

**OFFICIAL SENSITIVE**

# **WELSH REVENUE AUTHORITY**

## **Appraisal of location options**

### **Final Report**

**(version 1.0)**

## Contents

Summary	3
Background	4
Context for this decision	4
Approach and engagement	6
Steps taken	7
Operational requirements and critical success factors	9
Other operational requirements	12
Appraisal assumptions	14
Option appraisal	14
Location short list	14
Summary - option appraisal matrix	16
Scoring method	17
Conclusions	18
Annex A – Functional suitability of short listed properties	20
Annex B – Scoring tables:	24
Specialist workforce	
Proximity to key stakeholders	
Welsh language skills	
Annex C – Landfill tax sites & stamp duty transaction tax map	28

## Summary

1. The Welsh Revenue Authority (WRA) will lead on and be responsible for collecting the Welsh taxes: Land Transaction Tax and Landfill Disposals Tax from April 2018.
2. WRA Implementation Programme (WRAIP) officials have undertaken an options appraisal to help inform the Cabinet Secretary for Finance and Local Government's decision concerning the office location of the WRA.
3. In considering the operational requirements of this new organisation a large number of business requirements have been identified. Three critical success factors have been determined and used to complete an options appraisal of six shortlisted locations. During appraisal full account has also been taken of the Welsh Government's location strategy and this is reflected throughout this report.
4. The conclusion of the options appraisal is that south east Wales is the most operationally effective region for the WRA to be based, both for smooth transition on day one and successful delivery in the future. Three Welsh Government offices are potentially available within this area, each of which could potentially meet the WRA's requirements. Of the three offices, Cathays Park scores the highest in the appraisal in meeting the WRA's requirements.
5. The appraisal has also identified the need for a presence based away from the main office location, with north Wales being suggested as the best area for this. The approach would help optimise the all-Wales digital service offering to taxpayers and their agents and help at least during the transition between tax systems.
6. The options appraisal makes the following recommendations and key points:
  - i) **the WRA should have its main offices located in south east Wales as this area is the most supportive in meeting the WRA's operational requirements.**
  - ii) **south east Wales has three Welsh Government offices available which could potentially meet the WRA's requirements (Cathays Park, Merthyr Tydfil and QED Centre, Treforest).** Of these, Merthyr Tydfil has been assessed as being higher risk in its ability to attract key skills and being suitably positioned in relation to its customer base. QED Treforest and Cathays Park have both been assessed as being able to fulfil the WRA requirements well. In the case of QED Treforest, the premises are identified in the Welsh Government's location strategy for possible disposal in early 2019-20, nevertheless there is scope to provide accommodation at the location beyond this timeframe. Cathays Park might require some relocation of existing Welsh Government staff

to accommodate the WRA. It would however provide scope now and in the longer term (as a consequence of on-going office refurbishment) to accommodate the WRA.

**iii) a mobile WRA role should be established away from the main office location to meet wider customer needs and a WRA presence in north Wales is suggested.**

7. The remainder of this document outlines the appraisal process followed and explains the reason behind the recommendations in paragraph 6.

## **Background**

8. The Tax Collection and Management (Wales) Act 2016 provides the powers to establish the WRA.
9. The WRA is being set up as a civil service delivery arm of the Welsh Government, wholly funded from the Welsh block grant. Its status is that of a non-Ministerial Government Department and it will be the first such body created by the Welsh Government. It will be operationally independent from Welsh Ministers, acting with impartiality, but it does not need to be geographically separate. It will retain the status of a Government department; not least since tax collection is a government function. Welsh Ministers will set tax policy and will wish to give strategic direction to the WRA, but will not be involved in operational decisions.
10. In July 2016, the Cabinet Secretary for Finance and Local Government announced that the WRA would collect and manage Land Transaction Tax. Furthermore, it would undertake most of the collection and management functions for Landfill Disposals Tax, working with Natural Resources Wales on compliance and enforcement of the tax.
11. A location decision is needed in November 2016 to allow sufficient time for office fit out and to make any structural changes required. It will also be important to have a known office location before the WRA begins recruiting its chair, board and workforce.
12. The WRA will need to be fully operational from April 2018 when the devolved taxes are expected to come into effect. It is anticipated that accommodation will be required at least six months before that date in order for the WRA to prepare for delivery on day one.

## **Context for this decision**

13. Establishing the WRA is an historic next step in tax devolution in Wales. The new authority will have a critical role in collecting and managing Welsh devolved taxes efficiently and effectively. The taxes it collects will be a key element of the future funding available for the delivery of essential Welsh public services.

14. The ability of the WRA to operate effectively will be founded on building its credibility. Central to building credibility will be a seamless transition to Welsh taxes for tax-payers. Ensuring the safe delivery of the WRA from day one is the first step in building that necessary credibility. The initial location of the WRA is a key decision in minimising the inherent risk of establishing this new organisation in Wales.
15. At the same time, by creating the WRA the Welsh Government is investing in the medium and long-term administrative capability of government in Wales. Whilst the WRA will not be a large organisation it will need to attract and retain a variety of highly skilled professionals simply in order to carry out its basic functions. Legal, tax compliance, data and digital skills will be essential capabilities for the WRA.
16. It is crucial for the effective and efficient running of the WRA that its chosen location allows for the development of the skilled workforce it will need both now and in the future. The safe launch and future development of the WRA will be significantly supported by choosing a location that meets the immediate and longer-term needs.
17. There is a recognised misapprehension concerning the novel status of WRA. This has led to the idea that the WRA must be geographically separate from Ministers rather than the focus being on ensuring that the WRA is able to take day-to-day tax decisions without the involvement of Ministers and to protect individual taxpayers' confidential tax information. Approaches elsewhere demonstrate that Government's and their tax authorities work closely together – Revenue Scotland is located in the Scottish Government's Victoria Quay office in Edinburgh and similarly HMRC's head office shares a building with HMT. In the circumstances, it is not necessary for the WRA to be housed in a separate building to the Welsh Government but it will be necessary to make provision so as to protect the confidentiality of individual taxpayers' information.

## Approach and Engagement

18. The appraisal has been undertaken in three sequential phases:
  - Phase 1 - clarified that efficiency for the Welsh Government overall was best served by the WRA being located within the Welsh Government estate. This meant that non Welsh Government options were eliminated.
  - Phase 2 - drew up a short-list of viable locations from within the Welsh Government estate.
  - Phase 3 - appraised the short-listed locations based on three agreed critical success factors detailed on pages 9-11.
19. Throughout the appraisal process consideration has been given to the option of one office location as well as a dispersed approach to accommodation. Further detail is provided on pages 12-13 on customer and operational perspectives of these options.
20. Engagement with the Welsh Government's Administrative Property Strategy (APSG) Group (this officials' led Group provides a clearing house for all Welsh Government accommodation decisions) and colleagues from the Business and Property Professional Services (BPPS) Division has proved invaluable throughout this process; the advice and information provided has been built into this appraisal.
21. We have ensured a collaborative approach with colleagues across Welsh Government through each phase and also engaged with the relevant WRA project board, the WRA Implementation Programme Board and the Welsh Treasury's Fiscal Reform Oversight Group.
22. The approach aligns with the Welsh Government's location strategy's commitment to consider opportunities for employment across Wales, while seeking a location that best supports future business needs and enhances operational effectiveness.
23. Sustainability has been taken into account throughout the appraisal work. The recommendation has been made with the long-term future of the WRA in mind and those who are likely to be affected by the decision have been involved in the process. The decision to locate on the Welsh Government estate has ensured an integrated approach to the location solution which will allow WRA to contribute towards the Welsh Government's low carbon commitments.
24. Consideration has also been given to the possible use of various shared service facilities, whereby the WRA may use existing public service provision – for example the provision of some of its corporate services.

## Steps Taken

25. The work behind this appraisal has been discussed with APSG in January 2016, June 2016 and again in September. Discussions considered the WRA's operational requirements, the location strategy, approach to charging for accommodation and the process that would lead to the location decision.
26. **Phase 1** – the first step was to carry out a property search comprising options on the Welsh Government estate, within the wider public sector and also the private sector. This was undertaken by BPPS Division and sought options from across Wales where a suitable floor space was available.
27. In the course of this initial appraisal, BPPS Division confirmed that WRA would not be charged rent if it were to be located on the Welsh Government estate, whereas, public sector and private sector accommodation options would charge rent at market rate.
28. Ensuring that the chosen location provides the best possible value for money, whilst meeting the business requirements of the WRA is essential. Utilising available accommodation on the existing Welsh Government estate would support the operational requirements of the WRA (detailed on page 9) and would therefore represent a more efficient use of resources.
29. ***A decision was made at this time that the WRA would be located within the Welsh Government estate.***
30. As a result of this the public sector properties identified from a trawl of the e-pims database at Caernarfon and St David's Park, Carmarthen were ruled out, as they would not provide value-for-money/be affordable. Similarly, private sector options located at Swansea, Cardiff, Colwyn Bay and St Asaph were also ruled out.
31. **Phase 2** - an initial options appraisal considered the six properties identified on the Welsh Government estate. These properties were located in:
  - Llandudno Junction
  - Aberystwyth
  - Merthyr Tydfil
  - Treforest
  - Cardiff
  - Carmarthen
32. The first criteria used for the initial options appraisal were:
  - Availability – could space be made available from October 2017?
  - Achievability – could the location provide a secure and discrete work area?

33. At this point the suitability of accommodation available at Rhodfa Padarn at Aberystwyth was put in doubt by Facilities Management. The building comprises four floors with the ground floor combining both public and private spaces. No suitable space is available on the ground floor. The upper three floors are open plan wings, overlooking and completely open to a central atrium. The building is naturally ventilated, designed to enable air flow throughout these spaces.
34. If it was decided that Aberystwyth was an appropriate location for the WRA the solution that could be provided would require the allocation of a whole wing. There would also be need to consider screening to the open atrium to ensure privacy. The area that could be provided would be significantly larger than the WRA's stated requirement. While current occupancy levels at the Aberystwyth office would allow the allocation of a whole wing, this is not effective use of space and other Welsh Government locations can offer more appropriately sized, discrete accommodation.
35. Despite the issues highlighted above, Aberystwyth was nevertheless still put forward to the next stage of appraisal.
36. **Phase 3** - the short listed options were appraised against the following Critical Success Factors:
  - Ability to attract and retain skilled staff
  - Proximity to stakeholders
  - Proximity to customers
  - Welsh language skills
37. During the scoring process the Welsh language skills requirement was removed from the options appraisal. The team identified what Welsh language skills would be required to allow the WRA to deliver a bilingual service. The appropriate skills existed in Llandudno Junction, Aberystwyth and Carmarthen. Given the regional approach to Merthyr Tydfil, Cardiff and Treforest; the assumption that staff would travel between these three offices, it was determined that the Welsh language skills requirement existed equally in all five locations which resulted in its removal from the appraisal. Further details are available on page 28 in Annex B.
38. Details of the outcome of the appraisal are set out on page 16 in the Options Appraisal Matrix and listed in order of priority and importance:
  - Ability to attract and retain skilled workforce
  - Proximity to stakeholders
  - Proximity to customers.



## Operational Requirements and Critical Success Factors

39. Having already considered the availability and achievability of the short-listed locations, below is a summary of other operational requirements considered neutral across all locations and the three critical success factors used to score in the options appraisal. These have been approved by the Cabinet Secretary, APSG and the WRAIP's relevant governance boards (the WRAIP Programme Board and Governance and Organisation Project Board).

### Other Operational Requirements

40. Value for money/affordability - following the decision not to charge WRA rent, the only remaining costs related to any physical adaptations needed to provide a secure discrete work area. As these costs are not yet known and are unlikely to vary significantly from site to site, it would not add any value to score this. The working assumption is that if such costs were to arise then they would be in the region of £30-40K and that these could be provided for from within available resources.
41. Public transport - the availability of public transport has been explored. All of the short listed options are accessible by bus and train. The WRA aims to attract a diverse workforce and one mechanism to encourage this is through ensuring accessible travel and access for people, whatever their personal circumstances may be.
42. Functional suitability - BPPS has provided details of the functional suitability of each option, i.e., floor space available, access to meeting rooms, car parking, ICT arrangements. Further information on functional suitability is included at Annex A. As most sites were comparable, it would not add value to score these aspects.
43. Quality of working environment - this was originally included when there was the option of a location in the wider public or private sector. As it is now known that the location will be on the Welsh Government estate, each option will meet the minimum requirements in relation to quality.

### Critical Success Factors

44. Three requirements have been determined as the Critical Success Factors.

#### Ability to attract and retain a workforce with necessary specialist skills

45. The WRA's ability to attract and retain a skilled workforce is the most critical factor determining its success. This requirement is paramount from the outset and for the foreseeable future, but the focus of the requirement will be different over time. During the transition and set-up phase the emphasis will be to ensure effective knowledge transfer, especially expertise in respect of Welsh taxes. Over the longer-term the WRA will need to develop

a workforce with a variety of specialist professional skills; in particular legal, tax compliance, data and digital.

46. A major challenge in being able to create sustainable capability in tax administration will be the small size of the WRA. It is inconceivable that staff will be able to build sufficient expertise in these high skill areas only through working in the WRA. They will also be limited in terms of career progression. This in turn hampers the WRA's ability to attract and retain such people. To be able to succession plan for the variety of highly skilled posts in the WRA it will need to be located near to other organisations with similar skill sets.
47. Especially during the set-up phase, WG staff will be the first source of recruitment for the WRA, in particular the 15 staff who are currently in the WRA Implementation team and staff in the wider Welsh Treasury. This is because they have in depth knowledge of Welsh taxes and the approach being developed to their administration. It will significantly increase the risk of safe delivery if at very least some of these subject matter experts are not matched into WRA posts.
48. It is likely that the WRA will also need to draw on expertise from HMRC. This would involve HMRC staff being attracted to relocate to the area or alternatively commuting to the WRA office. The UK Stamp Duty Land Tax (which will be replaced in Wales by Land Transaction Tax) is managed at the Birmingham HMRC office. There are compliance staff in a limited number of locations across Wales, principally Cardiff, Swansea and Wrexham.
49. Over the medium-term however HMRC will be concentrating its activity in a new hub at Cardiff. We anticipate that some of these existing skilled staff may be interested in short or longer term loan opportunities with WRA. However, looking forward it will only be possible for staff to build careers in tax across WRA and HMRC in Cardiff. To this end, the WRA needs to be situated as close as possible to where these skills are located and also where they will be required in future.
50. A UK wide HMRC office closure programme is currently in train and running up to 2020. The Welsh Government is engaging with HMRC officials as part of the Civil Service Protocol to look at opportunities for avoiding redundancies in Wales. Regular dialogue will be maintained with HMRC on their planned closures so that we can assess the impact on civil service jobs in Wales and consider any options available to WRA.

#### Proximity of collaborative partners and stakeholders

51. To ensure the effectiveness and efficiency of working with stakeholders and collaborative partners, the WRA will need to have close access to them:
  - the Welsh Government at both political and Welsh Treasury official level in relation to tax policy and tax collection. Working closely together will be regular and at times, daily. This will be the case

during the setting up phase of WRA and the medium and long-term as new tax policies are developed. Cross department working will be normal practice;

- Natural Resources Wales in relation to the more complex compliance, evasion and enforcement work. In relation to casework, daily interaction may at times be required;
- HMRC in relation to tax operational policy discussions and intelligence sharing. Discussions are underway with HMRC to share resources, through possible secondments, shadowing, job-sharing and training. There may be more frequent interaction during the transition phase in relation to knowledge transfer and policy advice. In the medium to longer term, this may be less frequent. There will be a need to coordinate complex legal compliance issues including for example cross-border properties.

### Proximity of customers

52. The WRA will work in a digital first way offering services to customers across Wales primarily via digital channels. Nevertheless, the WRA will clearly need to work closely with its customers both in the set-up phase and also on an ongoing basis.
53. During the transition and setting up phase the WRA will need to work intensively with its customers and their agents to design the systems and processes that customers will use; in particular the digital interface and the guidance tools. They will also need to interact with customers in raising awareness of the changes and ensure they have all they need to transition seamlessly over to Welsh taxes.
54. In the medium to longer term, regular contact will be required in relation to compliance casework and for the purposes of inspections and enforcement activity. Close proximity to premises will ensure more efficient delivery.

## Other Operational Requirements

### Number of locations – operational perspective

55. We have considered whether a dispersed approach to accommodation might work for the WRA, but have concluded, from an operational perspective at least, that it would not best support the requirements of the new body or provide good value-for-money. This is essentially because, whilst on the one hand the WRA will be small, in terms of the numbers of people it employs, it will nevertheless need to adhere to strict standards in terms of security owing to the sensitivity and value of the work it carries out.
56. In terms of the WRA's size this means that it will be extremely challenging to create viable discrete business units. Most of the WRA's business units will be in single digit numbers. From discussions with Revenue Scotland (RS) it became clear that establishing, for example, a discrete call centre function would not be economical owing to the very low volume of calls the WRA is likely to take. Rather than dedicate staff to call answering alone, RS has trained its support team to answer calls and also to provide wider support services to the RS team. The benefits of this approach are much easier to achieve if the support teams are co-located with the rest of the organisation. From the perspective of RS support staff they have access to a better career ladder with wider opportunities than would have been the case if they dealt with call handling alone.
57. Nevertheless, we have considered whether perhaps a number of WRA functions could potentially be grouped together and carried out at a location separate from the main WRA office.
58. For example we considered a function to carry out:
- Mail/post handling
  - Scanning of documents to case management system
  - Inputting data from paper returns onto tax system
  - Banking of cheques
59. These activities could be undertaken at a different location to the WRA's main office, however, there are some key issues to consider that need to be looked at in weighing up the merits of such an approach.
60. In particular, the separation of key operational activity to such a small team would leave the WRA more vulnerable to localised staff moves/absences. The WRA will be wholly dependent upon such key services and any interruption caused by staff losses will have a significant impact upon the smooth running of its services. A small team by its nature does not have the same level of flexibility as larger units and it is therefore more vulnerable and less resilient. Other significant issues are the risk of not being able to provide adequate support in terms of staff security or supervision to guard against the risk of fraud.

61. At a practical level, the WRA will need to have suitable security measures. For example, given the confidential nature of the tax documents involved (tax returns, correspondence relating to enquiries, investigations, civil and possibly criminal cases) it would need to have a discrete working area with controlled access to the accommodation. Furthermore, a safe (for cheques) and secure storage would be required for confidential papers. Adopting a satellite office approach might potentially increase the cost of providing the service in terms of any capital investment needed to ensure a discrete space.

### **Number of locations - customer perspective**

62. As set out above the WRA will need to interact regularly with its customers. It will offer services to all parts of Wales, principally via digital channels. It will however also be necessary to visit landfill operators and agents on occasion and as Annex C shows the majority of taxpayers and agents are concentrated around the key urban areas of Wales. An office location that is in close proximity to the highest density of landfill sites and taxpayer agents will enable the WRA staff to meet a good proportion of its customers relatively easily and efficiently. However, a single location will not serve all parts of Wales optimally and therefore consideration has been given to how the WRA might provide services beyond the digital offering across Wales.
63. The WRA will wish to support taxpayers and their agents through the changes to the tax system so that they are aware and ready to respond to the devolved taxes when they are rolled out in April 2018. This will require active engagement (workshops, clinics and webinars) across Wales in particular in the run up to April 2018, but also into the first operating year. The most efficient way of providing this service may well be to create mobile WRA roles that are supported through flexible working arrangements and which are located away from the main office location. A presence in north Wales would serve outreach requirements.
64. Subsequently, whilst the systems and procedures should have become familiar to regular taxpayers and their agents after the first year of operation, it is likely that having a continued presence away from the main WRA office could bring continued benefits to customers. For instance such mobile staff could possibly help in exploring with agents how to move from paper to digital. Staff carrying out such roles will also have developed skills and knowledge highly relevant to the WRA.

## Appraisal Assumptions

### Assumptions

65. The following assumptions have been made:
- there is a requirement for 35 FTEs, 30 desks approximately 350 m<sup>2</sup>. Additional 50 m<sup>2</sup> is allowed where shared meeting rooms are not available;
  - a discrete space is required, with secure access.

### Exclusions

66. The following have not been considered in this analysis:
- no allowance has been made for any reconfiguration of the identified space;
  - no allowance has been made for the associated ICT solution, including infrastructure;
  - no allowance has been made for any furniture costs.

## Option Appraisal

### Preliminary appraisal

#### Discounted properties

67. In the course of considering Welsh Government estate options existing properties have been discounted, mostly on the basis that they:
- i) would not be available for the WRA to occupy by the “go-live” date;
  - ii) did not offer a suitable term of lease (5-years) – identified for closure under the Welsh Government’s 2015-20 Location Strategy; or,
  - iii) did not meet basic functional requirements.

### Location short list

68. The initial options appraisal arrived at a short list of six potential location options:
- Option 1: Llandudno Junction
  - Option 2: Rhodfa Padarn, Aberystwyth
  - Option 3: Rhydycar, Merthyr Tydfil
  - Option 4: QED Centre, Treforest
  - Option 5: Cathays Park, Cardiff
  - Option 6: Picton Terrace, Carmarthen

69. The short list has been endorsed by the Cabinet Secretary, APSG and the WRAIP's relevant governance boards (the WRAIP Programme Board and Governance and Organisation Project Board).
70. Each short-listed location has subsequently been assessed against two critical success factors: availability and achievability. This exercise recognised that the Aberystwyth office could provide accommodation, but this could only be done on a scale far in excess than required by the WRA. Nevertheless, the option was still put forward for further appraisal.
71. All six options were assessed against the critical success factors outlined on pages 9-11. A description of the scoring methodology for each requirement is included below (page 17), with further information to support the score included at Annexes B and C.

## Summary - option appraisal matrix

	<b>Weighting</b>	<b>Option 1</b> Llandudno Junction	<b>Option 2</b> Rhodfa Padarn Aberystwyth	<b>Option 3</b> Rhydycar Merthyr Tydfil	<b>Option 4<sup>1</sup></b> QED Centre Treforest	<b>Option 5</b> Cathays Park Cardiff	<b>Option 6</b> Picton Terrace Carmarthen
<b>Specialist workforce (WG)</b>	High	9	15	18	18	18	12
<b>Specialist workforce (HMRC)</b>	Medium	2	4	8	10	12	6
<b>Proximity to stakeholders</b>	Medium	2	4	8	10	12	6
WG	None	1	2	4	5	6	3
NRW							
<b>Proximity to customers</b>	None	2	1	6	5	4	3
LDT	None	3	2	1	5	5	4
LTT							
<b>Total</b>		<b>19</b>	<b>28</b>	<b>45</b>	<b>53</b>	<b>57</b>	<b>34</b>

**Weighting:** High = x3  
Medium = x2

<sup>1</sup>The Welsh Government's location strategy identifies an opportunity to withdraw from the QED Treforest office (circa 2020), subject to agreement of the business case.



## Scoring method

Criteria	Description	Score	Weighting Reason	Data Source
Specialist workforce (1) WG	Number of WG staff based at each of the locations in the following professions: HR, Legal, Analysis, IT/Digital and Tax (regions ranked in order (as it is assumed that staff will be willing to travel within the region).	Ranked in order and scored 3, 4, 5 or 6 (as there are only four regions)	High for Tax, Analysts and Digital. Medium for HR and Legal.  Having a skilled workforce in place for day one and over the long term is vital to the success of the WRA.	WG: HRIT
Specialist workforce (2) HMRC	Distance by road from the key HMRC sites to each of the locations.	Ranked in order and scored 1, 2, 3, 4, 5 or 6.	High. In terms of building capability from HMRC colleagues.	AA Route Planner
Proximity to stakeholders: WG NRW	Travel time (by road) from key stakeholder bases to each location	Ranked in order and scored 1, 2, 3, 4, 5 or 6.	High. WRA will be working very closely with WG in terms of the development of new tax policy and legislation. WRA will also be working very closely with NRW on compliance and enforcement.	AA Route Planner
Proximity to customers: LDT	Number of landfill sites within a 25 mile radius of the location	Ranked in order and scored 1, 2, 3, 4, 5 or 6.	Medium. Proximity to customers is important, as WRA staff will need to interact with customers regularly.	WG: Tax policy & Legislation, Fiscal Analysis & Strategy and KAS (via HMRC)
LTT	Number of land transactions within the Local Authority area	Scored 1, 2, 3, 4 or 5 according to which of the five ranges they fall into (see Annex C).		

## Conclusions

72. This appraisal concludes that south east Wales is the most operationally effective area for the WRA to be based, both for smooth transition on day one and successful delivery in the future.

73. The conclusion is in keeping with the aims and objectives of the Welsh Government's location strategy, which states:

*"We need to ensure that we operate from locations that best support our future business needs and enhance our operational effectiveness. Our estate must be affordable. We must continue to transform our workplaces, providing the supportive environments, technologies and facilities that will fully enable our staff."*

74. By locating in south east Wales the WRA will best be able to support the business needs of its customers, the majority of whom are concentrated in that part of Wales. It will also be well placed to attract and to retain the specialist workforce that will be critical to the success of the new department.

**Recommendation i) the WRA should have its main offices located in south east Wales as this area is the most supportive in meeting the WRA's operational requirements.**

75. By occupying existing available accommodation on the Welsh Government's estate it is possible to ensure the WRA's office requirements remain affordable. Furthermore, accommodation is often new or being refurbished and is being managed in a sustainable way that will look to reduce environmental impacts.

76. The Welsh Government has three suitable offices in south east Wales that might serve the requirements of the WRA. Cathays Park is currently undergoing refurbishment in line with the Welsh Government's location strategy, which when complete will create the room to accommodate up to circa 800 more staff and transform the workplace to provide a supportive environment, technologies and facilities that will fully enable staff.

77. The investment in Cathays Park will provide the opportunity for estate rationalisation in Cardiff and south east Wales, including the scope for the Welsh Government to co-locate operations (circa 2020). One of the proposed co-locations is the opportunity of moving existing jobs from QED Treforest into the centre of Cardiff at Cathays Park and disposing of the interest.

78. Given the uncertainty about the longer term future of QED Treforest we have explored whether there is scope to make the location available beyond this timeframe; this has now been confirmed.

79. Cathays Park can accommodate the WRA, but to do this an existing function with a similar staff compliment would need to be relocated, possibly to another office location. If this were required, such arrangements would need to be negotiated. From the appraisal work Cathays Park would meet the WRA's operational requirements best.
80. Merthyr Tydfil could meet the operational requirements of WRA, but there are some aspects of its scoring which are considerably lower than Cathays Park. In particular is the low score in relation to proximity to LTT customers (many properties in the heads of the valleys area are likely to be below the tax threshold which accounts for the low scoring). This will be the main tax to be delivered by WRA which will account for the majority of customers/agents. There is also a marked contrast in the scoring of specialist workforce (HMRC), where Merthyr might be more difficult to attract and retain staff, especially in the light of HMRC establishing its major hub in Cardiff.

**Recommendation ii) south east Wales has three Welsh Government offices available which could potentially meet the WRA's requirements (Cathays Park, Merthyr Tydfil and QED Centre, Treforest).**

81. To optimise the all-Wales digital service offering to taxpayers and their agents and to help at least through the changes to the tax system, the appraisal also recommends that a mobile role is created which is supported through flexible working arrangements and which is based away from the main office location in south east Wales.

**Recommendation iii) a mobile WRA role should be established away from the main office location to meet wider customer needs and a WRA presence in north Wales is suggested.**

## Annex A

### FUNCTIONAL SUITABILITY OF SHORT LISTED PROPERTIES

#### Option 1 - Llandudno Junction

Security	A self contained area could be allocated, and minimal works are likely to be required.
Floor Space	There are a number of options which can be made available, subject to relocation of existing teams.
Meeting rooms	Shared use of 10 rooms.
Flexible Space	Flexible space available for potential future expansion.
Car parking	There are three car parks at the building, including accessible parking spaces, operated on first come first served basis.
Rail	Llandudno junction railway station is a 20 minutes walk from the Welsh Government offices.
Bus	The office is situated within walking distance to bus networks.
Cycling	There are a number of cycle routes that can be used to get to the office and cycle racks available.

#### Summary

This office accommodation meets the functional requirements of the WRA, but as a location scored lowest out of the six short-listed options. This is mainly due to the distance from key stakeholders, customers and the skilled workforce required for the WRA. It is therefore not a suitable location for the WRA. However, it could be used as a venue for outreach work to ensure local customers have access to services from mobile WRA staff.

#### Option 2 - Rhodfa Padarn, Aberystwyth

Security	Whole wing allocation that would require screening to the open atrium to ensure privacy.
Floor Space	Whole wing could be allocated, but this would provide space far in excess of the WRA requirement.
Meeting rooms	Shared use of 11 rooms.
Flexible Space	Space available far in excess of what is required.
Car parking	There is a car park at the building, including accessible parking spaces, operated on first come first served basis.
Rail	Aberystwyth railway station is a 15 minutes walk from the Welsh Government offices.
Bus	The office is situated within walking distance to bus networks.
Cycling	There are a number of cycle routes that can be used to get to the office and cycle racks available.

#### Summary

If it was decided that Aberystwyth was an appropriate location for the WRA the solution that could be provided would require the allocation of a whole wing. There would also be need to consider screening to the open atrium to ensure privacy. The area that could be provided would be significantly larger than the WRA's stated

requirement. While current occupancy levels at the Aberystwyth office would allow the allocation of a whole wing, this is not effective use of space and other Welsh Government locations can offer more appropriately sized, discrete accommodation.

Despite the issues highlighted above concerning the office accommodation available at Aberystwyth, the location was considered in relation to meeting key WRA operational requirements. From this work it was concluded that the location was not best placed to serve either customer needs or to maximise the WRA's ability to recruit and retain a small specialist workforce. However, it was identified as a potential venue for outreach work to ensure local customers had access to services from mobile WRA staff.

### Option 3 – QED, Treforest

Security	A self contained area could be allocated, and minimal works are likely to be required.
Floor Space	There are a number of areas which could potentially be made available subject to relocation of existing teams.
Meeting rooms	Shared use of 16 rooms.
Flexible Space	Flexible space available for potential future expansion.
Car parking	There are two car parks at the building, including accessible parking spaces, operated on first come first served basis.
Rail	Treforest Industrial Estate has its own station within a 5 minute walk of the office. The station has a narrow country lane access and pathway and poor street lighting Issues associated with the station and access to QED are being actively pursued.
Bus	There are regular bus services with north and south bound stops directly outside the office.
Cycling	There are very few traffic free cycle routes near the office.

### Summary

This office meets the functional requirements of the WRA although travel by rail is not as accessible as some of the other options. It does however score relatively well in relation to the other operational requirements of the WRA. The Welsh Government's location strategy identifies an opportunity to withdraw from the office (circa 2019-20), subject to staff and TUS consultation, Withdrawal from QED Treforest in the timeframe proposed would mean that the location would only be a short-term option for WRA. We have explored this further and have been advised the position and timing of withdrawal has not yet been finalised and the opportunity does exist for the premises to be made available beyond the current withdrawal timetable. However, the Location Strategy envisages Welsh Government securing the capital receipt for the property and ending its main running cost liabilities within the current Strategy period (so before March 2020). If the premises were sold, there would be scope to decant staff to Cathays Park or alternatively undertake the sale on the basis of the WRA being a sitting tenant. If the latter, the WRA would probably be charged rent and services charges in the future.

#### Option 4 - Merthyr Tydfil

Security	A self contained area could be allocated. The amount of work needed to achieve this is yet to be determined.
Floor Space	Approximately 400sqm.
Meeting rooms	Shared use of 10 rooms.
Flexible Space	Flexible space available for future potential expansion
Car parking	There are two car parks at the building, including accessible parking spaces, operated on first come first served basis.
Rail	The closest station is Merthyr Tydfil, which is situated within a 15 minute walk from the office
Bus	The office is situated within walking distance to bus networks.
Cycling	There are a number of cycle routes that can be used to get to the office and cycle racks available.

#### Summary

This office accommodation meets the functional requirements of the WRA and scores well in terms of being in close proximity to skilled staff, stakeholders and LDT customers, but there are some aspects of its scoring which are considerably lower than Cathays Park. In particular it has the lowest score in relation to proximity to LTT customers (many properties in the heads of the valleys area are likely to be below the tax threshold which accounts for the low scoring). This will be the main tax to be delivered by WRA which will account for the majority of customers/agents. There is also a marked contrast in the scoring of specialist workforce (HMRC), where it is thought that Merthyr will be more difficult to attract and retain staff, especially in the light of HMRC establishing its major hub in Cardiff.

#### Option 5 - Cathays Park

Security	A self contained area could be allocated. The amount of work needed to achieve this is yet to be determined.
Floor Space	Approximately 289sq m available, subject to relocation of existing teams.
Meeting rooms	Shared use of 20 rooms.
Flexible Space	There is no scope for expansion due to a limit amount of space.
Car parking	Team spaces available for eligible staff at the building, including accessible parking spaces, as well as meter parking close by.
Rail	The closest station is Cathays, which is situated within a 5 minute walk from the Cathays Park building. This service operates every 5 to 15 minutes to and from Cardiff Queen Street and Cardiff Central.
Bus	There are a number of bus services available close to Cathays Park.
Cycling	There are a number of cycle routes that can be used to get to the office and cycle racks available.

#### Summary

This office accommodation meets the functional requirements of the WRA, although it would require a similar sized existing staff compliment to relocate from a potentially

suitable area of the building to make the required space for the WRA. This option scored highest in terms of location particularly in relation to skilled workforce and proximity to stakeholders and customers.

**Option 6 - Picton Terrace, Carmarthen**

Security	A self-contained area could be allocated. The amount of work needed to achieve this is yet to be determined.
Floor Space	Each floor is approximately 420 square metres. Subdivision is possible subject to capital contribution
Meeting rooms	Shared use of 16 rooms.
Flexible Space	Flexible space available for potential future expansion.
Car parking	Car park, including accessible parking spaces, operated on first come first served basis.
Rail	The closest station is Carmarthen, which is situated within a 15 minute walk from the office.
Bus	The office is situated within walking distance to bus networks.
Cycling	There are a number of cycle routes that can be used to get to the office and cycle racks available.

**Summary**

This office location meets all of the functional requirements of the WRA. However distance from key stakeholders and potential skilled workforce means that it would be a risk to locate the WRA there. It is therefore not a suitable location for the WRA. However, it could be used as a venue for outreach work to ensure local customers have access to services from mobile WRA staff.

## Scoring Tables

### 1a) Specialist Skills of WG staff by region

Profession <sup>2</sup>	North	Score	Mid	Score	South East	Score	South West	Score
Tax <sup>3</sup> }	-		-		15		-	
Analysis }	-		-		55		-	
IT/Digital }	4		12		61		6	
<b>Total (x2)</b>	<b>4</b>	<b>2</b>	<b>12</b>	<b>6</b>	<b>131</b>	<b>8</b>	<b>6</b>	<b>4</b>
Legal }	-		1		59		-	
HR }	8		9		136		2	
<b>Total</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>195</b>	<b>4</b>	<b>2</b>	<b>1</b>
<b>TOTAL WEIGHTED SCORE</b>	<b>North</b>	<b>4</b>	<b>Mid</b>	<b>9</b>	<b>South East</b>	<b>12</b>	<b>South West</b>	<b>5</b>

<sup>2</sup> As self-assessed by individual members of staff

<sup>3</sup> Welsh Revenue Authority Implementation Team



**1b) Proximity to Specialist Staff (HMRC)**

<b>Location</b>	<b>HMRC Cardiff</b> (CF10 1FS)	<b>Score</b>	<b>HMRC Birmingham</b> (B2 4AD)	<b>Score</b>	<b>HMRC London</b> (WC2R 1LT)	<b>Score</b>	<b>Total Score</b>
Cathays Park <b>Cardiff</b> (CF10 3NQ)	<b>7 minutes</b> 1.6 miles	<b>6</b>	<b>2hrs 7mins</b> 117.7 miles	<b>6</b>	<b>2hrs 48mins</b> 151.2 miles	<b>6</b>	<b>6</b>
QED <b>Treforest</b> (CF37 5YR)	<b>23 minutes</b> 5.6 miles	<b>5</b>	<b>2hrs 7mins</b> 120.3 miles	<b>6</b>	<b>2hrs 49mins</b> 153.7 miles	<b>5</b>	<b>5</b>
Rhydycar <b>Methyr Tydfil</b> (CF48 1UZ)	<b>37 minutes</b> 23.6 miles	<b>4</b>	<b>2hrs 11mins</b> 115 miles	<b>5</b>	<b>3hrs 3mins</b> 168.7 miles	<b>4</b>	<b>4</b>
Picton Terrace <b>Carmarthen</b> (SA31 3BT)	<b>1hr 16mins</b> 66.9 miles	<b>3</b>	<b>3hrs 8mins</b> 158 miles	<b>4</b>	<b>3hrs 46mins</b> 213.2 miles	<b>3</b>	<b>3</b>
Rhodfa Pardarn <b>Aberystwyth</b> (SY23 3UR)	<b>2hrs 26mins</b> 111.3 miles	<b>2</b>	<b>2hrs 47mins</b> 123.2 miles	<b>3</b>	<b>4hrs 48mins</b> 235.6 miles	<b>1</b>	<b>2</b>
<b>Llandudno Junction</b> (LL31 9RZ)	<b>3hrs 58mins</b> 190.7 miles	<b>1</b>	<b>2hrs 23mins</b> 136.4 miles	<b>2</b>	<b>4hrs 24mins</b> 258.1 miles	<b>2</b>	<b>1</b>

**2) Proximity to Key Stakeholders (NRW and WG)**

<b>Location</b>	<b>NRW (CF24 0TP)</b>	<b>Score</b>	<b>Tax Policy team (CF10 3NQ)</b>	<b>Score</b>	<b>Total Score</b>
<b>Cathays Park Cardiff (CF10 3NQ)</b>	<b>5mins 1.2 miles</b>	<b>6</b>	<b>0 miles</b>	<b>6</b>	<b>6</b>
<b>QED Treforest (CF37 5YR)</b>	<b>21mins 8.5 miles</b>	<b>5</b>	<b>17mins 7.6 miles</b>	<b>5</b>	<b>5</b>
<b>Rhydycar Methyr Tydfil (CF48 1UZ)</b>	<b>35mins 23.5 miles</b>	<b>4</b>	<b>33mins 22.8 miles</b>	<b>4</b>	<b>4</b>
<b>Picton Terrace Carmarthen (SA31 3BT)</b>	<b>1hr 17mins 71 miles</b>	<b>3</b>	<b>1hr 18mins 67.4 miles</b>	<b>3</b>	<b>3</b>
<b>Rhodfa Pardarn Aberystwyth (SY23 3UR)</b>	<b>2hrs 28mins 114.6miles</b>	<b>2</b>	<b>2hrs 30mins 97.3 miles</b>	<b>2</b>	<b>2</b>
<b>Llandudno Junction (LL31 9RZ)</b>	<b>3hrs 57mins 188.6 miles</b>	<b>1</b>	<b>3hrs 55mins 190.3 miles</b>	<b>1</b>	<b>1</b>

### 3) Welsh Language skills of Welsh Government staff (by grade)

Location	No. Welsh Speakers	TS	MB3	MB2	MB1	EB2	EB1	SCS	Other	
Llandudno Junction	428	177 (41%)	19	36	56	39	17	7	2	1
Rhodfa Padarn, Aberystwyth	278	98 (35%)	13	24	30	25	6			
Picton Terrace, Carmarthen	186	63 (34%)	19	19	17	5	3			
Cathays Park	2660	348 (13%)	32	65	82	68	58	16	16	11
Merthyr Tydfil	614	49 (8%)	8	14	13	9	3	1	1	
QED Centre, Treforest	371	32 (9%)	3	1	13	7	5	2	1	

