1.0 Welsh Rate of Income Tax (WRIT)

Below is a summary of the Terms of Reference for the project which includes the changes we made to our systems and how we delivered to cost and timeframes.

The Department of Work and Pensions (DWP) Digital team worked closely with Strategy and Devolution colleagues to support the project, including:

- facilitating/attending all meetings between HMRC, Welsh Government colleagues and DWP.
- ensuring an appropriate level of join-up with the broader WRIT programme/project that HMRC and Welsh Government were working on.
- from a devolution perspective providing the assurance and visibility about what DWP was doing to update our benefit IT systems to recognise the Welsh tax-codes.
- drafting the document which set out the arrangements agreed between DWP and the Welsh Government for WRIT – which included: respective roles and responsibilities; implementation; operations; funding and cost reimbursement etc.
- DWP Digital responsibility was to ensure all DWP systems complied with the new legislation and making the necessary changes.

2.0 What we did:

- DWP put in place appropriate governance arrangements to ensure DWP IT systems, relevant staff guidance, customer forms and letters comply with WRIT provisions in the 2014 Act. The process took an inter-governmental approach to quality assurance, reviewing progress against milestones and ensuring value for money.
- DWP made the necessary changes to benefit IT platforms (JSAPS, PSCS, UC RTE) which interface with the UK tax systems to enable them to recognise the new “C” Welsh tax code. At the same time and where appropriate staff guidance and customer forms and letters were amended accordingly. All changes to IT systems were delivered ahead of schedule and within cost (Final costs were £129,571.)
• Go Live Date was April 2019. The Job Seekers system (JSAPS) was changed on 30/06/2018; The Pensions system (PSCS) was changed on 01/09/18; Universal Credit (UCRTE) was changed on 19/12/2018; and some accounting reconciliation changes were completed in February 2019. All work ahead of schedule.
• DWP developed and tested the IT and administration of WRIT in consultation with HMRC and the Welsh Government.
• DWP had/have no role in relation to determining an individual’s tax liability nor for the publicity of WRIT other than ensuring, where appropriate, that customer communications reflect the Welsh rate.
• DWP remained responsible for ensuring that the correct IT and administrative systems were in place to support the timely introduction of WRIT.
• DWP kept the Welsh Government informed of, and consulted with them on plans, timetables, estimated costs, risks and progress.
• DWP upgraded and tested all areas of DWP business that was impacted by WRIT. This was done through contracted IT suppliers and in accordance with its normal IT development practice.
• Transparent change costs of each part of the IT system were notified to the Welsh Government.
• A breakdown of the expected costs and activities for both IT system and non IT system changes were shared with the Welsh Government before such costs were incurred.
• DWP and the Welsh Government scrutinised the IT and non IT System costs with a view to ensuring value for money. There were no concerns identified by the Welsh Government about the costs of DWP IT system changes.
• After IT changes were made to deliver WRIT, DWP maintains its IT and administrative systems so that WRIT continues to operate effectively in respect of the administration of benefits.
• Welsh Government costs were borne for Capital and other costs of making IT changes to DWP systems and ancillary costs (i.e. non-IT) relating to staff guidance and customer forms and letters required as a result of the introduction of WRIT.
• DWP invoiced the Welsh Government for costs associated for the changes made to IT systems as agreed.

3. Post go live issue:
Following go live there was an issue with SSCL which affected all Departments, including DWP, to whom SSCL provide a payroll service. This resulted in approximately 5,580 DWP employees who live in Wales being charged the Scottish Rate of Income Tax. The Welsh Government escalated
the issue and it was discussed in the Welsh Parliament. This was an issue caused by SSCL and the problem was quickly rectified by DWP.