breakdown of 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 was:

	As of 31 March 2021		As of 31 March 2020	
	Female	Male	Female	Male
Directors	1	2	0	3
SCS	0	0	1	0
Other employees	39	30	39	27

Processes that were used and/or implemented during the period to promote equal treatment included:

- living Wage employer accreditation
- promoting our 'Happy to Talk Flexible Working' commitment on our recruitment pages, advertising all roles as available flexibly by default
- Disability Confident – Committed employer status re-accreditation
- guaranteed interview scheme for disabled applicants meeting a role's essential requirements
- 'name-blinding' recruitment applications to remove references to personal details and names of educational establishments
- pro-actively asking all applicants if they require adjustments or alternatives during any recruitment process
- mixed-gender recruitment panels who have all completed training
- staff training on the Equality Act 2010 and Equality Impact Assessments
- providing Occupational Health and Employee Assistance Programme services to staff who become unwell
- active Wellbeing Group to support the Wellbeing Strategy, arranging a wide range of wellbeing events for staff
- providing all staff with laptops to allow homeworking
- DSE assessments for all staff to identify any adjustments and equipment needed to safely work at home during lockdown
- special leave for working carers and parents who faced disruption due to coronavirus

Sickness absence

Sickness absence figures are typically expressed as Annual Working Days Lost (AWDL).

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 than other ways of calculating AWDL, because it excludes weekends and 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.

The level of sickness absence within the WRA was 6.23 (2019 to 2020: 6.35). This is similar to the latest Civil Service AWDL figures available (2019 to 2020: 7.4).

The figure for our staff sickness absence includes the extended absences of 4 members of staff following serious illness, which in a small organisation like ours can

have a significant impact on AWDL calculations. When their absence is excluded from the calculation, the AWDL per staff year was 2.3 (2019 to 2020: 2.8).

Turnover

Turnover figures in the Civil Service are calculated in 2 ways:

- **Turnover** = staff leaving the Civil Service as a whole
- **Departmental turnover** = staff leaving the Civil Service or a particular employer

The turnover figure is calculated as the number of leavers within the period divided by the average of staff in post over the period.

In 2020 to 2021, turnover was 4% and departmental turnover was 10%.

The majority of turnover related to the planned end of fixed-term roles or inter-Civil Service loans, where we had brought in staff to fill a role temporarily.

Civil Service People Survey

The Civil Service People Survey is a cross-government employee engagement survey. Each year, around 300,000 civil servants from 100 plus organisations take part.

The Engagement Index is calculated as a weighted average of the responses to 5 questions which have been found to be strong indicators of employee engagement:

- I am proud when I tell others I am part of the WRA
- I would recommend the WRA as a great place to work
- I feel a strong personal attachment to the WRA
- The WRA inspires me to do the best in my job
- The WRA motivates me to help it achieve its objectives

The results can range from 0% to 100%. A score of 0% represents all respondents giving a rating of “strongly disagree” to all 5 questions. A score of 100% represents all respondents giving a rating of “strongly agree” to all 5 questions.

The WRA’s results were:

	2020-21	2019-20
Engagement Index	80%	80%

These scores represent a high level of employee engagement and are significantly higher than the Civil Service median (2020 to 2021: 66%, 2019 to 2020: 63%).

Our full results from each year can be found on our website: [WRA People Survey](#).

Consultancy costs

Consultancy costs during the period were:

	2020-21 £000	2019-20 £000
Consultancy costs	55	180

Where there is a permanent need for skilled individuals, we would typically recruit an employee or team to undertake the activities. However, for shorter-term specialist work this is neither practical nor cost effective.

Such work is best completed by a specialist consultancy organisation rather than an individual. This approach allows our organisation to buy the expertise and services it needs without unreasonable costs or the commitment of fixed-term contracts. This is particularly important because we are a small organisation, without the capacity to operate the economies of scale available to larger organisations which can in-house more areas of specialist work, and we are still implementing some areas of work for the first time.

Examples of consultancy services used during the period are:

- **Digital and technology:** contracted for specialist skills relating to cyber security, automated system testing, and network services
- **Communications:** development of the organisation's Welsh Language Strategy
- **Learning and development:** executive coaching to develop staff

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. Where necessary, that assurance has been sought.

Off-payroll engagements as of 31 March 2021, for more than £245 per day and lasting for longer than 6 months:

Number of existing engagements as of 31 March 2021	5
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Of which:

Number that have existed for less than 1 year at time of reporting	0
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Number that have existed between 1 and 2 years at time of reporting	3
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Number that have existed between 2 and 3 years at time of reporting	2
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All new Off-payroll engagements, or those that reached 6 months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than 6 months:

Number of new engagements, or those that reached 6 months in duration, between 1 April 2020 and 31 March 2021	1
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Of which:

Number assessed as caught by IR35	0
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Number assessed as not caught by IR35	1
--	----------

Number engaged directly (via PSC contracted to department) and on the departmental payroll	0
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Number of engagements reassessed for consistency / assurance purposes during the year	0
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Number of engagements that saw a change of IR35 status following the consistency review	N/A
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Any off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021:

Number of Off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year.	0
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Total number 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.	15
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Civil Service and other compensation schemes – exit packages

The table below shows the total number of exit packages agreed and accounted for in 2020 to 2021 (no payments were made in 2019 to 2020). Due to only 1 payment being made, the total costs are not specified, as this would potentially impact individuals' privacy.

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
	2020-21	2020-21	2020-21	2019-20
<£10,000	0	0	0	0
£10,000 - £25,000	0	1	1	0
£25,000 - £50,000	0	0	0	0
£50,000 - £100,000	0	0	0	0
£100,000 - £150,000	0	0	0	0
£150,000 - £200,000	0	0	0	0
Total number of exit packages	0	1	1	0

This table is subject to audit.

Redundancy and other exit costs are paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Should the WRA agree early retirements, the additional costs are met by the WRA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Severance payments are included within other departures shown above. These are paid under certain circumstances to employees, contractors and others outside of normal statutory or contractual requirements, when leaving employment in the public service, whether they resign, are dismissed, or reach an agreed termination of contract.

Other employee matters

The 2 most significant issues during the period were the impact of Storm Dennis and lockdown measures due to coronavirus.

During Storm Dennis (February 2020), our main office, QED in Treforest, was severely damaged, resulting in all staff working from home from 17 February onwards. Most, but not all, staff were temporarily relocated to Cardiff and Merthyr Tydfil Welsh Government offices while a long-term solution was sought. However, following the UK Government's announcement on coronavirus on 16 March, Tîm Arwain decided that all staff should work from home until further notice (17 March onwards), and this remained the case throughout the period, with exceptions for a small number of staff who have occasionally attended the office for site-critical business reasons or for their wellbeing. A consultation on a new location for our organisation is currently ongoing.

We actively ensure participation of our staff in issues and decisions which involve them in several ways. These include digital communications such as emails and use of the intranet, a weekly all-staff call and Q&A with the Chief Executive and, prior to coronavirus, away-days where all staff are involved in the organisation's decision making. While working at home, we increased the frequency of all-staff calls (previously fortnightly) and sought to engage with staff virtually through team meetings. Additionally, 3 trade unions are recognised by our organisation 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 is reviewed by the People Committee. Specific risk assessments have been completed for staff working from home due to flooding and then coronavirus, and for the small number of staff attending office locations, to protect those more at risk of coronavirus. Additional support for staff during the last year has included ordering of additional IT and home working equipment, reasonable adjustments such as reduced working hours for health reasons or to care for dependents, and increased wellbeing activities and regular all-staff and team virtual meetings.

15 different professions are represented in our organisation, 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 a number of roles have been offered on a loan basis – into and out from the WRA – to encourage interchange and knowledge-sharing with 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
23 June 2021

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd Opinion on financial statements

Opinion on financial statements

I certify that I have audited the financial statements of the Welsh Revenue Authority's Resource Account for the year ended 2021 under the Tax Collection and Management (Wales) Act 2016. These 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 international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of the Welsh Revenue Authority's Resource Account affairs as at 31 March 2021 and of its net operating expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

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 Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and other parts of the report that are audited, and my auditor's report thereon. The Accounting Officer is responsible for the other information in the annual report. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

As legislation and directions issued to the Welsh Revenue Authority do not specify the content and form of the other information to be presented with the financial

statements, I am not able to confirm that the other information within the annual accounts (outside of the financial statements) have been prepared in accordance with guidance.

In my opinion, based on the work undertaken in the course of my audit, the information given in the information within the annual accounts (outside of the financial statements) is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, the Welsh Revenue Authority has prepared such a report and in my opinion, that part ordinarily required to be audited has been properly prepared in accordance with HM Treasury guidance.

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.

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 or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

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 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 body's ability 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Chief Finance Officer and those charged with governance, including obtaining and reviewing supporting documentation relating to Welsh Revenue Authority's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals;
- Obtaining an understanding of the Welsh Revenue Authority's framework of authority as well as other legal and regulatory frameworks that the body operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the body.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Revenue Authority's controls, and the nature, timing and extent of the audit procedures performed.

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 Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

30 June 2021

Resource Accounts

Statement of Comprehensive Net Expenditure

	Note	2020-21 £000	2019-20 £000
Staff costs	2	4,430	4,317
Other staff related costs	2	139	205
Other operating costs	2	1,490	1,933
Depreciation	3.1	31	35
Amortisation	3.2	804	870
Net operating expenditure		6,894	7,360
Total comprehensive expenditure for the year		6,894	7,360

Statement of Financial Position

	Note	2020-21 £000	2019-20 £000
Non-current assets			
Equipment	3.1	69	34
Intangible assets	3.2	137	834
Total non-current assets		206	868
Current assets			
Prepayments and other accrued income	4	112	140
Cash and cash equivalents	5	659	243
Total current assets		771	383
Current liabilities			
Trade and other payables	6	(864)	(960)
Total current liabilities		(864)	(960)
Total assets less current liabilities		113	291
Taxpayers equity			
General fund		113	291

Dyfed Alsop
 Chief Executive and Accounting Officer
 23 June 2021

Statement of Cash Flows

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating expenditure		(6,894)	(7,360)
Adjustments for non-cash transactions			
Decrease in trade and other receivables		28	15
(Decrease)/increase in trade and other payables		(96)	258
Depreciation and amortisation	3.1 & 3.2	835	905
Net cash inflow/(outflow) from operating activities		(6,127)	(6,182)
Cash flows from investing activities			
Additions of equipment	3.1	(66)	0
Additions of intangible assets	3.2	(107)	(79)
Net cash (outflow) from investing activities		(173)	(79)
Cash flows from financing activities			
Funding from Welsh Government		6,716	6,027
Net increase/(decrease) in cash and cash equivalents	5	416	(234)
Cash and cash equivalents at the beginning of the period	5	243	477
Cash and cash equivalents at the end of the period	5	659	243

Statement of Changes in Taxpayers' Equity

	General Fund £000
Balance as at 31 March 2019	1,624
Changes in taxpayers' equity 2019-20	
Revenue funding from Welsh Government	5,948
Capital funding from Welsh Government	79
Total comprehensive expenditure for the year	(7,360)
Balance as at 31 March 2020	291
Changes in taxpayers' equity 2020-21	
Revenue funding from Welsh Government	6,541
Capital funding from Welsh Government	175
Total comprehensive expenditure for the year	(6,894)
Balance as at 31 March 2021	113

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 TCMA 2016
- the 2020-21 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 are not yet effective. It is not expected that these will have a material impact on the financial statements.

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

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified according to the requirements of relevant accounting standards and subject to the interpretations and adaptations of the FReM standards. Expenditure has been accounted for on an accrual's basis. Accounting for funding has been set out in AP1.6.

1.3 Going Concern

These accounts have been prepared on the basis of "going concern" as the WRA is a non-ministerial department of Welsh Government and receives its revenue funding from them to meet its liabilities. The WRA expects to remain in existence for the foreseeable future.

1.4 Use of Judgement

In preparing these financial statements, management has made judgements that affect the application of the accounting policies and the reported amounts of assets,

liability and expenses. Actual results may differ from these estimates and are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following:

- No right of use assets exist within the WRA. The office space allocated to the WRA for use is directed by the Minister alone.

1.5 Annual Leave Accrual

Staff annual leave accrual is accounted for within Other Staff Costs. The accrual is a calculation to reflect the annual leave owed or owing to staff at the year end. Movement in year is now charged as an accrual within the other staff related costs.

1.6 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 in accordance with the HMRC internal government VAT manual.

1.7 Funding

The WRA receives funding from the Welsh Government (known as the Grant Allocation) to finance its revenue and capital expenditure. In accordance with FReM, these amounts are recorded as financing rather than income and are credited to the General Fund. The FReM also confirms that this financing is to be accounted for on a cash basis which we have complied with.

1.8 Cash and cash equivalents

Cash and cash equivalents alone comprise of the balances the WRA holds with the Government Banking Service.

1.9 Segmental reporting

IFRS 8 requires entities to disclose information about their operating segments and geographical areas. The WRA operates in one segment and exclusively in Wales. No additional reporting is therefore considered necessary.

1.10 Leases

For 2020 to 2021 the WRA is not part to any lease arrangements as lessor or lessee under IAS 17. Under IFRS 16 the WRA will review its contractual and non contractual arrangements to establish whether a lease exists as defined. The WRA will recognise the right of use assets and lease liabilities for these leases. The implementation of IFRS 16 in the public sector has been delayed until April 2022 due to COVID-19.

1.11 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 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. As the WRA is directly funded by Welsh Government, 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. The WRA is not considered to be exposed to any significant level of credit, liquidity, or interest rate risk.

1.12 Non-Current Assets

Equipment

Equipment is carried at fair value. Depreciated historic cost is used as a proxy for the fair value of these assets. During the initial setup phase, ICT equipment was purchased by the Welsh Government on behalf of the WRA. On 1 April 2018 this was transferred from Welsh Government to the WRA. All these initial costs have been capitalised.

All equipment purchased directly by the WRA and costing £5,000 or more, is capitalised.

Depreciation is provided for in the month following acquisition and is calculated to write off the value less estimated residual value, on an equal instalment basis over its expected useful life as shown below.

Equipment category	Expected useful life
ICT Equipment	3 years
Other Equipment	5 years

Intangible Assets

As no active market exists due to their bespoke nature, intangible assets are stated at historic costs and amortised on a straight-line basis, over the estimated useful life or term of the license. Amortisation is provided for in the month after the asset is acquired as set out below.

Category of Intangible asset	Expected useful life
Licences and software	3 years

2. Expenditure

	2020-21 £000	2019-20 £000
Staff and related costs		
Wages and salaries	3,120	2,992
Pensions costs	841	818
Social security costs	337	330
Agency costs	132	177
	4,430	4,317
Other staff related costs		
Training and development	71	73
Travel and subsistence	2	54
Other employee related expenses	66	78
	139	205
Other operating costs		
Administration and other office costs	68	91
Board and related costs	60	64
External audit fee	30	33
ICT related costs	1,038	1,516
Internal audit fee	15	11
Other professional costs	279	218
	1,490	1,933
Amortisation and Depreciation	835	905
Total comprehensive expenditure for the year	6,894	7,360

Further analysis of staff and related costs is provided in the Staff Report.

3. Non-current assets

3.1 Equipment

	ICT equipment £000	Other equipment £000	Total £000
Cost or valuation			
Cost at 1 April 2020	93	11	104
Additions	66	-	66
At 31 March 2021	159	11	170
Depreciation			
Depreciation at 1 April 2020	66	4	70
Charge for the year	29	2	31
At 31 March 2021	95	6	101
Net book value at 31 March 2020	27	7	34
Net book value at 31 March 2021	64	5	69

	ICT equipment £000	Other equipment £000	Total £000
Cost or valuation			
Cost at 1 April 2019	93	11	104
Additions	-	-	-
At 31 March 2020	93	11	104
Depreciation			
At 1 April 2019	33	2	35
Charge for the year	33	2	35
At 31 March 2020	66	4	70
Net book value at 31 March 2019	60	9	69
Net book value at 31 March 2020	27	7	34

3.2 Intangible Assets

	Licenses £000	Software £000	Total £000
Cost or valuation			
Cost at 1 April 2020	66	2,488	2,554
Additions	64	43	107
At 31 March 2021	130	2,531	2,661
Amortisation			
Amortisation at 1 April 2020	59	1,661	1,720
Charge for the year	20	784	804
At 31 March 2021	79	2,445	2,524
Net book value at 31 March 2020	7	827	834
Net book value at 31 March 2021	51	86	137
	Licenses £000	Software £000	Total £000
Cost or valuation			
Cost at 1 April 2019	66	2,409	2,475
Additions	-	79	79
At 31 March 2020	66	2,488	2,554
Amortisation			
Amortisation at 1 April 2019	24	826	850
Charge for the year	35	835	870
At 31 March 2020	59	1,661	1,720
Net book value at 31 March 2019	42	1,583	1,625
Net book value at 31 March 2020	7	827	834

4. Prepayments and other accrued income

	2020-21 £000	2019-20 £000
Prepayments and other accrued income	112	140
Balance at 31 March	112	140

There are no amounts falling due after 1 year included in the figures above.

A provision for bad and doubtful debts is not required.

5. Cash and cash equivalents

	2020-21 £000	2019-20 £000
Balance at start of period	243	477
Net change in cash and cash equivalent balances	416	(234)
Balance at 31 March	659	243

All balances are held with the Government Banking Service.

6. Trade and other payables

	2020-21 £000	2019-20 £000
Trade payables	(672)	(819)
Other payables	(192)	(141)
Balance at 31 March	(864)	(960)

The majority of the amount in other payables relates to the annual leave accrual.

7. Related party transactions

The WRA is a non-ministerial department of Welsh Government. As such, Welsh Government is regarded as the parent department and therefore a related party. The WRA has had a number of material transactions with Welsh Government during the year.

Revenue funding of £6.54 million was received in the year (2019 to 2020 £5.95 million). Capital funding received in year was £175,000 (2019 to 2020 £79,000).

Payments of £4.7 million were made to Welsh Government during 2020 to 2021 mainly in relation to payroll costs, seconded staff and ICT cloud costs (2019 to 2020 £4.42 million).

No Board members, senior officers, nor related parties undertook any material transactions with the WRA.

8. Capital Commitments

There were no capital commitments as at 31 March 2021.

9. Contingent assets and liabilities

There were no contingent assets and liabilities as at 31 March 2021.

10. Events after the reporting period

There are no reportable events after the reporting period.

The certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the Welsh Revenue Authority's Tax Statement for the year ended 31 March 2021 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 international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

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 2021 and of the net revenue for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Tax Collection and Management (Wales) Act 2016.

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 Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information in the annual report. 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. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Chief Finance Officer and those charged with governance, including obtaining and reviewing supporting documentation relating to the Welsh Revenue Authority's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and (add as appropriate to the audit); and
- Obtaining an understanding of the Welsh Revenue Authority's framework of authority as well as other legal and regulatory frameworks that the Welsh Revenue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Welsh Revenue Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and Audit and Risk Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;

assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Revenue Authority's controls, and the nature, timing and extent of the audit procedures performed.

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 Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Adrian Crompton

Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

30 June 2021

Tax Statement

Statement of Revenue, Other Income and Expenditure

	Note	2020-21 £000	2019-20 £000
Revenue			
Taxes and duties			
Land Transaction Tax (LTT)	2.1	210,510	260,281
Landfill Disposals Tax (LDT)	2.2	31,719	36,926
Total taxes and duties		242,229	297,207
Penalties	2.3	136	327
Interest	2.3	130	45
Total penalties and interest		266	372
Total revenue		242,495	297,579
Expenditure			
Interest paid	3.1	(82)	(42)
Revenue losses	3.2	(119)	(1)
Total expenditure		(201)	(43)
Net revenue for the Welsh Consolidated Fund		242,294	297,536

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

The [notes that follow the Statement of Cash Flows](#) form part of this statement.

Statement of Financial Position

	Note	2020-21 £000	2019-20 £000
Current assets			
Receivables	4.1	2,598	2,822
Accrued taxes receivable	4.1	17,994	40,435
Cash	5	7,314	2,836
Total current assets		27,906	46,093
Current liabilities			
Payables and on account balances	6	789	870
Total current liabilities		789	870
Total net assets		27,117	45,223
Represented by			
Balance due to the Welsh Consolidated Fund	8	27,117	45,223

Dyfed Alsop
Chief Executive and Accounting Officer
23 June 2021

Statement of Cash Flows

	Note	2020-21 £000	2019-20 £000
Net cash flow from operating activities	A	264,878	271,377
Cash paid to the Consolidated Fund		(260,400)	(274,000)
Increase/(decrease) in cash in this period	B	4,478	(2,623)

Notes to the Statement of Cash Flows

A: Reconciliation of new cash flow to movement in net funds

	2020-21 £000	2019-20 £000
Net revenue for the Welsh Consolidated Fund	242,294	297,536
Decrease/(increase) in non-cash assets	22,665	(26,886)
(Decrease)/increase in liabilities	(81)	727
Net cash flow from operating activities	264,878	271,377

B: Analysis of changes in net funds

	2020-21 £000	2019-20 £000
Increase/(decrease) in cash in this period	4,478	(2,623)
Net funds at 1 April (opening bank balance)	2,836	5,459
Net funds as at 31 March (closing bank balance)	7,314	2,836

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 TCMA 2016
- the 2020-21 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 has considered the impact of standards and interpretations which have been issued but are 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.

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 in the following financial year 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 penalty or interest charge is validly imposed and becomes receivable by the Welsh Revenue Authority

Recognised penalty revenue is reversed in the accounts:

- when a penalty is cancelled following correction of a tax return arising from a minor error by the taxpayer or agent
- where a penalty is cancelled following review by the WRA
- where on appeal or for other legal reasons, the penalty is cancelled.

Where penalty or interest revenue recognised in a previous financial year is later deemed to be uncollectable for reasons other than shown above, this is recorded as an expense at the date it is deemed uncollectable.

The WRA does not recognise the tax gap 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), and what is collected. This theoretical tax liability represents the tax that would be paid if all taxpayers complied with both the letter of the law and the WRA's interpretation of the intention of the Welsh Parliament in setting law (referred to as the spirit of the law).

Deferrals

A deferral occurs when a land transaction has several stages of purchase price setting. One or more of these stages are due in the future and conditional on an event occurring. The WRA does not recognise the tax revenue on these future payments until that event occurs and the additional purchase price is payable. An example of a deferral is where land is purchased with an additional amount being payable once planning permission is obtained; tax revenue is recognised on the additional payment at the point in time when the planning is granted

Enquiries and Tribunals

In line with the FReM, tax revenue and tax or penalty refunds arising from enquiry or tribunal cases are not recognised in the accounts until the decision or judgement is issued. Disclosures in the accounts relating to enquiry or tribunals are only made if they lead to a material financial impact.

1.4 Use of judgement

In preparing these financial statements, management has made judgements that affect the application of the accounting policies and the reported amounts of revenue, assets, liability and expenses. Actual results may differ from these estimates and are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following:

- The disclosure of contingent liability for refund of higher rate Land Transaction Tax in the accounts is based upon the modelling of Office of Budgetary Responsibility and their judgements. It is Management's opinion that the WRA does not yet have adequate data available to it to model an accurate valuation of future refund liability.

1.5 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, 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 or foreign currency risk.

1.6 Taxpayer confidentiality

The WRA takes taxpayers' confidentiality seriously and will not disclose any taxpayer confidential details within the Financial Statements which are prohibited under Section 17 of the TCM Act 2016 unless there is an over-riding legal requirement to do so.

1.7 Receivables

The FReM does not require the WRA to determine impairments in accordance with IFRS 9: Financial Instruments, as the standard relates to financial instruments. Taxes arise from statute and not a contract. However, impairments have been measured applying the credit loss model set out in IFRS 9. The impairment model in IFRS 9 is based on the premise of providing for expected losses applying available information and considering the probability of collection.

The value of WRA receivables is reviewed individually at each reporting period date to determine whether there is any indication of impairment. If such an indication exists, the values in the Statement of Financial Position are reported after impairment to reflect the amount that is likely to be collected.

Revenue losses occur when the WRA formally ceases collection activity. The vast majority are driven by individual and business insolvencies. Revenue losses are made up of remissions and write-offs. Remissions are debts capable of recovery, but the WRA has decided not to pursue the liability on the grounds of value for money. The WRA only writes-off debts that it considers to be irrecoverable when there is no practical means for pursuing the liability.

Further accounting policies are explained under the relevant notes.

2. Revenue and other income

2.1 Land Transaction Tax

	2020-21 £000	2019-20 £000
Residential	152,092	163,403
Non-residential	58,418	96,878
Total Land Transaction Tax	210,510	260,281

The taxable event for Land Transaction Tax is the purchase of land or property. Higher residential rates of Land Transaction Tax are payable on the purchase of additional properties in Wales. The higher rate is repayable to the taxpayer where the taxpayer's main residence is sold within 3 years of the purchase of the additional property.

Higher rates of residential Land Transaction Tax for the 2020 to 2021 financial year were £92.98 million (2019 to 2020 £88.77 million restated), with this figure already having been reduced by £15.95 million of refunds made (2019 to 2020 £11.2 million). These are now treated as main residential rates where taxpayers have successfully claimed a refund.

2.2 Landfill Disposals Tax

	2020-21 £000	2019-20 £000
Landfill Disposals Tax	31,719	36,926
Total Landfill Disposals Tax	31,719	36,926

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

2.3 Penalties and interest

	2020-21		2019-20	
	Penalty £000	Interest £000	Penalty £000	Interest £000
Land Transaction Tax	136	72	327	45
Landfill Disposals Tax	0	58	0	0
Total penalties and interest	136	130	327	45

Penalties are charged on the late receipt of tax returns, late payments or other reasons permitted under the TCMA 2016.

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

3. Expenditure

3.1 Interest paid

	2020-21 £000	2019-20 £000
Land Transaction Tax	(82)	(42)
Landfill Disposals Tax	0	0
Total interest paid	(82)	(42)

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

3.2 Revenue losses

	2020-21		2019-20	
	Tax Impairment £000	Debt Written Off £000	Tax Impairment £000	Debt Written Off £000
Land Transaction Tax	(119)	0	0	(1)
Landfill Disposals Tax	0	0	0	0
Total Revenue Losses	(119)	0	0	(1)

Revenue losses are made up of debt write-offs and the movement in the provision for tax impairment (see note 4.2).

Write-offs are debts that, following all reasonable action being undertaken and following careful consideration, are deemed to be irrecoverable.

4. Receivables and accrued revenue receivable

4.1 Receivables due

	2020-21		2019-20	
	Receivables £000	Accrued Revenue Receivable £000	Receivables £000	Accrued Revenue Receivable £000
Land Transaction Tax	2,717	10,891	2,822	32,246
Landfill Disposals Tax	0	7,103	0	8,189
Totals Before Impairment	2,717	17,994	2,822	40,435
Less Impairment (note 4.2)	(119)	0	0	0
Total	2,598	17,994	2,822	40,435

Receivables represent taxpayer liabilities where amounts owed by the taxpayer including financial penalties and interest, have occurred in the reporting period, but the amounts have not been received by the balance sheet date.

Accrued revenue receivables represent amounts due in relation to tax returns where the tax liability has been established at the balance sheet date but not returned at the balance sheet date. A manual accrual is therefore made.

4.2 Impairment provision

	2020-21		2019-20	
	Land Transaction Tax £000	Landfill Disposal Tax £000	Land Transaction Tax £000	Landfill Disposal Tax £000
As at 1 April 2020	0	0	0	0
Movement in Impairment	119	0	0	0
Balance at 31 March	119	0	0	0

An impairment provision is made when it is probable that the cash due will not be received in full. Impairments are debts which are currently being pursued but which are considered likely to be irrecoverable in the longer term. Receivables in the Statement of Financial Position are reported after the deduction of the estimated value of impairments. The impairment provision is based on numerous factors, such as where a debtor is about to go into administration or when legal action has been initiated.

5. Cash

	2020-21 £000	2019-20 £000
Government Banking Service	7,314	2,836
Balance at 31 March	7,314	2,836

The WRA pays funds to the Welsh Consolidated Fund as instructed by Welsh Government. The above balance represents funds received from taxes which were not requested prior to 31 March 2021.

6. Payables and on account balances

	2020-21 £000	2019-20 £000
Land Transaction Tax	789	870
Landfill Disposals Tax	0	0
Total	789	870

Payables and on account balances are amounts recorded as owed by the WRA and where payment has not yet been made. Returns can be amended up to twelve months from the filing date. In some circumstances this will result in a repayment. These balances relate to outstanding repayments of tax, penalties or interest, including higher rate refund claims, where the amounts has been established at the balance sheet date as owed.

7. Provisions for liabilities and contingent liabilities

Taxpayers who have paid higher rates on their residential transaction have the right to claim main residential rates on their new main residence where their previous main residence is disposed of within 3 years of the purchase date of the replacement. The taxpayer is required to submit a claim in order to receive the refund.

This potential refund of higher rate tax is disclosed as a contingent liability for the Tax Statement due to the uncertainty of reclaims and their timings. The estimated value is £14.4 million (2019 to 2020 £12.8 million) which has been calculated on the basis of guidelines issued by the Office of Budgetary Responsibility.

8. Balance due to the Welsh Consolidated Fund Account

	2020-21 £000	2019-20 £000
Balance on Welsh Consolidated Fund as at 1 April	45,223	21,687
Net revenue for the Welsh Consolidated Fund	242,294	297,536
Less amount paid to the Welsh Consolidated Fund	(260,400)	(274,000)
Balance due to the Welsh Consolidated Fund	27,117	45,223

9. Events after the reporting period

There are no reportable events after the reporting period.

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 asset.

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 Government financial statements 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 Senedd to hold sums voted by Parliament which are then allocated via a Budget Motion.