

RESOURCE ACCOUNTS

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# Revenue Scotland **Annual Report and Accounts**

for the year ended  
31 March 2021



Revenue Scotland is a Non-Ministerial Office of the Scottish Administration.

Laid before the Scottish Parliament by Revenue Scotland in pursuance of the Revenue Scotland and Tax Powers Act 2014 in December 2021.

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# Performance Report 2020-21

## Statement from the Chair



I am delighted to present Revenue Scotland's seventh Annual Report and Accounts for the Resource Accounts.

Since it was established in 2015, Revenue Scotland has collected around £4bn in revenues, all of which is raised in Scotland and stays in Scotland to help fund public services and contribute to the delivery of the National Outcomes. More details of the devolved taxes collected can be found on page 27, or through the Devolved Taxes Accounts for 2020-21.

Like many other organisations, Revenue Scotland has had to rapidly adapt to a change in operating model from working almost exclusively full time in an office environment to fully working remotely as a result of the COVID-19 pandemic. After previous exercises in ensuring business continuity, the organisation pivoted to make a rapid transition and dealt with all the technical challenges that this significant change presented. However it was the staff who made the difference and it is a testament to the staff that the organisation's performance was maintained at a high level throughout this period. We are now actively piloting a new model of working, seeking to maximise the benefits of remote working as well as harnessing the power of technology, while putting the right measures in place to prioritise the health and wellbeing of all our staff and support those for whom remote working presents particular challenges.

In December 2020, Board members Jane Ryder OBE and Ian Tait retired from the Board after 6 years of great service since Revenue Scotland was established in 2015. Our chair, Dr Keith Nicholson also recently retired after leading the organisation through its formative first six years, helping to establish a strong reputation in the public sector and tax landscapes in Scotland and beyond. I am very grateful to Jane, Ian and Keith for all they have done and for leaving the organisation in such good shape as I was given the privilege of becoming Chair of the Board.

We welcomed Simon Cunningham to the Board on 1 January 2021 having previously been a co-opted member of the Audit and Risk Committee (ARC). A Chartered Accountant, Simon is an experienced risk, audit and governance specialist and also a member of the Audit and Risk Committee at the Scottish Courts and Tribunals. His extensive experience and skills complement the range of abilities and talent of our Board.

# Performance Report 2020-21

Over the course of the year we have developed our third Corporate Plan for 2021-24 which sets out a range of ambitions most notably in the areas of 'data' and 'digital' where we are keen to work with other organisations to share leading practices for mutual benefit. Tremendous work has been done by many people to help Revenue Scotland perform strongly as Scotland's national tax authority. We stand ready to assume new responsibilities if required, using the skills and experience we have nurtured over the past six years of efficiently collecting and managing Scotland's devolved taxes. Our Corporate Plan sets out our ambitions to become a fully digital organisation with a new operating model that optimises efficiency and is better for the environment.

With huge thanks to the strong leadership team lead by Elaine Lorimer we are confident Revenue Scotland will continue to contribute strongly to the management of the tax landscape in Scotland. We work collaboratively with other parts of Scottish Government to this end.

Our Board will continue to evolve and adapt while keeping good governance at the core of everything we strive to achieve. We very much look forward to continuing to make a strong contribution and reaching out proactively to our many stakeholders over the coming months and years.

**Aidan O'Carroll,**  
Chair of Revenue Scotland

# Performance Report 2020-21

## Statement from the Chief Executive and Accountable Officer



I am pleased to report that a total combined net tax revenue for the devolved taxes for 2020-21 was £624m, including £517m from Land and Buildings Transaction Tax (LBTT) and £107m from Scottish Landfill Tax (SLfT). While this is less than originally forecast, as can be seen from our published statistics, revenues from both taxes were impacted in the early quarters of 2020-21 by the COVID-19 pandemic. It is testament to our staff and the way we responded to the challenges of COVID-19 that we had no interruption to the ability of taxpayers to submit their tax returns and pay the tax due. This revenue, all of which was raised in Scotland, supports the delivery of public services across Scotland. More details on the devolved taxes can be found within the accompanying Annual Report and Accounts of the Devolved Taxes for 2020-21.

I believe that what makes Revenue Scotland stand out as an organisation, it is our ability to respond to challenges and changing circumstances and work closely and collaboratively to deliver effective solutions at pace.

As set out in the Performance Report in this document, this past year has been no exception. To support taxpayers during the global pandemic, Revenue Scotland has delivered operational and legislative changes at pace, most notably the introduction of an increased LBTT nil rate band for residential property transactions (and its return to the previous level) and changes to the period for claiming a repayment of Additional Dwelling Supplement (ADS). We continued to deliver excellent performance against our key performance indicators while we radically altered the way in which we worked, as we shifted to remote working.

As the period of the Corporate Plan 2018-21 draws to a close it is worth reflecting on the progress Revenue Scotland has made in delivering the ambitions we set out in 2018. I am clear it is our

way of working that helped to shape the programme to successfully deliver a replacement tax system with a new supplier and while the devolution of Air Departure Tax was paused, we were praised for the approach we had taken to planning the implementation of the tax and also how we stood the programme down.

Numerous legislative change projects including changes to tax rates and bands, new tax reliefs and changes to the ADS have all been successfully delivered on time and on each occasion we have taken the learning from previous projects and programmes into our planning. We have continued to deepen our understanding of the taxes and our powers and build the capability and capacity of the organisation. Our people are our strongest asset and the investment we have made in induction, training and supporting our staff has without doubt been a key factor in how we have delivered the performance that is reported here.

# Performance Report 2020-21

## Statement from the Chief Executive and Accountable Officer

In early 2021, we consulted extensively with staff and key stakeholders on proposals for our Corporate Plan 2021-24 and developed a new strategic framework for the organisation. These documents set out our ambitions for the next three years and we are developing a business plan that will deliver our four strategic outcomes and the underlying strategic objectives which support them.

And of course, these achievements have been delivered while working fully remotely online. As the COVID-19 pandemic started in early 2020, our immediate response at that time was driven by three principles:

- ▲ the health and wellbeing of our staff;
- ▲ the performance of our statutory functions; and
- ▲ the continued delivery of excellent customer service.

The great work of the Business Continuity Group ensured that all staff in the organisation undertook health and safety assessments and had the right equipment to work from home as comfortably as possible. We placed a major focus on wellbeing and offered multiple opportunities to all staff for accessing learning and development and support at group and individual level. This emphasis on wellbeing has helped greatly to ensure that the organisation has continued to perform at a high level throughout this period.

Looking ahead, we have given considerable thought and energy to the development of a pilot exercise that will see the organisation transition to a new operating model. We have added further priorities to the three principles above to guide our decision making as we prepare to pilot a 'hybrid' model of operating when circumstances allow, with some staff in an office environment while the majority continue to work remotely. The intention is to harness the cultural, business and personal benefits that meeting together in the office provides while at the same time taking advantage of the efficiencies afforded by remote working to provide for a delivery model for the future that optimises our way of working.

A number of our staff have retired or moved on to new posts over the past year and I thank them for their service and wish them well for the future. As proud as I am of the progress we have made as an organisation over the past six years, we continue to strive to take Revenue Scotland to the next level. And so it is exciting to see new people join the organisation (many of whom are new to the civil service), bringing new ideas and energies.

It is that culture of working collaboratively that will be key to the delivery of the ambitions in our new Corporate Plan and the continued success of the organisation going forward.

**Elaine Lorimer,**  
Chief Executive of Revenue Scotland  
and Accountable Officer

# Performance Report 2020-21

## Overview

This overview gives a summary of Revenue Scotland’s purpose and objectives, key risks to the delivery of those objectives, together with its budget and performance for the year. Further detail is included within the Performance Analysis section on page 29.

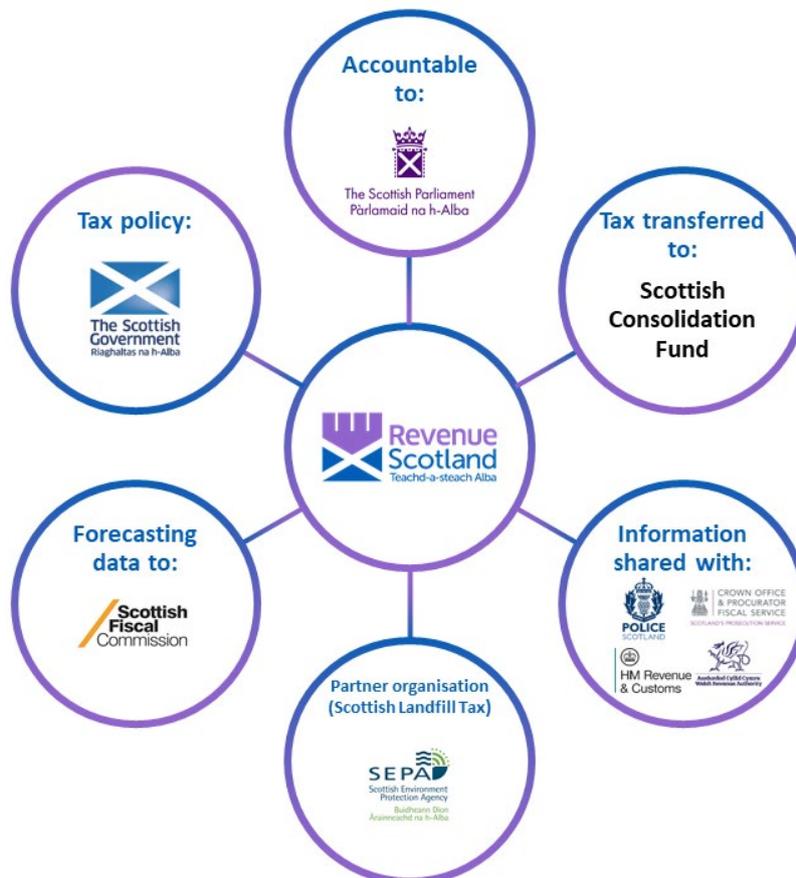
### Introduction

The performance report includes a short performance summary and an analysis section which considers performance against the strategic objectives of the Corporate Plan 2018-21. The Annual Report and Accounts for 2021-22 will report our progress against our Corporate Plan for 2021-24.

### Who we are and what we do

Revenue Scotland was established by the Revenue Scotland and Tax Powers Act 2014 (RSTPA) and is responsible for the collection and management of the taxes fully devolved to Scotland – currently Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT).

As a Non-Ministerial Office, Revenue Scotland is part of the Scottish Administration and is directly accountable to the Scottish Parliament to ensure the administration of tax is independent, fair and impartial.



# Performance Report 2020-21

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The [Scottish Government](#) is responsible for tax policy and the setting of tax rates. Revenue Scotland supports policy development through the provision of information, advice and data based on our operational experience. The [Scottish Fiscal Commission \(SFC\)](#) is responsible for providing independent forecasts of tax revenue in line with the Fiscal Framework. To support forecasting work, Revenue Scotland provides the SFC with SLfT and LBTT data in an anonymous, aggregated form.

Revenue Scotland delegates the delivery of specific functions for the collection of SLfT to the [Scottish Environment Protection Agency \(SEPA\)](#).

We also work with HMRC for the purposes of compliance activity, and with the Welsh Revenue Authority and other tax authorities on the British Isles Tax Authorities Forum sharing knowledge and best practice in tax collection and management.

### How we are governed

The Revenue Scotland Board currently comprises six members appointed by Scottish Ministers through the Scottish Public Appointments process. The Board has responsibility for the strategic direction, oversight and governance of Revenue Scotland. Board members provide specialist knowledge in key areas and act as ambassadors for the organisation.

The Board has two committees; the Audit and Risk Committee (ARC) and the Staffing and Equalities Committee (SEC), which undertake detailed scrutiny of key areas of work and report on these to the Board.

The Chief Executive is accountable to the Board and acts in a personal capacity as the Accountable Officer for Revenue Scotland. The Chief Executive is responsible for the day-to-day leadership and operation of the organisation.

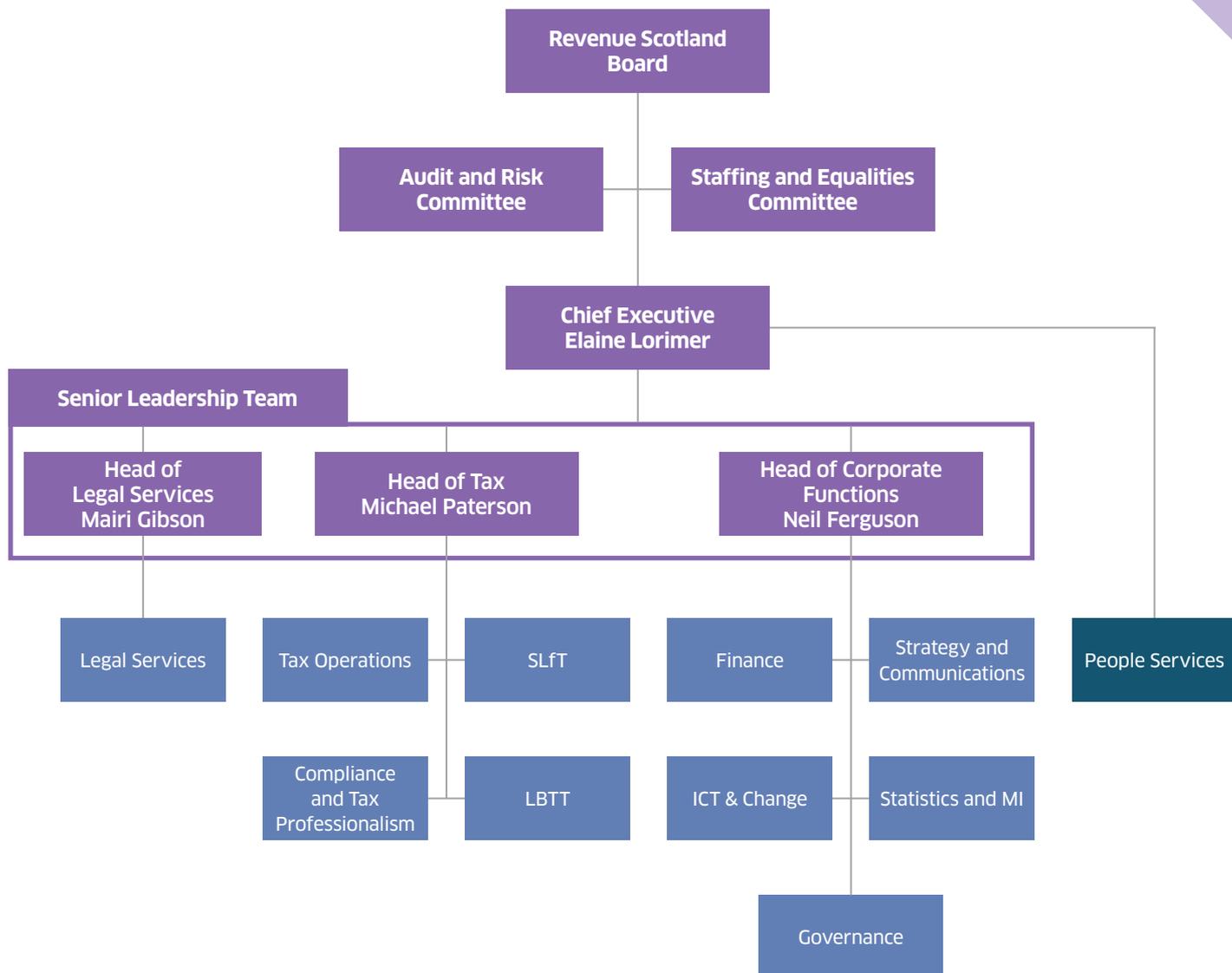
Further details about the activities of the Board, Committees and staff are contained in the Accountability Report sections.

### How we are structured

The Senior Leadership Team comprises the Chief Executive along with the Head of Tax, Head of Corporate Functions and Head of Legal Services all of whom report directly to the Chief Executive. The diagram below shows the teams that sit within the remit of each area.

# Performance Report 2020-21

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# Performance Report 2020-21

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### How we are funded

Revenue Scotland is part of the Scottish Administration and has its own budget set out in the annual Budget Act. Where additional funding for major programmes is required, proposals for funding are developed in line with the guidance on business cases in HM Treasury's 'The Green Book: appraisal and evaluation in central government'.

Revenue Scotland is responsible for managing its budget for each financial year to deliver its Statutory functions. Revenue Scotland has authority to incur expenditure on individual items but this is subject to the limits imposed by the budget allocated by the Scottish Parliament and guidance from Scottish Ministers.

### Revenue Scotland's Purpose and Vision

Revenue Scotland's Corporate Plan 2018-21 sets out the Purpose, Vision and Strategic Objectives of the organisation for this period.

#### Revenue Scotland's purpose is:

"To efficiently and effectively collect and manage the devolved taxes which fund public services for the benefit of the people of Scotland."

#### Revenue Scotland's vision is:

"To be a recognised leader in the delivery of tax administration, and as experts in our field; adaptable to change, resilient to challenges and far reaching in our engagement."

# Performance Report 2020-21

## Overview

### 2018-21 Strategic Objectives

#### 1. Excelling in Delivery



Establish ourselves as experts in what we do: collecting and managing the devolved taxes through an accessible, convenient and taxpayer-focused service.

#### 2. Investing in our People



Develop and support a highly skilled and engaged workforce, upholding the standards of professionalism and integrity.

#### 3. Reaching Out



Build on our reputation as an accessible, collaborative and transparent public body, keen to learn from others and share our experiences and expertise.

#### 4. Looking Ahead



Plan and deliver change and improvements to our systems and processes flexibly and on time.

### How we deliver our purpose and measure our success

Revenue Scotland delivers its purpose through the strategic objectives in the Corporate Plan. Performance is measured against the strategic objectives through the use of key performance indicators as set out in the Corporate Plan, and against the delivery of milestones relating to the objectives of the Key Projects. The business plan sets out projects and other cross cutting pieces of work which help us deliver the strategic objectives in the Corporate Plan, and it also informs team plans and personal work objectives. This structure provides a clear 'line of sight' between the work objectives of each staff member and the strategic objectives set out in the Corporate Plan.

A structured approach to performance management supports how we monitor and record progress across the organisation. Monthly reports are produced for the Senior Leadership Team that capture the collective contributions made to our performance, and a quarterly report is produced for the Board. The performance reports are also considered alongside regular assessment of our operational performance, key performance indicators, financial position, analysis of risk and consideration of our capacity. These all contribute to the performance record and form the basis of our analysis of performance that follows.

# Performance Report 2020-21

## Overview

### National Performance Framework

Scotland's National Performance Framework (NPF) was launched in 2007, put into law in 2015, and last refreshed in 2018. The NPF sets an overall purpose and vision for Scotland. It highlights the broad National Outcomes that support the purpose and provides measures on how well Scotland is progressing towards the National Outcomes. The following table shows which Revenue Scotland Strategic Objectives are relevant to various National Outcome.

National Outcomes	Excelling in Delivery	Investing in our People	Reaching Out	Looking Ahead
We grow up loved, safe and respected so that we realise our full potential	✓			
We live in communities that are inclusive, empowered, resilient and safe	✓		✓	
We are creative and our vibrant and diverse cultures and expressed and enjoyed widely	✓	✓		
We have a globally competitive, entrepreneurial, inclusive and sustainable economy	✓		✓	✓
We are well educated, skilled and able to contribute to society	✓	✓		
We value, enjoy, protect and enhance our environment	✓		✓	
We have thriving and innovative businesses, with quality jobs and fair work for everyone	✓	✓		
We are healthy and active	✓	✓		
We respect, protect and fulfil human rights and live free from discrimination	✓	✓		✓
We are open, connected and make a positive contribution internationally			✓	✓
We tackle poverty by sharing opportunities, wealth and power more equally	✓	✓		

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Our commitments in the Corporate Plan 2018-21 to the efficient and effective collection of tax, encouraging a culture of responsible tax paying and ensuring compliance with the wholly devolved tax regimes, ensures the availability of revenue to support the delivery of public services in Scotland and across all of the National Outcomes. In addition, Revenue Scotland contributes directly and indirectly to the National Outcomes through investment in staff, commitment to equality, diversity and human rights, through working in collaboration with stakeholders and taxpayers and acting in an open, transparent and accountable manner.

### Key Issues and Risks

There have been a number of issues faced by Revenue Scotland in 2020-21. The Revenue Scotland Board has been kept informed throughout and has scrutinised and monitored progress in managing these risks and issues.

#### **Responding to the coronavirus pandemic to ensure continuity of business**

The biggest challenge of 2020-21 was the need from March 2020 to respond proactively to the coronavirus pandemic in order to maintain the successful delivery of our services to taxpayers and their agents. Revenue Scotland rapidly transitioned to a remote working model at this time, where the majority of staff successfully worked from home to deliver those functions that could be performed well in a remote environment.

A small staff presence was required for a period at a fixed location in order to support the continued delivery of key functions, such as the banking of cheques, mail management, IT support and customer calls. The need for a physical presence to support key functions was regularly reviewed by the Business Continuity Group (BCG) and reduced over time, until January 2021 when staff attendance was no longer required.

Although decision making had to be largely reactive and responsive due to the exceptional circumstances in which we were operating, Revenue Scotland was guided by the following principles which provided a strategic focus and which underpinned the way in which we conducted our business:

- ▲ Staff health and wellbeing
- ▲ Continuing to fulfil statutory functions
- ▲ Maintaining excellent customer service.

To support taxpayers and their agents during the lockdown period, and to ensure the continued delivery of our statutory services, a number of key operational decisions were taken. In summary, these were:

- ▲ Making the Scottish Electronic Tax System (SETS) available to staff working remotely;
- ▲ Rollout of softphone call handling to enable remote working (including introduction of inbound/outbound call recording);

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- ▲ Removing the facility to make tax returns on paper and cheque payments to Revenue Scotland in favour of digital tax returns and electronic payments following an equality impact assessment;
- ▲ Suspension of penalties and debt pursuit during the period of the COVID-19 pandemic. These decisions were approved by the Board and noted by Scottish Ministers. The case was also made for penalties and debt to be handled particularly sensitively during this time;
- ▲ Delivering employee induction and critical learning and development programmes virtually; and
- ▲ Decisions regarding the need for the use of an office facility on a part time basis for a period during 2020.

The Chief Executive commissioned Scottish Government Directorate of Internal Audit and Assurance to evaluate our response to the COVID-19 pandemic in 2020 and capture the learning from the experience. The Internal Audit team, provided by Scottish Government's Directorate of Internal Audit and Assurance (DIAA), were supported by EY in delivering this work. Key findings delivered by the DIAA included:

- ▲ *Business Continuity decision making:* Decisions made by the Business Continuity Group were timely, focussed and supported by cross-organisational working.
- ▲ *Staff engagement and health, safety and wellbeing:* Revenue Scotland actively engaged with staff to understand and improve their remote working experience – for example, the feedback from the June 2020 Pulse survey fed into the development

of the Scottish Tax Education Programme (STEP). The organisation continues to consider the feedback from these exercises and action that should be taken as a result.

- ▲ *Scottish Tax Education Programme (STEP) re-design:* Revenue Scotland has re-designed and rolled out, at pace, the STEP for delivery online, including retraining designated Training Champions. The evaluation exercise demonstrated that the programme is being delivered successfully and key deliverables have been met.
- ▲ *Virtual learning and development:* Revenue Scotland has developed multiple training courses and procedures in order to support staff working remotely. This included a loneliness and isolation session in November 2020, further demonstrating its commitment to staff wellbeing.
- ▲ *Risk awareness:* Specific consideration was given to the risks posed by the pandemic – for example, a dedicated COVID-19 risk register was developed, and appropriate risk assessments were undertaken in order to ensure that staff required to work at St Andrew's House had adequate space for physical distancing and safe working.
- ▲ *Data security/privacy considerations:* Sufficient privacy analysis and risk assessments were conducted to understand the potential risk exposure when deploying the Rostrvm softphone system, with consideration given to whether personal identifiable information and critical tax information may be overheard by both individuals and smart devices. Access to the system was restricted for individuals who could not adhere to the required privacy controls.

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- ▲ *Security considerations in roll out of remote access to SETS:* As part of the SETS remote working roll out, effective security considerations were identified, with appropriate risk assessments documented.

The DIAA, whilst making some recommendations, provided an overall substantial assurance opinion, which means that 'risk, governance and control procedures are effective in supporting the delivery of any related objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is negligible'.

Revenue Scotland successfully moved to working remotely throughout the year as soon as a national "lockdown" was initiated towards the end of March 2020 with no interruption to taxpayers' ability to submit tax returns and payments. In what has been a difficult and challenging year for everyone, to the credit of Revenue Scotland staff, the key performance indicators set out in this report demonstrate that our high performance levels have been maintained throughout the year.

### Delivering Legislative Change

Revenue Scotland has operationally delivered a number of legislative changes made by the Scottish Parliament during 2020-21.

#### ***i. Temporary changes to the LBTT nil rate band***

As part of its response to the coronavirus pandemic, the Scottish Government brought forward the Land and Buildings Transaction Tax (Tax Rates and Tax Bands) (Scotland) Amendment (No.2) (Coronavirus) Order 2020 in the summer of 2020.

This increased the Land and Buildings Transaction Tax nil rate band for residential property transactions from £145,000 to £250,000. The new nil rate band applied to transactions with an effective date between 15 July 2020 and 31 March 2021.

A graph illustrating the impact of this change on residential returns submitted weekly is included within the Tax Revenue section on page 31.

#### ***ii. Eligibility for claiming a repayment of Additional Dwelling Supplement - extension of the period for disposing of a previous main residence***

The Scottish Parliament also passed the Coronavirus (Scotland) (No.2) Act 2020 which made provision for a further measure to support homeowners through the period of the pandemic by extending the period in which some buyers can dispose of a previous main residence and still be eligible for a repayment of the Additional Dwelling Supplement (ADS) by 18 months to 36 months. This resulted in some buyers having 36 months rather than 18 months to dispose of their previous main residence and still be eligible to claim a repayment of ADS.

This measure applies to those buyers who purchased a new main residence prior to 25 March 2020, with an effective date for the purchase of between 24 September 2018 and 24 March 2020. Such buyers have paid ADS and had not disposed of their previous main residence, but were still within the 18 month time limit to dispose of the previous main residence as at 25 March 2020.

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### *iii. Increase in tax rates for Scottish Landfill Tax*

The Scottish Budget 2021-2022 confirmed an increase in the rates of Scottish Landfill Tax from 1 April 2021 as follows:

Rate/Year	2020-21	2021-22
Standard rate	£94.35 per tonne	£96.70 per tonne
Lower rate	£3.00 per tonne	£3.10 per tonne

All of these legislative changes were delivered by Revenue Scotland successfully and on time.

### Litigation

In 2020-21, the progress of litigation cases was significantly affected by the COVID-19 pandemic and the national lockdown periods. Following a brief initial pause, Tribunal and court arrangements were quickly in place to enable electronic lodging of documents, and procedural and full hearings of cases to take place virtually.

Four virtual Tribunal hearings took place over the reporting year, covering aspects of both of the devolved taxes. Revenue Scotland has had limited print and post facilities and therefore the co-operation of our partners, Tribunal staff, taxpayers and their representatives was an important component in enabling dispute resolution through litigation to continue throughout the year and is greatly appreciated. Revenue Scotland is keen to assess and retain any benefits realised from this alternative means of litigating. Further information about the number of cases appealed to the Tax Tribunals is given in the Appeals section on page 36.

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### Cyber-security

Cyber-security continues to be a high priority for Revenue Scotland, as the related risks develop continuously. Revenue Scotland fully complies with the Scottish Government Cyber Essentials Plus framework to maintain continued accreditation.

To support the collection and management of Scottish Landfill Tax, Revenue Scotland works closely alongside a dedicated team within the Scottish Environment Protection Agency (SEPA) and has delegated a number of functions to SEPA. On 24 December 2020, SEPA was the subject of a cyber-attack.

Revenue Scotland, in response, formally requested assurance around any impact and/or loss of shared data and data belonging to Revenue Scotland. It was confirmed that some Revenue Scotland data had been lost during the attack, but the assessments indicated that the risks associated with this loss were low. Data relating to the Scottish Landfill Communities Fund (SLCF) was lost as a result of the attack but this did not affect the operation of the fund and the data is being regathered.

Following a detailed systems check and information security risk assessment, assurance was provided that none of Revenue Scotland's systems were affected by this attack. Nonetheless, Revenue Scotland set up an Incident Management Team to manage our response to the cyber-attack and to help and support colleagues from SEPA through the process of recovery. SEPA colleagues who support the Scottish Landfill Tax function are now online and the SLfT function is operational in full once again.

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### Performance Summary

This section gives an overview of Revenue Scotland's performance in 2020-21 against the delivery priorities articulated through the Corporate Plan 2018-21.

### Key Projects

Revenue Scotland's Business Plan includes 14 Key Projects for 2020-21, which represent a large investment and/or which are of strategic importance to the organisation and contribute to the delivery of the Corporate Plan. At the end of 2020-21, most projects were either complete or delivering well.

Project and scope	Progress	Status
<b>1. Legislative Change</b> Projects to deliver tax policy legislation passed by the Scottish Parliament in 2020-21.	Projects delivered successfully and on time for: <ol style="list-style-type: none"> <li>i. Temporary changes to the LBTT nil rate band for residential transactions</li> <li>ii. Amendment to the period for claiming a repayment of ADS</li> <li>iii. Increases to SLfT rates.</li> </ol>	Complete
<b>2. Continuous improvement project</b> To manage and deliver enhancements to the SETS system for collecting and managing the devolved taxes.	Since the introduction of the new SETS system in July 2019, working with our supplier, the IT team has successfully delivered 4 continuous improvement 'drops' to enhance the functionality of the system.	Complete
<b>3. Revenue Scotland Intranet - 'Revnet'</b> A project to replace the existing systems used for collaboration and file sharing.	The intranet was launched in May 2020 and further work has been done to populate the site and add functionality.	Complete

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## Overview

Project and scope	Progress	Status
<p><b>4. Redeveloping the Revenue Scotland website</b> Procure, design and deliver an improved website for Revenue Scotland by March 2021.</p>	<p>The new Revenue Scotland website launched in early April 2021 (to avoid clashing with legislative changes). Working with our website supplier, the website now sits on new technology, with new content and a new design.</p>	Complete
<p><b>5. Rollout of MS Teams to Revenue Scotland staff</b> MS Teams made available to RS staff to better facilitate remote working.</p>	<p>Working with Scottish Government colleagues, the IT and People Services Teams successfully made MS Teams available to all Revenue Scotland staff, with appropriate guidance and training to facilitate collaborative working in the remote working environment.</p>	Complete
<p><b>6. STEP - Design and Development</b> A programme to design and deliver modules of the Scottish Tax Education Programme for Revenue Scotland staff.</p>	<p>All modules planned for 2020-21 were successfully delivered and adapted for delivery in remote working environment.</p>	Complete
<p><b>7. Third party printing project</b> To specify, procure and deliver printing facilities from a third party to enable remote working/support a new operating model.</p>	<p>Third party printing facilities have been specified and procured. Subject to the accreditation of the print driver, this project will complete in 2021-22, with printing facilities available to all RS staff.</p>	Ongoing
<p><b>8. Penalties and Debt Resumption</b> To implement Board decisions about penalties and debt handling during the COVID-19 period and for penalties incurred previously.</p>	<p>The issuing of penalty notices and the pursuit of debt have resumed on a limited basis. This project is dependent on the completion of the third party printing project (project 7 above).</p>	Ongoing

# Performance Report 2020-21

## Overview

Project and scope	Progress	Status
<p><b>9. Three yearly lease returns improvement project</b></p> <p>To review the cause of the low rate of submitted returns for three yearly returns to review the tax position of non-residential leases, and to identify further mitigating actions to improve the return rate and the quality of the data received.</p>	Review completed. Further work to be conducted in 2021-22 to deliver improvements.	Ongoing
<p><b>10. Delivery of Performance Management Quality Assurance (PMQA) module</b></p> <p>To specify, pilot and deliver the functionality of the PMQA module in the SETS system.</p>	Specification and pilot complete. Further work and delivery of the module to be considered in 2021-22.	Ongoing
<p><b>11. Development of Standard Operating Procedures</b></p> <p>To review procedures in the light of changes to the operational environment arising from the impact of the COVID-19 pandemic.</p>	Review on track to complete in 2021-22.	Ongoing
<p><b>12. Call Management System</b></p> <p>A project to gather requirements and plan for a subsequent procurement exercise.</p>	The requirements gathering exercise is complete. Procurement of a support contract will take place in 2021-22.	Complete
<p><b>13. Equality Outcomes and Mainstreaming Report</b></p> <p>Ongoing work to deliver Equality Outcomes for 2020-24.</p>	The new outcomes and action plan remain on track to be delivered as set out in the Equalities Action Plan. Considerable work has been undertaken to better understand and apply the Fairer Scotland Duty and equalities duties to our work.	Ongoing
<p><b>14. Tax Issues Resolution Project</b></p> <p>A project to resolve a small number of returns/cases impacted by technical issues.</p>	This carry forward project involved teams from across the tax and finance functions and completed during 2020-21.	Complete

**Key:** Blue: Complete;

Green: On-going in 2021-22 and within project plan parameters.

# Performance Report 2020-21

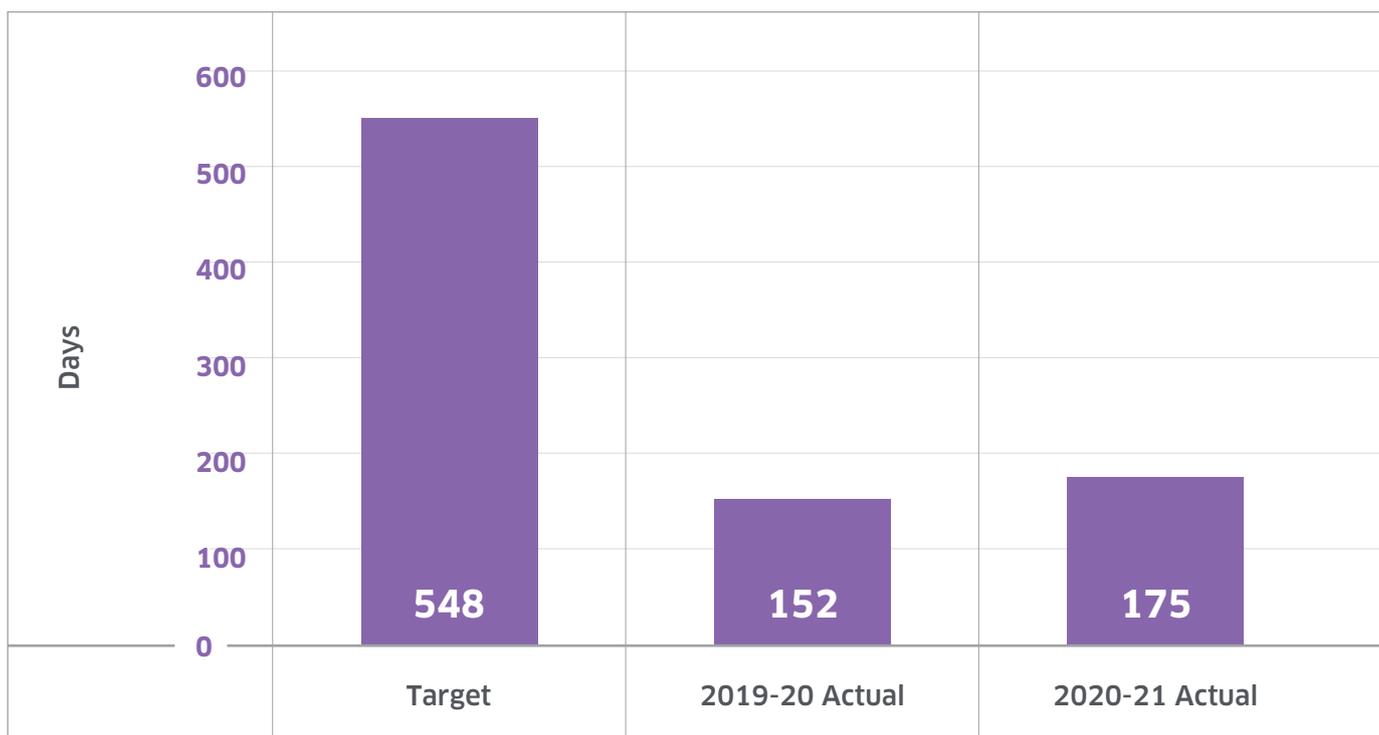
## Overview

### Key Performance Indicators Overview

The Corporate Plan 2018-21 includes 11 Key Performance Indicators (KPIs) which demonstrate Revenue Scotland's performance against the Plan. Full details relating to each KPI can be found in the Performance Analysis and page numbers are given in the table.

The KPIs demonstrate our operational performance in the midst of the challenges associated with the transition to remote working. In 2020-21, five out of 11 KPIs were exceeded and some were exceeded by a significant amount (see graphics provided below on KPI 4 and KPI 8).

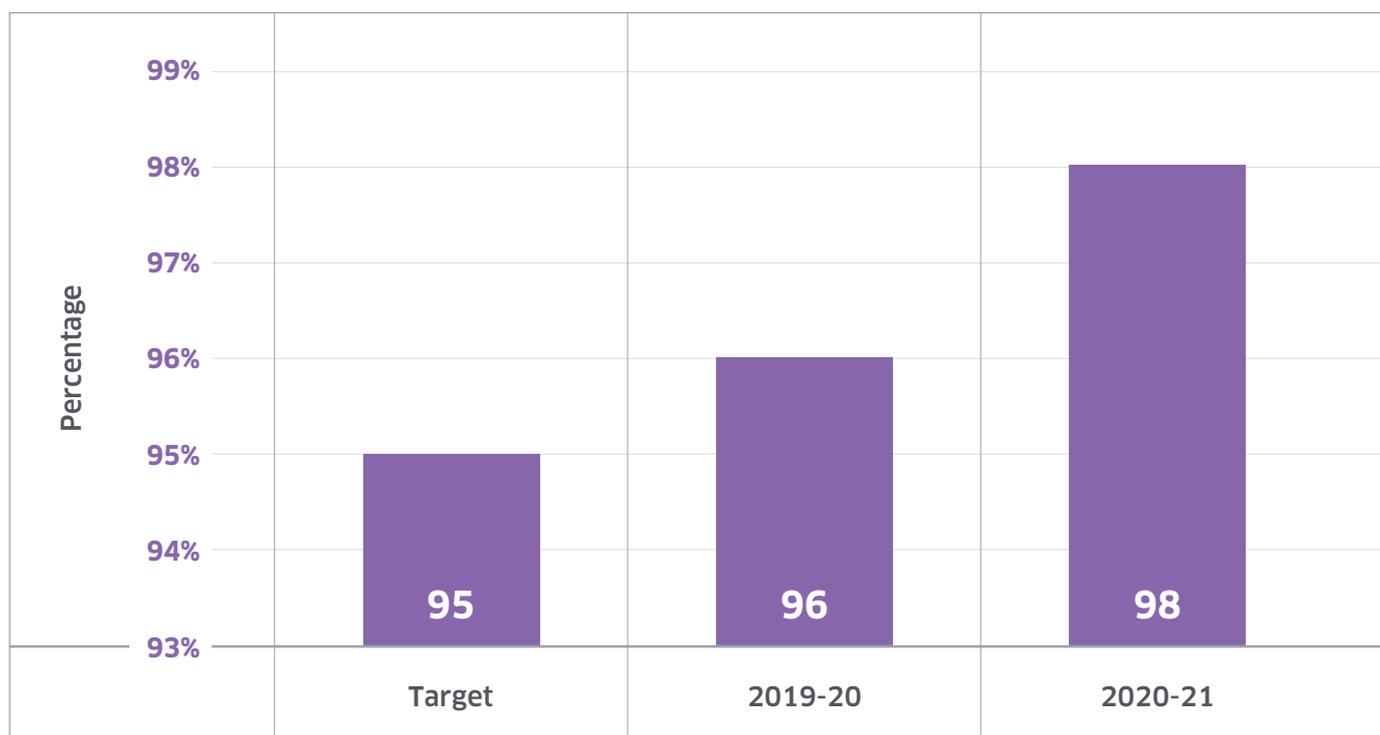
KPI 4: Average length of enquiries



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KPI 8: Proportion of taxpayer or agent-initiated correspondence responded to within 10 working days (excluding opinions)



This represents an improvement on the figure of 96% last year.

KPI 9 (proportion of opinions responded to within 25 days) showed an improvement on the previous year with all opinion requests answered on time. These improvements represent sustained focus on improving processes.

KPI 3: Tax secured through compliance activity, which is discussed in more detail on page 33, saw revenue increased compared to 2019-20 but less than the baseline figure from 2017-18. Significant year-to-year variability in this KPI is expected, hence the additional revenue is compared to the baseline rather than setting a formal target.

Of the three KPIs that were not achieved, the 99% figure for KPI 5, relating to reviews, was very close to the 100% target, with only one review out of 128 concluded slightly late.

# Performance Report 2020-21

## Overview

KPI 7, which relates to the employee engagement index, saw an improvement against last year's index figure but the KPI target to be in the top 25% of civil service organisations was not achieved. The Engagement Index increased to 57%, but remains below the Civil Service benchmark (66%) which does not meet our KPI. However a larger increase was seen in the average theme scores (to 71%) across the People Survey which now slightly exceeds the Civil Service benchmark (70%). Subsequent staff engagement identified a number of issues. An action plan was co-produced with staff and is being implemented.

KPI 11, the administrative cost of tax was above the benchmark figure and increased on previous years. While Revenue Scotland costs remained broadly similar to the previous year, the amount of tax collected in 2020-21 was down due to the impact of the COVID-19 pandemic on the property market, particularly in the first quarter of the year.

No.	Indicator	Target/ Indicator	2019-20	2020-21	Status	More info
1	Average waiting time for all calls made to the support desk	<10 seconds	4.5 seconds	7 seconds	Achieved	p. 32
2	Proportion of all tax returns that receive no Revenue Scotland intervention	Comparison to 2017-18 baseline (98.7%)	99.5%	99.6%	Achieved	p. 32
3	Tax secured through Revenue Scotland's compliance activity	2017-18 baseline (£2.4m)	£862,403	£963,390	*Achieved	p. 34
4	Average length of enquiries	18 months (548 days)	152 days	175 days	Achieved	p. 34
5	% of reviews concluded within statutory timescales (75 days)	100%	99% (498/504 cases)	99% (127/128 cases)	Not achieved	p. 36
6	% appealable Revenue Scotland decisions which are upheld to conclusion	50%	62% (319/517 cases)	60% (79/132 cases)	Achieved	p. 36

# Performance Report 2020-21

## Overview

No.	Indicator	Target/ Indicator	2019-20	2020-21	Status	More info
7	Employee engagement index (EI) to be in the top 25% of all civil service organisations	Top 25% of organisations	99th of 106 orgs EI = 54%	98th of 106 orgs EI = 57%	Not achieved	p. 38
8	Proportion of taxpayer or agent-initiated correspondence responded to within 10 working days (excluding opinions)	95%	96%	98.4%	Achieved	p. 33
9	Proportion of opinion requests responded to within 25 days	95%	81% (13/16)	100% (4/4)	Achieved	p. 33
10	% of level 2 complaints closed within target (20 days)	100%	No level 2 complaints	100% (1 complaint)	Achieved	p. 35
11	Administrative cost of tax received against OECD benchmark (Revenue Scotland annual resource costs less any programme costs divided by total tax & penalties reported)	0.73% (OECD UK Benchmark)	0.88%	0.998%	Not achieved	p. 43

\*KPI3 is compared to the results for the previous year but, due to expected year-to-year variability, a formal target is not set.

# Performance Report 2020-21

## Overview

### Financial Performance

#### Resource Accounts

The figures given below are the final budget (revenue and capital) after adjustment in the Spring Budget Review.

<b>Net Expenditure against Resource Budget</b>	<b>Actual Total £'000</b>	<b>Budget Total £'000</b>
Financial Year 2020-21 Expenditure	6,233	6,600
Financial Year 2019-20 Expenditure	7,067	7,024

<b>Expenditure against Capital Budget (Note 5 of Financial Statements)</b>	<b>Actual Total £'000</b>	<b>Budget Total £'000</b>
Financial Year 2020-21 Expenditure	349	400
Financial Year 2019-20 Expenditure	1,827	1,791

In 2020-21, revenue expenditure was £367,000 (5.6%) less than budget and capital expenditure was £51,000 (12.75%) less than budget. Savings occurred in many areas as a result of pandemic restrictions on office working. In particular:

- ▲ Scottish Government HR prioritised recruitment relating to COVID-19 positions with the result that there were delays in recruiting replacements for other positions;
- ▲ Tax Tribunal hearings were postponed resulting in delays in incurring legal costs;
- ▲ Staff and Board members did not travel during 2020-21;
- ▲ Staff working from home did not have access to printing facilities leading to a saving in stationery, photocopy and postage costs.

# Performance Report 2020-21

## Overview

During 2020-21 Revenue Scotland spent £230,000 on costs associated with our responses to the COVID-19 pandemic. These were:

	£'000
Staff Seconded to Scottish Government	136
Agency staff	45
Training	3
IT	13
Shared Services	23
Other	10
<b>TOTAL</b>	<b>230</b>

### Devolved Taxes

Revenue net of repayment, excluding interest payable and revenue losses	2020-21 Tax, penalties and interest receivable Total £'000	2020-21 Budget Act Estimates Total £'000	2019-20 Tax, penalties and interest receivable Total £'000
Land and Buildings Transaction Tax	517,354	641,000	597,368
Scottish Landfill Tax	106,528	116,000	118,959
Penalties and interest	138	0	735
<b>Total</b>	<b>624,020</b>	<b>757,000</b>	<b>717,062</b>

# Performance Report 2020-21

## Overview

The values in the above table are for tax returns and amendments submitted during 2020-21 and adjusted for the value of LBTT and SLfT returns received during April and May 2021 which relate to the period up to March 2021. The returns submitted during 2020-21 may include adjustments to returns originally submitted in previous financial years. However, unless these adjustments were received in April or May of the relevant financial period and therefore accrued into the financial statements of that year, these are accounted for in the year of receipt.

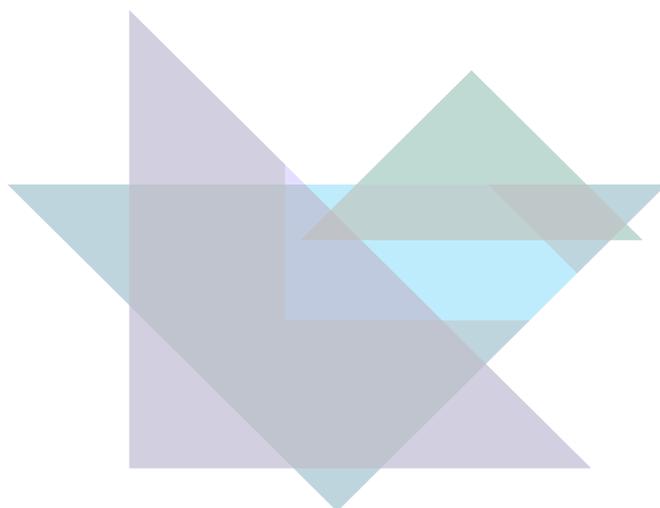
The LBTT revenue raised in 2020-21 is dependent on performance of both the residential and non-residential property markets within Scotland. The SLfT revenue raised in 2020-21 is dependent upon categories and tonnage of waste deposited in landfill sites within Scotland.

Independent forecasts of LBTT and SLfT revenue are published by the Scottish Fiscal Commission, which publishes forecast evaluation [reports](#) comparing outturn figures to Budget Act estimates, detailing the reasons for any differences observed.

Both taxes were affected by the restrictions imposed during the pandemic as the housing market was effectively closed during the early part of the year and landfill waste was reduced. The housing market recovered in the latter part of 2020-21 although declared tax was reduced due to the temporary introduction of a higher nil-rate band.

A summary of the tax revenue and our resource spend over the period 2015-2021 is shown on page 106 and this forms part of our performance report.

Further information on the collection of the devolved taxes is given in the *Annual Report and Accounts for the Devolved Taxes for 2020-21* which is published separately.



# Performance Report 2020-21

## Performance Analysis

### Performance against the Revenue Scotland Corporate Plan 2018-21

The Corporate Plan 2018-21 sets out how Revenue Scotland will carry out its functions under the Revenue Scotland and Tax Powers Act 2014 (RSTPA). The Corporate Plan identifies four strategic themes and 18 underlying objectives. In addition, the Plan sets out 11 Key Performance Indicators (KPIs) which measure the success of the organisation in delivering against these objectives. Our performance against each of the strategic objectives is considered in the analysis below; including discussion of our performance against the KPIs. A summary of the KPI results can also be found in the performance summary on p.24.

## 1. Excelling in Delivery



We seek to establish ourselves as experts in what we do: collecting and managing the devolved taxes through an accessible, convenient and taxpayer-focused service.

In order to achieve this we have four underlying objectives:

- ▲ Provide an efficient and reliable service to contribute to the smooth completion of transactions.
- ▲ Be firm and consistent in applying the devolved taxes legislation to collect the right amount of tax.
- ▲ Introduce improvements to our systems and processes that are informed by user experience.
- ▲ Continue to invest in our relationships with taxpayers and their agents.

These four objectives inform all the work of the organisation in the collection and management of tax and we consider our performance against these. In addition KPIs 1-6 and 8-10 are used to measure performance in this area.

# Performance Report 2020-21

## Performance Analysis

### Tax Revenue

During 2020-21, the total revenue from tax was:

	2020-21 (£'000)	2019-20 (£'000)
LBTT	517,354	597,368
SLfT	106,528	118,959
Penalties and Interest	138	735
<b>Total Tax</b>	<b>624,020</b>	<b>717,062</b>

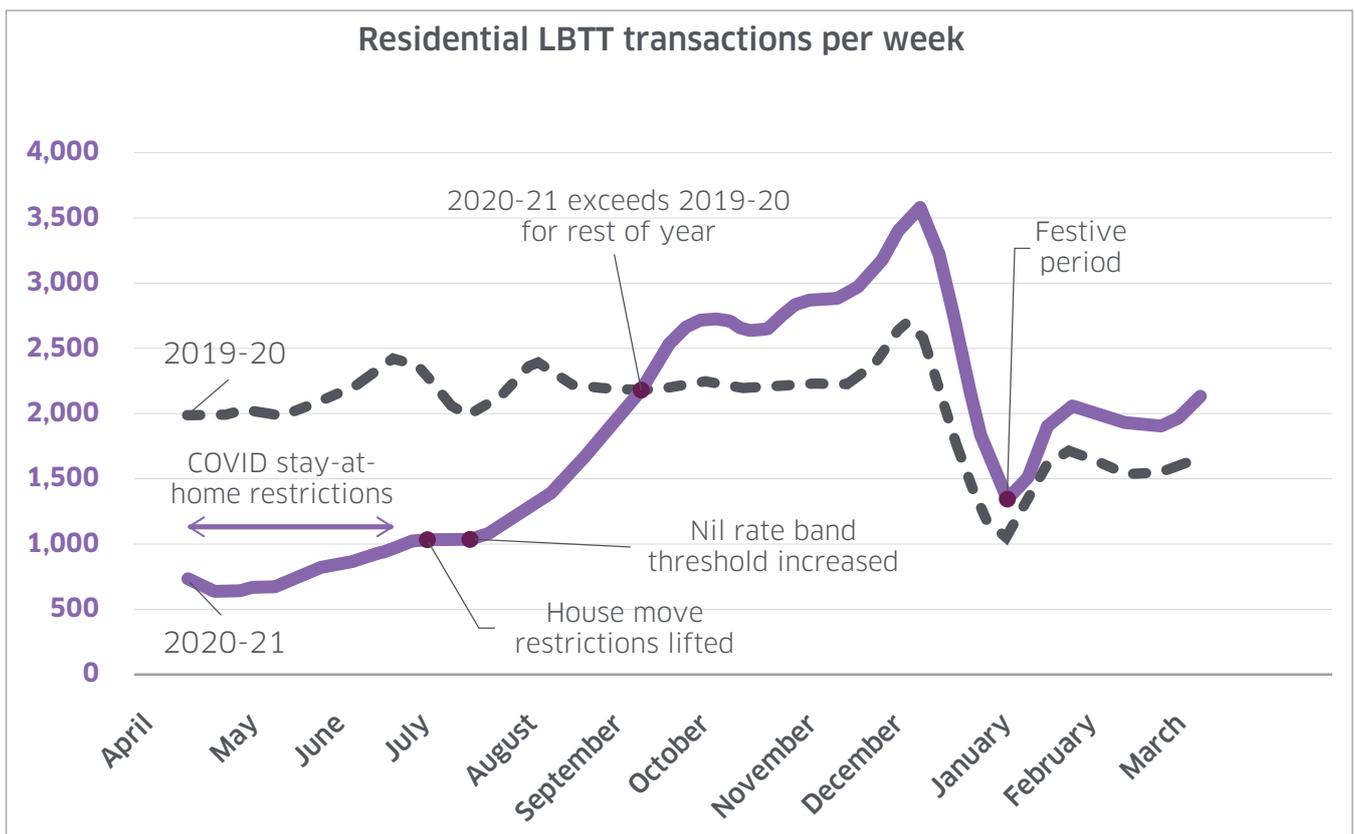
A reduction in waste disposed to landfill in the first quarter of the year due to the impact of the COVID-19 pandemic was highlighted in Scottish Fiscal Commission's 2020-21 Forecast Evaluation Report.

The Scottish Fiscal Commission report also highlighted COVID-19 related LBTT policy changes (e.g. the temporary increase in the residential LBTT nil rate band threshold) and the reduced demand for non-residential property because of the pandemic, as significant factors reducing LBTT revenue.

# Performance Report 2020-21

## Performance Analysis

The impact of COVID-19 on residential LBTT transactions is illustrated in the following chart which provides a timeline of the number of residential LBTT returns received each week during 2020-21 and compares them to the previous year. During COVID-19 stay-at-home restrictions, the number of residential transactions dropped to around a third of the previous level, but increased strongly once house move restrictions were lifted and the nil rate band threshold was increased. By mid-September, the number of residential transactions in 2020-21 was exceeding the level observed in 2019-20 and this continued for the rest of the financial year, including a strong peak before Christmas followed by the typical seasonal dip during the festive period and into January/February.



# Performance Report 2020-21

## Performance Analysis

### Guidance, advice and support

Revenue Scotland seeks to provide an efficient and reliable service to assist the smooth completion of transactions, with guidance and support to help taxpayers pay the right tax (including a tax calculator); and seeks to be clear about the consequences of non-compliance such as penalties. We aim to respond promptly to enquiries and requests for tax opinions.

Our guidance is regularly updated and improved. In 2020-21, this included updates to reflect the increase in the LBTT nil rate band for residential property transactions set out in the Land and Buildings Transaction Tax (Tax Rates and Tax Bands) (Scotland) Amendment (No.2) (Coronavirus) Order 2020. We also published guidance for the Coronavirus (Scotland) (No.2) Act 2020 which made provision for a further measure to support homeowners through the period of the pandemic by extending the period in which some buyers can dispose of a previous main residence and still be eligible for a repayment of the Additional Dwelling Supplement by 18 months to 36 months.

Revenue Scotland also analyses taxpayer feedback and behaviour to identify areas where guidance could be improved in order to provide better support. This work supports compliance activity, identifying common situations where returns have been filed incorrectly and improving guidance to enable returns to be correct first time, avoiding additional administration costs and penalties. In response to feedback from

taxpayers and their agents, in 2020-21, a number of pieces of our LBTT and SLfT guidance were amended, most notably sections of LBTT guidance for First Time Buyers and the guidance to explain the circumstances where taxpayers may apply to defer a payment of tax. We will continue to enhance the quality of our guidance where we can to help taxpayers to understand and comply with their tax obligations.

### Effectiveness of support and guidance

*KPI 2: Proportion of all tax returns that receive no Revenue Scotland intervention,<sup>1</sup>* gives an indication of the efficiency and effectiveness of Revenue Scotland's procedures, guidance and support. The vast majority of returns are submitted electronically and require no intervention from Revenue Scotland. A high proportion of tax returns being accepted as right first time indicates that taxpayers are clear about the amount of tax that they ought to pay, with a target rate corresponding to the 2017-18 baseline of 98.7%. The 2020-21 rate remained broadly consistent with last year, and again exceeded the target, with 99.6% of returns receiving no formal intervention.

### Prompt response to taxpayer calls and correspondence

*KPI 1: Average waiting time for all calls made to the support desk,* gives an indication of how promptly we respond to telephone queries, with a target average waiting time of less than 10 seconds. We continued to perform

<sup>1</sup> This is the percentage of all self-assessed tax returns that are accepted without any need for amendment, correction or enquiry.

# Performance Report 2020-21

## Performance Analysis

well within target this year, with a mean waiting time of 7 seconds. For most of the year, Support Desk staff were operating 'softphones' while working remotely.

*KPI 8: Proportion of taxpayer or agent-initiated correspondence responded to within 10 working days (excluding opinions),* indicates how promptly we are responding to queries. The target for this KPI is that 95% of taxpayer or agent initiated correspondence should be responded to within 10 working days, regardless of how they contacted us. In 2020-21 the target has been exceeded with 98.4% of correspondence replied to within 10 days. This is an improvement of 2% on last year.

### Prompt and high quality Opinions Service

Revenue Scotland offers an opinions service for complex tax queries where a taxpayer or their agent is uncertain about their tax liability for a specific transaction after consulting the legislation and guidance. The service aims to resolve genuine cases of difficulty or uncertainty, rather than providing a clearance service.

*KPI 9: Proportion of opinion requests responded to within 25 days* gives an indication of how promptly Revenue Scotland is responding to opinions, thereby quickly reducing areas of uncertainty for taxpayers. The target is that 95% of opinion requests should be fully concluded within 25 days. This year the target was exceeded with 100% of opinion requests (4 out of 4) responded to by Revenue Scotland within 25 days.

## Compliance activity

### Approach to Tax Compliance

Revenue Scotland has a duty to protect the revenue and ensure that the correct amount of tax is collected. We do this through encouraging a culture of responsible taxpaying, where individuals and businesses pay their taxes as the Scottish Parliament intended. We work to make it as easy as possible for taxpayers to understand and comply with their obligations and pay the right amount of tax, while at the same time working to detect and deter non-compliance.

Our approach to tax compliance, set out in our published Compliance Strategy,<sup>2</sup> has three key elements:

- ▲ Enabling – helping taxpayers comply with their tax obligations – including guidance, a user-friendly online system, support desk, tax opinions and stakeholder engagement.
- ▲ Assurance – helping taxpayers get to the right position – including checks applied to returns to ensure they are complete and accurate and highlighting any errors, landfill inspections, sharing of intelligence with other tax authorities, use of investigatory powers, statutory enquiries and assessments.
- ▲ Resolution – solving disputes, pursuing non-compliance and applying penalties where required.

<sup>2</sup> Revenue Scotland Compliance Strategy, 2019-2021, published 2019 – available at <https://revenue.scot/sites/default/files/Revenue%20Scotland%20Compliance%20Strategy%20-%202019-21.pdf>

# Performance Report 2020-21

## Performance Analysis

### Collaborative Working

Revenue Scotland works in collaboration, sharing information, intelligence and knowledge regularly with Her Majesty's Revenue and Customs (HMRC) and the Welsh Revenue Authority (WRA,) within the legal gateways in the RSTPA and through Information Sharing Agreements for the purpose of civil or criminal proceedings. We attend regular meetings with HMRC and the WRA to discuss matters of mutual interest regarding our taxes.

### Compliance Yield

KPI 3: Tax secured through Revenue Scotland's compliance activity measures additional revenue raised as a direct result of determinations, assessments, adjustments and penalties where non-compliance has been identified.

The total compliance yield generated from these activities is:

	2020-21 (£'000)	2019-20 (£'000)
Tax	870	480
Penalties and Interest	90	380
<b>Total</b>	<b>960</b>	<b>860</b>

The revenue secured through compliance activity has been slightly higher in 2020-21 than in the previous year, whereas the amount of penalties and interest is lower as a consequence of the decision to temporarily suspend issuing penalties during the year as part of our response to the COVID-19 pandemic. These figures do not reflect upstream compliance activity designed to ensure for example that the systems and guidance assist taxpayers to comply with their obligations.

### Enquiries

Revenue Scotland has a statutory power to enquire into anything contained or required to be contained in a tax return. Formal notices are issued to the taxpayer on the opening and closing of an enquiry. There is a statutory timescale for completing enquiries of three years (1,095 days) from the date the return in question was required to be filed (or if filed late, was actually filed).

*KPI 4: Average length of enquiries* gives an indication of the standard of service to taxpayers. The target for the year was 548 days (18 months). This target is broadly half the statutory timescale, which reflects the commitment to concluding enquiries in a timely manner, providing minimal uncertainty for the taxpayer. In 2020-21, the average length of enquiries for the year was 175 days, which is well within target and similar to the result for the previous year (152 days). The enquiries undertaken involve differing levels of complexity. The positive figures reflect sustained management focus on enquiry work and relate to 16 enquiries closed during the year.

# Performance Report 2020-21

## Performance Analysis

### Managing disputes

There are three main routes for taxpayers, agents and other members of the public who wish to dispute an action or decision by Revenue Scotland or on our behalf by our partner organisations.

### Complaints

Complaints are expressions of dissatisfaction about the organisation's action or lack of action, or about the standard of service provided by Revenue Scotland or on our behalf. They are distinct from tax disputes. Where complaints are received we seek to learn from these to improve our operational procedures and processes.

Revenue Scotland's complaints handling procedure seeks to resolve taxpayer dissatisfaction as close as possible to the point of service delivery and to conduct thorough and impartial investigations of complaints so that evidence-based decisions can be made on the facts of the case. The complaints handling process complies with the Scottish Public Services Ombudsman's (SPSO) guidance. This allows for two opportunities to resolve complaints internally: stage 1 – frontline resolution; and stage 2 – investigation.

*KPI 10: percentage of complaints closed within 20 working days*, measures whether or not Revenue Scotland is promptly responding to complaints and the target is for 100% to be closed within the 20 day period. There was one stage 2 complaint received this financial year, which suggests that our customers have broadly been satisfied with the services provided, and this complaint was closed within the target of 20 working days.

### Tax Disputes – Reviews and Appeals

Revenue Scotland aims to minimise tax disputes by providing clear information and guidance to taxpayers and having robust decision making processes in place. In the event of a dispute a taxpayer may request an internal review of a decision, request – or agree to – mediation, or appeal a decision to the Scottish Tribunals. The RSTPA sets out the decisions which are reviewable and appealable. An appeal may be made regardless of whether or not a review has been sought or mediation entered into.

The Tax Chamber of the First-tier Tribunal for Scotland (FTTS) decides appeals against Revenue Scotland decisions, and the Upper Tribunal (UT) decides appeals on a point of law from decisions of the FTTS.

# Performance Report 2020-21

## Performance Analysis

*KPI 6: Percentage of appealable Revenue Scotland decisions which are upheld to conclusion* relates to tax disputes, and includes reviews and appeals to tribunals. The target for this KPI is that at least 50% are upheld and in 2020-21, 60% of decisions were upheld compared with 62% last year. The majority, 128 of the 132 cases (97%) were reviews, with a small number of cases concluded by the Tax Chamber of the First-tier Tribunal for Scotland. A large percentage of reviews arise from the imposition of late filing and late payment penalties. The penalty cases that are cancelled, or varied on review generally reflect cases where we are subsequently presented with evidence of reasonable excuse or special circumstances.

### Reviews

Taxpayers and their agents have the right to request that Revenue Scotland reviews any decision that affects whether a person is liable to pay tax, the amount of tax due, the date the tax is due and payable and the imposition of a penalty or interest. Reviews must be concluded within the statutory timescale of 75 days.

*KPI 5: Percentage of reviews concluded within statutory timescales (75 days)* gives an indication of whether or not Revenue Scotland are providing an efficient and reliable service. The target for this KPI is that 100% of reviews are concluded within the statutory timescale; for 2020-21 we very narrowly missed this target with 99% (127/128) of cases concluded within the 75 day period.

### Appeals

During 2020-21 two appeals were initiated in the [Tax Chamber](#) of the First-tier Tribunal for Scotland. Movements in cases are shown below.

	2020-21	2019-20
<b>Number of cases at 1 April</b>	11	13
<b>New cases initiated</b>	2	24
<b>Cases settled/decided</b>	6	15
<b>Cases withdrawn</b>	2	11
<b>Number of cases at 31 March</b>	5	11

No cases progressed to the Upper Tribunal for Scotland in 2020-21. No decisions were issued by the Upper Tribunal in 2020-21.

Revenue Scotland did not receive any requests for mediation in 2020-21.

# Performance Report 2020-21

## Performance Analysis

## 2. Investing in our People



The second strategic objective in our Corporate Plan 2018-21, 'Investing in our People' reflects the high value the organisation places on the skills, capacity and engagement of the people in the organisation, and recognition of the need for investment to develop and support a highly skilled and engaged workforce, upholding the required standards of professionalism and integrity.

The delivery of this strategic objective is primarily measured by the organisation's performance against the five underlying objectives set out in the Corporate Plan and through KPI 7. The five underlying objectives are:

- ▲ Maintain and enhance a highly skilled workforce.
- ▲ Support staff to understand their contribution to the wider work of Revenue Scotland.
- ▲ Maintain a culture where staff feel their contribution is valued and that they have a future in the organisation.
- ▲ Encourage staff to identify with Revenue Scotland's strategic objectives and contribute actively to their achievement.
- ▲ Strengthen our leadership capacity.

Revenue Scotland's People Strategy reflects and underpins delivery of Strategic Objective 2. The People Strategy has five themes:

- ▲ **Leadership**
- ▲ **Our Jobs**
- ▲ **Workforce**
- ▲ **Culture;** and
- ▲ **Capability**

During 2020-21 the COVID-19 pandemic presented one of the biggest challenges faced by the organisation. Our staff have successfully adapted very quickly to change, including getting to grips with new technologies and different ways of working. With regards to staff, health and wellbeing during this unprecedented situation has been our top priority, while also maintaining performance across the organisation. A range of measures have been put in place to support this including:

- ▲ Training to support staff working remotely and using digital tools to facilitate contact and collaboration.
- ▲ Regular 'check-ins' between line managers and staff to discuss wellbeing and workload.
- ▲ Several individual risk and wellbeing assessments for remote working and provision of any additional equipment required.
- ▲ Significant staff engagement in the development of the 2021-24 People Strategy.

# Performance Report 2020-21

## Performance Analysis

Learning and development is a key part of the People Strategy. Revenue Scotland is committed to investing in our people and we recognise that a highly skilled workforce underpins and enables everything we do. The Scottish Tax Education Programme (STEP) project met its milestones with the design and delivery of the foundation modules, and subsequent specialist modules were designed and piloted. With the move to remote working, the modules were successfully adapted for remote delivery, making innovative use of interactive tools and techniques. This has been an outstanding achievement by the small group of staff and training champions who led this. 98% of staff reported their skills and knowledge had improved as a result of attending STEP and 92% reported their performance had improved.

There has also been a strong focus on line manager capability this year to promote collaboration and collective decision making through the formation of the line managers' group in 2019-20. In addition training has been provided to line managers in managing remote teams, handling sensitive conversations, digital etiquette and digital fatigue for managers. The health and wellbeing learning events throughout the year encouraged staff to lead on their own health and wellbeing.

A staff conference event was held virtually in January 2021 where the main focus was on engagement with the development of our future operating model, and new Corporate Plan and People Strategy for 2021-24. Employee voice is essential for staff engagement and creating the conditions for staff to connect with our organisational objectives and purpose. Connecting as one organisation has been essential to support remote working, this has been supported by weekly all-staff events chaired by the senior leadership team, coffee and chat sessions with the senior leadership team and fortnightly social chats.

*KPI 7: Employee engagement index* is included in the results of the Civil Service People Survey

In 2020 the employee engagement index for Revenue Scotland increased from the 2019 figure of 54% to 57%. This places RS 98th out of 106 Civil Service organisations compared to last year's position of 99th out of 106. This means that we did not meet our target to place within the top 25% of Civil Service organisations.

# Performance Report 2020-21

## Performance Analysis

The People Survey uses five questions measuring pride, advocacy, attachment, inspiration and motivation to calculate the Engagement Index. Further detailed questions are grouped under the themes of, 'My Work'; 'Organisational Objectives and Purpose'; 'My Manager'; 'My team'; 'Learning and Development'; 'Inclusion and Fair Treatment'; 'Resources and Workload'; 'Pay and Benefits' and 'Leadership and Managing Change'. Looking at the average of the scores for these themes, Revenue Scotland's average theme score (71%) slightly exceeded the Civil Service benchmark (70%).

In addition to staff engagement, we have a proxy stress index that measures conditions that contribute to stressful environments. This is based on the following Health and Safety Executive stress management standards and the people survey insights: demands; control over work; support; relationships; role in the organisation; and change. A score of 100% reflects a negative response to the questions. The 2020-21 results saw our score decrease from 33% to 27% which is a positive improvement and is 1% better than the overall Civil Service score of 28%.

Engagement with staff suggests that staff have confidence in the decisions made by their manager and their manager supports their health and wellbeing. There is a great sense of connection with team and manager, less so in the organisation, we score less than 50% in any of the engagement questions. The priority since March has been to build relationships and the resilience of our teams. We are now seeking to make this happen at organisational level and increase staff sense of pride in the organisation. Our people survey action plan supports the areas for continued development, with a focus on increased empowerment and working through a lens of theme not team to increase opportunities for creativity and innovation.

# Performance Report 2020-21

## Performance Analysis

### 3. Reaching Out



We aim to build on our reputation as an accessible, collaborative and transparent public body, keen to learn from others and share its experience and expertise.

The building of Revenue Scotland's reputation in these areas is measured by the organisation's performance against the five underlying objectives set out in the 'Reaching Out' section of the Corporate Plan 2018-21:

- ▲ Provide support to the Scottish Government and others on tax policy matters;
- ▲ Provide support to the Scottish Fiscal Commission in its tax forecasting role;
- ▲ Support current and emerging public bodies in Scotland and beyond;
- ▲ Continue to engage with the wide range of skills and experience that exists within the Scottish tax community;
- ▲ Keep up to date with innovative developments in tax administration in other countries.

Revenue Scotland meets regularly with the Scottish Government and Scottish Ministers, providing advice based on our operational experience to support the development of policy and legislation. Another of our core roles is to provide data and information about the performance of the devolved taxes to the Scottish Fiscal Commission (SFC), which is also publicly available, to support the independent forecast of Scottish tax revenue. The organisation also produces statistics on both devolved taxes which are published on the Revenue Scotland website.

We engage more widely with MSPs and give written and oral evidence where required to the Finance and Constitution Committee of the Scottish Parliament. Due to the global pandemic, and almost every organisation working remotely, opportunities for external engagement have been more limited this year, but activity in this area is expected to increase again with a range of virtual and hopefully, in-person engagements planned for the future.

# Performance Report 2020-21

## Performance Analysis

Revenue Scotland also engages regularly with other public bodies in Scotland, the rest of the UK and beyond, and this continued during 2020-21, engaging with HMRC and the Welsh Revenue Authority in particular on tax administration, and with other public bodies on a range of corporate issues. These include areas such as risk management, business planning and equalities and diversity.

We have engaged with stakeholders core to the two devolved taxes on a range of issues, with meetings taking place virtually in the absence of the opportunity to meet in person.

Staff attended a range of events to engage with organisations and individuals across Scotland's diverse tax, financial and legal sectors. For example in 2020-21 Revenue Scotland staff regularly attended virtual events run by the Women in Tax Network. We held an all-staff event with colleagues from the Welsh Revenue Authority who shared some of their experiences of collecting and managing the Welsh devolved taxes.

The British Isles and Northern Ireland Tax Authorities (BITA) Forum is attended by the Revenue Scotland, HMRC, Isle of Man Government, the Northern Ireland Executive, the States of Guernsey Taxes Office, the States of Jersey Taxes Office, and the Welsh Revenue Authority. The forum enables the sharing of knowledge, experience and opportunities. As a result of the global pandemic, the forum did not formally meet in 2020-21 but members kept in touch virtually to share learning and best practice in the light of each organisation's response to the COVID-19 pandemic. Formal meetings are planned to resume in 2021-22 if circumstances allow.

While the opportunity to hold events and undertake external engagement this year has been restricted due to the COVID-19 pandemic, we delivered a project to revise our website. This included moving the website to new technology, refreshing the look and feel of the site, improving the homepage, the ways in which the site and the tax calculators are navigated by users and ensuring that the site meets accessibility criteria. The refreshed website is now live.

# Performance Report 2020-21

## Performance Analysis

### Scottish Landfill Communities Fund (SLCF)

In 2015, Scotland started collecting Landfill Tax and established the Scottish Landfill Communities Fund (SLCF). This fund is to provide funding for community or environmental projects in recognition of the dis-amenity of landfill activity. Revenue Scotland is responsible for the appointment of the regulator. SEPA was appointed in 2015 and is the regulator of the SLCF.

Unfortunately, due to the SEPA cyber-attack the functioning and administration of the Fund has been impacted. A recovery plan is in place and working to restore all functions affected, but this has delayed the ability of SEPA to produce the annual report on the performance of the Fund.

The SLCF continues to function well. Approved Bodies continue to receive contributions, enrol projects and ensure that projects are delivered successfully.

This capability was not affected by the cyber attack on SEPA in December 2020.

The cumulative sum that has been paid into the fund stands at £47.2m. This reflects the value of qualifying contributions made to the fund this year of £5m. The amount of contributions has declined by almost £2.7m in two years. This decline is in line with the Scottish Fiscal Commission forecast from February 2020. This is a trend that is likely to continue, linked to a forecast reduction in landfilling in anticipation of the implementation of the ban on Biodegradable Municipal Waste to landfill in January 2025.

# Performance Report 2020-21

## Performance Analysis

### 4. Looking Ahead



The fourth strategic objective in the Revenue Scotland Corporate Plan 2018-21, 'Looking Ahead' aims to plan and deliver change and improvements to our systems and processes flexibly, on time and on budget.

The delivery of this strategic objective is primarily measured by the organisation's performance against the four underlying objectives set out in the Corporate Plan and through the KPIs. The underlying objectives are:

- ▲ Provide the organisation with flexibility and resilience by investing in staff skills and knowledge.
- ▲ Develop our systems and processes to meet our users' requirements and adapt quickly to change.
- ▲ Fostering a culture of continuous improvement to enable us to adapt and respond to the need for change.
- ▲ Put in place proportionate resources for the challenge ahead.

#### Optimising service delivery

##### Efficiency

*KPI 11: Administrative cost of tax received against OECD benchmark* is calculated as Revenue Scotland's annual resource costs less any programme costs divided by total tax and penalties reported.

This KPI measures the administrative cost of tax received<sup>3</sup> and operates to a target of 0.73% which is the most recent benchmark calculated by the OECD for taxes collected in the UK – the median of all OECD countries is 0.87%. Although Revenue Scotland's costs have remained broadly similar, this ratio has increased from 0.88% in 2019-20 to 0.998% in 2020-21 due to a fall in the amount of tax collected in the first half of the year. This reflected the impact on the devolved taxes of the onset of the COVID-19 global pandemic – for example, LBTT was strongly affected by restrictions on home moves in place from 31 March 2020 until 29 June 2020. Where typically around half of the tax revenue would be declared during the first half of the year, this dropped to around a third in the first half of 2020-21 and, although there was strong recovery in the second half of the year, the overall result for the year was a reduction in revenue and hence an increase in this KPI.

<sup>3</sup> This is the total running costs for all aspects of Revenue Scotland functioning as a percentage of the total money transferred into the Scottish Consolidated Fund plus the Scottish Landfill Communities Fund and not 'clawed back'.

# Performance Report 2020-21

## Performance Analysis

### Future Priorities

Over the course of the year we have established a strategic framework which sets out the strategies that support the delivery of the Corporate Plan and Target Operating Model. The Business Plan, now modelled over a three year period, sets out the projects and other cross-cutting work that the organisation will undertake to achieve the strategic outcomes and strategic objectives set out in the Corporate Plan. All of this work is supported by team planning and the personal objectives of each member of staff and their line manager. In this way, there is a clear “line of sight” from the objectives of each member of staff and each team, through the cross-cutting projects to the strategic outcomes of the Corporate Plan.

Our third Corporate Plan covering 2021-24 will set out Revenue Scotland’s ambitions and future priorities. Our objectives for the next three years are focused on four strategic outcomes, with some examples of our ambitions and activities set out below. Key aspirations for the organisation over the next three years include:

- ▲ through the collection and use of data and joining up datasets, we will help better inform policy;
- ▲ through maximising technology and being digital by design, we will continue to strive to ensure our processes are as efficient as possible;
- ▲ through continuously improving the accessibility of our guidance and information on taxes we administer, we will seek to make it easier for taxpayers to comply before we have to get involved, so that our compliance efforts are focused on the key areas of risk; and
- ▲ through building on our reputation for working collaboratively with stakeholders including taxpayers and their representatives, we will have a key role to play in delivering public services which have a positive user experience at their heart.

# Performance Report 2020-21

## Performance Analysis

### **Excelling in Delivery**

**We offer user-focused services that are digital by design, and provide value for money, convenience and ease of use for internal and external users.**

As a maturing and dynamic tax authority, we are looking to further improve the delivery of the services we provide and the use of the data we hold. Our continuous improvement programme for our SETS system (the online platform for making tax returns) will seek to enhance the functionality of the system for the benefit of those who use the system.

### **Investing in Our People**

**We are high performing, outward looking and diverse, provide a great place to work as an employer of choice. Our staff are motivated and engaged, and we invest in their development and health, safety and wellbeing.**

The People Strategy, which is primarily focused on the strategic outcome 'Investing in our People' in the Corporate Plan includes our ethos of working collaboratively and, for example, how we:

- ▲ support our staff through our learning and development activities;
- ▲ will increase the diversity of our organisation;
- ▲ will use data to inform our capability and capacity requirements in the delivery of our organisational objectives; and
- ▲ support the health, safety and wellbeing of our staff.

### **Reaching Out**

**We are accessible, collaborative and transparent, keen to learn from others and to share our experiences and expertise.**

We are also looking to develop a contact management strategy that will help us engage with taxpayers and their agents in the way that suits them best and provide them with easily accessible information. We want to provide an excellent customer experience.

### **Looking Ahead**

**We plan and deliver change and new responsibilities flexibly, on time and within budget. We have a digital mindset, maximising the use of our data and harnessing new technology to improve our working practices and services.**

Having worked remotely from our offices for a significant period, we will be piloting a hybrid model of working that will explore different options, with a view to establishing an optimum model for the longer term. This will be articulated in a new target operating model.

# Performance Report 2020-21

## Performance Analysis

### Devolved Taxes – Revenue Forecasts

The Scottish Fiscal Commission's forecast revenue for the devolved taxes in the budget for 2021-22 is outlined below, alongside the most recent (August 2021) in-year forecast<sup>4</sup> which indicated an increase.

Devolved Taxes	2021-22 Budget Forecast	In-year Forecast	Variance
LBTT	£586m	£653m	£67m
SLfT	£88m	£113m	£25m
<b>Total</b>	<b>£674m</b>	<b>£766m</b>	<b>£92m</b>

### Cross-cutting matters

#### Risk Management

Revenue Scotland operates under an established Risk Management Framework (the Framework) which aligns with the best practice guidance presented through the Scottish Public Finance Manual and Scottish Government's Risk Management Guidance document.

The approach to Risk Management has been in place throughout the reporting year and significant activity by the Board and senior management has focused on ensuring that the approach is robust, fit for purpose and responsive to the tax authority's operational needs. The approach has been designed to manage and mitigate risk to a reasonable level rather than seek to eliminate risk. As a dynamic approach, this also allows the organisation to map uncertainty where it exists and address that as a component of risk management and therefore monitor this routinely, or look to address it through specific business activities which ties to team and organisational performance management structures more closely.

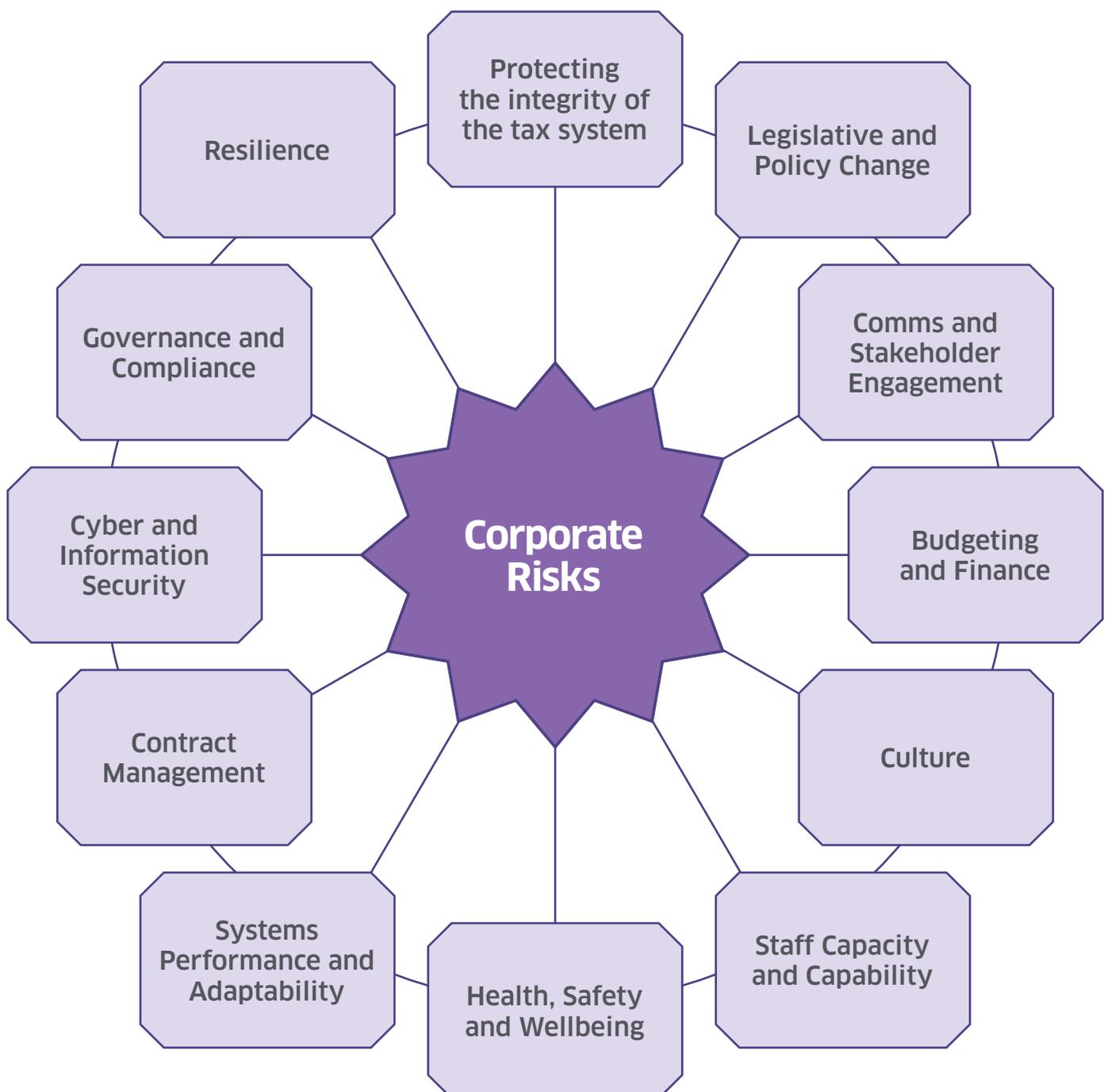
Each of the corporate risks has a 'risk card' in which the risk are expressed in terms of the risks to the strategic objectives set out in the Corporate Plan 2018-21. Revenue Scotland also regularly monitors risk in relation to performance against the KPIs which measure delivery of the Corporate Plan, and in relation to the Business Plan, which sets out the key projects and cross cutting pieces of work each year.

<sup>4</sup> Scottish Fiscal Commission Devolved Taxes forecasts:  
<https://www.fiscalcommission.scot/publication-categories/scotlands-economic-and-fiscal-forecasts/>

# Performance Report 2020-21

## Performance Analysis

The Corporate Risks as they stood at 31 March 2021 are set out below. These risks have been actively managed throughout the year by risk managers and risk owners with oversight from senior management, the ARC and the Board.



# Performance Report 2020-21

## Performance Analysis

As indicated in pages 14 to 16, as the organisation continued to adjust its operating model to respond to the on-going health crisis brought upon by the COVID-19 pandemic, a further comprehensive review of the organisation's risks was undertaken. This exercise identified those direct operational and existential risks faced by Revenue Scotland as the operating model moved rapidly from being office based to fully remote and therefore digital. The review informed the approach we took to the decisions that required to be made to ensure operations could continue.

As noted above, SEPA was the subject of a cyber-attack on 24 December 2020. In response to this, Revenue Scotland set up an incident management group to support SEPA colleagues and ensure continuity of business in the Scottish Landfill Tax function. Regrettably, data relating to the Scottish Landfill Communities Fund (SLCF) was lost in the cyber-attack. This has restricted our ability to report in detail on the SLCF in this report.

It was confirmed that some Revenue Scotland data had been lost during the attack, but the assessments indicated that the risks associated with this loss were low.

Following a detailed systems check and information security risk assessment, assurance was provided that none of Revenue Scotland's systems were affected by the cyber-attack.

### Equality, diversity and human rights

Over 2020-21, Revenue Scotland continued to work to the outcomes identified in the Equalities Mainstreaming Action Plan 2020:

- ▲ Equality Outcome 1 – Revenue Scotland will design and deliver public services that meet the diverse needs of its users.
- ▲ Equality Outcome 2 – Revenue Scotland has an increasingly diverse workforce that fully embraces equality, diversity and respect for all.

As a consequence of the switch to staff working remotely throughout the reporting year, there was some loss of momentum in respect of the action plan. However this recovered in the latter half of the reporting year. A cross organisation equalities group has been established to become the engine for delivery of the action plan outcomes. Progress is reported quarterly to the Staffing and Equalities Committee of the Board.

In addition, the Chief Executive Officer gave evidence to Scottish Parliament's Equalities and Human Rights Committee in September 2020 on race equality, employment and skills.

Revenue Scotland is committed to acting at all times in a way which respects and is compatible with the rights guaranteed under the European Convention on Human Rights and the Human Rights Act 1998. Revenue Scotland has published [guidance](#) on taxpayers' rights with regards to penalties under Article 6 of the Convention.

# Performance Report 2020-21

## Performance Analysis

### Ethical Issues

Staff at Revenue Scotland are civil servants who adhere to the Civil Service Code of Conduct. Staff are expected to carry out their duties with a commitment to the Civil Service core values of integrity, honesty, objectivity and impartiality. Staff must not misuse their official position to further their private interests or those of others; accept gifts, hospitality or other benefits from anyone which might reasonably be seen to compromise their personal judgement or integrity. All staff undertake annual mandatory training on Counter Fraud, Bribery and Corruption to remind them of their responsibilities in these areas.

### Environmental

Revenue Scotland is committed to protecting the environment by working sustainably to minimise its carbon emissions, meet climate change duties and embed climate change action into the organisational culture.

As part of this commitment, Revenue Scotland has three broad climate change objectives. These are:

- ▲ to manage and monitor business travel and encourage staff to use the most carbon-efficient method of transport for all work-related travel;
- ▲ to minimise waste and reduce Revenue Scotland's paper use, including through encouraging online tax returns; and
- ▲ to reduce office energy consumption.

The Revenue Scotland Board is responsible for the scrutiny of environmental policies, strategies and compliance with climate change duties. Revenue Scotland contributes to the Scottish Public Sector Bodies' Climate Change [report](#) annually. Revenue Scotland is based in the Scottish Government's Victoria Quay building in Edinburgh which means that the majority of its environmental impacts (e.g. heating, lighting, equipment and water) are monitored and included in the Scottish Government's annual climate change report. Of course, in 2020-21, the majority of Revenue Scotland staff have been working remotely for the entire year, the exception being those that were required to attend St Andrew's House in order to support the continued delivery of services and activities that initially could not be delivered remotely.

# Performance Report 2020-21

## Performance Analysis

This means that minimal staff have been commuting to the office, Board meetings have all been virtual and therefore required no travel, paper usage has been extremely limited (zero, other than some outgoing mail from St Andrews House over the spring and summer of 2020), and office energy usage by Revenue Scotland has been zero (although it is likely that the Scottish Government will have heated the whole building in cold weather) while the building has been vacant. Energy use by Revenue Scotland staff is limited to that used by staff while working from home.

Revenue Scotland is preparing a pilot project of a hybrid model of working in 2021 once office accommodation is available for use. It is expected that a hybrid model of operation will become the long term solution for the organisation. Environmental considerations have played a core role in the design of the pilot in support of a green recovery from the pandemic.

### Records Management and GDPR

The Revenue Scotland Records Management Plan was approved by National Records of Scotland (NRS) in 2019-20. Through the year the focus has continued to be on the implementation of the plan, including development of training and better defining roles and responsibilities. We also submitted the first Progress Update Report (PUR) to NRS in March where we offered our detailed progress against each of the component parts of the Plan. The Keeper noted our progress and continued commitment to improvement and stated that based on the progress update assessment provided, the Assessment Team considers that Revenue Scotland continues to take their statutory obligations seriously and are working hard to bring all the elements of their records management arrangements into full compliance with the Act and fulfil the Keeper's expectations.

We also continued to work towards our digital ambition, rolling out improved digital file sharing capability with partners such as SEPA and with Board members. These improvements have proved crucial in supporting the move to remote working due to COVID-19.

# Performance Report 2020-21

## Performance Analysis

### Whistleblowing Report

Revenue Scotland has a whistleblowing policy and procedures in place to ensure that issues can be raised. During the reporting periods 1 April 2020 to 31 March 2021 and 1 April 2019 to 31 March 2020, Revenue Scotland received no whistleblowing disclosures (see the table below):

Category	Number of disclosures	
	2020-21	2019-20
Number of non-qualifying disclosures	0	0
Number of qualifying disclosures	0	0
Number of qualifying disclosures requiring no further action	0	0
Number of qualifying disclosures requiring further action	0	0

### Investigations

No investigations were carried out in this reporting period.

### Actions

No actions were required during this investigations period.

### Improvement objectives

No improvement objectives were required during this investigations period.

**Elaine Lorimer – Chief Executive of Revenue Scotland and Accountable Officer**

# Accountability Report 2020-21

## Corporate Governance Report

### The Directors' Report

#### Revenue Scotland Board 2020-21

In line with paragraph 1 of Schedule 1 to the RSTPA, the Scottish Ministers are responsible for appointing between five and nine individuals to be members of the Revenue Scotland Board. One individual is appointed by Ministers as Chair.

Ministers determine the period and terms of appointment of Board members and may re-appoint individuals who already are, or have been on the Board, subject to evidence of effective performance and to their continuing to have the skills, knowledge and experience required on the Board at the time of reappointment.

Appointments are made following a public appointments exercise regulated by the Commissioner for Ethical Standards in Public Life in Scotland.

In the financial year 2020-21, Simon Cunningham was appointed to the Board on 1 January 2021 having previously been a co-opted member of the Audit and Risk Committee.

#### Board Members 2020-21



##### **Dr Keith Nicholson**

– Chair (appointment concluded 31 July 2021)

Dr Nicholson is an internationally recognised scientist and award-winning company director with more than 30 years' experience in statistical analysis and data modelling. He currently runs an independent consultancy providing strategic advisory services. His specialist background is in transactional websites, cyber security and technology.



##### **Aidan O'Carroll**

– Chair (appointed 1 August 2021)

Aidan O'Carroll is a former senior partner at EY, one of the world's largest professional services firms, which he left in July 2020 after 35 years. Formerly Head of Tax for EY in the UK, Aidan has advised both local and global companies across a wide spectrum of tax and business issues around the world. He is currently Scottish Chair of Institute of Directors and has a number of Non-Executive Director roles in organisations based in the UK. He has considerable experience in dealing with regulatory matters in both emerging and developed markets; he is also a regular contributor and speaker at business conferences.

# Accountability Report 2020-21

## Corporate Governance Report



### Lynn Bradley

- Chair of Audit and Risk Committee

Lynn Bradley is an accountant with more than 30 years' experience in the Scottish public and private sectors. Previous roles include Director of Corporate Programmes and Performance at Audit Scotland and Chair of CIPFA Scotland. She currently lectures in the Adam Smith Business School at the University of Glasgow and is a member of the Institute of Chartered Accountants of Scotland (ICAS) Audit and Assurance panel. She is also a trustee of Cash for Kids (Radio Clyde).



### Jean Lindsay

- Member of Staffing and Equality Committee until 1 January 2021 when she became Chair

Jean Lindsay was previously the Director of Human Resources at the Forestry Commission. She is a Chartered Fellow of the Institute of Personnel and Development (FCIPD). She has experience in leadership, strategic people management, change management and corporate governance in the public sector. Mrs Lindsay is also a member of the Board of Crown Estate Scotland.



### John Whiting CBE

- Member of Audit and Risk Committee and Staffing and Equalities Committee

John Whiting was a non-executive director of HMRC until September 2019; he remains a director of the Taxation Disciplinary Board; until March 2017, he was Tax Director of the UK's Office of Tax Simplification (OTS). Other previous roles include Tax Policy Director of the Chartered Institute of Taxation, many years as a tax partner with PricewaterhouseCoopers and membership of the First-tier Tax Tribunal.



### Martin McEwen

- Member of the Audit and Risk Committee

Martin McEwen is a Chartered Accountant and Tax Advisor. He is the Head of Tax at SSE plc and a member of their Finance Leadership Team. He joined the company in 2008 after a number of years at PwC. He is a regular speaker on tax transparency and responsible corporate tax behaviour. He has sat on both the Scottish Taxes and the Corporate Tax Committees at ICAS.

# Accountability Report 2020-21

## Corporate Governance Report

**Simon Cunningham**

- Member of Audit and Risk Committee (co-opted member of ARC until 1 January 2021 when he became a full member of the Board)

Simon Cunningham is an experienced risk, audit and governance specialist and Chartered Accountant with audit and risk experience at Scott-Moncrieff, Aegon and McInroy & Wood. He is also a member of the ARC at the Scottish Courts and Tribunals Service, a member of the Board of Directors of the Free Church of Scotland Pension Scheme Trustees Ltd, and is a member of the Board of Compass Christian Centre Ltd.

**Ian Tait**

(appointment concluded 31 December 2020)

Ian Tait is Director of Network Regulation at the Water Industry Commission for Scotland and an independent member of Ofgem's ESO Performance Panel. A regulatory specialist, he has advised the Scottish Government on the development of regulatory structures. Previous posts include Strategic Planning Manager and Transmission System Manager at Scottish and Southern Energy.

**Jane Ryder OBE**

- Chair of the Staffing and Equalities Committee (appointment concluded 31 December 2020)

Jane Ryder is a qualified solicitor and now specialises in corporate governance and regulation across the public, private and third sectors. Previous roles include being the first Chief Executive of the Office of the Scottish Charity Regulator (OSCR) and Deputy Chair of the Seafish Industry Authority. She is currently Chair of Historic Environment Scotland and of the Scottish Poetry Library, and a member of the Scottish Police Authority Board.

Further information about the interests of Board Members can be found on the Revenue Scotland [website](#).

# Accountability Report 2020-21

## Corporate Governance Report

### Senior Leadership Team 2020-21

#### **Elaine Lorimer – Chief Executive**

Elaine Lorimer joined Revenue Scotland as its Chief Executive in March 2016. She is an experienced Chief Executive who has more than 20 years leadership experience working at senior management and board level in the civil service and, prior to that, in local government in Scotland. She is a Scottish solicitor and public finance accountant.

#### **Michael Paterson – Head of Tax**

Michael Paterson joined Revenue Scotland in March 2019 and has lead responsibility for the administration and compliance of the devolved taxes, ensuring they are collected and administered efficiently and effectively. Michael has extensive knowledge and operational experience of UK taxes, particularly those dealing with international matters, resulting from 30 years as a senior tax professional with HMRC. His wide-ranging and senior tax roles have been in areas including technical, policy, investigations and management.

#### **Mairi Gibson – Head of Legal Services**

Mairi Gibson joined Revenue Scotland in February 2020. She has been a government lawyer since 1998. Over the years she has been seconded to various posts within the Government Legal Service for Scotland including the Scottish Government Legal Directorate, Scottish Parliament and the Office of the Advocate General.

#### **Neil Ferguson – Head of Corporate Functions**

Neil Ferguson joined Revenue Scotland in January 2016 and has worked on the introduction of the Additional Dwelling Supplement, led the Air Departure Tax Programme and the Corporate Plan 2018-21. He previously worked on the devolved taxes legislation until 2015, on the Referendum Bill and the introduction of the Home Report which transformed the approach to buying and selling homes in Scotland.

Further information about members of the Senior Leadership Team can be found on the Revenue Scotland [website](#).

# Accountability Report 2020-21

## Corporate Governance Report

### Statement of the Accountable Officer's responsibilities

Under section 19(4) of the [Public Finance and Accountability \(Scotland\) Act 2000](#), the Scottish Ministers have directed Revenue Scotland to prepare, for each financial year, a statement of accounts in the form and the 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 Revenue Scotland and of its revenue and expenditure, statement of financial position and cash flows for the financial year.

The Chief Executive of Revenue Scotland is designated as the Accountable Officer for Revenue Scotland by the Permanent Secretary of the Scottish Government (SG), who is the Principal Accountable Officer for the Scottish Administration, in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

In preparing the accounts the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) and has:

- ▲ observed the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ▲ made judgements and estimates on a reasonable basis;

- ▲ stated whether applicable accounting standards as set out in the FRoM have been followed and disclose and explain any material departures in the financial statements; and
- ▲ prepared the accounts on a going concern basis.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which she is answerable, for keeping proper records and for safeguarding Revenue Scotland's assets, are set out in the [Scottish Public Financial Manual](#).

The Accountable Officer may consult with the SG Chief Financial Officer (CFO) on any aspects of the duties applying to Accountable Officers in the Scottish Administration. The Accountable Officer must consult the CFO on any action which she considers is inconsistent with her duties on financial, regulatory or propriety grounds, and specifically where she seeks written authority from the Scottish Ministers or a direction from the Board of Revenue Scotland. In practice, the Chief Executive will delegate authority widely to other employees of Revenue Scotland but cannot, on that account, disclaim responsibility. The Chief Executive is responsible for informing the Principal Accountable Officer about any complaints about Revenue Scotland accepted by the Scottish Public Services Ombudsman (SPSO) for investigation and about the response to any subsequent recommendations from the SPSO.

# Accountability Report 2020-21

## Corporate Governance Report

I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information, and to establish that Revenue Scotland's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

### Governance Statement

In the paragraphs below, I report on the governance arrangements in place within Revenue Scotland.

### Governance Framework

Revenue Scotland is responsible for the administration and collection of Scotland's wholly devolved taxes. The relevant powers and duties of Revenue Scotland, and of the Scottish Ministers are set out in the Revenue Scotland and Tax Powers Act 2014.

Scottish Ministers are responsible for appointing the Board of Revenue Scotland following a public appointment exercise, regulated by the Commissioner for Ethical Standards in Public Life in Scotland. Ministers must not direct, or otherwise seek to control Revenue Scotland in the exercise of its functions but they may give guidance. This guidance must be published and laid before the Scottish Parliament unless Ministers consider that to do so would prejudice the effective exercise by Revenue Scotland of its functions. Scottish Ministers are responsible for setting rates, bands and thresholds relating to the devolved taxes, subject to the approval of the Scottish Parliament.

The Board of Revenue Scotland is collectively responsible for the leadership and direction of the organisation and for ensuring that it carries out its statutory functions effectively and efficiently. It may delegate any of its functions to an individual Board member, a committee of the Board, the Chief Executive, or any other staff member, but it will retain its responsibility for carrying out its function.

As the Chief Executive of Revenue Scotland, I am employed by, and accountable to, the Board of Revenue Scotland for the day-to-day running of the organisation and its operational performance.

I am supported by the Senior Leadership Team (SLT), who oversee the day-to-day business of Revenue Scotland, with each member taking responsibility for a specific area. The SLT is made up of the Chief Executive, the Head of Tax, the Head of Corporate Functions and the Head of Legal Services.

# Accountability Report 2020-21

## Corporate Governance Report

### Operation of the Governance Board and Committees

The Board is responsible for the functions and powers of Revenue Scotland and delegates authority to staff through a [Scheme of Internal Delegation](#). The Board sets the strategic direction for the organisation, oversees Revenue Scotland's work and monitors performance including the design and operation of risk and governance frameworks. They do this through scrutiny (and where appropriate) approval of:

- ▲ Corporate Plans and Business Plans;
- ▲ key strategies and policies;
- ▲ regular reports, including reports relating to risk management, performance, tax compliance, business continuity, staffing and health and safety, and changes in the devolved taxes;
- ▲ scrutiny of the Annual Reports and Accounts;
- ▲ reports from the Audit and Risk and Staffing and Equality Committees; and
- ▲ strategic engagement with key partners and customers.

I can report that in the course of the year, the Board met on eight occasions (2019-20: ten) . During this time, the Board scrutinised a number of specific matters, including:

- ▲ making a number of significant decisions on LBTT and SLfT cases (in line with the Scheme of Internal Delegation);
- ▲ oversight of the implementation of the changes to LBTT rates;
- ▲ oversight of litigation cases and the implications for the organisation following the outcome;
- ▲ oversight of the significant changes to the organisation's operating model in response to the COVID-19 pandemic – such as the suspension of penalties and debt pursuit, opening systems like SETS and contact management system to remote working, changes to policy on the acceptability of paper returns and payment by cheques, and the creation of an operations hub at St Andrew's House etc;
- ▲ how best to support the SEPA staff working with Revenue Scotland following the cyber-attack of December 2020; and
- ▲ strategic oversight of the Futures programme to establish a new way of working for the organisation in light of the experience of working remotely as a result of the COVID-19 pandemic.

I can also report that, during 2020-21, in line with best practice, the Board and its Committees have reviewed their effectiveness and the Chair has conducted individual Board appraisals.

# Accountability Report 2020-21

## Corporate Governance Report

### Audit and Risk Committee

The purpose of the Audit and Risk Committee is to support the Board and Accountable Officer by reviewing the comprehensiveness, reliability, and integrity of the assurances produced in support of financial reports. The terms of reference for the Committee are published on Revenue Scotland's [website](#) within the Board Standing Orders.

The Committee fulfils its role through:

- ▲ scrutiny of risk management arrangements;
- ▲ regular liaison with internal and external audit, and scrutiny of their plans and reports;
- ▲ considering and monitoring of responses to recommendations from internal and external auditors and other bodies;
- ▲ review of the certificates of assurance produced by management as part of the financial reporting process, and the Chief Executive's Governance Statement; and
- ▲ overseeing the financial reporting process.

Members of the committee in 2020-21 were Lynn Bradley (Chair), John Whiting (until May 2021), Martin McEwen and Simon Cunningham.

Simon Cunningham, who initially joined the ARC in November 2019 as a co-optee, was appointed as a member of the Board on 1 January 2021.

The Committee is also attended by the Chief Executive, Head of Corporate Functions, Head of Tax, Head of Governance, Chief Accountant, and representatives of internal and external audit as well as other staff members as required.

I can report that the committee met five times in 2020-21 (including a Special ARC to scrutinise the Annual Reports and Accounts) (2019-20: five).

The Committee reviewed its effectiveness using the checklist set out in the Scottish Government's Audit Committee Handbook and found no issues of concern which could affect its normal function.

In the course of the year, I can report that the Committee actively engaged in a number of relevant matters, including:

- ▲ Internal and External Audit;
- ▲ Review of the Corporate Risk Register; and
- ▲ 2020-21 Annual Report and Accounts.

Whilst the approved Internal Audit Plan for 2020-21 was not completed fully as a result of COVID-19, the Plan was substantially completed with some advisory audit work being paused.

# Accountability Report 2020-21

## Corporate Governance Report

### Staffing and Equalities Committee

The Staffing and Equalities Committee's primary purpose is to provide assurance to the Revenue Scotland Board on the establishment and maintenance of an effective framework and systems for the remuneration, performance, evaluation and welfare of staff, including equality and diversity. The terms of reference for the Committee are published on Revenue Scotland's [website](#) within the Board's Standing Orders document.

The Committee comprised of three Board members (Jane Ryder, John Whiting and Jean Lindsay) until 31 December 2020 when Jane Ryder (Chair) completed her appointment. It is now comprised of two Board members – Jean Lindsay (Chair) and John Whiting. Staff attendees comprise the Chief Executive, Head of Corporate Functions, the Head of Tax, the Head of Legal Services who leads the Equalities group, the Head of People Services, and the Head of Governance who has responsibility for Health, Safety and Wellbeing. Further staff members attend as required.

I can report that the Committee met three times during 2020-21 (2019-20: four) and engaged in a number of relevant matters including scrutiny of:

- ▲ People Strategy 2020-21 Action Plan;
- ▲ Development of the 2021-2024 People Strategy;
- ▲ 2019 People Survey Action Plan;
- ▲ Workforce Planning;
- ▲ Health and Safety and Wellbeing (including the provision of accredited H&S training for the Board and SLT); and
- ▲ Development and delivery of the STEP programme.
- ▲ Equality and diversity
- ▲ HR resource

# Accountability Report 2020-21

## Corporate Governance Report

### Assurances provided to the Chief Executive

I have received written assurances from members of my Heads of Service who have responsibility for the operation and effectiveness of internal controls within the Tax, Legal, and Corporate Functions teams.

The assurances from Heads of Service continue to recognise the progress being made around the establishment of an appropriate and effective Health and Safety system for Revenue Scotland. Whilst the 2019-20 annual report correctly highlighted the push toward complete compliance relating to all Health and Safety matters, I am confident that this has now been achieved in the period since last year's report and that regular reports on performance and continued progress are now made to the SEC, Board and Senior Leadership Team (SLT). Progress in this area has been further cemented through the NEBOSH accredited training on H&S that was provided for the Board and SLT. A wider training and awareness programme is being developed by the Committee.

In a similar vein, the assurance statements received also highlight the progress made around embedding equalities policy and practice throughout the organisation, an important aspect of how we work and led by the Head of Legal Services as SLT sponsor.

I have also received specific assurance from the Head of Tax to confirm that internal controls around tax activities and decisions are working well, and through the support of the Tax Assurance Group (TAG) oversight of issues as they arise have been strengthened.

For those services which Revenue Scotland receives from the Scottish Government, I have received assurance from the Scottish Government's Chief Financial Officer in respect of the financial systems, from the Scottish Government's Director for People in respect of the human resources (HR) services and payroll systems shared with Revenue Scotland and from Scottish Government's Director of Digital in respect of digital corporate services shared with Revenue Scotland. No issues of significance were raised with me as part of these.

I am satisfied that the progress made around the specific assurances sought in 2019-20 from the Director for People concerning the need for progress on concluding revised arrangements with Revenue Scotland that reflect our status as a separate employer have been progressed. Work in this area will be concluded in 2021-22. The Scottish Government is now investing significantly in this area and so as a client, we expect to benefit from this investment.

# Accountability Report 2020-21

## Corporate Governance Report

I have also received assurance from the Accountable Officer of the Scottish Environment Protection Agency in respect of the statutory functions delegated to them by Revenue Scotland. As a result of the cyber-attack on SEPA in December 2020, only limited assurances could be provided on the effectiveness of shared data controls, and the impact to SEPA (as regulator) of the Scottish Landfill Communities Fund (SLCF). Details of the actions taken and additional assurance requests made are set out at page 14 in the Risks and Issues section. No further issues of concern were raised by them.

These arrangements have been in operation throughout 2020-21, up to, and including the date of authorisation of these accounts.

In conclusion, I can confirm that, based on the aforementioned written assurances received, there were no other significant control weaknesses identified in the period under review.

### Report on Personal Data Incidents

Revenue Scotland manages, maintains and protects all information according to the requirements of relevant legislation, its own information policies and best practice.

Revenue Scotland has an Information Assurance governance structure which prioritises and manages information risks. The governance structure:

- ▲ protects the organisation, its staff and our customers from information risks where the likelihood of occurrence and the consequences are significant;
- ▲ ensures adherence with statutory duties; and
- ▲ assists in safeguarding Revenue Scotland's information assets.

Revenue Scotland has a Senior Information Risk Owner (SIRO) and a number of Information Asset Owners (IAOs), who provide assurance to the SIRO that proper controls are in place. The SIRO role is to ensure information security policies and procedures are fit for purpose and are reviewed and implemented across all of Revenue Scotland's business functions.

The IAOs are tasked with ensuring compliance with statutory duties, knowing what information assets they 'own' and what information they handle, along with the relevant security requirements, sensitivity, importance and protocols for sharing of information assets.

# Accountability Report 2020-21

## Corporate Governance Report

In addition, all staff are aware that they need to report any data breaches immediately to Revenue Scotland's IAO and SIRO. They are required to undertake regular training and information sessions. A refresh of the training sessions was completed mid-year and a schedule of workshops was held with each team on assuring our data.

During the year, there was one incident that was notified to the Information Commissioner's Office (ICO). The incident related to one taxpayer and a number of minor actions were agreed and implemented to reduce the risk of a re-occurrence.

In January 2021, Revenue Scotland stood up an Incident Management Group, which included the SIRO, in response to the cyber-attack on SEPA. It was established that there was no known direct impact on personal data held by Revenue Scotland. However it is understood that data relating to the Scottish Landfill Communities Fund was lost in the attack (although it has been possible to reconstitute some of the data that was lost). The Group focused on supporting SEPA colleagues impacted by the attack.

Further to the information provided above, Revenue Scotland also received two Subject Access Requests (SAR), seven Freedom of Information (Fol) requests, and one Environmental Information Request (EIR). The EIR was later challenged and following a formal review, the initial response was upheld.

### Risk Management

I have assessed our risk management arrangements and confirm that they accord with the guidance set out in the SPFM. In addition, as part of the year end Certificates of Assurance process the assessment of risk throughout the year contributes to the overall confidence assessment offered, further confirming that robust arrangements and practices were in operation throughout the year 2020-21.

### Parliamentary scrutiny

As a Non-Ministerial Office, Revenue Scotland is accountable to the Scottish Parliament and, as such, can be called to appear before parliamentary committees to provide updates on operational matters, give evidence on tax-related matters or provide written statements.

Revenue Scotland's Corporate Plan, supporting legislation and this annual report are published documents. The Corporate Plan 2018-21, on which this document reports, was approved by Scottish Ministers and laid before the Scottish Parliament in April 2018, and this report will be laid before Parliament in December 2021.

Corporate Plans, all annual reports and accounts and minutes of the Revenue Scotland Board meetings are available to download on our [website](#).

# Accountability Report 2020-21

## Corporate Governance Report

### Internal Audit

The Internal Audit service is provided by the Scottish Government's Directorate for Internal Audit and Assurance (DIAA). The Audit and Risk Committee reviewed and approved the audit plan produced by DIAA who present regular updates on progress of this plan to the Committee meetings.

During the year, DIAA completed audits on the following:

- ▲ Governance and Compliance Review; and
- ▲ Review of Operational Changes Made as a Result of COVID-19.

In terms of the overall assessment for each audit, "substantial" assurance was awarded to the audit on governance and compliance and to the audit on operational changes made as a result of COVID-19.

A follow-up audit was completed on:

- ▲ 2020-21 Cheque and Repayments Processes Review.

Progress was made on the implementation of recommendations from this report meaning that controls in this area improved during the year.

Whilst the approved Audit Plan for 2020-21 was not completed fully as a result of COVID-19, the Plan was substantially completed with some advisory audit work being paused.

DIAA's overall annual assessment of Revenue Scotland's internal controls is 'substantial'. This means that DIAA views Revenue Scotland's risk, governance and control procedures to be effective in supporting the delivery of any related objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is negligible. This indicates an improvement from the 'reasonable' assessment received last year. Progress on implementing Internal Audit recommendations has been steady but slower than expected. Most recommendations however, have been implemented during the year. The Audit and Risk Committee views the assessment as a fair reflection of Revenue Scotland's position based on the evidence reviewed by DIAA.

# Accountability Report 2020-21

## Corporate Governance Report

### External Audit

External Audit is provided by Audit Scotland. Mark Taylor, Audit Director is appointed under the Public Finance and Accountability (Scotland) Act 2000 to carry out the external audit of Revenue Scotland. During the year, the Audit and Risk Committee scrutinised Audit Scotland's audit plan and received regular updates from them. The Independent Auditor's Report can be found on page 83.

As part of the 2019-20 audit undertaken by Audit Scotland of Revenue Scotland, five matters were highlighted for attention; namely:

Issue	Risk	Action
Working Papers	The audit is delayed and opinion may be impacted	Management reviewed and improved audit working papers for 2020-21
Devolved Tax Accounts: Contingent Assets - deferral review dates passed and not updated	Risk of overstatement	Management ensured all deferrals review dates are met prior to year end
Devolved Tax Accounts: Compliance Activity - behind schedule	Risk that compliance work is not effective and target yield not achieved	Compliance targets not achieved for 2020-21. Management continuing to review.
Resource Accounts: Long Term Financial Plan for Revenue Scotland	Business decisions may be taken without a clear understanding of their financial implications	Financial plans included within Corporate Plan 2021-24
Impact of COVID-19 on internal controls	Risk of control weaknesses developing associated with new ways of working	Management regularly review controls and particular attention was paid to any issues arising from remote working

Audit Scotland has reviewed these during their audit of 2020-21 and reported its conclusions in its Annual Audit Report 2020-21. Audit Scotland reported on internal controls in 2020-21 in its management report to the ARC in May 2021. Work is ongoing to address these recommendations.

# Accountability Report 2020-21

## Corporate Governance Report

### Assessment of Corporate Governance

Revenue Scotland has developed a system of internal controls and policies which have been designed to safeguard its assets, data and ensure the reliability of financial records in relation to operational and tax duties. These controls are subject to review by management on a regular basis and undergo formal review by both Internal and External Audit, whose reports are made available to the Audit and Risk Committee.

I have assessed our corporate governance arrangements and confirm that they comply with generally accepted best practice principles and relevant guidance.

### Risk Management

I can report that a number of issues arose during the year, and during the period before signing of the Accounts.

- ▲ **Responding to the COVID-19 pandemic to ensure continuity of business** – the biggest challenge of 2020-21 was the need from March 2020 to respond proactively to the COVID-19 pandemic in order to maintain the successful delivery of our services to taxpayers and their agents. Revenue Scotland rapidly transitioned to a remote working model at this time, where the majority of staff successfully worked from home to deliver those functions that could be performed well in a remote environment. Although decision making had to be largely reactive and responsive due to the exceptional circumstances, Revenue Scotland continued to prioritise staff welfare and wellbeing in every decision made, to sustain delivery of our statutory functions, and to maintain excellent customer services throughout
- ▲ **Delivering Legislative Change** – increased pressure on our resources from legislative change was identified as an issue. A number of legislative changes were successfully delivered however, during 2020-21.

# Accountability Report 2020-21

## Corporate Governance Report

- ▲ **Litigation** – in 2020-21, the progress of litigation cases was significantly affected by the COVID-19 pandemic and the national lockdown periods. Following a brief initial pause, Tribunal and court arrangements were quickly in place to enable electronic lodging of documents, and procedural and full hearings of cases to take place virtually.
- ▲ **Cyber-security** – cyber-security continues to be a high priority for Revenue Scotland, as the related risks develop continuously. Revenue Scotland fully complies with the Scottish Government Cyber Essentials Plus framework to maintain continued accreditation. SEPA was the subject of a cyber-attack on 24 December 2020. In response to this, Revenue Scotland set up an incident management group to support SEPA colleagues and ensure continuity of business in the Scottish Landfill Tax function. Regrettably, data relating to the Scottish Landfill Communities Fund (SLCF) was lost in the cyber-attack. This has restricted our ability to report on the SLCF in this report. It was confirmed that some Revenue Scotland data had been lost during the attack, but the assessments indicated that the risks associated with this loss were low. Following a detailed systems check and information security risk assessment, assurance was provided that none of Revenue Scotland's systems were affected by the cyber-attack.

This past year has been incredibly challenging for Revenue Scotland as we responded to the developing health crisis and continued pressure on our resources. However, in spite of these challenges, Revenue Scotland continued to successfully deliver all of our statutory functions and deliver another strong performance against our KPIs and objectives. I am confident that as issues have arisen they have been appropriately dealt with. However, this has had an impact on the resources available for some of the priorities set out at the beginning of the year.



# Accountability Report 2020-21

## Remuneration and staff report

### Remuneration

The remuneration of senior civil servants is set in accordance with the rules set out in chapter 7.1, Annex A of the Civil Service Management Code and in conjunction with independent advice from the Senior Salaries Review Body (SSRB). In reaching its recommendations, the SSRB is to have regard to the following considerations:

- ▲ the need to recruit, retain and motivate 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 they receive about wider economic considerations and the affordability of their recommendations.

Further information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com)

The remuneration of non-senior civil servants within Revenue Scotland is set in accordance with [Scottish Government Public Sector Pay Policy](#) as part of the Scottish Government Main Bargaining Unit.

Revenue Scotland's Board members and co-opted Committee members are non-executive and receive fees for duties on behalf of Revenue Scotland including attendance at Revenue Scotland Board and Committee meetings. Fees are paid at the daily rate set out in their letters of appointment. Expenses incurred in carrying out these duties are also reimbursed.

# Accountability Report 2020-21

## Remuneration and staff report

Fees of Board members, co-opted Committee members and salaries of the Senior Management Team are shown below:

<b>Non-executive Board</b>	<b>2020-21 Fees £000</b>	<b>2019-20 Fees £000</b>
Dr Keith Nicholson, Chair	15-20	15-20
Lynn Bradley, Board member	5-10	5-10
Simon Cunningham (1) (appointed 01 January 2021), Board member	5-10	See below
Jean Lindsay (appointed 1 July 2019), Board member	5-10	5-10
Martin McEwen (appointed 1 July 2019), Board member	0-5	0-5
Jane Ryder, OBE (appointment concluded 31 December 2020), Board member	5-10	5-10
Ian Tait (appointment concluded 31 December 2020), Board member	0-5	0-5
John Whiting, CBE, Board member	5-10	5-10

(1) Simon Cunningham was a co-opted member of ARC prior to becoming a full Board member on 1 January 2021. The fees reported include those due for his time as a co-opted member of ARC

<b>Co-opted Committee Members</b>	<b>2020-21 Fees £000</b>	<b>2019-20 Fees £000</b>
Steve Bruce (resigned 31 March 2020), Member of ARC	0	0-5
Simon Cunningham (appointed 1 November 2019) (1), Member of ARC	0	0-5

(1) Simon Cunningham was a co-opted member of ARC prior to becoming a full Board member on 1 January 2021. The fees for his time as a co-opted member of ARC for 2020-21 are include within the Board fees.

Non-executive Board members and co-opted Committee members are not employees of Revenue Scotland and do not benefit from pension arrangements.

# Accountability Report 2020-21

## Remuneration and staff report

Senior Leadership Team		Salary £000		Pension Benefits to the nearest £1000		Total 2020-21 £000	Total 2019-20 £000
		2020-21	2019-20	2020-21	2019-20		
Elaine Lorimer	Chief Executive	100-105	95-100	49,000	33,000	145-150	125-130
Stephen Crilly (1)	Head of Legal Services	-	50-55 (FYE 70-75)	-	22,000	-	75-80
Neil Ferguson (2)	Head of Corporate Functions	75-80	15-20 (FYE 70-75)	41,000	16,000	115-120	30-35
Andrew Fleming (3)	Head of Strategy & Corporate Functions	-	55-60 (FYE 75-80)	-	28,000	-	85-90
Mairi Gibson (4)	Head of Legal Services	75-80	0-10 (FYE 55-60)	32,000	3,000	110-115	10-15
Chris Myerscough (5)	Head of Tax	-	0-5 (FYE 65-70)	-	1,000	-	0-5
Michael Paterson (6)	Head of Tax	70-75	70-75 (FYE 70-75)	32,000	16,000	105-110	85-90

FYE = Full Year Equivalent

# Accountability Report 2020-21

## Remuneration and staff report

(1); Stephen Crilly moved to a new post outwith Revenue Scotland on 1 December 2019

(2); Neil Ferguson was appointed to the Senior Leadership Team on 6 January 2020

(3); Andrew Fleming moved to a new post outwith Revenue Scotland on 5 January 2020

(4); Mairi Gibson joined Revenue Scotland on 3 February 2020

(5); Chris Myerscough left the Senior Leadership Team on 16 April 2019

(6); Michael Paterson was appointed to the Senior Leadership Team on 8 April 2019

None of the above received any benefits in kind or bonus payments in the year 2020-21 or 2019-20.

Salary covers both pensionable and non-pensionable amounts and includes: gross salaries; overtime; recruitment and retention allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

### Fair Pay Disclosure

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 member of the Senior Leadership Team in Revenue Scotland in the financial year 2020-21 was £100-105,000 (2019-20: £95-100,000). This was 2.9 times (2019-20: 2.9) the median remuneration of the workforce, which was £35,584 (2019-20: £34,087).

In 2020-21, no employee received remuneration in excess of the highest-paid member of the Senior Leadership team. Remuneration ranged from £23,000 to £101,000 (2019-20: £19,000-£96,000).

The median calculation includes directly employed staff paid through Revenue Scotland's payroll. It covers both permanent staff and those on fixed term contracts and for 2020-21 it includes temporary agency staff paid locally by invoice. Figures including agency staff are not available for 2019-20 and therefore reflect only permanent and fixed term contract staff. The ratio is calculated as the mid-point of the highest band divided by the median total remuneration.

# Accountability Report 2020-21

## Remuneration and staff report

	2020-21	2019-20
Minimum Total Remuneration (£'000)	23	19
Maximum Total Remuneration (£'000)	101	96
Band of Highest Paid Member of Staff (£'000)	100-105	95-100
Median Total Remuneration (£)	35,584	34,087
Ratio	2.9	2.9

### Pension Benefits

Senior Management Team	Accrued pension at NRA as at 31 March 2021 and related lump sum £000	Real increase in pension and related lump sum at NRA £000	CETV as at 31 March 2021 £000	CETV as at 31 March 2020 £000	Real increase in CETV in 2020-21 £000
Elaine Lorimer - Chief Executive	40-45 plus a lump sum of 85-90	2.5-5.0 plus a lump sum of 0.0-2.5	767	706	31
Neil Ferguson - Head of Strategy & Corporate Functions	30-35	0.0-2.5	536	491	25
Mairi Gibson - Head of Legal Services	20-25	0.0-2.5	320	285	20
Michael Paterson - Head of Tax	40-45 plus a lump sum of 40-45	0.0-2.5 plus a lump sum of 0.0-2.5	751	704	20

Pension benefits are calculated on normal retirement age (NRA) where the pension entitlement is due at that age or at current age if over NRA.

The above pension data was supplied to Revenue Scotland by MyCSP, pension administrators.

# Accountability Report 2020-21

## Remuneration and staff report

### 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 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 four 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 two 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 three 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

# Accountability Report 2020-21

## Remuneration and staff report

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 uprated 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 two 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 website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

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## Remuneration and staff report

### 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, 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.

### Staff report

Staff of Revenue Scotland are civil servants, part of the Scottish Administration, rather than the Scottish Government, and are required to adhere to the standards set out in the Civil Service Code applicable to staff in Non-Ministerial Offices in Scotland. The code sets out the framework within which all civil servants work, and the core values and standards of behaviour which they are expected to uphold.

Staff are appointed by Revenue Scotland and act under the direction of the Board of Revenue Scotland. Revenue Scotland is responsible for ensuring that staff recruitment arrangements are fair, open and transparent in line with the Civil Service Commissioners' Recruitment Principles. All recruitment, including for Senior Civil Service posts, adhere to the Scottish Government's recruitment policies and procedures.

# Accountability Report 2020-21

## Remuneration and staff report

### Average number of people employed

The average number of full-time equivalent people employed during the year was as follows:

	Administration	Programme	2020-21	2019-20
Permanent contracted staff	56	0	56	66
Fixed term contracted staff	1	0	1	2
Agency staff	11	2	13	19
<b>Average number of persons employed</b>	<b>68</b>	<b>2</b>	<b>70</b>	<b>87</b>

Staff numbers have been allocated as follows:

- ▲ administration – this is the general day to day running of Revenue Scotland which includes the costs associated with the collection and administration of tax.
- ▲ programme – reflects non-administration costs, this is the cost of implementing processes and systems to comply with new legislation.

The staff numbers shown above include the equivalent of 3 FTE members of staff who were temporarily seconded to Scottish Government working in positions related to the COVID-19 pandemic. Costs associated with these secondments were borne by Revenue Scotland and not recharged.

# Accountability Report 2020-21

## Remuneration and staff report

### Staff Composition

The average number of people of each sex employed by Revenue Scotland by category is set out in the following table. The numbers include permanent and temporary staff.

	2020-21		2019-20	
	Male	Female	Male	Female
*SLT – Senior Civil Servant	0	1	0	1
*SLT – other	2	1	3	0
Employees	30	36	43	40
<b>Total</b>	<b>32</b>	<b>38</b>	<b>46</b>	<b>41</b>

\*SLT – Senior Leadership Team

### Gender Pay Gap

The gender pay gap is calculated as the difference between average hourly earnings of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. A positive pay gap means that men earn more than women on average.

The gender pay gap is a means of highlighting a disparity in the pay received by men and women and is influenced by both the pay levels for equivalent jobs and the distribution of men and women across the grades within the permanent workforce.

In 2021 the gender pay gap for Scotland was 11.5% (2020: 16.9%) and 15.4% (2020: 14.9%)<sup>5</sup> for the UK. This is the median figure which is the standard figure used by the Office of National Statistics to calculate the pay gap.

The median gender pay gap for all staff at Revenue Scotland at the end of March 2021 is 17.5% (2020: 8.7%).

This means that the gender pay gap at Revenue Scotland has increased from 2020 and is slightly higher than the UK national pay gap. Substantial recruitment has taken place since the end of the reporting period and it is anticipated that the pay gap will reduce in due course.

<sup>5</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables>

# Accountability Report 2020-21

## Remuneration and staff report

Within Revenue Scotland, where men and women are undertaking work of an equal value (i.e. within the same pay range) they are paid a similar rate. The pay gap arises as a higher percentage of female staff are at lower grades than male staff, and the size of the organisation means that figures can be disproportionately affected by a small change in staff composition.

There is still further work required to reduce this gap. Revenue Scotland will continue to monitor the gender pay gap and related data such as the distribution of women and men across different grades and professions within the organisation. The pay gap is reported on within the annual report and every two years in the Revenue Scotland Equalities Mainstreaming Report. This information informs recruitment and retention strategies with a view to reducing the gender pay gap.

Strategies in place include supporting staff to attend the 'Women in Leadership Conference' and encouraging staff to attend events run by the Women in Tax Network, requirements for staff involved in recruitment to undertake 'Unconscious Bias' training and support for flexible working patterns.

### Sickness Absence

Revenue Scotland recognises that the success of any organisation depends largely on the effective performance and full attendance of all its employees. People are a valued resource, and as an employer Revenue Scotland's attendance management procedures are designed to maintain a happy, well-motivated and healthy workforce. The procedures are aimed to:

- ▲ be supportive and positive;
- ▲ promote fair and consistent treatment for everyone;
- ▲ encourage, assist and make it easy for people to stay in work; and
- ▲ explain employees' entitlements and roles and responsibilities.

In 2020-21 an average of 8.3 working days per employee were lost (2019-20: 11.5 days).

### Staff Turnover

Staff turnover for contracted staff for the year ended March 2021 was 21.8% compared to 21.6% for the year ended March 2020. Approximately 50% of leavers during the year transferred to support business critical roles within Scottish Government arising from their response to the pandemic. A further 8% retired from the Civil Service.

# Accountability Report 2020-21

## Remuneration and staff report

### Staff Engagement

Revenue Scotland participates in the Civil Service People Survey and includes the employee engagement index as one of the Key Performance Indicators. More information on this is given on page 38 under KPI7.

### Employees with disabilities

Revenue Scotland complies with the Scottish Government's Civil Service Code of Practice on the employment of people with disabilities. The code aims to ensure that there is no discrimination on the grounds of disability and that employment opportunities and career advancement is based solely on ability, qualifications and suitability for the work.

### Diversity and equality

Equality and diversity are central to the way that Revenue Scotland conducts its business and this is demonstrated in the Corporate Plan and People Strategy, as well as being set out in the Equality Mainstreaming Reports, more information about Equality and Diversity can be found on page 48.

### Health and Safety

A review of the health and safety policy was begun in 2019-20 and the revised policy finalised in 2020-21 and approved by the Board in October 2020. The new policy brings Health and Safety and Wellbeing closer together and recognising the importance of mental health.

The Health and Safety Annual Report 2020-21 sets out plans for the coming year and reports on risks and mitigations during the reporting year. A refreshed Health, Safety and Wellbeing Committee meets on a quarterly basis to support the delivery of the organisation's policy and improvement plans, providing oversight and scrutiny of reported information.

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) require that certain categories of accidents, occupational diseases and dangerous occurrences must be reported to the Health and Safety Executive (HSE). There were no incidents of any category reported in 2020-21.

Definitions for 'Occupational Disease' and 'Dangerous Occurrence' can be found on the [HSE Website](#).

# Accountability Report 2020-21

## Remuneration and staff report

Event Category	Definition	No of Incidents in 2020-21	No of Incidents in 2019-20
Near Miss	Any incident, or event which does not result in injury, or property damage.	0	0
Accident	Any unwanted, or planned event which results in injury, or act if non-consensual violence.	0	0
Occupational Disease	Any case of work-related disease, as specified in RIDDOR	0	0
Dangerous Occurrence	Any dangerous occurrence, as specified in RIDDOR	0	0
Property Damage	Any incident or event resulting in damage to property	0	0
Other	For example, work-related stress (not to be confused with work related illness).	0*	0

\* We suppress all data below 10 to protect staff confidentiality.

### Trade Union Representatives

The Trade Union (Facility Time Publication Requirements) Regulations came into force on 1 April 2017. One employee of Revenue Scotland was a relevant trade union official during the period April to July 2019. The time spent on trade union activities represented 5.9% of the employee's total time during that period at a cost of £1,055. No staff were union representatives in 2020-21.

### Civil Service early departure compensation schemes

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. These are employer costs associated with early departure and are accounted for in full in the year of departure. Where Revenue Scotland has agreed early retirements, the additional costs are met by Revenue Scotland and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the undernoted.

No members of staff left Revenue Scotland under the scheme in 2020-21 or 2019-20.

# Accountability Report 2020-21

## Remuneration and staff report

### Staff costs

	Administration costs		Programme costs Others	2020-21 Total	2019-20 Total
	Permanently employed staff £000	Others £000			
Wages and Salaries	2,698	0	19	2,717	2,830
Social Security costs	289	0	2	291	309
Pension costs	717	0	5	722	750
Agency staff costs	0	530	205	735	1,700
Staff costs capitalised	0	0	(203)	(203)	(942)
<b>Total staff costs</b>	<b>3,704</b>	<b>530</b>	<b>28</b>	<b>4,262</b>	<b>4,647</b>

Staff costs for Revenue Scotland in the period 2020-21 are set out above. Wages and salaries include gross salaries, performance pay or bonuses received in year (of which there were none), overtime and any other allowance that is subject to UK taxation. The payment of legitimate expenses is not part of salary.

The costs of staff who have been working on the development of the new tax system have been capitalised as part of the cost of the asset.

Staff costs shown above include costs borne by Revenue Scotland on staff seconded to Scottish Government to work on COVID-19 pandemic related posts. These costs total £136,000.

# Accountability Report 2020-21

## Remuneration and staff report

Revenue Scotland employees are civil servants who are entitled to be members of the Civil Servants and Others Pension Scheme or the Principal Civil Service Pension Scheme. These schemes are unfunded, multi-employer defined benefit schemes in which Revenue Scotland is unable to identify its share of the underlying assets and liabilities. The schemes are accounted for as defined contribution schemes under the multi-employer exemption permitted in IAS 19 Employee Benefits. A full actuarial valuation of the PCSPS was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

For 2020-21, Revenue Scotland's contributions of £717,000 (2019-20: £744,000) were payable to the two schemes at one of four rates in the range 26.6 per cent to 30.3 per cent of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer contributions of £5,000 (2019-20: £6,000) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings.

The information included within the remuneration, pension benefits, Civil Service early departure compensation packages, average number of persons employed and staff costs sections above are covered by the audit opinion.

**Elaine Lorimer – Chief Executive of  
Revenue Scotland and Accountable Officer**

# Independent Auditor's Report

## Independent auditor's report to Revenue Scotland, the Auditor General for Scotland and the Scottish Parliament

### Reporting on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Revenue Scotland (Resource Accounts) for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- ▲ give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- ▲ have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and

- ▲ have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 was appointed by the Auditor General on 9 March 2015. The period of total uninterrupted appointment is six years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

# Independent Auditor's Report

## Independent auditor's report to Revenue Scotland, the Auditor General for Scotland and the Scottish Parliament

### Conclusions relating to going concern basis of accounting

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.

### Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable 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 Accountable Officer is responsible for 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. Procedures include:

- ▲ obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- ▲ identifying which laws and regulations are significant in the context of the body;
- ▲ assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

# Independent Auditor's Report

## Independent auditor's report to Revenue Scotland, the Auditor General for Scotland and the Scottish Parliament

- ▲ considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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 body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects:

- ▲ the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- ▲ the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

# Independent Auditor's Report

## Independent auditor's report to Revenue Scotland, the Auditor General for Scotland and the Scottish Parliament

### Reporting on other requirements

#### Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in 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 statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

#### Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- ▲ 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 that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- ▲ 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 that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

# Independent Auditor's Report

## Independent auditor's report to Revenue Scotland, the Auditor General for Scotland and the Scottish Parliament

### Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- ▲ adequate accounting records have not been kept; or
- ▲ the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- ▲ I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

### Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Mark Taylor, CPFA

Audit Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

# Financial Statements 2020-21

## Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2021

	Note	Administration Costs £000	Programme Costs £000	2020-21 Total £000	2019-20 Total £000
Income	2	59	0	59	0
Staff costs	2	(4,234)	(28)	(4,262)	(4,647)
Purchase of goods and services	3	(1,651)	(2)	(1,653)	(2,026)
Depreciation	5	(10)	0	(10)	(10)
Amortisation	5	(367)	0	(367)	(172)
Provision	8	0	0	0	(212)
<b>Net operating costs for the year</b>		<b>(6,203)</b>	<b>(30)</b>	<b>(6,233)</b>	<b>(7,067)</b>

# Financial Statements 2020-21

## Statement of Financial Position

As at 31 March 2021

	Note	2020-21 £000	2019-20 £000
<b>Non-current assets</b>			
Tangible assets	5	34	44
Intangible assets	5	2,913	2,931
<b>Total non-current assets</b>		2,947	2,975
<b>Current assets</b>			
Other receivables	6	50	34
<b>Total current assets</b>		50	34
<b>Current liabilities</b>			
Provision	8	0	(212)
Trade & other payables	7	(794)	(778)
<b>Total current liabilities</b>		(794)	(990)
<b>Total net assets</b>		2,203	2,019
<b>Taxpayers' equity</b>		2,203	2,019

The notes on pages 92 to 105 form part of these financial statements.

The Chief Executive and Accountable Officer authorised these financial statements for issue on 24 November 2021.

**Elaine Lorimer – Chief Executive of Revenue Scotland and Accountable Officer**

# Financial Statements 2020-21

## Statement of Cash Flows

For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
<b>Cash flows from operating activities</b>			
Net operating costs for the year	SoCNE	(6,233)	(7,067)
Adjustments for non cash transactions			
Audit fee	10	98	96
Depreciation	5	10	10
Amortisation	5	367	172
Movements in working capital			
(Increase)Decrease in trade and other receivables	6	(16)	36
(Decrease)/Increase in provision	8	(212)	212
(Decrease)/Increase in trade and other payables	7	16	53
<b>Net cash outflow from operating activities</b>		<b>(5,970)</b>	<b>(6,488)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current assets	5	(349)	(1,827)
<b>Net cash outflow from investing activities</b>		<b>(349)</b>	<b>(1,827)</b>
<b>Cash flows from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net funding</b>	4	<b>6,319</b>	<b>8,315</b>

# Financial Statements 2020-21

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	Note	General Fund Reserves 2020-21 £000	General Fund Reserves 2019-20 £000
<b>Balance at 31 March</b>		2,019	675
Net operating costs for the year	SoCNE	(6,233)	(7,067)
Non cash charges – auditor's remuneration	10	98	96
Net funding	4	6,319	8,315
<b>Balance at 31 March</b>		2,203	2,019

The notes on pages 92 to 105 form part of these financial statements.

# Financial Statements 2020-21

## Notes to the Accounts

### 1 Statement of Accounting Policies

#### 1.1 Basis of accounting

In line with section 12 of the Revenue Scotland and Tax Powers Act 2014, and in accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared using accounting policies, and where necessary, estimation techniques which are judged to be most appropriate to the particular circumstances for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standards (IAS) 8 *Accounting Policies, Changing in Accounting Estimates and Errors*.

In accordance with the FRoM these accounts have been prepared under the historical cost convention and on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future.

#### 1.2 Accounting convention

The accounts have been prepared in accordance with the historical cost convention modified to account for fair value of non-current assets. Expenditure has been accounted for on an accruals basis.

#### 1.3 New Accounting Standards

In accordance with IAS 8, changes to International Financial Reporting Standards (IFRS) that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application. The standards that are considered relevant to Revenue Scotland and the anticipated impact on the accounts are as follows:

##### **IFRS 16 – Leases**

We previously reported that this standard was due to come into effect for accounting periods commencing after 1 April 2020. However HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of this standard until 1 April 2022 due to circumstances caused by the COVID-19 pandemic. When implemented the distinction between finance and operating leases is removed and all leases become “on balance sheet”. The FRoM interprets and adapts IFRS 16 for the public sector context in several ways. Information is currently being gathered to identify all right of use and leased assets not currently capitalised. The full impact has not yet been determined. These assets will be included on the statement of financial position from 1 April 2022, in accordance with the transition arrangements set out in IFRS 16 application guidance originally

# Financial Statements 2020-21

## Notes to the Accounts

issued by HM Treasury in April 2019, updated in March 2020 and further in December 2020.

### 1.4 Value Added Tax (VAT)

Revenue Scotland is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of Revenue Scotland.

Revenue Scotland does not provide any chargeable services and therefore output VAT does not apply. Irrecoverable input VAT is charged to the relevant expenditure category. Where VAT is recoverable, the amounts are stated net of VAT.

### 1.5 Property, Plant, Equipment and Intangible Assets

#### Recognition

All property, plant, equipment and intangible assets are accounted for as non-current assets unless they are deemed to be held for sale.

#### Capitalisation

Minor expenditure on equipment and furniture are written off in the year of purchase, as are all other items of a capital nature costing less than £10,000.

#### Assets under development

Assets under development are shown separately in note 5. Costs are accumulated until the assets is brought into use whereupon it is transferred into the relevant asset class and depreciated.

#### Staff costs

Where staff have been working on the development, integration and testing of IT software, these costs are included in the amounts capitalised.

#### Depreciation and Amortisation

Provision for depreciation and amortisation is made so as to write off the cost of non-current assets on a straight line basis over the expected useful lives of the assets concerned. The expected useful lives of assets are regularly and systematically reviewed to ensure that they genuinely reflect the actual replacement cycle of all assets. Depreciation and amortisation are not charged on assets in the course of development until the month after they are brought into use.

The expected useful lives are as follows:

- ▲ computer equipment 3 – 10 years;
- ▲ IT systems 3 – 10 years;
- ▲ office equipment 3 – 10 years;
- ▲ furniture and fittings 3 – 15 years.

#### Asset Valuation

Depreciated and amortised historical cost is used as a proxy for fair value since the assets are low value and have short useful lives. The majority of the intangible assets represent bespoke IT systems and there is no active market for these assets.

# Financial Statements 2020-21

## Notes to the Accounts

### 1.6 Financial instruments

As the cash requirements of Revenue Scotland are met through the Scottish Government, financial instruments play a limited role in creating and managing risk. The only financial instruments within the accounts are financial assets in the form of other receivables, and financial liabilities in the form of trade and other liabilities.

### 1.7 Leases

Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

### 1.8 Pension costs

Revenue Scotland employees are civil servants who are entitled to be members of the Civil Servant and Others Pension Scheme or the Principal Civil Service Pension Scheme. These are unfunded, multi-employer defined benefit schemes in which Revenue Scotland is unable to identify its share of the underlying assets and liabilities. The schemes are accounted for as defined contribution schemes under the multi-employer exemption permitted in IAS 19 *Employee Benefits*.

Revenue Scotland's contribution is recognised as a cost in the year.

### 1.9 Short term employee benefits

The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised as an accrual of benefits in the financial statements to the extent that employees are permitted to carry forward leave into the following year.

### 1.10 Other receivables

Other receivables are stated at their nominal value.

### 1.11 Trade and other payables

Trade payables are stated at their nominal value.

### 1.12 Provisions for liabilities and charges

A provision is recognised where an outflow of resources is expected as a result of a past event. These are included within the accounts at the estimated value.

# Financial Statements 2020-21

## Notes to the Accounts

### 2. Staff Costs

	2020-21 £000	2019-20 £000
Income - Seconded staff	59	0
Wages and salaries	2,717	2,830
Social Security costs	291	309
Pension costs	722	750
Agency costs	735	1,700
Less staff costs capitalised	(203)	(942)
<b>Total Staff Costs</b>	<b>4,262</b>	<b>4,647</b>

During 2020-21 staff were seconded to Scottish Government and the associated staff costs were recharged accordingly.

More details on staff numbers and related costs can be found in the Staff Report on page 75.

# Financial Statements 2020-21

## Notes to the Accounts

### 3. Goods and services

Revenue Scotland's goods and services costs have been allocated as follows:

- Administration - this is the general day to day running of Revenue Scotland which includes the costs associated with the collection and administration of tax.
- Programme - reflects non-administration costs, this is the cost of developing processes and systems to comply with new legislation or the introduction of new IT systems.

	Administration costs £000	Programme costs £000	2020-21 Total £000	2019-20 Total £000
<b>Staff related costs</b>				
Board fees & expenses	52	0	52	55
Travel & subsistence	1	0	1	49
Training	40	0	40	62
Recruitment	22	0	22	2
<b>Supplies &amp; services</b>				
Legal	107	0	107	176
Computer & telephone	359	0	359	366
Shared services (1)	354	0	354	347
Delegated duties (2)	463	0	463	594
Other supplies & services	155	2	157	279
Audit fee - external (see note 10)	98	0	98	96
<b>Total goods &amp; services</b>	<b>1,651</b>	<b>2</b>	<b>1,653</b>	<b>2,026</b>

# Financial Statements 2020-21

## Notes to the Accounts

(1) In the interests of efficiency, effectiveness and economy, Revenue Scotland and the Scottish Ministers are committed to identifying opportunities for shared services. The amount represents costs charged by the Scottish Government for the following functions:

- ▲ Human Resource management (including, for example: general terms and conditions of service, pay negotiations, pay awards, payroll, pensions and recruitment for senior civil service posts);
- ▲ Financial management (Scottish Government finance systems);
- ▲ Information Systems, Telephony, Information and Library Service;
- ▲ Estates and facilities management;
- ▲ Internal audit; and
- ▲ Procurement.

(2) Delegated duties represents the amounts payable to the Scottish Environment Protection Agency in relation to the duties delegated to them under the Revenue Scotland and Tax Powers Act 2014.

The amount shown for 2019-20 includes amounts paid to Registers of Scotland as duties were also delegated during that period.

# Financial Statements 2020-21

## Notes to the Accounts

### 4. Reconciliation of net resource outturn to net funding received

	Notes	2020-21 £000	2019-20 £000
Resource outturn	SoCNE	6,233	7,067
Capital outturn	5	349	1,827
Non cash charges - auditor's remuneration	10	(98)	(96)
Depreciation	5	(10)	(10)
Amortisation	5	(367)	(172)
Changes in working capital	SoCF	212	(301)
<b>Net funding</b>		<b>6,319</b>	<b>8,315</b>

# Financial Statements 2020-21

## Notes to the Accounts

### 5. Non-current assets

#### Tangible Assets

	Furniture & Fittings	2020-21 Total	2019-20 Total
	£000	£000	£000
<b>Cost</b>			
At 1 April	76	76	76
Additions	0	0	0
<b>At 31 March</b>	<b>76</b>	<b>76</b>	<b>76</b>
<b>Depreciation</b>			
At 1 April	32	32	22
Charged in the year	10	10	10
<b>At 31 March</b>	<b>42</b>	<b>42</b>	<b>32</b>
<b>Asset financing</b>			
Owned	34	34	44
<b>Carrying amount at 31 March</b>	<b>34</b>	<b>34</b>	<b>44</b>

# Financial Statements 2020-21

## Notes to the Accounts

### Intangible Assets

	IT System under development	IT System	Telephony	2020-21 Total	2019-20 Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April	324	2,731	70	3,125	1,298
Additions	349	0	0	349	1,827
Transfers	(673)	673	0	0	0
<b>At 31 March</b>	<b>0</b>	<b>3,404</b>	<b>70</b>	<b>3,474</b>	<b>3,125</b>
<b>Amortisation</b>					
At 1 April	0	165	29	194	22
Charged in the year	0	360	7	367	172
<b>At 31 March</b>	<b>0</b>	<b>525</b>	<b>36</b>	<b>561</b>	<b>194</b>
<b>Asset Financing</b>					
Owned	0	2,879	34	2,913	2,931
<b>Carrying amount at 31 March</b>	<b>0</b>	<b>2,879</b>	<b>34</b>	<b>2,913</b>	<b>2,931</b>

# Financial Statements 2020-21

## Notes to the Accounts

Prior Year	IT System under development	IT System	Telephony	2019-20 Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2019	1,228	0	70	1,298
Additions	1,827	0	0	1,827
Transfers	(2,731)	2,731	0	0
<b>At 31 March 2020</b>	<b>324</b>	<b>2,731</b>	<b>70</b>	<b>3,125</b>
<b>Amortisation</b>				
At 1 April 2019	0	0	22	22
Charged in year	0	165	7	172
<b>At 31 March 2020</b>	<b>0</b>	<b>165</b>	<b>29</b>	<b>194</b>
<b>Asset Financing</b>				
Owned	324	2,566	41	2,931
<b>Carrying amount at 31 March 2020</b>	<b>324</b>	<b>2,566</b>	<b>41</b>	<b>2,931</b>

The balance shown as being for the IT system under development at 31 March 2020 had been incurred prior to the year end but relate to a system update which was implemented into the live system after 31 March 2020

# Financial Statements 2020-21

## Notes to the Accounts

### 6. Other receivables

Amounts falling due within one year:	2020-21 £000	2019-20 £000
Prepaid expenses	32	32
Sundry debtors	18	2
<b>Total receivables within one year</b>	<b>50</b>	<b>34</b>

### 7. Trade and other payables

Amounts falling due within one year:	2020-21 £000	2019-20 £000
Trade payables	43	108
Social security and payroll related	138	155
Accrued short-term employee benefits (see note 1.9)	172	122
Other accruals	441	393
<b>Total payables within one year</b>	<b>794</b>	<b>778</b>

# Financial Statements 2020-21

## Notes to the Accounts

### 8. Provision for liabilities and charges

	2020-21 £000	2019-20 £000
Balance at 1 April	212	0
Utilised in year	(212)	0
Provided in the year	0	212
<b>Balance at 31 March</b>	<b>0</b>	<b>212</b>

Analysis of timing	2020-21 £000	2019-20 £000
Not later than one year	0	212

This provision relates to the potential reimbursement of taxpayers' legal fees incurred in preparation for tribunal hearings where Revenue Scotland withdrew their opposition.

The amounts provided in 2019-20 have either been settled during 2020-21 or agreement reached to settle and been included within accruals as an event after the reporting period.

### 9. Related party transactions

Revenue Scotland is a non-ministerial office of the Scottish Administration and it considers that the Scottish Government is a related party within this context. During the year Revenue Scotland has had a number of material financial transactions with the Scottish Government.

In line with the RSTPA, Section 2, Revenue Scotland has delegated some of its functions relating to SLfT to the Scottish Environment Protection Agency (SEPA).

Functions related to LBTT were delegated to Registers of Scotland (RoS) until July 2019 when these functions were brought in-house.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with Revenue Scotland during the year.

# Financial Statements 2020-21

## Notes to the Accounts

### 10. Audit fee

The following charges have been included in the accounts:

	2020-21 £000	2019-20 £000
Auditor's fee - resource accounts	21	21
Auditor's fee - devolved taxes account	77	75
<b>Total Auditor's fees</b>	<b>98</b>	<b>96</b>

Auditor's remuneration is disclosed as a notional charge and relates to fees notified to Revenue Scotland by Audit Scotland in respect of audit work carried out in relation to the year ended 31 March 2021. All audit fees are paid from the Scottish Consolidated Fund.

No non-audit work was carried out by Audit Scotland during the year ended 31 March 2021.

### 11. Commitments

#### Revenue Commitments

Total future minimum payments under contractual commitments are given in the tables below for each of the following periods:

	2020-21 £000	2019-20 £000
<b>IT Systems</b>		
Not later than one year	307	303
Between one and five years	1,159	1,159
Beyond five years	652	942
<b>Total revenue commitments</b>	<b>2,118</b>	<b>2,404</b>

# Financial Statements 2020-21

## Notes to the Accounts

The amounts above are in relation to the contracts for the provision of Revenue Scotland's tax and finance systems. The contract for the original SETS tax system expired in August 2019. The new system went live in July 2019 and the contract will expire in 2029. The contract for the finance system was renewed in December 2020 for one year with an option to extend for one further year.

Amounts charged in 2020-21 of £317,000 (2019-20: £325,000) are included within computer and telephone costs in note 3 above.

### Capital Commitments

	2020-21 £000	2019-20 £000
<b>IT Systems</b>		
Not later than one year	0	103
<b>Total capital commitments</b>	<b>0</b>	<b>103</b>

There are no amounts in relation to developments to the tax system agreed prior to March 2021.

## 12. Events after the reporting period

A provision was included in the 2019-20 financial statements in respect of liability for taxpayer expenses. After the end of the reporting period the liability was determined and the estimated amount concerned has therefore been treated as an adjusting event and transferred to other accruals.

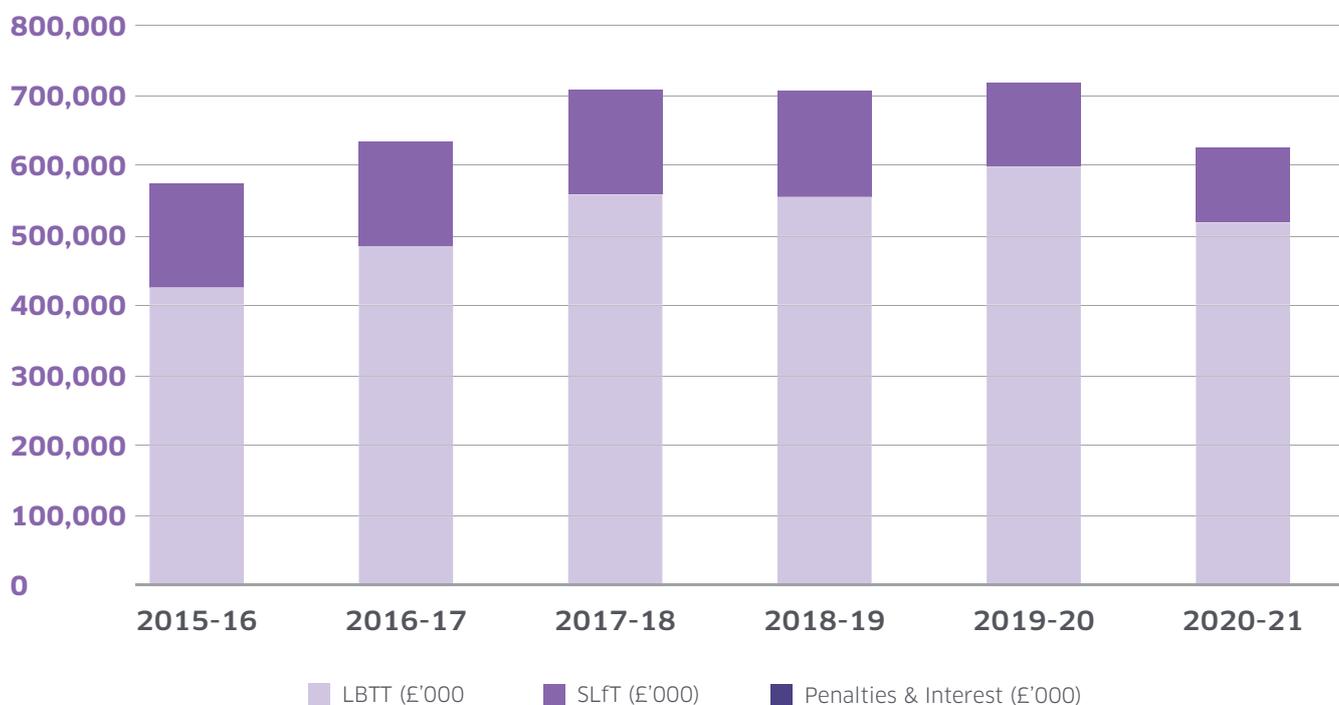
# Financial Statements 2020-21

## Summary Financial Data

### Devolved Taxes 2015-2021

	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
LBTT	424,874	483,598	557,267	554,185	597,368	517,354
SLfT	147,045	149,098	147,984	148,517	118,959	106,528
Penalties & Interest	311	342	1,754	3,135	735	138
<b>Total Tax Revenue</b>	<b>572,230</b>	<b>633,038</b>	<b>707,005</b>	<b>705,837</b>	<b>717,062</b>	<b>624,020</b>

Devolved Taxes Revenue by year (£000s)

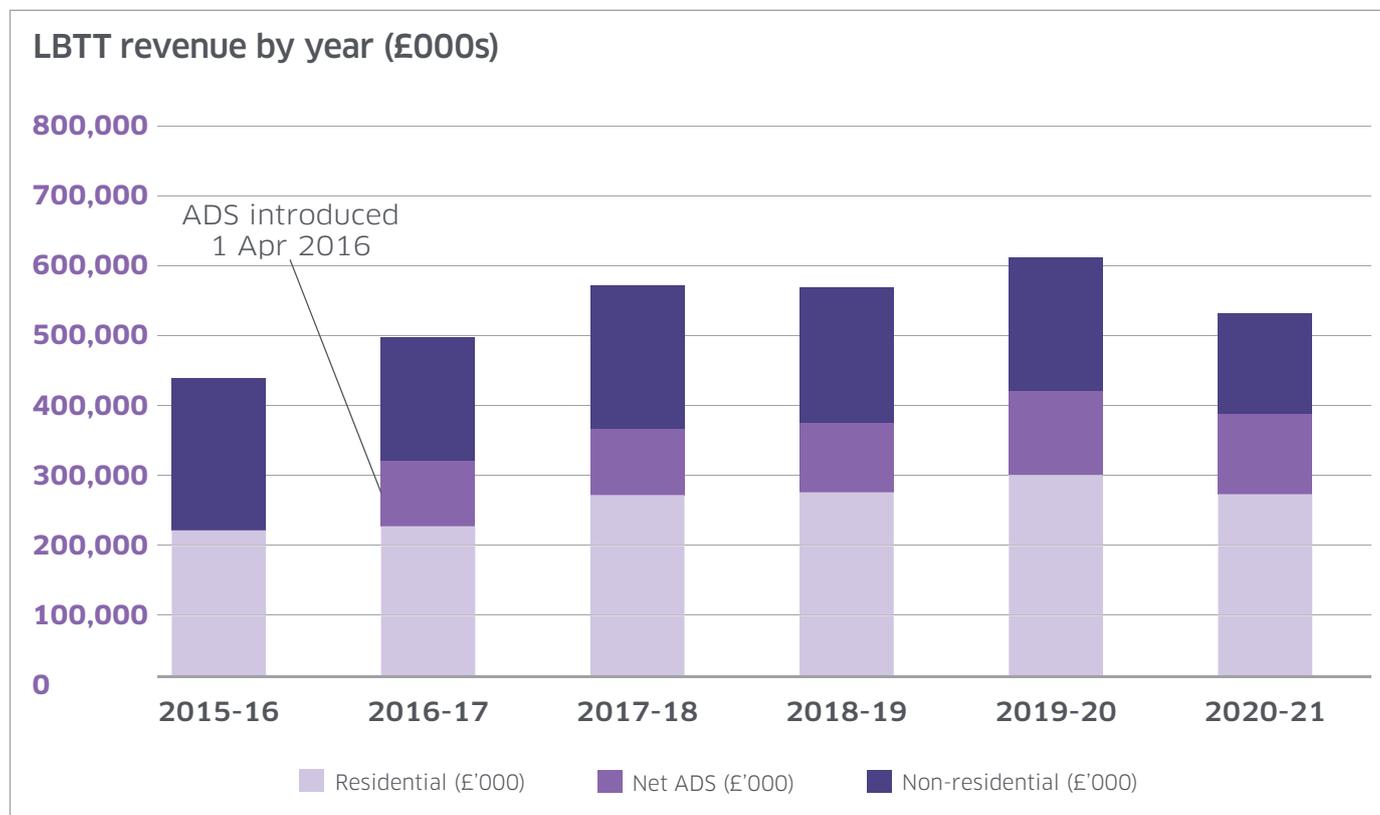


# Financial Statements 2020-21

## Summary Financial Data

### LBTT 2015-2021

LBTT	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Residential	207,878	213,816	258,386	262,336	286,908	259,632
Net ADS	0	92,791	94,645	99,211	120,226	115,104
Non-residential	216,996	176,991	204,236	192,638	190,234	142,618
<b>Total LBTT (£'000)</b>	<b>424,874</b>	<b>483,598</b>	<b>557,267</b>	<b>554,185</b>	<b>597,368</b>	<b>517,354</b>
No. of Tax Returns	115,150	113,000	116,380	120,280	121,050	109,250



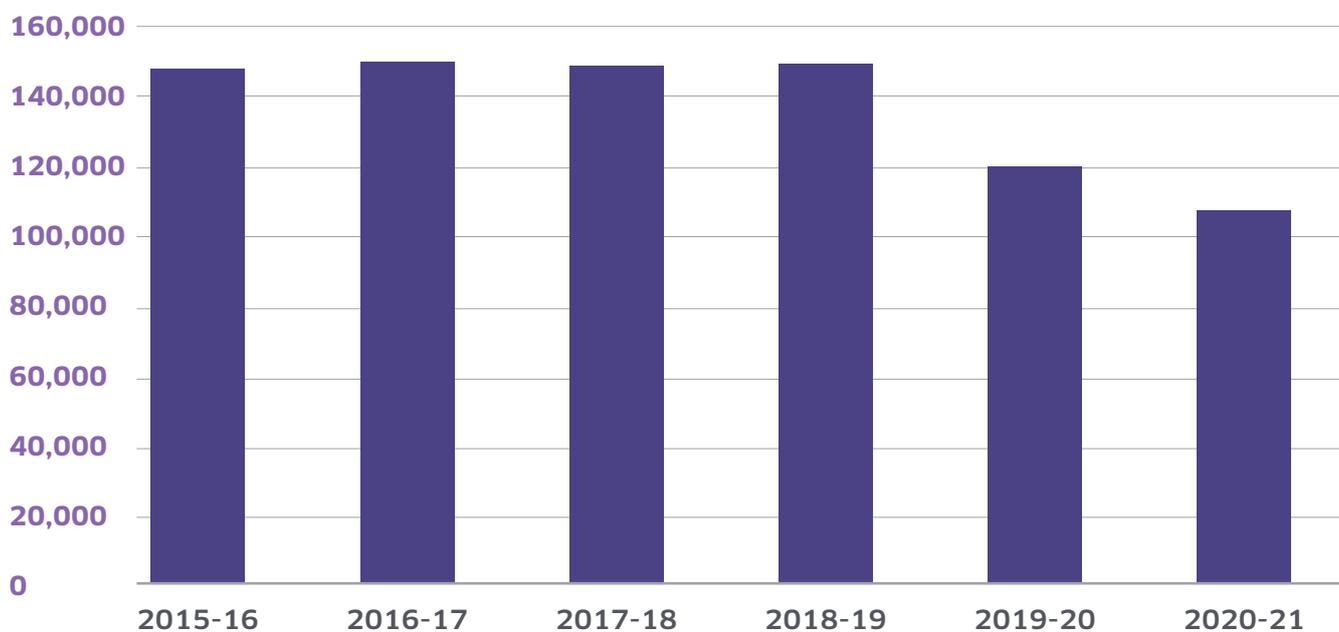
# Financial Statements 2020-21

## Summary Financial Data

### SLfT 2015-2021

SLfT	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Tax (£'000)	147,045	149,098	147,984	148,517	118,959	106,528
Standard rate tonnage	1,869,400	1,816,400	1,775,000	1,650,100	1,343,700	1,170,300
Lower rate tonnage	1,050,300	771,600	790,300	739,500	685,700	618,800
<b>Total tonnage</b>	<b>2,919,700</b>	<b>2,588,000</b>	<b>2,565,300</b>	<b>2,389,600</b>	<b>2,029,400</b>	<b>1,789,100</b>

SLfT revenue by year (£000s)



# Financial Statements 2020-21

## Summary Financial Data

### Resource Spend (including programme costs) 2015-2021

	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Income	0	0	0	0	0	59
Staff costs <sup>6</sup>	(2,477)	(2,915)	(2,785)	(3,448)	(3,998)	(4,234)
Goods & services	(1,752)	(1,466)	(1,613)	(1,668)	(1,912)	(1,651)
Programme costs <sup>7</sup>	(448)	(150)	(1,075)	(1,095)	(763)	(30)
Depreciation & amortisation	0	(1)	(12)	(16)	(182)	(377)
Provision	0	0	0	0	(212)	0
<b>Net operating costs</b>	<b>(4,677)</b>	<b>(4,532)</b>	<b>(5,485)</b>	<b>(6,227)</b>	<b>(7,067)</b>	<b>(6,233)</b>

<sup>6</sup> Includes compensation on early retirement

<sup>7</sup> Includes staff and non-staff costs of developing processes and systems to comply with new legislation or the introduction of IT systems.

# Accounts Direction



## REVENUE SCOTLAND

### DIRECTION BY THE SCOTTISH MINISTERS

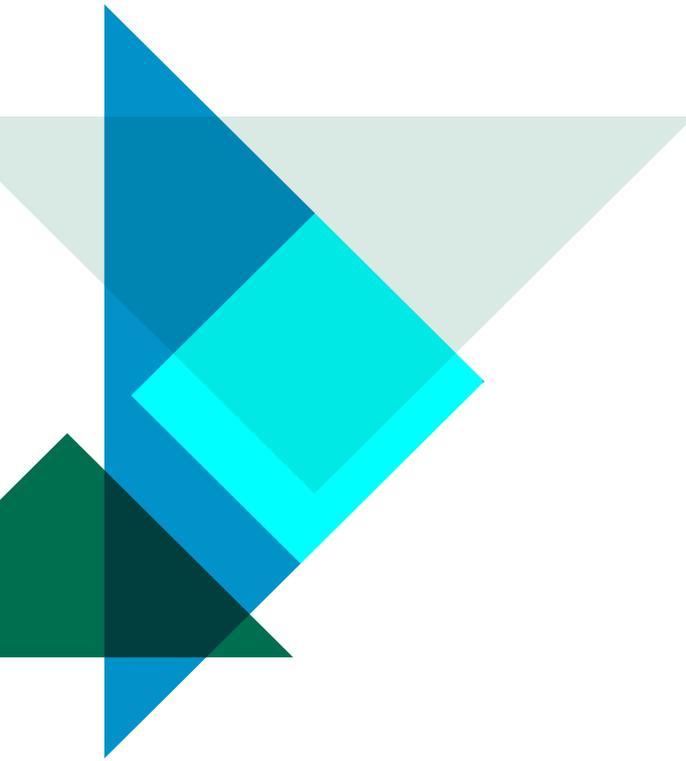
In accordance with section 19(4) of the Public Finance and Accountability Scotland Act 2000, The Scottish Ministers hereby give the following direction:

1. Revenue Scotland will prepare accounts for the financial year ended 31 March 2016, and subsequent years. The accounts shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year of Revenue Scotland in the exercise of its functions
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers



Dated 20 April 2016



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