

# Revenue Scotland

## **Annual Report and Accounts**

for the year ended 31 March 2022



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 November 2022.

Annual accounts authorised for issue on 1 November 2022.

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[info@revenue.scot](mailto:info@revenue.scot)

Revenue Scotland  
PO BOX 24068  
Victoria Quay  
Edinburgh  
EH6 9BR

RS/2022/01



## At A Glance

**£934m**  
Total tax  
declared



**99%**  
Tax  
collection  
rate



Administrative  
cost of tax  
collection  
**0.68%**



**£721k**  
secured through  
compliance  
activity



**94% of staff**  
have completed  
**30 hours**  
pro rata of learning  
and development



Developing new  
**People,  
Green and  
Engagement  
Strategies**



**0% gender  
pay gap**  
at 31 March  
2022



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# Performance Report



# Performance Report Statement from the Chair



I am delighted to present this Annual Report, covering the first full financial year since my appointment as Chair of Revenue Scotland in August 2021.

In what has been a tumultuous year by any standards I have been particularly impressed by the ambition and dedication of colleagues from across the organisation, and it is a pleasure to publish a report that demonstrates so well what such a small but highly skilled, well connected, focused and agile group of people can achieve.

With a staff body of 76, £934 million of devolved tax revenue has been reported in 2021-22, all of which will fund vital public services for the people of Scotland.

Revenue Scotland's Corporate Plan 2021-24 was laid before Parliament in November 2021 and focuses on four strategic outcomes. We strive to excel in the delivery of our services, to successfully invest in our people, and to reach out effectively to our stakeholders. Last but not least, as we look ahead, we want to make what we do scalable and sustainable. As we increasingly come to terms with the COVID-19 pandemic, where our whole organisation pivoted in an exemplary way to ensure continuity and continued enhancement of service, other challenges are coming our way. We

are witnessing significant turmoil across the globe which has a direct impact here in Scotland and it has never been more important for Revenue Scotland to stay true to its values. We continue to support our people with the excellent work of our Staffing and Equalities Committee as we implement our People Strategy to continue on our journey that makes Revenue Scotland a great place to work and develop.

**We continue to increase the effectiveness and scalability of our services, and we stand ready to assume new responsibilities as required.**

As part of our commitment to creating a more sustainable and equal world, we have been developing a Green Strategy that will help to embed new ways in which we can contribute to Net Zero and are already making great headway in 2021-22.

In 2021-22 Revenue Scotland also continued its capital investment programme, which includes upgrades to our electronic tax collection platform and the procurement of replacement finance and contact management systems, to make our tax operations even more efficient and our service users' experience easier. With advances in the areas of digital and data as well as staff development, we continue to increase the effectiveness and scalability of our services, thinking and acting as a 'Digital First' organisation which will help our organisation assume new responsibilities as required.

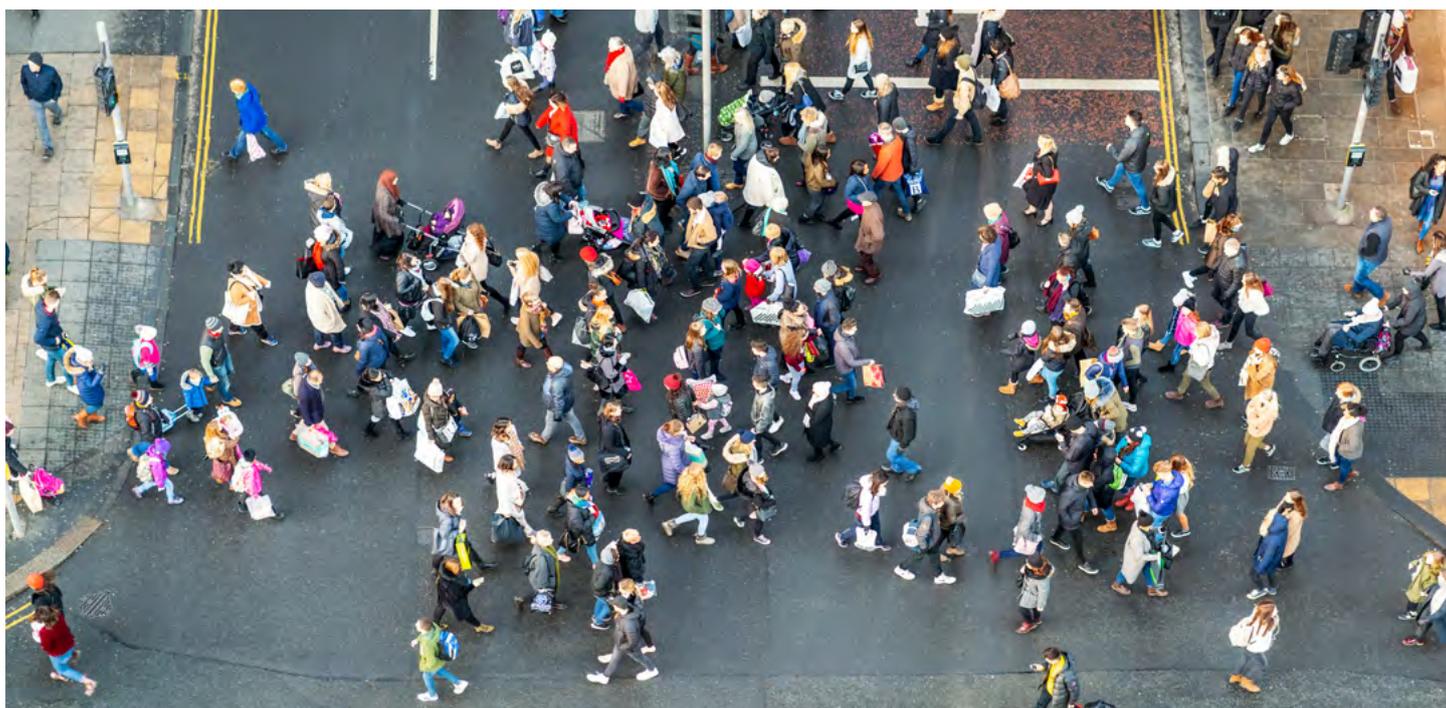


# Performance Report Statement from the Chair

Toward the end of 2021-22 we began the recruitment process to appoint three new Board members in 2022, due to the imminent conclusion of appointments of Lynn Bradley and John Whiting. Lynn and John have made invaluable contributions to the organisation since it was established in 2015, and I want to offer my heartfelt thanks to them. By the time of publication of this Annual Report, our new Board members Professor Robert MacIntosh, Rt Hon Kenneth Macintosh and Idong Usoro have taken up their appointments and are providing an extremely diverse range of expertise in strategic development, public sector stakeholder engagement, and digital transformation and innovation.

As a Board we feel privileged to be working with a great team of professionals and to support them as we continue to build a resilient, forward facing and positive organisation that is delivering for Scotland. On behalf of the Board I want to thank all at Revenue Scotland for their tremendous contribution during another challenging year.

**Aidan O'Carroll**  
Chair of the Board



# Performance Report Statement from the Chief Executive and Accountable Officer



As the longer-term impacts of the COVID-19 pandemic on Scotland's public services started to show in 2021-22, I am proud to report record revenues in Revenue Scotland: £807m Land and Buildings Transaction Tax and £125m of Scottish Landfill Tax. In 2022-23, we are set to reach a total of £5 billion of revenue collected from Scotland's devolved taxes since we were established in 2015.

At the same time the pandemic still impacts on our way of working. While we transitioned to fully remote working the previous year, 2021-22 saw us partially reopen our offices from September 2021 and move into new ways of hybrid working. We have taken a very evidence-based approach to this and are still testing the best use of our office space while considering business needs and performance, customer service and staff wellbeing. We have learnt a lot during the last two years about our own resilience and adaptability as an organisation, but also demonstrated significant creativity, innovation and ambition, and I am determined that we continue to utilise this wealth of new experiences to our advantage going forward. I am immensely proud of all our staff at Revenue Scotland; of how they are embracing continuous improvement in the face of external challenges and constant change.

**Looking ahead,  
we aim to use  
technology more  
to automate  
processes, improve  
tax compliance and  
further enhance the  
use of our data to  
better inform policy  
decisions.**

We are a small and agile organisation and continue to punch above our weight. Looking at our efficiency our total resource spending for 2021-22 was £6 million, and with a total tax revenue of £934 million, the cost of collection ratio, excluding programme costs, was less than 1%. Our workforce will increase slightly next year to bring in highly skilled staff to support complex compliance work and our data/analytical team, as we seek to deliver the ambitions set out in our Corporate Plan.

Looking ahead, we aim to use technology more to automate processes, improve tax compliance and further enhance the use of our data to better inform policy decisions. We have recruited a number of new people with a range of experiences and backgrounds, and I am confident that the talent and commitment of our people will deliver the vision and ambition we have as an organisation.

**Elaine Lorimer**  
Chief Executive



# Performance Report Performance 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 27.

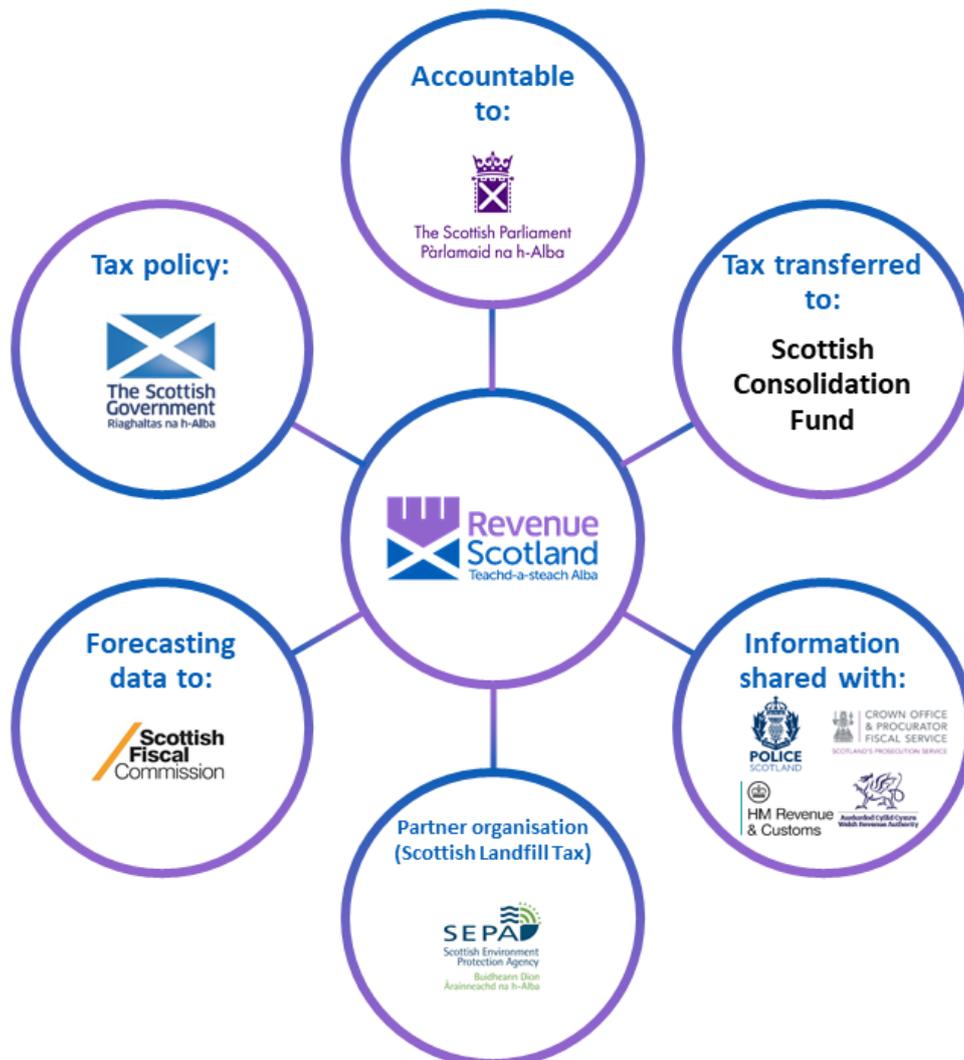
## Introduction

The performance report includes a short performance summary and an analysis section which considers performance against the strategic outcomes of our Corporate Plan 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

## Performance Overview

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 His Majesty's Revenue and Customs (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 at 31 March 2022 comprised six members appointed by Scottish Ministers through the Scottish Public Appointments process. A further three members were appointed with effect from 1 June 2022 and the appointments of two members were concluded at the end of June 2022. 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.

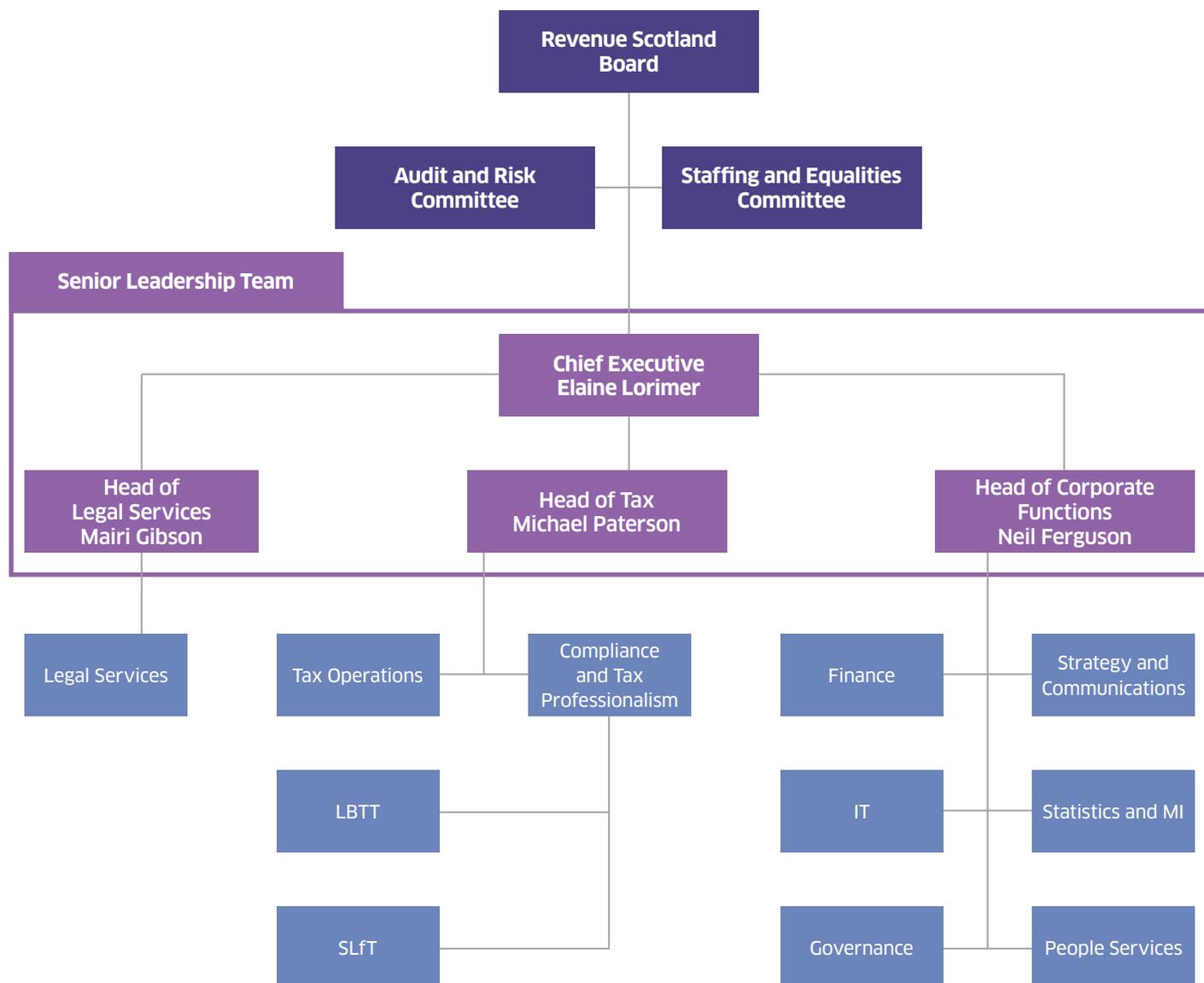
Further details about the activities of the Board, committees and staff are contained in the Accountability Report section (page 47).

### 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 illustrates Revenue Scotland's organisational and team structure.



# Performance Report Performance Overview



## How we are funded

Revenue Scotland is part of the Scottish Administration and has its budget set out in the annual Budget Bill. The Scottish Government liaises with Revenue Scotland to identify its budgetary requirements which are then reflected in the Budget Bill that Ministers present to the Scottish Parliament. 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.

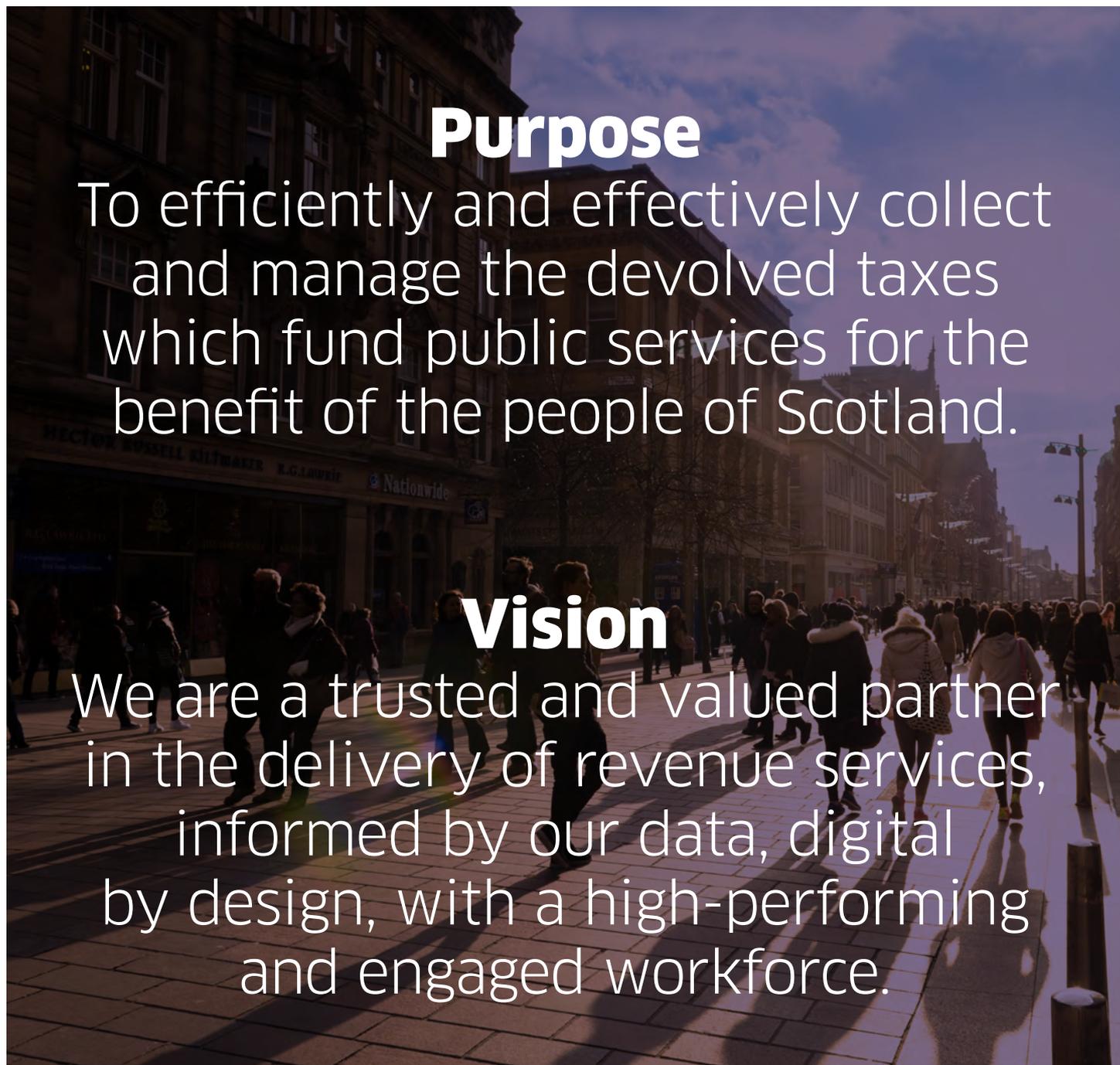


# Performance Report Performance Overview

## Revenue Scotland's purpose and vision

On 30 November 2021, we published our third Corporate Plan, for the period of 2021-24, after laying it in Parliament.

The [Corporate Plan 2021-24](#) outlines the purpose, vision, strategic objectives and performance measures for Revenue Scotland. Together, these will help us continue our work in raising revenue to support public services across Scotland.



## Purpose

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

## Vision

We are a trusted and valued partner in the delivery of revenue services, informed by our data, digital by design, with a high-performing and engaged workforce.



# Performance Report

## Performance Overview

### Corporate Plan 2021-24 strategic outcomes

After seven years of operation, Revenue Scotland is firmly established in the tax and public sector landscapes in Scotland.

Our Corporate Plan 2021-24 is built on the four pillars of excelling in delivery, investing in our people, reaching out and looking ahead, and on the objectives we have identified, that will take the organisation forward in a sure-footed and value-added way. It builds on our strong achievements to date – not least the collection of approaching £5 billion of revenue since 2015, all of which stays in Scotland and helps fund Scotland's public services.



#### Excelling in delivery

We are committed to delivering excellent public services with users at the heart of them. Our focus is on investing in new systems and the latest technology, as well as ensuring we are able to continue to get quality data analytics to make smarter decisions and connections – all in order to meet taxpayer needs and expectations while making our work as efficient and effective as possible.



#### Investing in our people

We have a great team, who, along with our partners, are our most important asset. Staff health, safety and wellbeing are our priority, and our staff have demonstrated resilience to the challenges that the COVID-19 pandemic brought about. Our People Strategy sets out our ambition to be an employer of choice which is diverse and inclusive. We are committed to investing in our people, building capability and nurturing our talent. We maintain an acute awareness that we exist as a public service, and we will continue to adapt our ways of working to meet the needs of our staff and taxpayers.



#### Reaching out

We are an accessible, collaborative and transparent organisation that is keen to learn from others and to share our experiences and expertise. In particular, we strive to engage users in the design of our services, maximise the opportunities of technology and expand the reach of our engagement to diversify our stakeholder base. We will collaborate effectively with others to deliver public service improvements and efficiencies.



#### Looking ahead

We continue to strive to deliver excellence in all we do and are committed to responding constructively to current economic and societal challenges and requirements as part of public sector reform. 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.



# Performance Report

## Performance Overview

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

Revenue Scotland delivers its purpose through the strategic outcomes in the Corporate Plan. Performance is measured through the use of key performance indicators (KPIs) as set out in the Corporate Plan, and against the delivery of milestones relating to the objectives of the key projects.

We have a Business Plan that sets out projects and other cross-cutting pieces of work which help us deliver the strategic outcomes 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 outcomes 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.

### National Performance Framework

Scotland's National Performance Framework (NPF) sets an overall purpose and vision for Scotland. It establishes broad 'National Outcomes' and provides measures on how well Scotland is progressing towards those outcomes.

Our Corporate Plan 2021-24 clearly aligns with and prominently features the National Outcomes. It is this plan, and in it the National Outcomes, that strategically direct and prioritise all our work as an organisation. To ensure the successful delivery of the Corporate Plan, our objectives and deliverables are further defined and translated into action through a strategic framework of corporate strategies, business plan and team plans, and we have comprehensive performance reporting processes in place to monitor our progress against objectives on a monthly and quarterly basis.

Through the collection of devolved tax revenues that fund Scottish public services, Revenue Scotland indirectly contributes to all of the National Outcomes. Six of the National Outcomes are particularly relevant to the work we do: economy, environment, fair work and business, communities, human rights and health. In these areas we contribute through investment in staff, commitment to equality and diversity, through working in collaboration with stakeholders and taxpayers and acting in an open, transparent and accountable manner.

Scottish Landfill Tax, in particular, is essentially an environmental fiscal measure and acts to promote the circular economy. In this way, we make an important contribution to the environmental NFP outcome.



# Performance Report

## Performance Overview

The following table shows which Revenue Scotland strategic themes are relevant to the various National Outcomes.

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 are 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	✓	✓		✓



# Performance Report

## Performance Overview

### Key issues and risks

Revenue Scotland managed a number of risks and issues during 2021-22. The Board of Revenue Scotland was kept informed throughout and scrutinised and monitored progress in the management of these risks and issues.

Staff wellbeing (and mitigating the impacts of the COVID-19 pandemic) remained a key focus for the organisation. This included the need to proactively manage the impact of positive COVID-19 testing amongst staff and to facilitate the return to office working as part of the wider approach to hybrid working. A project team was established to lead this activity over the last year, tasked with ensuring that health and wellbeing were central to the approach. This facilitated the maintenance of our service to taxpayers and their agents in the face of staff absences, and a safe return to office working, and ensured any potential for transmission has been limited as far as possible.

As part of Revenue Scotland's commitment to wellbeing, our Health and Wellbeing Group has delivered a number of wellbeing-related sessions to staff over the past financial year. These included: musculoskeletal awareness, work/life balance, hybrid working, healthy eating, the importance of taking breaks, and, mindfulness and mindful walking. Employee one-to-one consultations were conducted throughout the year to ensure staff were able to work from home safely. Display screen equipment (DSE) assessments were also carried out as part of this and staff were provided with appropriate equipment to ensure they each had a suitable workstation.

Revenue Scotland works closely with its trade unions (TU) at all levels with the aim of making the organisation a healthier and safer place to work. This commitment is demonstrated through the inclusion of TU representation on the Health, Safety and Wellbeing Committee.

In addition, a wider review of health, safety and wellbeing has been undertaken. This has resulted in significant progress against Revenue Scotland's health and safety action plan. It has also ensured the right training has been put in place to support the return of staff to offices; for example, first aid and fire safety training. As part of this, Revenue Scotland has worked closely with Scottish Government colleagues to make the best use of the support available within the Scottish Government estate.

In response to heightened alertness on cyber security threats and as a result of the wider geo-political context and an attack in December 2020 on our partner organisation SEPA, cyber security has been a key issue for the organisation over the last year. A desktop exercise was conducted to test the resilience of the organisation in the face of common attacks detailed by the National Cyber Security Centre. Action has been taken to further strengthen controls in this area based on the outcomes of this exercise and lessons learnt from the attack on SEPA.



# Performance Report

## Performance Overview

Other initiatives to address issues and mitigate risks included

**Tax solutions:** A number of project teams were established throughout the year to provide various solutions to improve the service provided to taxpayers. These have included: a secure messaging service to enable prompt responses, proportionate measures to alleviate the burden on taxpayers potentially facing penalties for late returns or payments, and tailored support to taxpayers to submit lease review returns on time.

**Tax Assurance Group (TAG):** TAG continues to meet regularly to discuss complex cases and operational changes. A key feature of 2021-22 was the approval of updated compliance plans, that detail how Revenue Scotland operates under an established risk management framework. The framework aligns with the best practice guidance presented through the Scottish Public Finance Manual and the Scottish Government's Risk Management Guidance document. The framework sets out the process for identifying and documenting risk, assigning ownership of risk, scoring risk, determining responses to risk and monitoring and reporting on progress in managing risk.

**Learning and development:** The Scottish Tax Education Programme (STEP) continued to thrive during 2021-22 with the delivery of the virtual foundation modules to many of the new staff who joined the organisation throughout the year. Development began on a number of specialist learning areas such as: corporate strategy, investigatory powers, styles, behavioural penalties and reviews and piloted modules relating to debt, Additional Dwelling Supplement (ADS) and leases. All this progress was supported by our training champions, who have embraced new technology such as the use of Mentimeter, Canva and MS Teams to further improve learner engagement and experience. 98% of attendees confirm that attending STEP has improved their skills and knowledge.

**Wellbeing:** We have continued to promote wellbeing and engagement across Revenue Scotland. Throughout the year we have continued to deliver a comprehensive induction programme for new staff. Approximately 35% of our workforce changed during 2021-22, this presented both opportunity and challenge. Connecting staff as one organisation continues to be a priority and we hosted two virtual all-staff gatherings during the year.



# Performance Report

## Performance Overview

### Delivering legislative change

2021-22 saw Revenue Scotland implement changes announced in the Scottish Budget to both LBTT and SLfT, taking effect from 1 April 2021. After a temporary change during the COVID-19 pandemic, the ceiling of the nil rate band for residential LBTT returned, as planned, to £145,000 for transactions as of 1 April 2021. Rates for the Additional Dwelling Supplement (ADS) and non-residential LBTT remain unchanged.

The Scottish Budget 2021-22 also confirmed, and Revenue Scotland implemented, an increase in SLfT rates from 1 April 2021, as follows:

Rate/Year	2021-22	2020-21
Standard rate per tonne	£96.70	£94.15
Lower rate per tonne	£3.10	£3.00

Revenue Scotland also actively collaborates with Scottish Government officials in the design and structure of possible future legislative change. This involvement, including consultations, during 2021-22 is likely to lead to further legislative change in 2022-23 and beyond.

### Litigation

In our Annual Report and Accounts for 2020-21, we reported on the impact of COVID-19 on our litigation. While in 2020-21 only four virtual tribunal hearings took place for devolved taxes, over the course of 2021-22, COVID-19 restrictions affecting litigation gradually eased.

During 2021-22, Revenue Scotland participated in seven tribunal hearings, of which four were LBTT appeals and three were SLfT appeals. Three LBTT hearings and one SLfT hearing were conducted virtually. The remaining three hearings were held in person.

For both virtual and in person proceedings, the tribunal directed electronic submission of documents. This resulted in a cost saving in relation to printing and posting for both parties. The technology and arrangements for virtual hearings has worked well and Revenue Scotland welcomes the availability of an alternative virtual format. There is a complex mix of factors which will impact which format is appropriate and Revenue Scotland is supportive of legal developments in this area.

Since Revenue Scotland was established in 2015, we have been collecting data in relation to litigation. Trends are consistently showing higher volumes of LBTT appeals compared to SLfT appeals. There has also been an increase in the tribunal rejecting appeals seeking ADS repayment.

Further information on appeals in 2021-22 is available on page 32.



# Performance Report

## Performance Overview

### Future Operating Model

Early in 2021 the Chief Executive commissioned the Scottish Government Directorate for Internal Audit and Assurance (DIAA) to undertake a review of action taken during the pandemic. The positive report outcome led us to consider how the changes introduced as a result of working remotely could be considered as part of more permanent working arrangements.

The Chief Executive commissioned consultancy firm EY to undertake a short piece of work to develop an options appraisal<sup>1</sup> of three possible future operating models – fully remote, fully office-based and hybrid – against the following criteria: our service, our organisation, our people, scalability, value for money and green recovery. This aimed to enable us to determine what our optimal future operating model could be. It considered the case for change, the risks and the development of a principles-based hybrid operating model that could be evaluated.

The key outcome sought was the operating model which produced the best business performance. Employee personas were developed to reflect our staff's different preferences and needs with regards to office, home and hybrid working. They also accounted for the health, safety and wellbeing of individuals, and the implication on their preferred work setting. Additionally, role personas were identified; these were aimed at helping to define the distinct purpose of the workplace and when the employees would interact with the office.

In June 2021 the Revenue Scotland Board committed to piloting a hybrid model for a year, which would be subject to quantitative and qualitative analysis. This will enable the organisation to determine its optimum hybrid operating model for 2023-24 and beyond.

A futures project team was established to develop the options appraisal, participate in the scoring exercise and then take forward the planning required to implement the Board's decision. The team developed three phases to introduce hybrid working. Phase one commenced in September 2021. This phase permitted staff with health and safety or wellbeing issues, or staff undertaking business-critical work, to return to our Victoria Quay office. A duty manager role was established to provide support to those staff returning.

In March 2022 COVID-19 restrictions were further relaxed, and phase two of the trial invited staff who identified with a blend of home- and office-based persona to attend the office. As an organisation we collectively reviewed activities that could be optimised in the office and defined the office-based activities for which all staff would attend the office. The final phase of our hybrid pilot includes inviting all staff to attend the office for defined activities and sees the use of a hub site in Glasgow. In preparation for staff returning to the office, a health and safety inspection was carried out in conjunction with the trade unions, a hybrid staff handbook was developed, IT was refreshed, and office space repurposed to optimise the hybrid experience.

The evaluation of the hybrid model of working will be evidence-based. Staff pulse surveys have been taken at regular intervals and a full evaluation will be undertaken at the end of the pilot in March 2023.

<sup>1</sup> Costs associated with our response to the COVID-19 pandemic, including consultancy work, are available in the financial performance section on page 25.



# Performance Report

## Performance Overview

### Performance summary

#### Key projects

Revenue Scotland's Business Plan includes 10 key strategic projects for 2021-22, 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 2021-22, most projects were either complete or continuing to progress.

Project and scope	Progress	Status
<p><b>1. Scottish Budget changes</b></p> <p>To deliver changes to the devolved taxes through changes introduced to the Scottish Budget, ADS and SLfT provisions</p>	<p>No changes were made to LBTT bands; however, both the standard and lower rates of SLfT increased. The website was updated to reflect the new rates and operators have been contacted to inform them of the rate changes. Testing of our Scottish Electronic Tax System (SETS) was also completed to ensure that the system correctly reflected the changes.</p>	Complete
<p><b>2. LBTT legislative guidance</b></p> <p>To revise and refresh the external guidance, including legislative guidance for both devolved taxes, ensuring accessibility and stakeholder standards are met</p>	<p>Changes to guidance are ongoing.</p>	Ongoing
<p><b>3. Finance system renewal</b></p> <p>To renew the tax finance system contract and to explore a new system in 2022-23</p>	<p>The contract was successfully renewed with updated contract terms.</p>	Complete
<p><b>4. Remote printing project</b></p> <p>To develop, roll out and integrate a third-party printing solution as an element of our Target Operating Model</p>	<p>Project has been completed; all applicable business areas are now using the printing solution.</p>	Complete



# Performance Report

## Performance Overview

Project and scope	Progress	Status
<p><b>5. Development of learning experience platform</b></p> <p>Development of a Revenue Scotland learning experience platform which will sit within the SG Thrive platform. It will contain learning &amp; development (L&amp;D), Scottish Tax Education Programme (STEP) and provide a platform for staff to lead on their own L&amp;D and build capability for the future.</p>	Work on this project is ongoing; user testing has begun.	Ongoing
<p><b>6. Enhanced support policy</b></p> <p>To develop a suitable policy and solutions for customers and staff who require varying levels of enhanced support or services.</p>	The policy has been split into an internal and external policy. Significant progress has been made but is still ongoing.	Ongoing
<p><b>7. Capital Investment Programme</b></p> <p>To maintain Revenue Scotland's programme of continuous improvement suggestions</p>	Development and implementation of improvements are in progress (for further information on 2021-22 improvements, see page 29).	Ongoing
<p><b>8. Analytical workbench</b></p> <p>Accessing Edinburgh University's Analytical Workbench to provide data analytics ability, load testing, and functionality testing of SETS, to support the continuous improvement programme (related to Data Science Accelerator Programme)</p>	Programme has concluded: findings were taken and further research by IT teams is being undertaken to develop similar solutions.	Complete
<p><b>9. Implementation of Jira service desk</b></p> <p>To deliver a service and incident management tool to enable the management and provide visibility of and reporting of workflows and requirements</p>	After a review of Jira, Scottish Government's iFix service was implemented as a shared service pending a broader review of IT service management practices.	Complete



# Performance Report

## Performance Overview

Project and scope	Progress	Status
<b>10. Annual Report and Accounts</b> To produce the Annual Report and annual Accounts for the current financial year	The production of Annual Report and Accounts were completed for the applicable financial year. This process is annual.	Complete

### KPIs overview

The Corporate Plan 2021-24 includes 10 key performance indicators (KPIs) which demonstrate Revenue Scotland's performance against the plan and towards our targets. Full details relating to each KPI and target can be found in the Performance Analysis section of this Annual Report and page numbers are provided in the table.

The KPIs demonstrate our operational performance in the midst of the challenges associated with the COVID-19 pandemic in 2021-22.

New KPIs were introduced in 2021-22 to monitor our performance against new priority objectives, including work relating to equalities mainstreaming, service user feedback, and progress towards becoming a greener organisation. Previous KPIs were also updated to more accurately reflect our performance against key areas. For these reasons comparison to previous years is not always available.

No.	Indicator	Target/Indicator	2021-22	2020-21	Status	More info
1	Tax collection rate: Percentage of tax declared which has been collected	Comparison to 2017-18 baseline (99%)	99%	100%	Achieved	page 28
2	Response to user requests	Composite of calls, written correspondence and time to process claims for repayment of tax. Green - 95% Amber - <95% >90% Red - <90%	95%	N/A - New for this year	Achieved	page 29



# Performance Report

## Performance Overview

No.	Indicator	Target/Indicator	2021-22	2020-21	Status	More info
3	Tax secured through Revenue Scotland's compliance activity	Compared to previous year's compliance activity, no formal target set	£721k	£963k	Not applicable	page 30
4	Administrative cost of tax collection	<1%	0.68%	1%	Achieved	page 28
5	Skills and knowledge development	>90% of staff having completed 30 hours (pro rata) learning and development	94%	N/A - New for this year	Achieved	page 34
6	People Survey Engagement and Stress Proxy Index	Combined score to be within top 25% of CS organisations	Combined score of 33	N/A - New for this year	Not achieved	page 34-35
7	Service users feedback	Developing KPI definition and measure	N/A	N/A - New for this year	In development <sup>2</sup>	page 37
8	Equalities	RAG status applied based on progress against Equalities Mainstreaming action plan	Amber	N/A - New for this year	Partially achieved	page 38
9	Environment	Developing KPI definition and measure	N/A	N/A - New for this year	Removed <sup>3</sup>	page 43
10	Delivery of key strategic projects	Combined RAG status of 10 key strategic projects	Green	N/A - New for this year	Achieved	page 40

<sup>2</sup> In 2021-22 Revenue Scotland started gathering service user feedback via the online tax collection system SETS; this will continue during 2022-23 to set a benchmark. For more information, see page 37.

<sup>3</sup> In May 2022, the Board agreed that KPI 9 was to be set aside, while a revised Green Strategy and environmental targets are to be considered in 2022-23.



# Performance Report

## Performance Overview

### Financial performance

#### Resource accounts

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

Net Expenditure against Resource Budget	Actual Total £'000	Budget Total £'000
Financial year 2021-22 expenditure	6,338	6,596
Financial year 2020-21 expenditure	6,233	6,600

Expenditure against Capital Budget (Note 5 of Financial Statements)	Actual Total £'000	Budget Total £'000
Financial year 2021-22 expenditure	299	500
Financial year 2020-21 expenditure	349	400

In 2021-22, revenue expenditure was £258,000 (4%) less than budget and capital expenditure was £201,000 (40%) less than budget. Savings occurred in many areas as a result of pandemic restrictions on office working. In particular:

- ▶ Scottish Government HR pressures and increased volumes of recruitment as a result of the pandemic contributed to delays in the recruitment process and the onboarding of new staff.
- ▶ Tax tribunal hearings and outcomes were postponed resulting in delays in incurring legal costs.
- ▶ Planned capital spend was delayed due to supply chain issues on the IT hardware refresh and a longer development process for upgrades to our tax collection platform SETS.

Development of SETS remains a priority for Revenue Scotland with significant expenditure planned for the next few years.



# Performance Report

## Performance Overview

In 2021-22 Revenue Scotland spent £67,000 (2020-21: £230,000) on costs associated with our response to the COVID-19 pandemic. These were:

	2021-22 £'000	2020-21 £'000
Staff seconded to Scottish Government	0	136
Agency staff	0	45
Training	0	3
IT	7	13
Shared services	0	23
Consultancy	60	0
Other	0	10
<b>Total</b>	<b>67</b>	<b>230</b>

COVID-19 expenditure in 2021-22 was greatly reduced from 2020-21 when some staff were seconded to Scottish Government's response to the pandemic and costs borne by Revenue Scotland. In 2021-22 expenditure related to minor IT hardware and expenditure incurred with management consultants to assess a range of operating models for Revenue Scotland as noted above under Future Operating Model on page 19.

### Devolved Taxes

Revenue net of repayment, excluding interest payable and revenue losses	2021-22 Tax, penalties and interest receivable  Total £'000	2021-22 Budget Act estimates  Total £'000	2020-21 Tax, penalties and interest receivable  Total £'000
LBTT	807,183	586,000	517,354
SLfT	125,248	88,000	106,528
Penalties and interest	1,245	0	138
<b>Total</b>	<b>933,676</b>	<b>674,000</b>	<b>624,020</b>



# Performance Report

## Performance Overview

The values in the above table are for tax returns and amendments submitted during 2021-22 and adjusted for the value of LBTT and SLfT returns received during April and May 2022 which relate to the period up to March 2022.

The tax returns submitted during 2021-22 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.

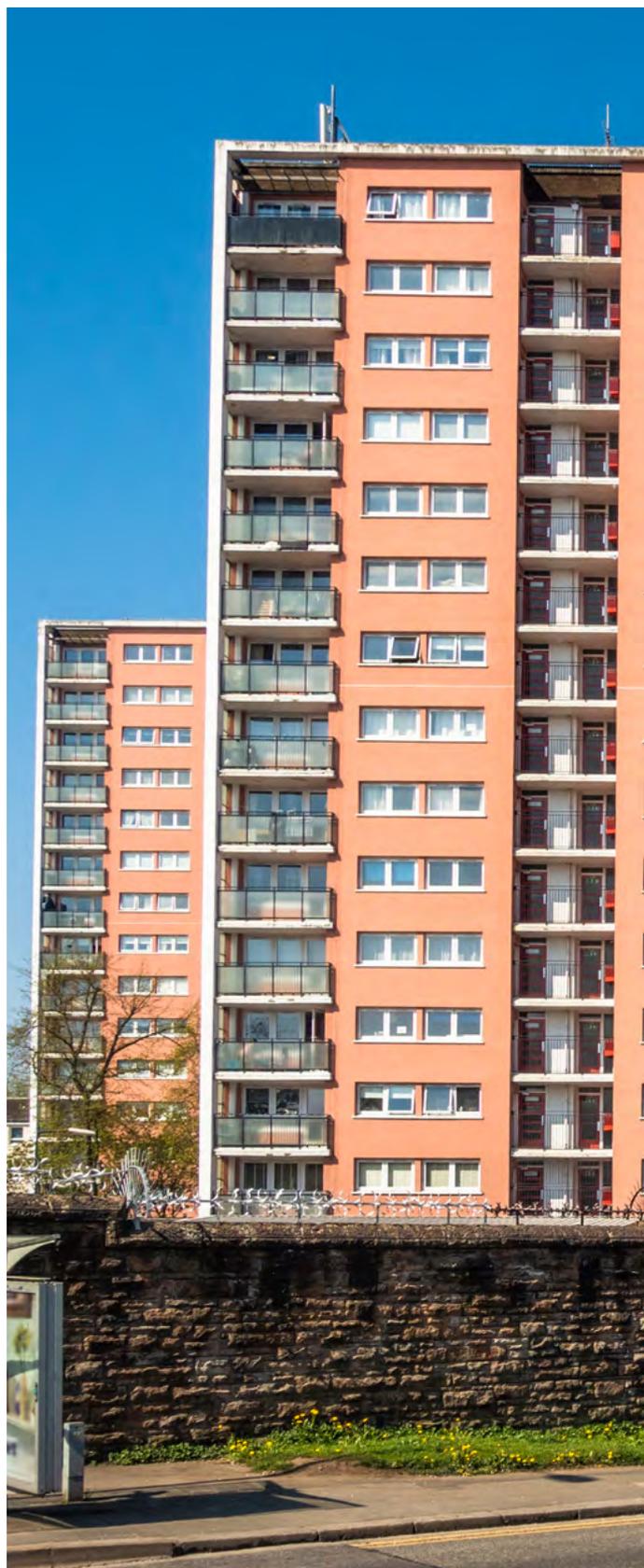
The LBTT revenue raised in 2021-22 is dependent on performance of both the residential and non-residential property markets within Scotland.

The SLfT revenue raised in 2021-22 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.

The housing market continued to recover in 2021-22 from the pandemic. A summary of the tax revenue and our resource spend over the period 2017-2022 is shown on pages 100-102 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 2021-22, which is published separately.



# Performance Report

## Performance Analysis

### Performance against the Revenue Scotland Corporate Plan

The Corporate Plan 2021-24 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 outcomes we are seeking to achieve by delivering a series of underlying strategic outcomes in key areas. In addition, the plan sets out 10 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 pages 22-23.

## Excelling in delivery

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

To achieve this we have twelve underlying objectives:

- ▶ use technology, data and innovation to develop and enhance our tax collection systems and guidance
- ▶ adopt continuous improvement processes to make our services more effective and easier to use
- ▶ use our statutory powers appropriately to help taxpayers get to the right tax position
- ▶ seek to resolve disputes and pursue non-compliance by using our powers proportionately
- ▶ develop options for measuring and addressing tax receipt shortfall
- ▶ design and deliver systems that are compliant, reliable, efficient and cost effective
- ▶ undertake effective management of assets through their lifecycle
- ▶ exemplify best practice in the ways we hold and manage data
- ▶ use our expertise in collecting devolved taxes to help shape the development of tax policy and legislation
- ▶ design and deliver public services that meet the diverse needs of our users
- ▶ include environmental impact as a key principle in our service delivery model
- ▶ meet our obligations as a public body and embed the management and mitigation of risk in our planning activities and operations.



# Performance Report

## Performance Analysis

### Tax revenue

	2021-22 £'000	2020-21 £'000
LBTT	807,183	517,354
SLfT	125,248	106,528
Penalties and interest	1,245	138
<b>Total tax</b>	<b>933,676</b>	<b>624,020</b>

Tax revenues were at a record high in 2021-22, and nearly 50% higher than 2020-21 which was affected by the pandemic. Both residential and non-residential LBTT revenues declared were the highest seen in a financial year, with residential revenues being driven by increasing house prices. Increases in SLfT over the past year were, in part, due to increased taxation rates, although volumes of waste going to landfill were lower in 2020-21 than 2021-22 due to the pandemic.

For SLfT, in 2021-22 we changed our procedures to identify the higher-risk areas, presented by quarterly returns. Following further consideration of health and safety procedural arrangements and on account of pandemic restrictions, landfill site visits were curtailed. However these will be taken forward as we move further out of the pandemic.

In addition, several of our KPIs are used to measure performance contributing to the area of excelling in delivery.

As per KPI 1, our tax collection rate in 2021-22 was 99%, equal to the 2017-18 baseline of 99%.

The efficiency of our service is reflected in the low administrative of tax collection (KPI 4). The cost of collection in 2021-22 was less than 1%, which has improved compared to 2020-21.



# Performance Report

## Performance Analysis

### Guidance, advice and support

The service we provide to taxpayers is of utmost importance to us and to this effect we introduced a new key performance indicator (KPI 2). This is a composite measure of response times to different service user requests, including calls, written correspondence and time to process claims for repayment of tax, and we achieved our target with 95%.

We seek to provide effective and easy-to-use guidance and support to help taxpayers pay the right tax and to explain the outcomes of non-compliance, such as penalties, up front. We aim to respond promptly to enquiries and requests for tax opinions. To this effect we launched our new [website](#) in April 2021, which makes it easier for service users to find the information they are looking for. We continue to analyse taxpayer feedback and behaviour to identify areas where guidance could be improved in order to provide better support. This work informs compliance activity (see below, page 30), 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.

Specifically, in 2021-22 we developed a targeted plan for enhancing LBTT guidance. The focus of the LBTT projects was informed by legislative changes, litigation updates, website traffic data and user feedback.

We also established a new key performance indicator (KPI 7) to gather and use service user feedback to inform improvements to our service. This is described under our strategic outcome of 'reaching out' on page 36.

### Capital Investment Programme

In 2021-22, Revenue Scotland's capital budget has been employed primarily to invest in the improvement of Revenue Scotland's digital technology.

Revenue Scotland ensures that all capital expenditure is delivered through key corporate projects directly linked to the priorities set out in our Corporate Plan. The capital budget is usually allocated to projects that can span more than one financial year. Working closely with our IT partner, NEC, we have delivered a series of enhancements to our digital tax collection platform SETS. This work has led to improvements for the customer-facing portal and has kept pace with the ever-changing business needs of the tax and finance teams. In the second half of the year, an IT refresh project commenced, to upgrade our IT hardware (to provide staff with the tools they need to work effectively) and will eliminate costs which would be incurred supporting ageing technology.

Building on the recommendations of a Gateway Review 5<sup>4</sup> assurance review exercise conducted in December 2021, Revenue Scotland established a Capital Investment Programme to provide oversight to the Senior Leadership Team and Revenue Scotland Board of the collaborative work needed to ensure best use of public funds. Programme governance and assurance is provided by the Capital Investment Programme Board to the Senior Responsible Owner. The role and responsibilities of the programme board are documented in an agreed Terms of Reference and it meets on a six-weekly basis. The programme plan is updated regularly to reflect changes agreed by the programme board. It is also updated during the financial year as part of any financial forecast updates.

4 The Gateway Review process is a key assurance mechanism designed to provide an objective view of the ability of a programme or project to deliver on time and to budget.



# Performance Report

## Performance Analysis

### Compliance

Revenue Scotland has a duty to protect the revenue and ensure that the correct amount of tax is collected. As highlighted above under 'guidance, advice and support' 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 Compliance Strategy 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.

Revenue Scotland works in collaboration, sharing information, intelligence and knowledge regularly with His 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. We also regularly meet with bodies such as the Chartered Institute of Taxation (CIOT), the Institute of Chartered Accountants of Scotland (ICAS), the Law Society Scotland (LSS), the Convention of Scottish Local Authorities (COSLA) and the Resource Management Association Scotland (RMAS).

As measured under KPI 3, tax secured through Revenue Scotland's compliance activity was £721k in 2021-22, reduced from £963k in 2020-21. Importantly, this figure does not reflect upstream compliance activity, such as guidance to assist taxpayers to comply with their obligations.



# Performance Report

## Performance Analysis

### 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.

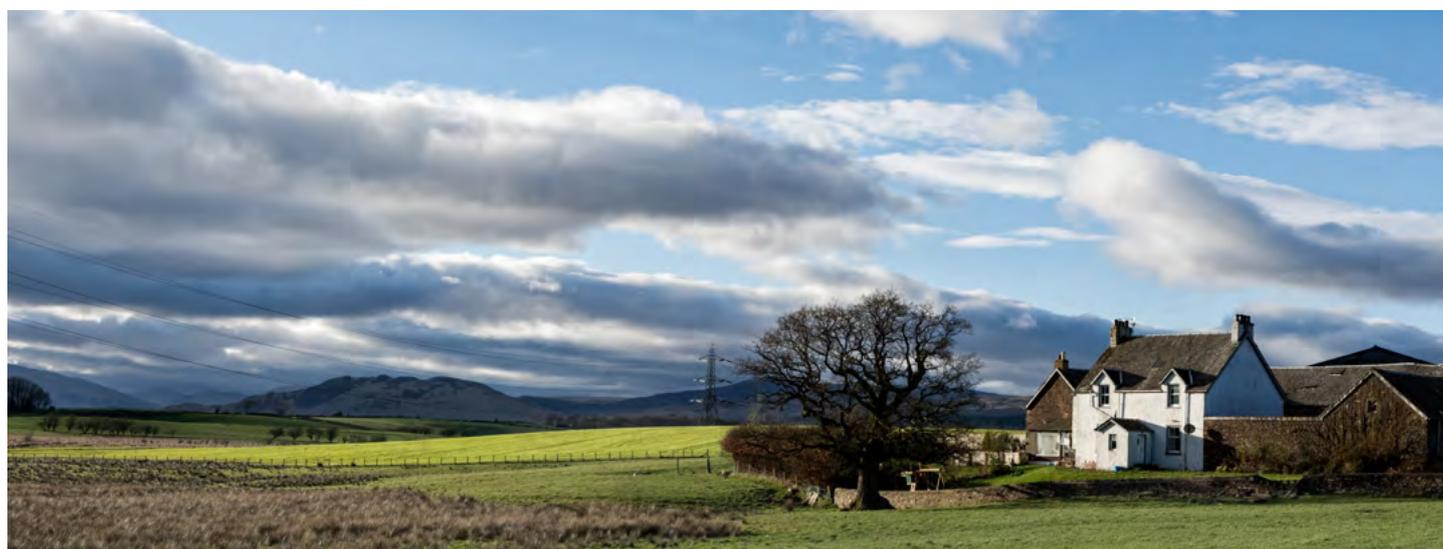
### Complaints

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
- ▶ Stage 2 – investigation.

Complaint Stage	No. of complaints 2021-22	% Resolved in 20 days or less	No of complaints 2020-21	% Resolved in 20 days or less
Stage 1	4	100%	0	-
Stage 2	0	-	1	100%



# Performance Report

## Performance Analysis

### 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.

Taxpayers and their agents have the right to request that Revenue Scotland reviews any decision which 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. Revenue Scotland must notify the taxpayers or their agents of its view of the matter within 30 days from the day on which it received the review request (or such longer period as reasonable). For the next stage Revenue Scotland must inform the taxpayers or their agents of its conclusion of the review and its reasoning within 45 days of sending the Stage 1 response.

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.

### Appeals

	2021-22	2020-21
Number of cases at 1 April	6	11
New cases initiated	11	2
Cases decided	7	5 <sup>5</sup>
Cases settled <sup>6</sup>	0	2
Number of cases at 31 March	10	6

During 2021-22, 10 appeals were initiated in the Tax Chamber of the First-Tier Tribunal for Scotland. One case was initiated in the Upper Tribunal for Scotland in 2021-22. No decisions were issued by the Upper Tribunal in 2021-22. Revenue Scotland received no requests for mediation in 2021-22.

5 In our Annual Report 2020-21 we stated the number of decided cases for 2020-21 as 6; this was incorrect; it should have been 5.

6 'Settled' covers a range of outcomes including: agreement between the parties, withdrawal of the appeal by either Revenue Scotland or the taxpayer, or for instance, duplicate appeals raised in error.



# Performance Report

## Performance Analysis

### Investing in our people

The second strategic outcome in our Corporate Plan 2021-24, investing in our people, reflects our ambition to be a high-performing, outward-looking and diverse organisation, providing a great place to work. The organisation places high value on staff motivation and engagement, and we invest in our employees' learning and development, health, safety and wellbeing to develop and support a highly skilled workforce, upholding the required standards of professionalism and integrity.

The seven underlying objectives are:

- ▶ ensure our staff have the capability, skills and knowledge to deliver an excellent service
- ▶ ensure our staff have the skills and tools required to efficiently access and analyse our data to better inform decision making
- ▶ take action to expand the diversity of our workforce and promote access to employment for those with protected characteristics
- ▶ be a trusted, valued and respected tax authority which prioritises staff capability, skills and knowledge development
- ▶ be a high-performing organisation where staff feel trusted, valued, motivated and empowered, creating a culture with work/life balance, health, safety, wellbeing and resilience at heart

- ▶ enhance our use of data to inform our capability and capacity requirements for the delivery of our organisational objectives
- ▶ support individuals to have flexible choices on where and when they work.

The Staffing and Equalities Committee (SEC) supported the development of the 2021-24 People Strategy, which has direct links to the Corporate Plan and clear deliverable actions set out in the action plan. Our People Strategy is underpinned by four strategic themes. These are wide-ranging and ambitious, reflecting our commitment to being an inclusive and agile workforce:

- ▶ engaged
- ▶ capable
- ▶ diverse
- ▶ workforce.

The People Strategy was endorsed by the committee and Revenue Scotland Board. Throughout the year the SEC noted demonstrable progress in delivery of the People Strategy, health, safety and wellbeing, equality and diversity, and, learning and development.

A priority for 2021-22 was to review our shared service agreement with the Scottish Government People Directorate. This resulted in the decision to bring the HR function in house which is now managed by a small team of HR professionals supporting our staff and managers through the lens of early intervention and prevention.



# Performance Report

## Performance Analysis

In addition we aim to enhance the use of data to inform our capability and capacity for the delivery of our objectives whilst providing support and flexibility to staff about how, when and where they work.

The delivery of this strategic outcome is primarily evaluated through the organisation's performance against KPI 5 which measures skills and knowledge development and KPI 6 which measures the People Survey Engagement Index. KPI 5 achieved 94% staff completing at least 30 hours, learning and development against a target of 90%. KPI 6 achieved a combined performance score of 33, which places Revenue Scotland in the second quartile against a target to be in the upper quartile of 25 or less.

Our commitments include taking action to improve the diversity of our workforce and removing barriers to employment in line with our equalities action plan. Staff and managers have undertaken a range of learning, this includes neurodiversity awareness, inclusive leadership, inclusive practice and inclusive recruitment. Our gender pay gap as at 31 March 2022 was nil.

During 2021-22, in line with Scottish Government COVID-19 guidance, the organisation transitioned from fully remote working to hybrid working. The immediate priority was to support staff who, for health and wellbeing reasons, were unable to continue to work remotely. A full health and safety review was undertaken to ensure we provided a safe return to the workplace for our staff. A range of measures have been put in place to support this including:

- ▶ COVID-19 safety measures
- ▶ health and safety training
- ▶ several individual risk and wellbeing assessments
- ▶ staff guidance on hybrid working
- ▶ health and wellbeing activities to promote hybrid working best practice.

Learning and development is a key part of the People Strategy. We recognise that a highly skilled workforce underpins and enables everything we do. The delivery and development of the STEP continues and the foundation programme is embedded into the induction schedule for new staff with 98% reporting the sessions improved their performance. Our induction programme has been adapted to support hybrid working and our Professional Qualifications Policy has supported staff to develop expertise and achieve professional qualifications across a range of our professions.



# Performance Report

## Performance Analysis

Maintaining a culture as one organisation while working hybrid has been a priority during 2021-22. Weekly all-staff sessions have been held to engage staff in the organisation's progress and priority areas. We continue to host coffee-and-chat sessions with Senior Leadership Team and fortnightly social chats that are themed to support our health, wellbeing and diversity initiatives. Two virtual staff conferences were hosted throughout the year. These focused on engaging staff with the Corporate Plan, People Strategy and reviewing our approach to hybrid working. Giving employees a voice is essential for staff engagement and creating the conditions for staff to connect with our organisational objectives and purpose has been our focus.

The 2021 People Survey<sup>7</sup> results for Revenue Scotland saw an increase in the 2021 Engagement Index for Revenue Scotland to 65% from 57%. The index is comprised of five questions measuring pride, advocacy, attachment, inspiration and motivation. The Proxy Stress Index reduced from 27% to 22% in 2021. This index measures the conditions that contribute to stressful environments. It is based on the Health and Safety Executive stress management standards: demands, control over work, support, relationships, role in organisation and change; a score of 100% would reflect a negative response to the questions.

Staff also reported increased satisfaction in the survey's wellbeing questions, with a 19% increase in satisfaction with life and 21% increase in happiness. Our People Strategy action plan will further address the areas for continued development identified from the people survey.



<sup>7</sup> The People Survey is an annual cross-Civil Service staff survey.



# Performance Report

## Performance Analysis

### Reaching out

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

To achieve this, we have seven underlying objectives:

- ▶ engage users in the design of our services, maximising the opportunities of technology and drawing on best practice from other service delivery organisations
- ▶ help taxpayers to understanding and comply with their tax obligations through the services we provide
- ▶ engage regularly and effectively with users to keep them informed, content and productive, enabling them to work collaboratively
- ▶ effectively communicate data and analysis to our stakeholders and audiences, including the provision of high-quality data and advice to support the Scottish Fiscal Commission in its tax forecasting role and the Scottish Government in the development of tax policy
- ▶ as a transparent and open organisation, listen to and engage collaboratively with our staff and stakeholders
- ▶ in our communications, provide the audience with the right information in the right tone and style at the right time
- ▶ expand the reach of our engagement to diversify our stakeholder base and sharpen our understanding of equality issues, digital developments and our operating environment.



# Performance Report

## Performance Analysis

### Stakeholder engagement

We have continued to engage with a wide range of stakeholders during 2021-22. This includes regularly meeting with the Scottish Government and Scottish Ministers and providing advice based on our operational experience to support the development of policy and legislation; giving written and oral evidence where required to the Finance and Public Administration Committee of the Scottish Parliament; providing data and information about the performance of the devolved taxes to the Scottish Fiscal Commission (SFC) to support the independent forecast of Scottish tax revenue; producing statistics on both devolved taxes which are published on the Revenue Scotland website; and engaging with other tax authorities on tax administration issues as well as with other public bodies on a range of corporate issues, such as risk management, business planning and equalities and diversity.

### Service user feedback

KPI 7 is a new indicator, introduced and still being under development in 2021-22, to gather and use service user feedback. This reflects our aim to be user-centric and therefore involve stakeholders in the development of service improvements. While this measure is still under development, we have started receiving feedback by asking users to rate the content on each page of our website, and by asking for feedback on the ease of use of tax collection platform SETS.

After an upgrade to SETS during 2021-22 we were able to run a first survey among users in March 2022. During this period, 66% of respondent rated the service as 'very easy' or 'easy' to use. Feedback also helped us identify a number of areas improvement; for instance, 47% of responses mentioned duplication of data entry, specifically referencing there being no ability to use an address previously entered within the return. The high number of user comments on this issue has subsequently informed our prioritisation of issues in the development of SETS.

Embedding increased engagement with service users and other external stakeholders into our work is going to be a key theme of a new Communications and Engagement Strategy that is to be finalised in 2022-23.



# Performance Report

## Performance Analysis

### Equalities

As part of its commitment to contributing to a fair and equal society in Scotland, Revenue Scotland is an organisation which has fairness and inclusion at the heart of its operation as a public service provider and as an employer. In 2021-22, we introduced a new key performance indicator (KPI 8), making this an even higher strategic priority. The KPI monitors performance in this area and reports quarterly on progress against the delivery of our Equalities Mainstreaming Action Plan.

This plan also provided us with another means of mainstreaming the Public Sector Equalities Duty (PSED) into our organisation and demonstrate our readiness to be held to account in relation to it.

The outcomes identified in the Equalities Mainstreaming Action Plan 2020-22 are:

- ▶ 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.

Revenue Scotland has continued to strive for excellence whilst delivering upon and embedding equalities, diversity and inclusion throughout our organisation. In addition we have delivered new processes and projects to further embed equality, diversity and inclusion at our core.

Highlights of the achieved outcomes include:

- ▶ The Revenue Scotland website was relaunched in April 2021 and was designed to adhere to W3C WCAG 2.1 Level principles and to operate in line with Digital First Standards. The redesign has improved accessibility for our users and provides further compatibility with assistive technologies. We also continue to monitor the website to provide improvements and to identify and address any issues.
- ▶ Stakeholder engagement for our developing Enhanced Support Policy took place throughout 2021 both internally and externally. Positive and constructive feedback was received and a trial of the new policy is planned to commence in 2022 to provide an enhanced level of support for those who need it most. Examples of enhanced support could include minimising the number of staff stakeholders interact with or allowing them more time to respond to Revenue Scotland communications.
- ▶ Work undertaken in relation to Equality Impact Assessments (EqIAs) has resulted in an increased number of assessments being conducted throughout Revenue Scotland. We have worked to improve the infrastructure, guidance and awareness to drive increased output of EqIAs, further embedding them into our processes and culture. We also began working towards our accreditation as a disability-confident employer in 2021-22 (to be achieved 2022-23).

The current cross-organisation equalities group continued to meet on a regular basis to discuss equalities and to devise action plans to continue delivering our mainstreaming outcomes. Progress is reported to the Staffing and Equalities Committee of the Board on a quarterly basis.



# Performance Report Performance Analysis

## Looking ahead

The fourth strategic theme in the Revenue Scotland Corporate Plan 2021-24, looking ahead, aims to plan and deliver change and improvements to our systems and processes flexibly, on time and on budget.

To achieve our 'looking ahead' outcomes, we have seven objectives:

- ▶ working with stakeholders, partner organisations and Scottish Government colleagues to use our expertise to design and deliver any new devolved taxes and other revenue raising measures
- ▶ work with others to identify opportunities for sharing IT platforms and management tools to support operational processes
- ▶ exploit the potential of Revenue Scotland's data by linking to other data sources to deliver better policy outcomes
- ▶ include environmental impact as a consideration in the design and delivery of any new or changing responsibilities
- ▶ encourage staff to be active, engaged, responsible learners who own their learning and development
- ▶ actively plan ahead for our future workforce and capability needs
- ▶ ensure our communications are scalable and capable of being adapted to new responsibilities and audiences.

### Sustainability

Protecting the environment and integrating sustainable practices into our processes will be a key feature of our future work. We will focus on reducing the emissions of our buildings, reducing our waste and improving our reuse, and promoting sustainable methods of travel for our business activities. A major part of our sustainability work will be to evolve legislation to allow digital communications with taxpayers – reducing paper waste and postage emissions.

In addition to this, ahead of the biodegradable municipal waste ban taking effect from 2025,<sup>8</sup> we have been, and will continue to, working closely with stakeholders in the Scottish landfill industry. This reduction in waste will be a positive change as part of Scotland's climate change and circular economy ambitions, however it will see a reduction in SLfT generated. This change leads to tax risks derived from, for example, waste misclassification, and potential scope for an increase in the unauthorised disposal of waste. We build these risks into our compliance plans and will continue to work closely with our agency partners to address these risks as they emerge.

### ADS review

The Scottish Government launched an ADS review in 2021-22, including a three-months consultation. Changes to the ADS as an outcome of the review may involve legislative change and we will work closely with Scottish Government policy colleagues on implementing these in 2022-23.

<sup>8</sup> Further information is available on the Scottish Government website:  
[Action to tackle climate change – gov.scot \(www.gov.scot\)](https://www.gov.scot/action-to-tackle-climate-change)



# Performance Report

## Performance Analysis

We have 10 strategic projects prioritised for 2022-23 and these will be monitored using KPI 10. These include:

- ▶ Our agility ensured a successful transition to a remote working model in 2020 during the coronavirus pandemic and this has evolved into our hybrid working model. As we exit the pandemic, we are evaluating our hybrid working model to optimise our performance and achieve our corporate ambitions for 2021-24 and beyond.
- ▶ As part of our People Strategy, we will procure and deliver a leadership development programme. This programme will develop, for instance, emotional intelligence and collaborative skills within our organisation.
- ▶ We will be working with our Scottish Government policy partners and others to realise the ambition to create legislation to enable devolution of the UK's Aggregates Levy during the lifetime of this current parliament. We aim to have data and digital at the forefront of the design of the new tax.
- ▶ To enable more effective delivery of devolved Scottish taxes, we will be revisiting the Revenue Scotland Tax Powers Act 2014 framework.
- ▶ Focus will be placed on enhancing our processes for three-year lease reviews. Work will include improvements to guidance and implementation of the Communications Strategy to meet the evolving needs of our stakeholders.
- ▶ Our Capital Investment Programme aims to make continuous improvement to the tax collection platform SETS. Enhanced data validation is one planned improvement and aims to improve compliance and accuracy of information when users are inputting information.
- ▶ We will procure two new systems: a new tax finance portal and procure a new contact management system. These new systems will have additional functionality to improve user experience, efficiency and improve data to generate new insights.
- ▶ To further enhance our user experience we will expand our use of service user feedback. This will see more frequent feedback and potentially range of feedback mechanisms to gain insights from our users and better target system and service improvements.
- ▶ We will also be driving forwards our stakeholder engagement activities. This will begin with a needs analysis survey to inform our future communication plans for bespoke needs of our varied stakeholders.

We will report progress on these objectives in our 2022-23 Annual Report.



# Performance Report

## Performance Analysis

### Cross-cutting matters

#### Risk management

Revenue Scotland operates under an established Risk Management Framework which aligns with the best practice guidance presented through the Scottish Public Finance Manual and Scottish Government's Risk Management Guidance document. The framework sets out the process for identifying and documenting risk, assigning ownership of risk, scoring risk, determining responses to risk and monitoring and reporting on progress in managing risk.

To achieve the ambitions, outcome and priorities set out in our corporate plan, it is essential that we understand, manage and communicate the range of threats and opportunities that could hinder or enhance the organisation.

We ensure risk is sufficiently scored and managed prior to taking action to mitigate it or to take opportunities resulting from it. Explicit reference to 'risk appetite', the agreed amount of risk the organisation is willing to tolerate in pursuit of its objectives, allows us to adopt a common understanding across Revenue Scotland and provides a framework for risk owners and managers to confidently make risk based decisions.

The concept of risk appetite continues to be encouraged throughout the organisation through our monthly and individual operational risk management procedures. This allowed issues that carried the highest risk to be prioritised.



# Performance Report

## Performance Analysis

### Defining a corporate risk

Corporate risks are those of significant, cross-cutting strategic importance that require the attention of the organisation's most senior managers and Board. While all members of staff have responsibility for managing risks in their areas, each of the corporate risks has one or more named 'risk owner(s)' and a risk manager who, together, are accountable for their management. Revenue Scotland's Board as a whole retains ultimate responsibility.

The corporate risks as they stood at 31 March 2022 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.

## Corporate risks

<p><b>Protecting the integrity of the tax system</b> recognises our need to ensure we have the necessary infrastructure and operational processes to ensure the integrity of the tax system.</p>	<p><b>Legislative and policy change</b> recognises our need to be consulted in good time for any upcoming legislative changes that may impact on devolved taxes.</p>	<p><b>Communication and stakeholder engagement</b> recognises our need to have appropriate internal and external engagement to support our activities.</p>	<p><b>Budgeting and finance</b> recognises our need to ensure we have the appropriate budget to ensure continued operations, investments in systems and planning of future work.</p>
<p><b>Culture</b> allows us to monitor our culture and take steps to improve any manifestations of poor culture that arise.</p>	<p><b>Staff capacity and capability</b> recognises our need to build and/or protect staff capability and capacity in a sustainable way, investing in training and development.</p>	<p><b>Health, safety and wellbeing</b> allows us to monitor our legal and moral obligations to health, safety, mental health and wellbeing.</p>	<p><b>Systems performance and adaptability</b> recognises our need to invest in our IT capabilities articulated through our IT strategy.</p>
<p><b>Contract management</b> allows us to monitor our business critical relationships with delivery partners in line with contractual obligations and established change control practices.</p>	<p><b>Cyber and information security</b> recognises our need to establish effective systems and controls to support the secure management and transaction of our information.</p>	<p><b>Governance and compliance</b> allows us to monitor our compliance with our statutory obligations and the effectiveness of our governance procedures and controls.</p>	<p><b>Resilience</b> recognises our need to have tested and effective business continuity planning to meet expectations.</p>



# Performance Report

## Performance Analysis

### Ethical issues

Revenue Scotland staff 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 interest 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 this area.

### Environmental

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

The COVID-19 pandemic provided Revenue Scotland with an opportunity to review its operational and service delivery model, and evaluate how different models could maximise the environmental sustainability of the organisation. Working in collaboration with EY, Revenue Scotland developed criteria to evaluate how office-based, remote-based, and hybrid operating models could benefit employees whilst also contributing towards Scotland's climate change ambitions.

Whilst navigating the exit from the COVID-19 pandemic, many of Revenue Scotland's staff have continued to work from home for some, or all of the working week. 2021-22 also saw all Board meetings held virtually. This has contributed to a decrease in both commuter and business travel emissions. Commuter emissions will continue to be a significant factor in future working models as Revenue Scotland transitions to a post-pandemic way of working. We have also engaged with other Public Delivery Bodies and external experts to establish an effective method to monitor working from home emissions. The information from these discussions will be used to design an employee survey to evaluate the impact of the new operating model. The survey is scheduled for October 2022, and the insights gained will be used to refine Revenue Scotland's future operating and service delivery model.



# Performance Report

## Performance Analysis

Revenue Scotland's environmental performance has also been strengthened through efforts to reduce waste, especially paper waste. Utilising the 'digital by design' approach, all papers for Board meetings were issued electronically, reducing both paper and ink usage. In addition to this, printing of other business documentation, such as legal casework, has substantially fallen, again by using electronic versions of documents in place of paper versions.

Reducing the emissions from buildings we occupy has also been a focus in 2021-22. Two large printers have been removed from the Victoria Quay office, not only reducing energy consumption but reducing plastic waste from ink cartridges.

Finally, Revenue Scotland further supported Scotland's climate change ambitions by continuing to collect SLfT. This tax supports the development of alternative waste solutions to landfill and helps to minimise hazardous waste that negatively impacts climate change. Since 2015, there has been a decreasing trend in both standard rate and lower rate tonnes of waste put to landfill. There was a small increase in waste tonnage in 2021-22 compared with the previous year, however this is likely a time-lag in waste disposal due to the pandemic and tonnages are expected to reduce in 2022-23. Through collaborative work with colleagues at SEPA, over £125m in tax revenue has been reported in 2021-22.

Since its establishment in 2015, the Scottish Landfill Communities Fund (SLCF) provides 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 and appointed SEPA in 2015.

The cumulative sum that has been paid into the SLCF is £53.3m and this year the value of qualifying contributions made to the fund has been £6.1m. Recent years have seen a decline in contributions and this trend 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

## Performance Analysis

### Records management and GDPR

During this reporting period a new Information Governance Manager was appointed and started with Revenue Scotland in February. A main focus has been on the Information Management aspects of a change management programme relating to the Scottish Government's IT network. This work will ensure improved ways of working through use of better collaborative working tools and encourage increased use of our records management system for our corporate data.

We also worked on refreshing the Records Management Plan in line with the reporting schedule for the next Progress Update Report (PUR) for the National Records of Scotland in October 2022.

Revenue Scotland takes its statutory obligations seriously and has continued to work hard to ensure full compliance with its legal obligations whilst improving on its processes and procedures. In terms of our information management and assurance, we reported the following data incidents and losses:

		2021-22	2020-21
Data incidents	Reported in period	2	2
	Reported to ICO	0	0
Data losses	Reported in period	5	3
	Reported to ICO	0	1

Having been thoroughly investigated internally, the incidents and losses identified were found to be of a minor nature that did not require to be reported to the Information Commissioner's Office (ICO).

### Freedom of Information & Environmental Information Regulations Requests

		2021-22	2020-21
Requests received		12	10
Requests withdrawn		1	0
Requests answered within statutory timescale		11	9



# Performance Report

## 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 2021 to 31 March 2022 and 1 April 2020 to 31 March 2021, Revenue Scotland received no whistleblowing disclosures. Revenue Scotland's Annual Report on Whistleblowing Disclosures 2021-22 is available on the [Revenue Scotland website](#).

### Investigations

No investigations were carried out in this reporting period.

### Actions

No actions were required during this period.

### Improvement objectives

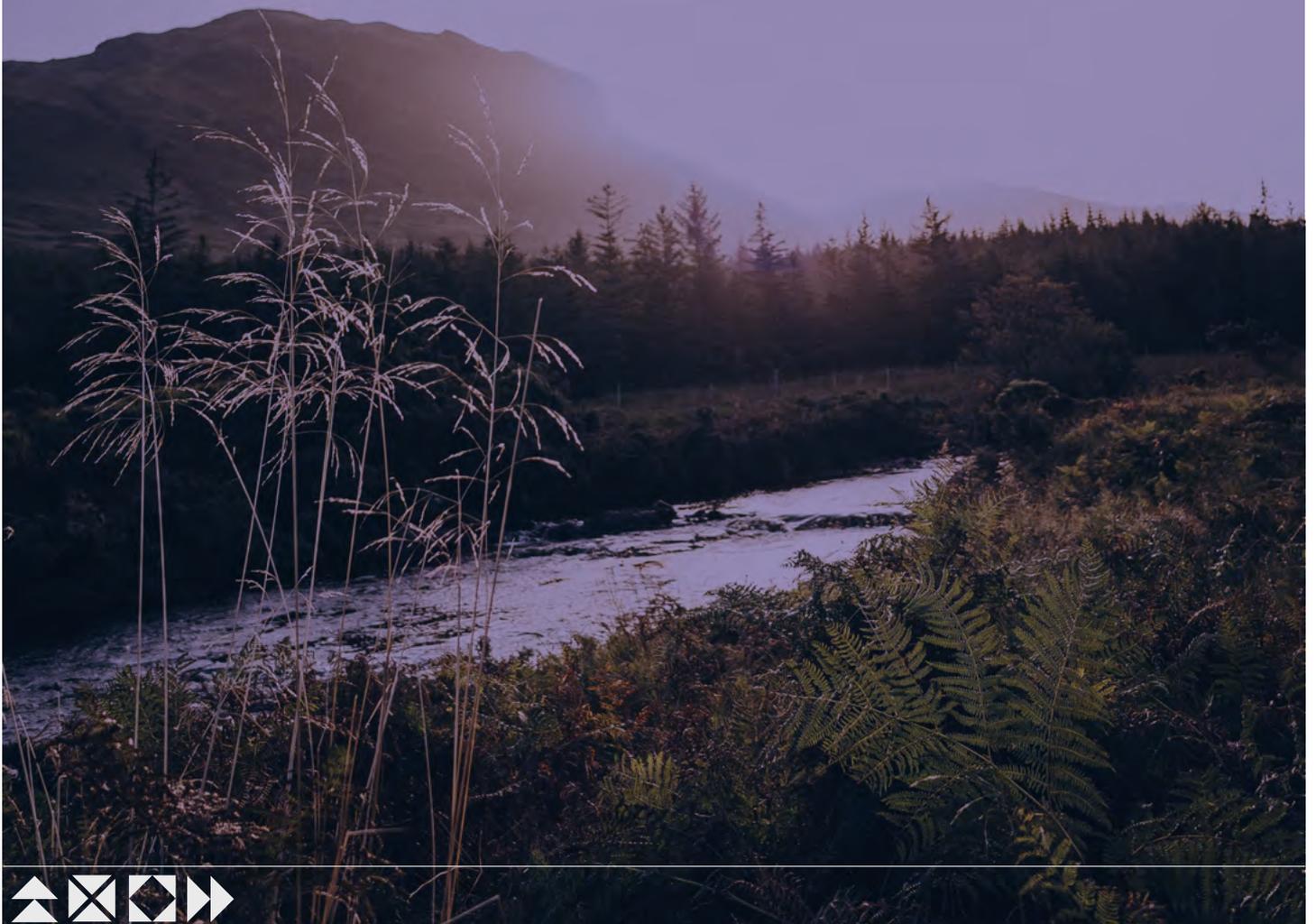
No improvement objectives were required during this period.

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





# Accountability Report



# Accountability Report Corporate Governance Report

## The Directors' Report

### Revenue Scotland Board 2021-22

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.

### Board Members 2021-22



**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 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.

### Lynn Bradley



Chair of the Audit and Risk Committee (until 31 December 2021) – Board and committee appointment concluded 30 June 2022

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).



# Accountability Report

## Corporate Governance Report



### John Whiting CBE

Member of the Staffing and Equalities Committee – Board and committee appointment concluded 30 June 2022

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 (Chair from 1 January 2022)

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.



### Jean Lindsay

Chair of the Staffing and Equalities Committee

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) and has experience in leadership, strategic people management, change management and corporate governance in the public sector. She is also a member of the Board of Crown Estate Scotland.



### Simon Cunningham

Member of the Audit and Risk Committee

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 was a member of the Board of Compass Christian Centre Ltd until April 2022.



# Accountability Report

## Corporate Governance Report



### Rt Hon Ken Macintosh

Member of the Staffing and Equality Committee  
- appointed 1 June 2022

Ken Macintosh was the Presiding Officer of the Scottish Parliament until stepping down from elected politics in 2021. He began his working life with the BBC, serving as a senior producer and broadcast journalist on a range of news and current affairs programmes. He was elected to the first Scottish Parliament in 1999 and held a number of front bench roles before being chosen as Speaker in 2016. Ken is a member of the Privy Council as well as a Trustee of several charities.



### Idong Usoro

Member of the Staffing and Equalities Committee  
- appointed 1 June 2022

Idong Usoro has over 10 years of designing and implementing digital transformations, security strategies, policy, enterprise architecture functions, and technical solutions at executive level. This has spanned working in Europe and North America in enterprise solutions, consultancy and IT leadership roles with central, local government, universities and multinational companies. His research work has engaged both private and public organisations, innovation agencies that including UKRI/ Innovate UK, Cancer Research UK, European innovation/research institutes and the European Commission.

He currently serves as an Executive Board Trustee with the Abbeyfield Society and works as a technical consultant to private technology organisations in the immersive solutions, construction, legal, fintech and life sciences sectors.

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



### Robert MacIntosh

Member of the Audit and Risk Committee -  
appointed 1 June 2022

Robert MacIntosh is Professor of Strategic Management and Pro Vice Chancellor for Business and Law at Northumbria University. He has a PhD in engineering and his work focuses on strategy and change with senior leadership teams. He has worked with over 100 organisations and has significant experience as a chair and trustee. He is a Fellow of the Institution for Engineering and Technology, the Academy of Social Sciences and the British Academy of Management. He is currently the chair of the Chartered Association of Business Schools and was formerly the chair of the social care charity Turning Point Scotland.



# Accountability Report

## Corporate Governance Report

### Senior Leadership Team 2021-22

#### 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

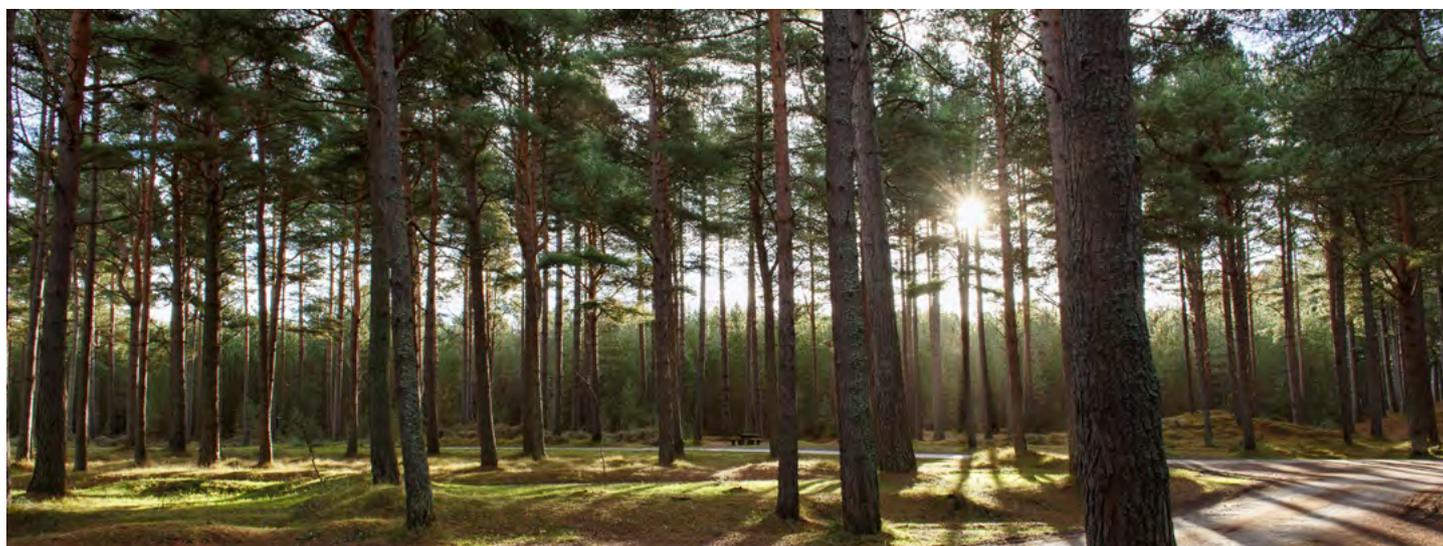
Michael Paterson joined Revenue Scotland in March 2019 and has lead responsibility for the administration and compliance of the devolved taxes, ensuring they are collected and administered efficiently and effectively. Michael has extensive knowledge and operational experience of UK taxes, particularly 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.

#### 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 2021-24. 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.

#### 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.



# Accountability Report Corporate Governance Report

## Statement of the Accountable Officer's responsibilities

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

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

- ▶ observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ▶ make judgements and estimates on a reasonable basis
- ▶ state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- ▶ prepare the financial statements on a going concern basis
- ▶ confirm that the Annual Report and Accounts 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.

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

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding the Revenue Scotland's assets, are set out in the [Scottish Public Finance 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 they consider is inconsistent with their duties on financial, regulatory or propriety grounds, and specifically where they seek 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

## Corporate Governance Report

As the Accountable Officer, 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 I 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. In this role I seek assurance that appropriate controls are in place across the organisation, and in respect of the partners whom we rely on to support us in delivering our objectives, and I can confirm that these have been in operation during 2021-22 and to the date of signing these accounts.

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

## Corporate Governance Report

### Operation of the 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, staff, 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 Equalities Committees
- ▶ strategic engagement with key partners and customers.

I can report that during 2021-22 the Board met on eight occasions including two strategy meetings (2020-21: eight). During this time the Board scrutinised and considered a number of specific matters including:

- ▶ decisions on LBTT and SLfT cases, including delegation of any necessary decisions on LBTT compliance cases, where the amount exceeded the delegated limits under the Scheme of Internal Delegation, to the Chief Executive
- ▶ oversight of litigation cases and the implications for the organisation following the outcome
- ▶ strategic oversight of draft Tax Settlement and Litigation Principles
- ▶ approving the Corporate Plan 2021-24 and recommending its submission to Scottish Ministers for approval in accordance with the requirements set out in the Revenue Scotland and Tax Powers Act
- ▶ strategic oversight of the Future's Programme to establish a new way of working and piloting a return to the office in light of the experience of working remotely as a result of COVID-19.



# Accountability Report 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 the financial statements. The terms of reference of the committee are published on Revenue Scotland's website within the Board's [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 during 2021-22 were Lynn Bradley (Chair until 31 December 2021 and member until June 2022), Martin McEwen (Chair from 1 January 2022), Simon Cunningham and John Whiting (until June 2021). Robert MacIntosh joined this committee in 2022-23.

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

I can report that during 2021-22 the committee met five times (2020-21: 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.



# Accountability Report Corporate Governance Report

## Staff 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 on matters of strategic people issues including workforce planning, staff welfare, performance management, learning and development, health and safety and equality and diversity. The terms of reference for the committee are published on Revenue Scotland's website within the Board's [standing orders](#).

The committee comprised two Board members during 2021-22; Jean Lindsay (Chair) and John Whiting (until 30 June 2022). Idong Usoro and Ken Macintosh joined the committee in 2022-23, bringing the membership to three. Staff attendees comprise the Chief Executive, Head of Corporate Functions, Head of Legal Services, Head of Tax, Head of People Services and Head of Governance. Further staff members attend as required.

I can report that during 2021-22 the committee met three times (2020-21: three) and engaged in a number of relevant matters including supporting the development and scrutiny of:

- ▶ People Strategy and subsequent action plan
- ▶ workforce planning
- ▶ health, safety and wellbeing
- ▶ equality and diversity.

## 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. No significant matters were identified through this process.

The 2020-21 report highlighted the work that was being undertaken to embed our equalities policy and practice throughout the organisation. These assurances from my Heads of Service note the progress that has been made in this important area over the last year and I look forward to further progress being made over the next year to achieve our objective of embedding consideration of equality and diversity as part of our strategic and operational decision-making.

I have received assurance from the Accountable Officer of the Scottish Environment Protection Agency (SEPA) in respect of the statutory functions delegated to them by Revenue Scotland. No significant issues were raised with me as part of this process.

Last year only limited assurance could be provided on the effectiveness of shared data controls, and the impact to SEPA (as regulator) of the Scottish Landfill Communities Fund (SLCF), following the cyber-attack on them in December 2020. I am pleased to report that no further issues of concern have been raised in this regard and that full assurance has been provided.

For those services for which Revenue Scotland receives from the Scottish Government, I have received assurance from the Scottish Government's Chief Financial



# Accountability Report Corporate Governance Report

Officer in respect of financial systems, the Scottish Government's Director for People in respect of Human Resources (HR) services and payroll systems shared with Revenue Scotland and from the Scottish Government's Director of Digital, in respect of digital corporate services shared with Revenue Scotland. No significant issues were raised with me as part of these.

In conclusion, I can confirm that, based on the aforementioned written assurances received, there were no 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.

During the course of the year, there were five issues relating to minor data losses (mainly by email) which were reported and dealt with internally. The losses were resolved quickly and mitigations put in place. None of the losses met the threshold of being reportable to the Information Commissioner's Office. There were no security incidents involving any physical losses such as paper files or laptops.

## 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 2021-24, on which this document reports, was approved by Scottish Ministers and laid before the Scottish Parliament in November 2021 and this report will be laid before Parliament in November 2022.

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



# Accountability Report

## Corporate Governance Report

### Internal Audit

Revenue Scotland's internal audit service is provided by the Scottish Government's Directorate for Internal Audit and Assurance (DIAA), who produce an annual audit plan. The Audit and Risk Committee reviewed and advised the Board and Accountable Officer on the audit plan. Regular updates on progress against the audit plan are presented by DIAA to the Audit and Risk Committee's meetings.

During the year, DIAA completed audits on the following:

- ▶ Review of debt management arrangements
- ▶ Review of capability and capacity.

The audit of Revenue Scotland's debt management arrangements received a 'substantial' assurance rating, demonstrating the risk, governance and control processes to be effective in the supporting the delivery of objectives in this area.

An assurance rating at the upper-end of 'reasonable' was awarded in respect of the audit of capability and capacity. Management recognised the need to take further action to manage resourcing challenges and work is underway to build in resilience and succession planning for key roles. Revenue Scotland has plans to consider how best to measure effectiveness of available capacity to identify efficiencies to help address capacity challenges.

Follow-up audits were completed on:

- ▶ 2020-21 Governance and Compliance Review
- ▶ Review of Operational Decisions Made as a Result of COVID-19 2020-21.

The overall annual assessment of Revenue Scotland's internal controls provided by DIAA is 'substantial assurance' for the second year running. This is a significant achievement and means that DIAA continues to view Revenue Scotland's risk, governance and control procedures to be effective in supporting the delivery of its objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is considered to be negligible. The Audit and Risk Committee members are delighted with the assurance assessment awarded and are committed to working with the Senior Leadership Team to ensure that this is maintained in future.

DIAA noted robust controls over the process. They welcomed the strong 'tone from the top' and a culture of seeking opportunities for further improvement, in both services provided to the taxpayer and in the organisation's internal processes. Reviewers noted that those involved in the process were proactive in seeking continuous improvement, regularly suggesting potential areas where processes could be further enhanced.

DIAA did not identify any issues in 2021-22 as a result of the Scottish Environment Protection Agency information loss due to a cyber-attack in December 2020, where data relating to Scottish Landfill Communities Fund (SLCF) was lost, restricting Revenue Scotland's ability to report on SLCF in last year's annual report. As a result of this, Revenue Scotland's approach to cyber controls will be considered as part of the review of the planned review of hybrid working taking place in 2022-23 and continues to remain a high priority for Revenue Scotland.

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

## 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 and the devolved taxes. 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 74.

As part of the 2020-21 audit undertaken by Audit Scotland, five matters were highlighted for attention, namely:

Issue	Risk	Action taken
Working papers	The audit could be delayed and the opinion impacted	Management continued to review and improve audit working papers for 2021-22
Payables controls	Devolved tax payables balance could be overstated	Additional functionality was introduced into the tax system which has led to a decrease in the payables balance
ADS repayments	The risk-based methodology does not target the highest areas of risk	ADS cases are being assessed for risk prior to repayment
Compliance activity	Compliance work is not effective	Compliance plans continue to appropriately address risks.
Procurement	Contracts may not be managed effectively	Work commenced on addressing procurement risks in 2021-22 and will continue in 2022-23

Audit Scotland has reviewed these during their audit of 2021-22 and reported its conclusions in its Annual Audit Report 2021-22. Audit Scotland did not find any significant weaknesses in internal controls which require to be reported during its interim audit.



# Accountability Report 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. I have ensured that these controls have been subject to review by management on a regular basis. They also 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 have assessed our risk management arrangements and confirm that they are in accordance with the guidance set out in the Scottish Public Finance Manual. The year-end Certificates of Assurance include a dedicated section assessing the effectiveness of Revenue Scotland's risk management approach over the year and no significant control matters were raised. This, alongside the assessment of risk throughout the year, contributes to my overall confidence assessment offered; further confirming that robust arrangements and practices were in operation throughout 2021-22. I was also pleased to receive a 'substantial assurance' rating from our internal auditors in respect of our risk, control and governance procedures, confirming my assessment.



# Accountability Report 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 in the UK Government [website](#).

The remuneration of non-senior civil servants within Revenue Scotland is set in accordance with [Scottish Government Public Sector Pay Policy 2021-2022](#) as part of the Scottish Government Main Bargaining Unit.

Revenue Scotland's Board 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 as increased annually in line with the Scottish Government Public Sector Pay Policy. Expenses incurred in carrying out these duties are also reimbursed.



# Accountability Report

## Remuneration and Staff Report

Fees of Board members and salaries of the Senior Leadership Team are shown below:

Non-executive Board		2021-22 Fees £'000	2020-21 Fees £'000
Aidan O'Carroll	Chair from 1 August 2021	10-15	0
Lynn Bradley	Board member	0-5	5-10
Simon Cunningham (1)	Board member	5-10	5-10
Jean Lindsay	Board member	5-10	5-10
Martin McEwen	Board member	5-10	0-5
John Whiting CBE	Board member	0-5	5-10
Dr Keith Nicholson	Chair until 31 July 2021	5-10	15-20
Jane Ryder	Board member until 31 December 2020	0	5-10
Iain Tait	Board member until 31 December 2020	0	0-5

(1) Fees shown for Simon Cunningham for 2020-21 include amounts paid while he was a co-opted member of the Audit and Risk Committee. He became a full member of the Board in January 2021.

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



# Accountability Report

## Remuneration and Staff Report

Senior Leadership Team		Salary £000		Pension Benefits to the nearest £1000		Total 2021-22 £000	Total 2020-21 £000
		2021-22	2020-21	2021-22	2020-21		
Elaine Lorimer	Chief Executive	95-100	100-105	18,000	49,000	115-120	145-150
Neil Ferguson	Head of Corporate Functions	75-80	75-80	23,000	41,000	100-105	115-120
Mairi Gibson	Head of Legal Services	80-85	75-80	34,000	32,000	110-115	110-115
Michael Paterson	Head of Tax	75-80	70-75	27,000	32,000	100-105	105-110

None of the above received any benefits in kind or bonus payments in the years 2021-22 or 2020-21.

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.



# Accountability Report

## Remuneration and Staff Report

### Fair pay disclosure

Reporting bodies are required to disclose the percentage increase in pay from the previous financial year for the highest-paid director in their organisation compared to the average percentage increase for all employees of the organisation. In 2021-22 the pay of the highest-paid member of the Senior Leadership Team fell by 5% from 2020-21 compared to an average fall of 2% for other employees. The fall in the pay of the highest-paid member of the SLT arose due to a backdated increase implemented in March 2021 without a similar payment in 2021-22. The fall in the average pay of employees arises as staff who left during 2021-22 were replaced with staff on lower incremental points within pay grades. Actual grade pay increases varied from 1% for the highest grades to 4.5% for the lowest grades.

Reporting bodies are also required to disclose pay-ratio information for the highest-paid director and median and quartile employee pay.

Year		25th percentile	Median	75th percentile
2021-22	Ratio	3.3	2.7	2.1
	Employee pay	£29,481	£35,836	£46,026
2020-21	Ratio	3.4	2.9	2.2
	Employee pay	£29,989	£35,584	£46,706

No employee received remuneration in excess of the highest-paid member of the Senior Leadership Team. Remuneration ranged from £21,000 to £99,000 (2020-21: £23,000 to £101,000).



# Accountability Report

## Remuneration and Staff Report

### Pension benefits

Senior Leadership Team	Accrued pension at NRA as at 31 March 2022 and related lump sum £000	Real increase in pension and related lump sum at NRA £000	CETV as at 31 March 2022 £000	CETV as at 31 March 2021 £000	Real increase in CETV in 2021-22 £000
Elaine Lorimer - Chief Executive	45-50 plus a lump sum of 85-90	0-2.5 plus a lump sum of 0	814	767	3
Neil Ferguson - Head of Corporate Functions	35-40	0-2.5	578	536	11
Mairi Gibson - Head of Legal Services	20-25	0-2.5	360	320	20
Michael Paterson - Head of Tax	40-45 plus a lump sum of 40-45	0-2.5 plus a lump sum of 0	807	751	13

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 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: three 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 pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in **alpha** build up in a



# Accountability Report

## Remuneration and Staff Report

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 8.0% 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 3.0% 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)

### 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.



# Accountability Report

## Remuneration and Staff Report

### 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.

### Average number of people employed

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

	2021-22	2020-21
Permanent contracted staff	68	56
Fixed term contracted staff	1	1
Seconded in staff	1	0
Seconded out staff	1	0
Agency staff	5	13
<b>Average number of persons employed</b>	<b>76</b>	<b>70</b>

The staff numbers shown above for 2021-22 include 1 FTE for a member of staff who is seconded to Scottish Government and whose staff costs are recharged. The numbers for 2020-21 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 the COVID-19 secondments in 2020-21 were borne by Revenue Scotland and not recharged.



# Accountability Report

## 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.

	2021-22		2020-21	
	Female	Male	Female	Male
SLT - Senior Civil Servant	1	0	1	0
SLT - Others	1	2	1	2
Employees	39	33	36	30
<b>Total</b>	<b>41</b>	<b>35</b>	<b>38</b>	<b>32</b>

### 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% and 15% for the UK.<sup>9</sup> This is the median figure which is the standard figure used by the Office of National Statistics (ONS) to calculate the pay gap. Data for 2022 has not yet been published by the ONS.

The median gender pay gap for all staff at Revenue Scotland at the end of March 2022 is 0% (2021: 18%). The movement arises from changes in the gender mix of staff at March in each financial year as represented in the table above as well as changes in grades of those staff.

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. A pay gap can arise if 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 composition. It should be noted that the pay gap is calculated at a point in time and can move significantly from month to month.

<sup>9</sup> Source: [Gender pay gap - www.ons.gov.uk](https://www.ons.gov.uk)



# Accountability Report Remuneration and Staff Report

## 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
- ▶ explain employees' entitlements and roles and responsibilities.

In 2021-22 an average of 9 working days per employee were lost (2020-21: 8 days).

## Staff turnover

Staff turnover for staff for the year ended March 2022 was 35% compared with 42% <sup>10</sup> for the year ended March 2021. This includes agency staff where contracts may have come to a natural end. During the year 39% of leavers transferred to posts within other Scottish public bodies mainly on promotion.

## 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 34 under KPI 6.

## 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 on Equality and Diversity can be found on page 38.

<sup>10</sup> The annual report for 2020-21 reported staff turnover as 22% for 2020-21; however, this figure excluded staff who transferred to other Scottish public bodies.



# Accountability Report Remuneration and Staff Report

## Health and safety

A review of health and safety provision was undertaken last financial year. This led to the training of additional first aiders, fire marshals and health and safety liaison officers (HSLO's). This supports and facilitates Revenue Scotland's approach to hybrid working and the increased use of its office space coming out of the COVID-19 pandemic. Duty managers in the office play an important role in health and safety awareness and implementation. This was reflected in a refreshed update to the duty manager handbook.

Workplace inspections placed emphasis on cleaning procedures within the office particularly in the months when COVID-19 was prevalent. These inspections were conducted with Trade Union assistance.

Mandatory training supports the development of staff awareness and capability. It helps us monitor and provide business areas with updates on the completion of mandatory health and safety e-learning modules. In order to track compliance around these essential training requirements, the People Services team has developed a tracker. The tracker is used to evaluate completion of all required training and identify any gaps.

Revenue Scotland has revised its health and safety management arrangements, particularly the information contained within our hybrid handbook. The policy standards have also been embedded within the guidance to staff through the Staff Handbook and Duty Manager Handbook, which provide information on all relevant aspects of health, safety and wellbeing as well as links to the appropriate guidance and wider resource. All relevant procedures have been subject to a thorough review in 2022 as part of the evaluation of our hybrid working model pilot.

The Health and Safety Annual Report 2021-22 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 2021-22 or 2020-21.

Definitions for 'Occupational Disease' and 'Dangerous Occurrence' can be found on the HSE Website.



# Accountability Report

## Remuneration and Staff Report

### Trade Union representatives

The Trade Union (Facility Time Publication Requirements) Regulations came into force on 1 April 2017. No staff were union representatives in 2021-22 or 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 2021-22 or 2020-21.

### Staff costs

	Administration costs		Total 2021-22 £000	Total 2020-21 £000
	Permanently employed £000	Other £000		
Wages and salaries	2,768	62	2,830	2,717
Social security costs	287	7	294	291
Pension costs	762	16	778	722
Seconded-in staff costs	0	76	76	0
Agency staff costs	0	346	346	735
Staff costs capitalised	0	0	0	(203)
<b>Total staff costs</b>	<b>3,817</b>	<b>507</b>	<b>4,324</b>	<b>4,262</b>

Staff costs for Revenue Scotland in the period 2021-22 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 worked on the development of the new tax system in 2020-21 have been capitalised as part of the cost of the asset.



# Accountability Report

## Remuneration and Staff Report

Staff costs shown in 2020-21 above include costs borne by Revenue Scotland on staff seconded to Scottish Government to work on COVID-19 pandemic-related posts. These costs in 2020-21 totalled £136,000.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘alpha’ – are unfunded multi-employer defined benefit schemes but Revenue Scotland is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. The schemes are accounted for as defined contribution schemes under the multi-employer exemption permitted under IAS19 employee benefits. You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation](#).

For 2021-22, employers’ contributions of £775,000 were payable to the PCSPS (2020-21 £717,000) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 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, a stakeholder pension with an employer contribution. Employers’ contributions of £2,600 (2020-21: £5,000) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. 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



# 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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of its net expenditure for the year then ended;
- ▶ have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 seven 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.

### 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.



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

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## Risks of material misstatement

I report in my Annual Audit Report 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 there is an intention to discontinue the body's operations.

## 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 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
- ▶ 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.



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

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 in respect of irregularities explained in the audit of the financial statements section of my report, 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.

## 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.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such



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

material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the 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.

## 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 2021-22



# Financial Statements 2021-22

## Statement of comprehensive net expenditure

For the Year Ended 31 March 2022

	Note	2021-22 Total £000	2020-21 Total £000
Income	2	41	59
Staff costs	2	(4,324)	(4,262)
Purchase of goods and services	3	(1,638)	(1,653)
Depreciation	5	(9)	(10)
Amortisation	5	(408)	(367)
Provision	8	0	0
<b>Net operating costs for the year</b>		<b>(6,338)</b>	<b>(6,233)</b>

The notes on pages 84-97 form part of the financial statements.



# Financial Statements 2021-22

## Statement of financial position

As at 31 March 2022

	Note	2021-22 £000	2020-21 £000
<b>Non-current assets</b>			
Tangible assets	5	25	34
Intangible assets	5	2,804	2,913
<b>Total non-current assets</b>		<b>2,829</b>	<b>2,947</b>
<b>Current assets</b>			
Other receivables	6	33	50
<b>Total current assets</b>		<b>33</b>	<b>50</b>
<b>Current liabilities</b>			
Provision	8	0	0
Trade & other payables	7	(714)	(794)
<b>Total current liabilities</b>		<b>(714)</b>	<b>(794)</b>
<b>Total net assets</b>		<b>2,148</b>	<b>2,203</b>
<b>Taxpayers' equity</b>		<b>2,148</b>	<b>2,203</b>

The notes on pages 84-97 form part of these financial statements.

The Chief Executive and Accountable Officer authorised these financial statements for issue on 1 November 2022.

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



# Financial Statements 2021-22

## Statement of cash flows

For the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
<b>Cash flows from operating activities</b>			
Net operating costs for the year	SOCNE	(6,338)	(6,233)
Adjustments for non cash transactions			
Audit fee	10	100	98
Depreciation	5	9	10
Amortisation	5	408	367
Movements in working capital			
(Increase)/Decrease in trade and other receivables	6	17	(16)
(Decrease)/Increase in provision	8	0	(212)
(Decrease)/Increase in trade and other payables	7	(80)	16
<b>Net cash outflow from operating activities</b>		<b>(5,884)</b>	<b>(5,970)</b>
Purchase of non-current assets	5	(299)	(349)
<b>Net cash outflow from investing activities</b>		<b>(299)</b>	<b>(349)</b>
<b>Cash flows from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net funding</b>		<b>(6,183)</b>	<b>(6,319)</b>

The notes on pages 84-97 form part of the financial statements.



# Financial Statements 2021-22

## Statement of changes in taxpayers' equity

For the year ended 31 March 2022

	Note	General Fund Reserves 2021-22 £000	General Fund Reserves 2020-21 £000
<b>Balance at 31 March</b>		2,203	2,019
Net operating costs for the year	SOCNE	(6,338)	(6,233)
Non cash charges - auditor's remuneration	10	100	98
Net funding		6,183	6,319
<b>Balance at 31 March</b>		<b>2,148</b>	<b>2,203</b>

The notes of pages 84-97 form part of these financial statements.





# Notes to the Accounts



# Financial Statements 2021-22

## 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 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM 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 FReM 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 FReM interprets and adapts IFRS 16 for the public sector context in several ways. An assessment has been carried out and this has determined that there are no assets currently falling within the definition of IFRS 16 which require to 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 issued by HM Treasury in April 2019, updated in March 2020 and further in December 2020.



# Financial Statements 2021-22

## Notes to the Accounts

### 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 2021-22

## 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 2021-22

## Notes to the Accounts

### 2. Staff income and costs

	2021-22 £000	2020-21 £000
<b>Income - Seconded staff</b>	<b>41</b>	<b>59</b>
Staff costs		
Wages and salaries	2,830	2,717
Social security	294	291
Pension	778	722
Seconded-in staff	76	0
Agency	346	735
Less staff costs capitalised	0	(203)
<b>Total staff costs</b>	<b>4,324</b>	<b>4,262</b>

During 2021-22 and 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 68.



# Financial Statements 2021-22

## Notes to the Accounts

### 3. Goods and services

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

	2021-22 £000	2020-21 £000
<b>Staff related costs</b>		
Board fees & expenses	45	52
Travel & subsistence	0	1
Training	21	40
Recruitment	20	22
<b>Supplies &amp; services</b>		
Legal	148	107
Computer & telephone	330	359
Shared services (1)	352	354
Delegated duties (2)	488	463
Other supplies & services	134	157
Audit fee - external (see note 10)	100	98
<b>Total goods &amp; services</b>	<b>1,638</b>	<b>1,653</b>



# Financial Statements 2021-22

## 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
- ▶ Procurement.

(2) Delegated duties represent 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.

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

	Notes	2021-22 £000	2020-21 £000
Resource outturn	SoCNE	6,338	6,233
Capital outturn	5	299	349
Non cash charges - auditor's remuneration	10	(100)	(98)
Depreciation	5	(9)	(10)
Amortisation	5	(408)	(367)
Changes in working capital	SoCF	63	212
<b>Net funding</b>		<b>6,183</b>	<b>6,319</b>



# Financial Statements 2021-22

## Notes to the Accounts

### 5. Non-current assets

#### Tangible Assets

	Furniture & Fittings	2021-22	2020-21
	£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	42	42	32
Charged in the year	9	9	10
<b>At 31 March</b>	<b>51</b>	<b>51</b>	<b>42</b>
<b>Asset financing</b>			
Owned	25	25	34
<b>Carrying amount at 31 March</b>	<b>25</b>	<b>25</b>	<b>34</b>



# Financial Statements 2021-22

## Notes to the Accounts

### Intangible Assets

	IT System under development	IT System	Telephony	2021-22 Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April	0	3,404	70	3,474
Additions	0	282	17	299
Transfers	0	0	0	0
<b>At 31 March</b>	<b>0</b>	<b>3,686</b>	<b>87</b>	<b>3,773</b>
<b>Amortisation</b>				
At 1 April	0	525	36	561
Charged in the year	0	397	11	408
<b>At 31 March</b>	<b>0</b>	<b>922</b>	<b>47</b>	<b>969</b>
<b>Asset Financing</b>				
Owned	0	2,764	40	2,804
<b>Carrying amount at 31 March</b>	<b>0</b>	<b>2,764</b>	<b>40</b>	<b>2,804</b>



# Financial Statements 2021-22

## Notes to the Accounts

Prior Year	IT System under development	IT System	Telephony	2020-21 Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2020	324	2,731	70	3,125
Additions	349	0	0	349
Transfers	(673)	673	0	0
<b>At 31 March 2021</b>	<b>0</b>	<b>3,404</b>	<b>70</b>	<b>3,474</b>
<b>Amortisation</b>				
At 1 April 2020	0	165	29	194
Charged in year	0	360	7	367
<b>At 31 March 2021</b>	<b>0</b>	<b>525</b>	<b>36</b>	<b>561</b>
<b>Asset Financing</b>				
Owned	0	2,879	34	2,913
<b>Carrying amount at 31 March 2021</b>	<b>0</b>	<b>2,879</b>	<b>34</b>	<b>2,913</b>



# Financial Statements 2021-22

## Notes to the Accounts

### 6. Other receivables

Amounts falling due within one year:	2021-22 £000	2020-21 £000
Prepaid expenses	31	32
Sundry debtors	2	18
<b>Total receivables within one year</b>	<b>33</b>	<b>50</b>

### 7. Trade and other payables

Amounts falling due within one year:	2021-22 £000	2020-21 £000
Trade payables	27	43
Social security and payroll related	178	138
Accrued short-term employee benefits (see note 1.9)	187	172
Other accruals	322	441
<b>Total payables within one year</b>	<b>714</b>	<b>794</b>



# Financial Statements 2021-22

## Notes to the Accounts

### 8. Provision for liabilities and charges

	2021-22 £000	2020-21 £000
Balance at 1 April	0	212
Utilised in year	0	(212)
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

Analysis of timing	2021-22 £000	2020-21 £000
Not later than one year	0	0

### 9. Related party transactions

Revenue Scotland is a non-ministerial office of the Scottish Administration and it considers that the Scottish Government, its agencies and non-departmental bodies are related parties within this context.

During the year Revenue Scotland had a number of material financial transactions with the Scottish Government. Those relating to shared services provided are detailed in note 3 above. In addition some staff were both seconded to and seconded from Scottish Government during the year. Income and costs associated with these secondments are shown in note 2 above.

In line with RSTPA, section 2, Revenue Scotland has delegated some of its functions relating to SLfT to the Scottish Environment Protection Agency (SEPA). The costs incurred are provided in note 3 above.

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 2021-22

## Notes to the Accounts

### 10. Audit fee

	2021-22 £000	2020-21 £000
Auditor's fee – resource accounts	22	21
Auditor's fee – devolved taxes account	78	77
<b>Total Auditor's fees</b>	<b>100</b>	<b>98</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 to the year ended 31 March 2022. 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 2022.

### 11. Commitments

#### Revenue Commitments

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

	2021-22 £000	2020-21 £000
<b>IT Systems</b>		
Not later than one year	256	307
Between one and five years	966	1,159
Beyond five years	302	652
<b>Total revenue commitments</b>	<b>1,524</b>	<b>2,118</b>

The amounts above are in relation to the contracts for the provision of Revenue Scotland's tax and finance systems. The contract for the tax system expires in 2029 and that for the finance system expires in December 2022.

Amounts charged in 2021-22 of £274,000 (2020-21: £317,000) are included within computer and telephone charges in note 3 above. The fall in amount relates to a change in VAT treatment on service costs provided for the tax system.



# Financial Statements 2021-22

## Notes to the Accounts

### Capital Commitments

	2021-22 £000	2020-21 £000
<b>IT Systems</b>		
Not later than one year	94	0
<b>Total capital commitments</b>	<b>94</b>	<b>0</b>

The amounts above relate to orders placed in 2021-22 for IT hardware delivered in 2022-23.





# Summary Financial Data

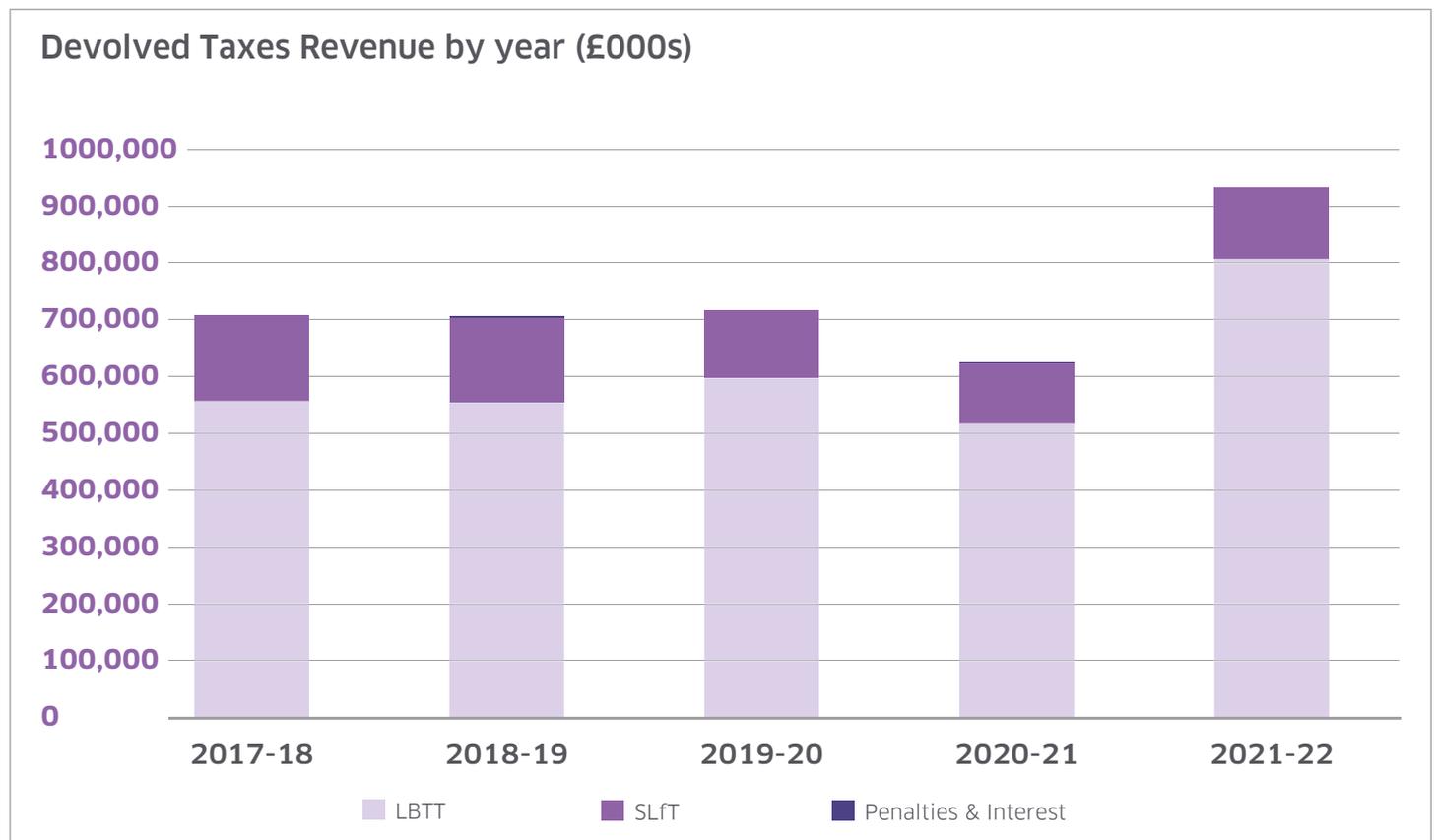


# Financial Statements 2021-22

## Summary Financial Data

### Devolved Taxes 2017-2022

	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £000
LBTT	557,267	554,185	597,368	517,354	807,183
SLfT	147,984	148,517	118,959	106,528	125,248
Penalties & Interest	1,754	3,135	735	138	1,245
<b>Total Tax Revenue</b>	<b>707,005</b>	<b>705,837</b>	<b>717,062</b>	<b>624,020</b>	<b>933,676</b>

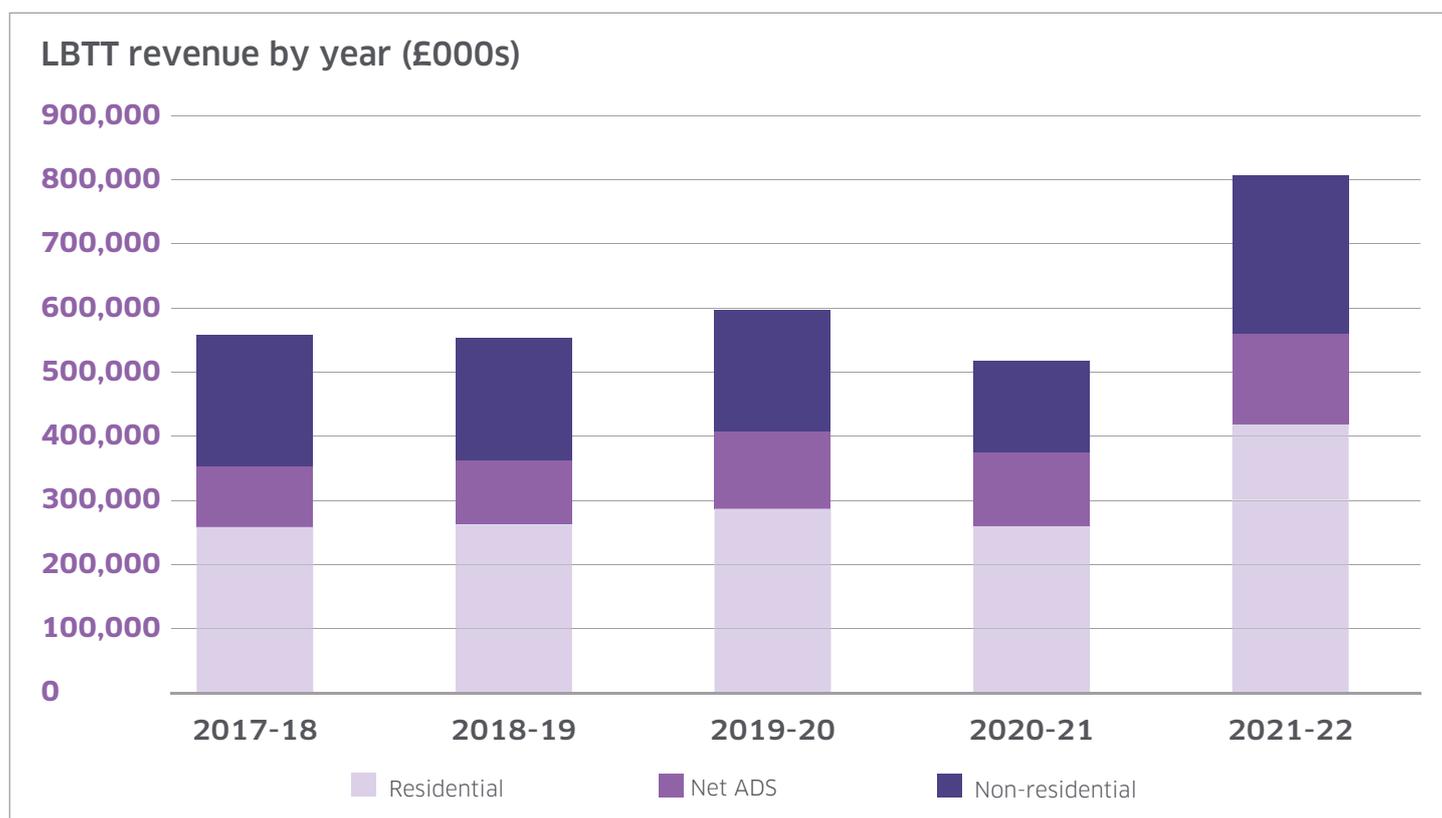


# Financial Statements 2021-22

## Summary Financial Data

### LBTT 2017-22

LBTT	2017-18	2018-19	2019-20	2020-21	2021-22
Residential	258,386	262,336	286,908	259,632	418,390
Net ADS	94,645	99,211	120,226	115,104	140,750
Non-residential	204,236	192,638	190,234	142,618	248,043
<b>Total LBTT (£'000)</b>	<b>557,267</b>	<b>554,185</b>	<b>597,368</b>	<b>517,354</b>	<b>807,183</b>
No. of Tax Returns	116,380	120,280	121,050	109,170	126,350

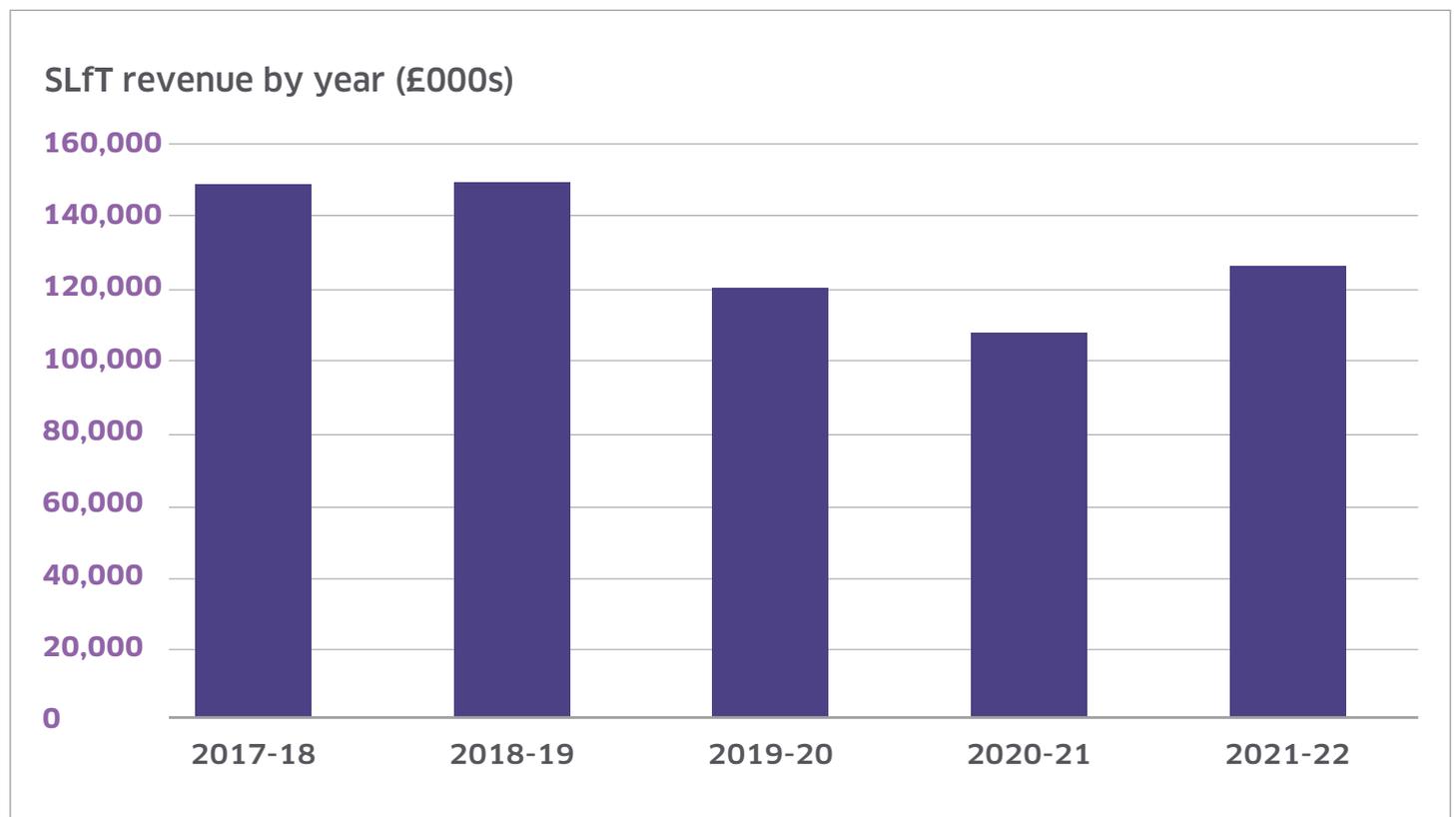


# Financial Statements 2021-22

## Summary Financial Data

### SLfT 2017-22

SLfT	2017-18	2018-19	2019-20	2020-21	2021-22
Tax (£'000)	147,984	148,517	118,959	106,528	125,248
Standard rate tonnage	1,775,000	1,650,100	1,343,700	1,170,300	1,348,600
Lower rate tonnage	790,300	739,500	685,700	618,800	680,100
<b>Total tonnage</b>	<b>2,565,300</b>	<b>2,389,600</b>	<b>2,029,400</b>	<b>1,789,100</b>	<b>2,028,700</b>



# Financial Statements 2021-22

## Summary Financial Data

### Resource Spend (including programme costs) 2017-22

	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £000
Income	0	0	0	59	41
Staff costs <sup>11</sup>	(2,785)	(3,448)	(3,998)	(4,234)	(4,324)
Goods & services	(1,613)	(1,668)	(1,912)	(1,651)	(1,638)
Programme costs <sup>12</sup>	(1,075)	(1,095)	(763)	(30)	0
Depreciation & amortisation	(12)	(16)	(182)	(377)	(417)
Provision	0	0	(212)	0	0
<b>Net operating costs</b>	<b>(5,485)</b>	<b>(6,227)</b>	<b>(7,067)</b>	<b>(6,233)</b>	<b>(6,338)</b>

11 Includes compensation on early retirement

12 Includes staff and non-staff costs of developing processes and systems to comply with new legislation or the introduction of IT systems



# Financial Statements 2021-22

## 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



**Contact details:**

Revenue Scotland  
PO Box 24068  
Victoria Quay  
Edinburgh  
EH6 9BR

**Visit: [www.revenue.scot](http://www.revenue.scot)**