



Llywodraeth Cymru  
Welsh Government

## Board Meeting: 1 October 2021

### Agenda item 3

**Title of paper:** Welsh Revenue Authority: Lessons from a Non-Ministerial Department

**Purpose of paper:** This paper provides an overview of experience of operating the Welsh Revenue Authority as a Non-Ministerial Department, and suggests opportunities to use this model for other initiatives.

**Action required by the Board:** The board is asked to note the contents of the paper.

**Official presenting the paper:** Andrew Jeffreys, Director Welsh Treasury and Dyfed Alsop, Chief Executive Officer Welsh Revenue Authority

**Paper prepared by / cleared by:** Author: Joseph Dooher, Senior Policy Adviser WRA.

**Clearance:** Andrew Jeffreys, Director Welsh Treasury.

**TUS engagement/ Viewpoint** n/a

**Date submitted to Secretariat:** 09/07/2021

## 1. Background

1.1 With the devolution of property (Land Transaction Tax) and environmental (Landfill Disposals Tax) taxes to Wales, an authority to collect and manage the two taxes was required.

1.2 The Wales Act 2014, gave the Senedd legislative competence to create a Civil Service body with the functions of:

- The collection and management of the devolved taxes
- Local government finance matters.

The Tax Collection and Management (Wales) Act 2016 established the Welsh Revenue Authority (WRA) as a body to collect and manage devolved taxes. WRA has not yet been given local government finance functions, although the Minister for Finance and Local Government has asked the WRA to support the local government finance reform agenda.

## 2. The Non-Ministerial model

2.1 WRA was established as a Non-Ministerial Department- a first new body of this nature set up by the Welsh Government (WG). This borrows from international best practice in how to establish a revenue authority, and particularly the UK context where HM Revenue & Customs is a non-Ministerial Department.

2.2 The non-ministerial model allows Government functions to be delivered with Ministerial control balanced by protections for taxpayers in respect of individual decisions and the confidentiality of their data. It is used particularly for organisations where any political involvement or perceived political involvement in individual cases would be undesirable. Other examples in UK government include the Charity Commission, Crown Prosecution Service and HM Land Registry.

## 3. Governance Review

3.1 The Audit Wales report *Fiscal Devolution in Wales: An update on preparations for its implementation* called for the governance arrangements of WRA to be reviewed on a regular basis. WRA and Welsh Treasury have recently undertaken such a review, and at the same time considered how the relationship between WG and WRA had worked in practice, to understand what else could potentially be achieved through this model of delivery.

3.2 The findings of the review show that the non-Ministerial Department model has worked well. For example:

- collaboration on data sharing and communication protocols;
- the recent changes in Land Transaction Tax rates and bands; and
- more generally providing a simple route to reflect government priorities via a direct Minister/civil service relationship.

3.3 There were elements that could be improved, and as a result more achieved. In particular:

- Clarifying decision making responsibilities between Chief Executive, WRA Board, and the Minister.
- Clarifying that WRA is a civil service organisation and is fully part of WG executive functions. As such there is no need for WRA to be kept at an arm's length and the two organisations should work together wherever possible.
- There are opportunities to get further benefit from arrangements by taking advantage of the potential for WRA to support work relating to Local Government Finance.
- For WRA to be involved in work outside of local government finance or devolved taxes a change in UK legislation would be required.
- We will create a policy partnership agreement formalising WT and WRA approach to collaborating on tax policy matters, allowing us to pool resources and perspectives to support policy development.

3.3 Following the review, the framework document that governed the relationship between WG and WRA has been replaced by an Interdepartmental Agreement (see annex). This sets out the relationship between WRA and WG and is based on a partnership of equals.

#### Recommendation(s)

4.1 The board may wish to consider whether the Non-Ministerial Department model could be appropriate to deliver other areas of Government activity.

#### Publication

This paper should be published in full as none of the exemptions in the Code of Practice on Public Access to Information apply.