

# Revenue Scotland

## **Annual Report and Accounts**

for the year ended 31 March 2024



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 October 2024. Annual accounts authorised for issue on **24 September 2024**

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RS/2024/01



# At A Glance

**£855m**  
total tax  
revenue



**99%**  
tax  
collection  
rate



Administrative  
cost of tax  
collection  
**0.87%**



**£35.3m**  
secured  
through  
compliance  
activity



Top  
**25%**  
in the Civil  
Service People  
Survey



**76%**  
user  
satisfaction  
with our  
service



**98% of staff**  
have completed  
**30 hours**  
pro rata of learning  
and development



**0% median  
gender pay gap**  
at 31 March 2024



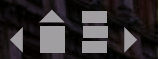
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# Performance Report



# Performance Report Statement from the Chair



I am delighted to report another year of excellent progress at Revenue Scotland.

You can see from the full Report now presented that we have collected revenues of over £855 million and kept our costs well below our benchmark of 1% of revenues, demonstrating a great commitment to effective cost controls and efficiency.

In addition we have demonstrated through our Futures Project that we can move to a flexible and dynamic hybrid working model that will continue to support our relentless drive to deliver excellent value for money through our operating model. The commitment of our staff and leadership team to creating a great working environment is reaping dividends through excellent staff satisfaction scores, with the latest People Survey placing Revenue Scotland amongst the highest scoring organisations in the Civil Service, not just in Scotland, but UK wide.

Our continued commitment to people development gives everyone at Revenue Scotland the opportunity to acquire new skills and improve existing ones, and this deepening of the quality results in better engagement, better compliance and a real commitment to raising standards across all aspects of the organisation. The results this year demonstrate the really positive trajectory we are maintaining.

We have now laid our plans for 2024-27 before Parliament which takes all of our commitments a stage further. Our four strategic outcomes underpin everything we do around Operational Excellence, Investing in our People, Working with Others and Expanding our Horizons. This approach undoubtedly aligns to the challenges laid out in Public Service Reform more widely and demonstrates our unwavering commitment to be the very best organisation we can be and I would recommend, if you have the opportunity, to have a look at our Corporate Plan which backs up the headlines with detailed actions.

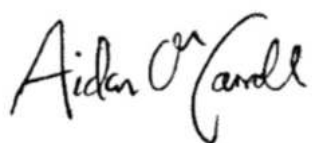
I also want to highlight how important it has been to engage more widely with Scottish Parliament as well as other stakeholders. I am really grateful to all MSPs and Committees who have engaged with Revenue Scotland over the last 12 months, we have benefitted greatly from all of the constructive conversations. We are committed to this continuing at pace, and to widening our collaboration with the key stakeholders. One great benefit is learning from others and we do this willingly and positively as we continue to enhance our approaches across a wide spectrum of activity.



# Performance Report Statement from the Chair

As we look forward to playing our full part in the introduction of new Taxes, for example Scottish Aggregates Tax and the possibility of a Scottish Building Safety Levy, our ability to enhance our digital capabilities remains a high priority. The past year has seen further investment in improving our capabilities in this important area as we stand ready to implement our "Digital First" approach to these new as well as existing taxes and levies.

Against a backdrop of a challenging environment both in Scotland and more widely our people have responded with enthusiasm, commitment and great agility. On behalf of the Board my heartfelt thanks to everyone in the team for delivering such a strong set of results. We can look forward with confidence to delivering on our Corporate Plan over the coming years and giving our stakeholders the continuous improvement that they expect for the benefit of Scotland.



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

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"The commitment of our staff and leadership team to creating a great working environment is reaping dividends through excellent staff satisfaction scores, with the latest People Survey placing Revenue Scotland amongst the highest scoring organisations in the Civil Service, not just in Scotland, but UK wide."

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# Performance Report Statement from the Chief Executive and Accountable Officer



This annual report and accounts covers the performance of Revenue Scotland for 2023-24, set within the context of it also being the final year of our 2021-24 Corporate Plan.

As I look back to 2021, the impact of the COVID-19 pandemic was still being felt. Considering how the operating model of Revenue Scotland has changed as a result, we are quite a different organisation now compared to then. We have moved from working from a fixed office base pre-pandemic to wholly remote working during the pandemic. Now, we are developing our own model of hybrid working. This model has the delivery of optimal performance by our staff, and therefore by our organisation as a whole, at its heart.

In 2023-24, we completed our Futures Project, which has ensured the delivery of clarity as to our hybrid operating model for our staff, financial savings in a reduction of the office space we require in Victoria Quay, a new touchdown facility in partnership with Registers of Scotland, for use of space within their Glasgow office, providing office facilities for those staff who live closer to Glasgow than Edinburgh and ensuring our staff have access to technology which supports this new form of working. We continue to monitor our performance to ensure we remain open to further evolution of this way of working should it be required but as things currently stand, we are attracting talent into Revenue Scotland, in part because of the approach we have taken to hybrid working. Being an employer of choice remains one of our core objectives as we look ahead.

Taking a strategic approach to workforce planning has been key to continuing to build our capability as a tax authority and as a public body. This year, we prioritised digital and data, and project and programme leadership, while continuing to nurture and provide opportunities for development for all staff. As will be seen from the performance report, we have continued to deliver excellent performance against all of our KPIs. I am particularly pleased with the People Survey results this year, which once again rated us as high performing and in the top 25% of the 103 civil service organisations who participated. We scored particularly highly for how we lead and manage change, reflecting the conscious investment we made in the learning and development of our senior leaders and the wider culture we have sought to foster within our organisation.

We are adding value to policy discussions on future taxes, bringing both our tax technical expertise to bear and also our knowledge of how to deliver programmes of change well. This is important in the context of Scottish Aggregates Tax where a multi-disciplinary team from Revenue Scotland is working in partnership with the Scottish Government to deliver the next wholly devolved tax to Scotland. We are also starting our preparatory work for a Scottish Building Safety Levy and expanding our reach and reputation for the expertise we have in tax and as a high-performing public body into other discussions too, with central government and more widely across other public bodies and into new sectors such as local government.



# Performance Report Statement from the Chief Executive and Accountable Officer

Our work on Equalities and Diversity is another area where we have made real progress, with the finalisation of our mainstreaming report and creation of a steering group to take a more strategic view of the work we are doing across our functions to embed Equality, Diversity, and Inclusion (EDI) principles and practices into our organisational culture and everything we do.

As we look ahead to our new Corporate Plan for 2024-27 which is set within the context of a challenging financial climate, we stand ready as an energetic, digitally enabled, efficient public body to engage in the reform and delivery of public services in Scotland. The model we have adopted has much to offer in how public services can be delivered working collaboratively with an ethos that has public service at its heart.

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"We stand ready as an energetic, digitally enabled, efficient public body to engage in the reform and delivery of public services in Scotland."

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**Elaine Lorimer**  
Chief Executive

24 September 2024

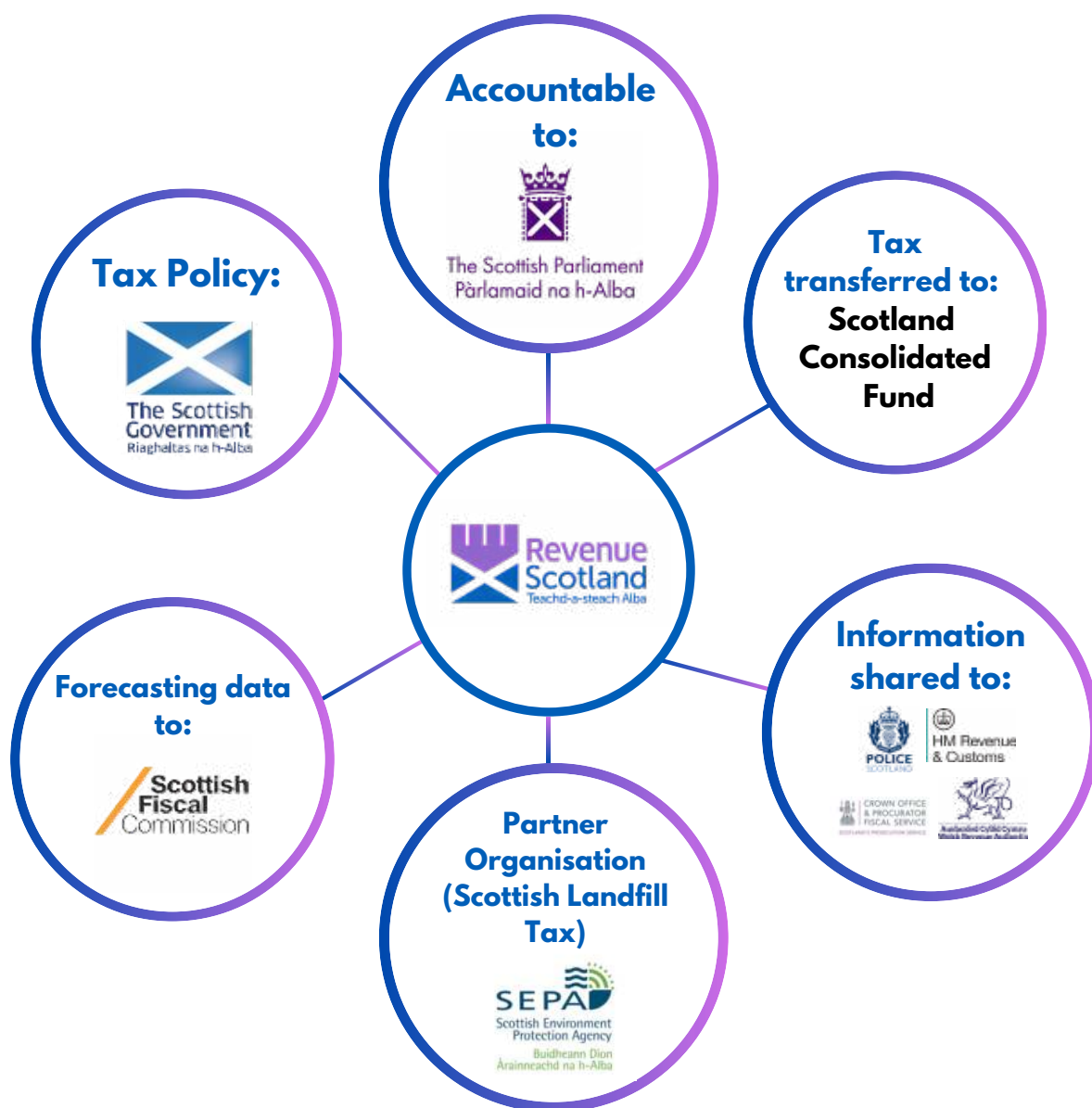


# Performance Report Performance Overview

## Introduction

This performance overview serves as a summary to provide readers with a clear and comprehensive understanding of Revenue Scotland, our purpose, and our performance over the reporting period. This section summarises our strategic outcomes, our performance in relation to these outcomes, and the management of key risks.

The performance overview begins by detailing our key functions, our governance structure, before discussing our progress against the strategic outcomes outlined in our [Corporate Plan 2021-24](#).





# Performance Report

## Performance Overview

### Who we are and what we do

Revenue Scotland was established under the Revenue Scotland and Tax Powers Act 2014 (RSTPA). We are responsible for the collection and management of the fully devolved Scottish taxes: Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT).

As a Non-Ministerial Office, we are part of the Scottish Administration and we are accountable directly to the Scottish Parliament, ensuring the impartial and fair administration of taxes. The [Scottish Government](#) is responsible for tax policy and rates, while we provide policy development support through the provision of advice, data, and information based on our operational experience.

We are proud to work alongside the [Scottish Fiscal Commission \(SFC\)](#), which is responsible for providing independent forecasts of tax revenue in line with the Fiscal Framework. To aid forecasting work, we provide anonymous, aggregated SLfT and LBTT data to the SFC.

In addition to delegating specific functions for SLfT collection to the [Scottish Environment Protection Agency \(SEPA\)](#), we also collaborate with [His Majesty's Revenue and Customs \(HMRC\)](#) for compliance activity. Furthermore, we actively participate in the British Isles Tax Authorities Forum, working closely with other tax authorities to share knowledge and best practices in tax collection and management.

### How we are governed

The Board is responsible for the strategic direction, oversight, and governance of the organisation. It currently comprises seven members appointed by Scottish Ministers through the Scottish Public Appointments process. 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 provide direction, support and 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 can be found in the Accountability Report section of the Annual Report on [page 61](#).

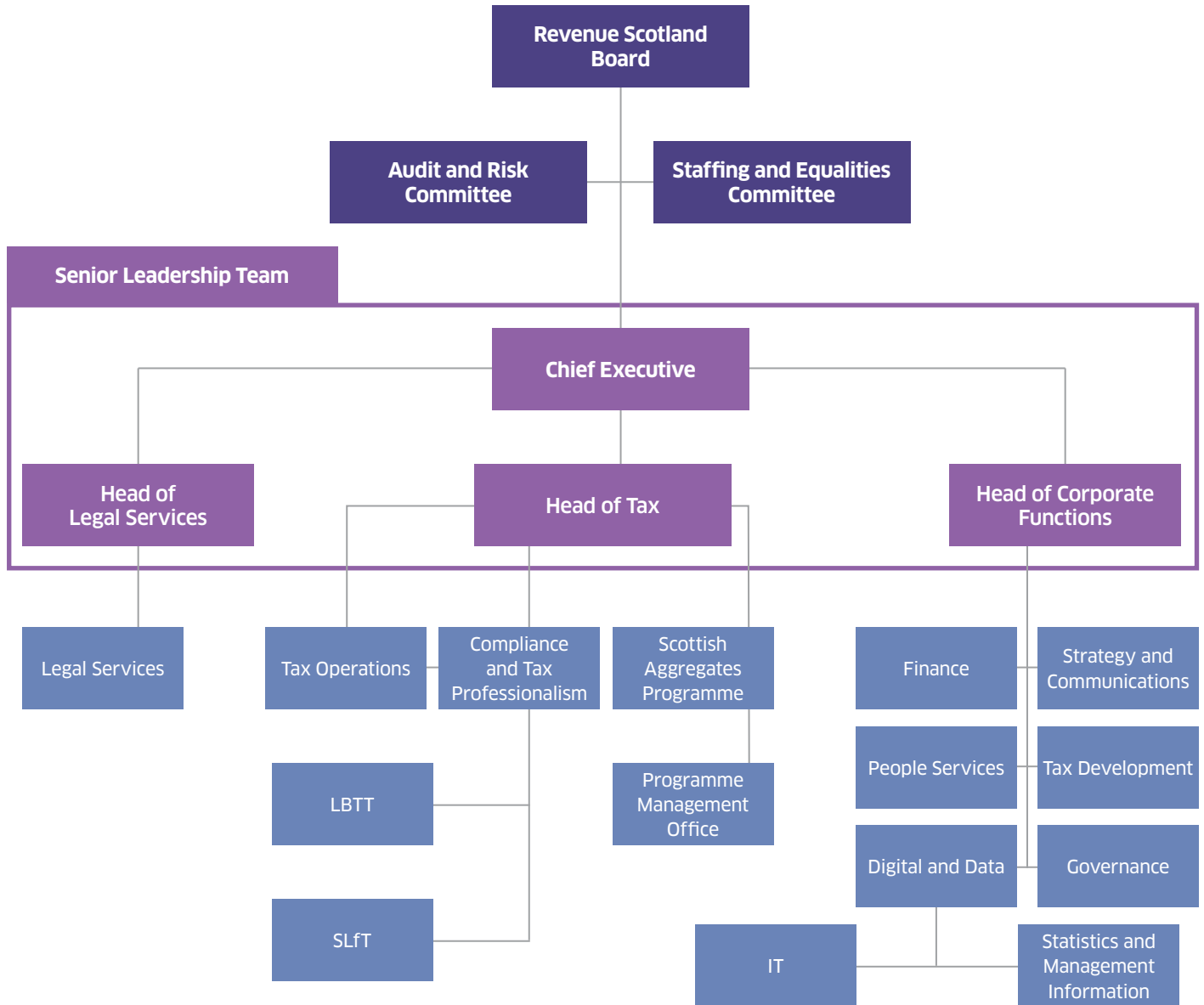
### How we are structured

Our Senior Leadership Team is led by the Chief Executive and includes the Head of Tax, the Head of Corporate Functions, and the Head of Legal Services. Reporting directly to the Chief Executive, our SLT are responsible for the operational leadership, and the direction and coordinating of the delivery of our strategic outcomes.

Our organisational and team structure is depicted in the diagram on the following page, providing a visual representation of the Senior Leadership Team's role within our organisation.



# Performance Report Performance Overview



## How we are funded

Revenue Scotland is part of the Scottish Administration and our budget is set by the annual Budget Bill. The Scottish Government liaises with us to identify our 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’.

We are responsible for managing our budget for each financial year to deliver our statutory functions. We have 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

This year, 2023-24, was the final year in our current Corporate Plan – delivered from April 2021 until March 2024. The [Corporate Plan 2021-24](#) outlined our purpose, vision, strategic outcomes and performance measures. These determined our priorities in raising revenue to support public services across Scotland in the most efficient and effective way.

## 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 nine successful years in operation, and collecting over £6 billion in tax revenue, we have continued to build our reputation as a leading and well-respected public body, delivering excellence for Scotland.

This year marked the final stretch of our Corporate Plan for 2021-24, which focused on four strategic outcomes, as outlined below. These outcomes were the cornerstone of our efforts towards achieving our ambitions, ensuring we continued to progress and improve the services we offered. Our new [Corporate Plan 2024-27](#) was laid in Parliament in March 2024, and includes a refreshed purpose, vision and new strategic outcomes.



#### Excelling in Delivery

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



#### Investing in our People

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



#### Reaching Out

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



#### Looking Ahead

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



# Performance Report

## Performance Overview

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

Our purpose is delivered through the strategic outcomes in our Corporate Plan, with progress tracked using key performance indicators (KPIs) and milestones related to key project objectives. Our Business Plan details projects and initiatives supporting these outcomes, guiding team and individual goals.

This structure ensures a direct connection between individual work goals and the strategic outcomes defined in the Corporate Plan. Our systematic method of managing performance underpins our ability to track and document progress throughout the organisation.

### National Performance Framework

The National Performance Framework (NPF) underpins the Scottish Government's vision, setting out National Outcomes to measure progress towards its goals. Our Corporate Plan is aligned with these Outcomes, guiding our efforts to support those relevant to Revenue Scotland's remit.

Our Corporate Plan's execution involves clearly defined objectives and deliverables, enacted through a detailed strategy that includes corporate, business, and team plans. We track our progress rigorously, with monthly and quarterly performance reviews.

By collecting devolved taxes, we indirectly support all National Outcomes, and directly contribute to six specific areas: economy, environment, fair work and business, communities, human rights, and health. Our approach emphasises investment in our workforce, dedication to equality, diversity, and inclusion, and collaboration with various partners, all underpinned by transparency and accountability.



# Performance Report

## Performance Overview

The following table shows which Revenue Scotland strategic outcomes 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

This corporate risk summary provides an overview of the key risks faced, their impact on delivering our strategic outcomes, and emerging risks that may affect future performance. Further details on these risks are provided in the analysis section on [page 53](#).

We have a Risk Management Framework that follows the best practices outlined in the Scottish Public Finance Manual (SPFM) and the Scottish Government's Risk Management Guidance. This framework guides us in identifying, documenting, and scoring risks, assigning ownership, determining responses, and monitoring and reporting progress. We completed a review of this framework in 2023-24 to ensure it remains effective.

Managing and communicating potential threats and opportunities is key for meeting the goals in our Corporate Plan. Before taking any action, we thoroughly score and manage risks. The concept of 'risk appetite' – the level of risk we are willing to accept to achieve our objectives – helps create a shared understanding across Revenue Scotland and supports confident, risk-based decision-making.

Throughout the year, the Audit and Risk Committee, together with staff and Board members, reviewed the corporate risk register with a focus on risk appetite. Looking ahead to our new Corporate Plan for 2024-27, we plan to conduct a full review of our corporate risks.



# Performance Report Performance Overview

## 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>Ways of working</b> recognises the need to maintain the conditions to foster a positive, inclusive way of working where staff are engaged and empowered.</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>Digital systems performance and adaptability</b> recognises our need to invest in our digital architecture and systems.</p>
<p><b>Information and cyber security</b> recognises our need to have effective systems and controls in place 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 effective business continuity planning to meet expectations.</p>	<p><b>Data optimisation</b> allows us to improve the design of our systems, deliver evidence-based operational efficiencies and identify areas for innovation.</p>



# Performance Report

## Performance Overview

### Performance summary

#### Key projects

Our Business Plan outlines key strategic projects for 2023-24, marking the final year of the Corporate Plan. These projects represent major investments or hold strategic importance, playing a crucial role in fulfilling the Corporate Plan's objectives. As we conclude this period, the majority of our projects are either on schedule or have been successfully completed.

Project and scope	Progress	Status
<p><b>1. Scottish Aggregates Tax Programme</b></p> <p>To introduce Scottish Aggregates Tax, a new devolved tax to replace the UK Aggregates Levy in Scotland. The UK Aggregates Levy is an environmental tax which aims to reduce the extraction of primary aggregate. In general, it applies to the commercial exploitation of this primary aggregate – predominantly crushed rock, sand, and gravel – which are used in the construction industry for housebuilding, infrastructure works, landscaping, and environmental protection.</p>	<p>We've collaborated closely with the Scottish Government on legislation and tax design, whilst engaging with industry representatives through a stakeholder Expert Advisory Group, gaining valuable insights. IT system requirements are ongoing, embracing our digital-first approach to tax collection. We are preparing our staff and users for the tax launch with planned internal changes and guidance.</p>	<p>On track</p>
<p><b>2. Legislative Framework Project</b></p> <p>To review and improve our decade-old legislation to better deliver outcomes for taxpayers, enhance core functions, and support our strategic goals by creating a more effective and efficient system for managing devolved taxes.</p>	<p>The Aggregates Tax and Devolved Taxes Administration (Scotland) Bill has been introduced, featuring measures to improve governance, communication, automation, penalties, and set-off provisions, with ongoing support for policy development.</p>	<p>On track</p>





# Performance Report

## Performance Overview

Project and scope	Progress	Status
<p><b>3. Capital Investment in SETS</b></p> <p>To deliver ongoing investment and improvements to the Scottish Electronic Tax System (SETS).</p>	<p>Key improvements include enhanced validation on the portal to ensure data integrity, enhanced portal text for clarity and consistency, optimised search functionality for better user experience, automated letter generation with secure data transfer, and new functionality for lease review returns to ensure data accuracy. Additionally, we implemented legislative changes for the Additional Dwelling Supplement (effective 1 April 2024).</p>	<p>On track</p>
<p><b>4. RS Futures Project</b></p> <p>To deliver and evaluate a hybrid working pilot within Revenue Scotland, exploring a mixture of work and office working and the effect on staff productivity, performance and wellbeing.</p>	<p>Hybrid working has been approved and embraced as the operating model for us going forward.</p>	<p>Complete</p>
<p><b>5. Capability Matrix</b></p> <p>Develop a Capability Matrix to help staff identify required skills for roles, assess their skill gaps, and support them to become high performers in their professions.</p>	<p>A collaborative approach was used to develop a skills audit with team leaders. The audit was completed in Q4. The data will be used to develop learning and development opportunities in the <a href="#">Corporate Plan 2024-27</a>.</p>	<p>Complete</p>
<p><b>6. Three-yearly Lease Reviews</b></p> <p>To drive an increase in the quality and quantity of received lease returns in Revenue Scotland.</p>	<p>A systems approach targeting digital, data, communications and legislative change has shown early promise in boosting lease submission rates and the accuracy of the return; though full benefits will take several years to realise.</p>	<p>Ongoing</p>

# Performance Report

## Performance Overview

Project and scope	Progress	Status
<p><b>7. Develop and implement a stakeholder engagement programme</b></p> <p>To undertake the delivery and implementation of a specific stakeholder engagement programme.</p>	<p>A stakeholder engagement delivery plan has been developed to deliver a coordinated and targeted approach to engagement throughout the 2024-27 Corporate Plan period.</p>	On track
<p><b>8. Service user feedback improvements</b></p> <p>User engagement aids in gathering feedback to improve service accessibility, usability, and efficiency, which leads to better tax compliance, and increased revenue.</p>	<p>This is the first year we have scored our service user feedback. Website and SETS users satisfaction scores have shown a 76% user satisfaction throughout 2023-24, against a public sector target of 75%. In Q3 a feature was added to SETS, allowing users to provide feedback at any stage of their submission.</p>	On track
<p><b>9. Scottish Government Business Transformation</b></p> <p>As part of the shared services agreement with Scottish Government, a new human resources and administrative finance system will be delivered.</p>	<p>We are continuing to engage with the project delivery team ahead of the anticipated go live date in 2024-25.</p>	Due 2024-25
<p><b>10. Corporate Plan 2024-27</b></p> <p>Develop our new Corporate Plan for the period 2024-27.</p>	<p>After extensive internal staff collaboration, and external stakeholder engagement, our new <a href="#">Corporate Plan 2024-27</a> was laid in parliament in March 2024.</p>	Complete
<p><b>11. Leadership Programme</b></p> <p>To deliver a leadership development programme for staff within Revenue Scotland.</p>	<p>As part of our continuous leadership development, senior staff completed a Leadership Development Programme incorporating 360-degree feedback, Emotional Intelligence in Leadership, and collaborative leadership techniques.</p>	Complete



# Performance Report

## Performance Overview

### KPIs overview

The [Corporate Plan 2021-24](#) outlines our key performance indicators (KPIs) that track our progress and alignment with our goals. These KPIs are detailed in the Performance Analysis section of this Annual Report, with page references included for easy navigation.

These KPIs reflect our operational effectiveness and adaptability to changes within the organisation, while broadening the scope of our performance assessment, to include areas such as equality integration and service user feedback.

No.	Indicator	Target/Indicator	2023-24	2022-23	Status	More info
1	Tax collection rate: percentage of tax declared which has been collected	Not less than 99%	99%	99%	Achieved	<a href="#">page 27</a>
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%	99%	99%	Achieved	<a href="#">page 28</a>
3	Tax secured through Revenue Scotland's compliance activity	Compared to previous year's compliance activity, no formal target set	£35.3m	£10.4m	Not applicable	<a href="#">page 31</a>
4	Administrative cost of tax collection	<1%	0.87%	0.71%	Achieved	<a href="#">page 27</a>
5	Skills and knowledge development	>90% of staff having completed 30 hours (pro rata) learning and development	98%	96%	Achieved	<a href="#">page 40</a>





# Performance Report

## Performance Overview

No.	Indicator	Target/Indicator	2023-24	2022-23	Status	More info
6	People Survey Engagement and Stress Proxy Index	Combined score to be within the top 25% of Civil Service organisations. A low combined score is desirable	Combined rank of 8 out of 103, within the top 25%	Combined rank of 12 out of 102, within the top 25%	Achieved	<a href="#">page 41</a>
7	Service users' feedback <sup>1</sup>	Service User satisfaction score >75%	76%	N/A	Achieved	<a href="#">page 45</a>
8	Equalities	RAG status applied based on progress against Equalities Mainstreaming action plan	Green	Green	Achieved	<a href="#">page 46-47</a>
9	Delivery of key strategic projects	Combined RAG status of 10 key strategic projects	Green	Green	Achieved	<a href="#">page 49</a>

1 Throughout 2021-22 and 2022-23 Revenue Scotland gathered service user feedback via the online tax collection system SETS; this continued during 2023-24 and formed part of the larger KPI around service user feedback. For more information, see [page 45](#).



# 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 2023-24 expenditure	7,832	7,872
Financial year 2022-23 expenditure	6,909	7,021

Expenditure against Capital Budget (Note 5 of Financial Statements)	Actual Total £'000	Budget Total £'000
Financial year 2023-24 expenditure	500	500
Financial year 2022-23 expenditure	666	700

In 2023-24 revenue expenditure was £40,000 (0.5%) less than budget, and capital expenditure was on budget.

#### Devolved Taxes

Revenue net of repayment, excluding interest payable and revenue losses	2023-24 Tax, penalties and interest receivable  Total £'000	2023-24 Budget Act estimates  Total £'000	2022-23 Tax, penalties and interest receivable  Total £'000
LBTT	784,372	773,000	847,836
SLfT	68,372	79,000	109,699
Penalties and interest	2,714	0	2,797
<b>Total</b>	<b>855,458</b>	<b>852,000</b>	<b>960,332</b>



# Performance Report

## Performance Overview

The values for the tables on the previous page, page 24, are for tax returns and amendments submitted during 2023-24. They are adjusted for the value of LBTT and SLfT returns received during April and May 2024, which relate to the period up to March 2024.

The tax returns submitted during 2023-24 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 is dependent on performance of both the residential and non-residential property markets within Scotland. The SLfT revenue raised 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 [SFC](#). The SFC publishes forecast evaluation reports comparing outturn figures to Budget Act estimates, detailing the reasons for any differences observed.

A summary of the tax revenue and our resource spend over the period 2019-24 is shown on [pages 114-117](#) 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 2023-24, which is published separately.

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"Central to our operations is the Revenue Scotland and Tax Powers Act 2014 (RSTPA), which forms the bedrock of our legal framework. This legislation plays a pivotal role in guiding our endeavours and shaping our operational landscape."

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# Performance Report

## Performance Analysis

### Performance against the Revenue Scotland Corporate Plan

The Performance Analysis section serves as a detailed and comprehensive dissection of our Corporate Plan 2021-24. Its primary goal is to illuminate the objectives we've set to accomplish our four strategic outcomes. Within this section, we explore our ten key performance indicators (KPIs) and how they relate to each strategic objective. Throughout the Performance Analysis section, a meticulous evaluation of our performance in relation to each strategic objective and its respective KPIs takes place.

Central to our operations is the Revenue Scotland and Tax Powers Act 2014 (RSTPA), which forms the bedrock of our legal framework. This legislation plays a pivotal role in guiding our endeavors and shaping our operational landscape. Additionally, for a concise overview of KPI outcomes, readers can refer to the performance summary provided on [pages 22-23](#).

## Excelling in Delivery

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

The following KPIs measure our performance towards the Excelling in Delivery Strategic Outcome.

- KPI 1: Tax collection rate
- KPI 2: Response to user requests
- KPI 3: Tax compliance activity
- KPI 4: Administrative cost of collection.

To achieve this, we have the following 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

The following section, starting with Tax Revenue, details our journey towards “Excelling in Delivery” and achieving this strategic outcome. This section explains how we have connected our strategic outcomes to our KPIs and provides a picture of what we have accomplished and how it ties into our overall success as a modern public body.

### Tax revenue

	2023-24 £'000	2022-23 £'000
LBTT	784,372	847,836
SLfT	68,372	109,699
Penalties and interest	2,714	2,797
<b>Total tax</b>	<b>855,458</b>	<b>960,332</b>

Tax revenues decreased in 2023-24 after a record high in 2022-23. This was driven by a reduction in Residential LBTT revenues, due to a fall in the number of residential transactions, as well as a decrease in SLfT revenues arising from reduced volumes of waste going to landfill. However, revenues were still relatively high compared to pre-pandemic levels.

According to KPI 1, our tax collection rate for 2023-24 stood at 99%, consistent with the benchmarks set in 2017-18, 2021-22, and 2022-23.

Our service efficiency is evident in KPI 4, which highlights the minimal administrative cost of tax collection. For 2023-24, the collection cost was 0.87%, meeting our set benchmark.



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### Guidance, advice and support

The service we provide to taxpayers is central to our core mission. One of our key performance indicators, KPI 2, is a measure of our response times to various service user requests, including phone calls, written correspondence, and the processing of tax repayment claims. We are proud to report throughout 2023-24, we consistently met our ambitious target of a 95% on time response rate – achieving our target for all three years of this Corporate Plan period.

In 2023-24 we introduced a new LBTT relief, Green Freeports. Green Freeport relief is a tax incentive available for transactions involving land within designated Green Freeport zones, which are large, strategically located areas connected by rail, sea, or air. These zones aim to promote regeneration and job creation, and support the transition to a net-zero economy. The relief from LBTT can be full or partial: full relief applies when at least 90% of the transaction's value pertains to qualifying land within a Green Freeport, and partial relief applies when at least 10% of the transaction's value does.

To support the introduction of this new relief, we introduced new guidance pages, updated existing guidance and delivered webinars which had over 60 attendees.

A further 2024-25 guidance project plan is now in place for further LBTT pages to be updated. We regularly review any service user feedback on website guidance, acting on this where appropriate.

Ahead of the ADS legislative changes introduced on 1 April 2024, we updated our guidance to support taxpayers to understand the changes being introduced. YouTube videos were also produced. A webinar was delivered to agents followed by a question and answer session to raise awareness and knowledge and attracted over 300 participants. As a result of the webinar we were also invited to present at the Edinburgh Conveyancing Forum.

SETS was enhanced and will provide users with the appropriate guidance based on the effective date entered into the system.

Our SLfT team continued to meet regularly and work closely with landfill operators and other industry stakeholders to provide clarity on operational and technical tax matters.

These initiatives support in achieving our Excelling in Delivery objectives by demonstrating our commitment to using technology, data, and innovation to enhance our tax collection systems and guidance. By adopting continuous improvement processes, we make our services more effective and easier to use, ensuring we meet the diverse needs of our users. Furthermore, our efforts in regularly updating and reviewing guidance reflect our dedication to best practices in data management and our role in shaping tax policy and legislation.

Through these actions, we not only comply with our obligations as a public body but also weave risk management and mitigation into our planning activities and operations. This approach ensures we design and deliver systems that are compliant, reliable, efficient, and cost-effective.



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### LBTT: 3-Yearly Lease Reviews

Leaseholders are required to submit a further tax return every 3 years throughout the duration of their lease. This area of work has proved to be challenging to achieve the levels of understanding and therefore compliance by taxpayers. It is for this reason that we set up a project with the aim of driving up return rates. During 2023-24 we have continued to enhance the three-yearly lease review process for LBTT. More improvements were made to our tax collection system (SETS) and further enhancements will be deployed throughout the next Corporate Plan period. These changes will make the process of submitting a return easier for both taxpayers and agents.

During 2023-24 we have continued to enhance the three-year lease review process for LBTT. More improvements were made to our tax collection system (SETS) and further enhancements will be deployed throughout the next Corporate Plan period. These changes will make the process of submitting a return easier for both taxpayers and agents.

The Lease Improvement project team continued to implement enhancements across three work strands: Data, Digital, and Communication and Engagement. From 2023-24, more communications are issued to taxpayers to remind them of their lease review return obligations. This includes an email sent to taxpayers on submission of any lease return. The email reminds taxpayers of their ongoing obligations and provides links to the relevant guidance. The quantity of reminder letters sent to taxpayers as the three-year review point is approached has also increased.

Communications were redesigned using a reading tool to make letters accessible and inclusive. We also hosted a webinar for agents and SETS users to increase their lease knowledge and highlight common errors we are seeing from tax returns. A question and answer session was held and the webinar can be accessed in our [YouTube channel](#) to provide ongoing support.

Several changes were made to SETS during 2023-24. Examples include validation to ensure the submitted return is linked to the original return, pre-population of the tax return for ease of completion, locked fields in areas where the information cannot change and an alert for returns that appear to be non-notifiable.

These initiatives demonstrate our commitment to using technology, data, and innovation to enhance our tax collection systems and guidance. By adopting continuous improvement processes, we make our services more effective and easier to use, ensuring taxpayers and agents can efficiently fulfil their obligations.



# Performance Report

## Performance Analysis

"The strategy sets out a vision of a single end-to-end digital tax service by 2026-27, where every interaction with a taxpayer or interaction through the entire tax journey will be available in a single view."

### Digital & Data

In 2023-24 we continued our programme of work to elevate our digital and data capability to ensure we are making the best use of technology and analytics to inform our operations and to support the introduction of new devolved taxes. In July we recruited a Head of Data & Digital to lead this work and create a new digital and data strategy to align with the Corporate Plan period.

This role leads an expanded Digital and Data function across our organisation, encompassing the existing Information Technology, and Statistics and Management Information teams, and will bring in additional digital roles in 2024-25 to build our internal capability and help us work more effectively with our suppliers.

The strategy sets out a vision of a single end-to-end digital tax service by 2026-27, where every interaction with a taxpayer or interaction through the entire tax journey will be available in a single view.

### Capital Investment Programme

The Capital Investment Programme Board oversees the effective management and delivery of the Capital Investment Programme. The programme is well-established, with a remit to identify and monitor all the digital and data priorities outlined in our Corporate Plan.

Throughout the 2023-24 fiscal year, in close collaboration with our suppliers, our programme focused on five key areas of activity, each aimed at enhancing efficiency, accuracy, and user experience across our digital platforms:

**Improved search functionality for external users:** we optimised indexing within our system to significantly enhance search speed and efficiency. Furthermore, we introduced advanced filtering options to refine search queries, providing users with greater precision in their search results. We also ensured compatibility with a wide range of search parameters and criteria, enhancing the overall user experience and facilitating seamless navigation through the platform.

**New functionality for lease review returns:** we have successfully developed and implemented a validation process for tenant details, ensuring data accuracy and integrity. Additionally, we have deployed automated data extraction techniques for lease review returns, streamlining pre-population processes to enhance efficiency. Through these efforts, we have diligently maintained the accuracy and reliability of pre-populated data, further strengthening our data management practices.

**Improved validation on Portal:** we have implemented significant enhancements to our input validation mechanisms aimed at preventing errors and upholding data integrity. Real-time validation feedback is now provided during data entry, ensuring immediate identification and correction of any issues. Additionally, clear and informative error messages have been integrated to guide users through validation challenges, further enhancing the accuracy and reliability of our data.





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**Portal text enhancements:** we undertook a review of the text content within our portal, identifying areas for enhancement to improve clarity, readability, and consistency. Subsequently, we diligently addressed and implemented these updates, ensuring uniformity in terminology and messaging throughout the platform. Our efforts were bolstered by incorporating valuable user feedback to enhance content relevance and meet compliance requirements effectively.

**Letter automation:** we have developed a robust system for automated letter generation, which includes the implementation of secure file transfer protocols to ensure data security. This system seamlessly integrates data input to dynamically populate letter content, streamlining the process while maintaining accuracy through error-checking mechanisms. Additionally, we have established a user-friendly interface that simplifies the letter creation process, making it intuitive and accessible for all users.

We successfully implemented ADS legislation changes (1 April 2024), modifying existing workflows and configurations to align with the legislation and incorporating additional data fields to capture required information.

These efforts demonstrate our commitment to continuous improvement to make our services more effective and easier to use. Through implementing robust validation processes, automated systems, and enhanced search functionalities, we ensure our services remain user-friendly, reliable and reduce the need for corrective action.

However, to fully meet the evolving needs of taxpayers capital funding is critical. Access to this funding is a priority because it will significantly improve our digitalisation efforts, leading to an enhanced taxpayer experience. The ability to invest in modern technologies is vital to overcoming the challenges we face, such as managing increasing volumes of data from new taxes, and ensuring the accuracy and reliability of our services.

### Compliance

Revenue Scotland's core function is the collection and management of the devolved taxes. This function includes a duty to protect the integrity of the tax system and ensure the correct amount of revenues are collected. We do this by 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 has three key elements:

- ▶ **Enabling** – we help taxpayers to understand and comply with their tax obligations through the services we provide. This includes the publication of clear, informative guidance; a user-friendly online system; our support desk; providing tax opinions; and engaging with and upskilling stakeholders, for example, by presenting technical webinars.



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- ▶ **Assurance** – we use our resources and statutory powers to ensure the tax system is performing as expected and to help taxpayers to get to the right tax position. This includes checking returns to ensure they are complete, accurate and that the correct amount of tax has been paid; carrying out landfill inspections; sharing intelligence with other tax authorities; and the use of investigatory powers, statutory enquiries and assessments.
- ▶ **Resolution** – we seek to resolve disputes and pursue non-compliance by using our powers proportionately and applying penalties where required. In 2023 we published our [Settlement and Litigation Principles](#) which set out our approach to resolving tax disputes.

We continue to work closely with other UK tax authorities, sharing information, intelligence and knowledge with HMRC and the Welsh Revenue Authority (WRA). We do this through legislative gateways and through our formal Information Sharing Agreements. In addition we regularly discuss areas of potential legislative change in partnership with Scottish Government policy colleagues.

We also regularly meet with bodies such as the Chartered Institute of Taxation (CIOT), the Institute of Chartered Accountants of Scotland (ICAS), the Association of Tax Technicians (ATT), the Law Society of Scotland (LSS), and the Convention of Scottish Local Authorities (COSLA), as well as other industry bodies.

Our data-led approach to identifying tax risks helps to ensure that our compliance resource maximises the level of assurance of the tax system whilst also targeting the most significant risks. The benefits of this approach are reflected in the strong 2023-24 compliance activity results.

As measured under KPI 3, our compliance activities secured £35.3 million in tax during the 2023-24 fiscal year. This figure comprises both additional tax secured as well as 'tax protected'; for example, where we have prevented repayments being made where they are found not to be due, that has arisen as a direct result of our compliance activities. These results may reflect compliance activity that has taken place over a number of years which reached a conclusion during 2023-24. It does not comprise upstream assurance and compliance activity, such as improving our guidance or systems to assist taxpayers to comply with their obligations.

These efforts align with several of our Excelling in Delivery objectives, including using our statutory powers appropriately to help taxpayers get to the right tax position, seeking to resolve disputes and pursue non-compliance proportionately, and adopting continuous improvement processes to make our services more effective and easier to use.



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### Disputes

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

### Complaints

Complaints are expressions of dissatisfaction about our action or lack of action, or about the standard of service provided by us 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. Through our complaints handling procedure we aim to resolve taxpayer dissatisfaction as close as possible to the point of service delivery. We conduct thorough and impartial investigations of complaints, so evidence-based decisions can be made on the facts of the case.

Our 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 (response target timescale - 10 days or less)
- ▶ Stage 2 - investigation (response target timescale - 20 days or less).

Complaint Stage	2023-24		2022-23	
	No. of complaints received	Resolved within target timescales	No. of complaints received	Resolved within target timescales
Stage 1	4	100%	7	100%
Stage 2	2	100%	0	-

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### Tax disputes – reviews and appeals

We aim 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 Tax Chamber of the First-Tier Tribunal for Scotland (FTTS).

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

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 FTTS decides appeals against Revenue Scotland decisions, and the Upper Tribunal for Scotland (UTS) decides appeals on a point of law from decisions of the FTTS.

### Appeals

	2023-24	2022-23
Number of cases at 1 April	5	10
New cases initiated	23	13
Cases decided	6	7
Cases settled <sup>2</sup>	8	11
Cases dismissed <sup>3</sup>	2	0
Number of cases at 31 March	12	5

We have collected data on litigation since Revenue Scotland was established in 2015. The data shows consistent trends of higher volumes of LBTT appeals compared to SLfT appeals and of the FTTS upholding our decisions in ADS appeals. During 2023-24, twenty-three appeals were initiated in the FTTS, all of which related to LBTT. We saw an increased trend of cases relating to disputes about whether residential or non-residential rates of tax apply. An increase in penalties for failure to make an LBTT return for three-yearly lease reviews gave rise to an increase in the number of appeals received. We expect to see a reduction in ADS appeals following legislative changes introduced from 1 April 2024.

<sup>2</sup> '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.

<sup>3</sup> 'Dismissed' covers appeals which have been dismissed due to procedural defects e.g. appeals raised in error.





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As part of its collection and management functions, Revenue Scotland can make decisions which amend the amount of tax payable following a return, or impose penalties for failure to submit a return or failure to pay tax. Decisions like this are called appealable decisions and can lead to an internal review or ultimately an appeal to the FTTS. In the course of 2023-24, 283 cases went to review. In 213 of those cases, the original decision was upheld. In 63 cases, the initial decisions were cancelled, for instance due to new information received from taxpayers in the course of the review. Of the rest, 2 decisions were varied, 2 were not progressed as reviews and 3 reviews were withdrawn by the taxpayers.

Over the year, 23 new appeals were raised in the FTTS. All of the 6 cases decided by the FTTS in the course of the year resulted in our original decision being upheld. This shows the vast majority of tax disputes end without the need for litigation, and we carefully consider our position before entering into or continuing with litigation (as demonstrated by the 8 cases which were settled before a hearing).

These figures can also be viewed in the context of 110,900 returns submitted in 2023-24, showing the very low number of reviews and appeals in relation to the overall volume of tax returns. This is testimony to the support and guidance that is available to taxpayers to help them understand and comply with their obligations. For those taxpayers who raise a dispute about a Revenue Scotland decision, we also proactively share examples of previous decisions that will assist taxpayers to understand the rationale for a decision where it is appropriate to do so. It also shows we are prepared to vary our decisions where that is justified and that we litigate responsibly.

# Performance Report

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## Investing in our People

The second strategic outcome in our Corporate Plan 2021-24, “Investing in our People”, reflects the high value our organisation places on staff motivation and engagement. We invest in employee learning and development, as well as health, safety, and wellbeing. This commitment enables us to develop and support a highly skilled workforce that uphold the highest standards of professionalism and integrity.

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

The following KPIs measure our performance towards the Investing in our People Strategic Outcome.

- KPI 5: Skills and knowledge development
- KPI 6: People Survey Engagement Index/ Proxy Stress Index

The seven 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 – this helps us to create a culture with work/life balance, health, safety, wellbeing and resilience at the 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.

Our People Strategy 2021-24 has direct links to the Corporate Plan and clear deliverable actions set out in the action plan. Progress against the action plan is reported to our Staffing and Equalities Committee throughout the year. Our People Strategy is underpinned by four themes. These are wide-ranging and ambitious, reflecting our commitment to being an inclusive and agile workforce:

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



# Performance Report

## Performance Analysis

### Leadership Development

Building and maintaining leadership capability continues to be a priority - creating the conditions for staff to thrive. In Revenue Scotland we value our approach to collective leadership as this enables us to lead and manage change effectively. Our successful approach to leading and managing change is captured in the Civil Service People Survey, scoring highly with 76% in the Leadership and Managing change theme with the Civil Service score being 53%.

The leadership development programme was tailored for the various leadership levels across the organisation, which range from first line managers to senior leadership. This year has also had a focus on succession planning and building the leadership capability of our managers. Developing confident leaders enables us to drive performance and innovation whilst identifying and nurturing our talent.

These efforts align with our objective to ensure our staff have the capability, skills, and knowledge to deliver excellent service. By continuously investing in leadership development and succession planning we create a high-performing organisation where staff feel trusted, valued, motivated, and empowered. Moreover, enhancing our leadership capability supports our goal of being a trusted, valued, and respected tax authority.

### Futures Project

In May 2023, following a successful pilot, our Board approved hybrid working as our operating model.

Our hybrid working model delivers excellent service to our users while also considering the health, safety and wellbeing of our staff, the performance of our statutory functions, delivering cost savings, future scalability, and alignment to our strategic aims (including diversity and green recovery). Our hybrid working model offers staff flexibility whilst ensuring business needs are met.

We undertook a comprehensive options evaluation to consider its longer-term operating model. The evaluation established hybrid working as having the most benefits to the organisation, colleagues, and its service users. The pilot evidenced that hybrid working introduced a more modern and flexible way of working to deliver innovation, collaboration, productivity, equality, inclusion and care for our people and our environment.

Evaluation of the pilot evidenced we performed well over the period of the pilot. Key Performance Indicators (KPIs) continued to be achieved. Results from the pulse and People Surveys indicated 72% of staff preferred the hybrid model. Colleagues also reported it had a positive impact on their health and wellbeing and they felt more productive.



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With a formal move to a hybrid model there is scope to reduce overall emissions. We were also able to reduce our estate footprint during 2023-24 offering value for money. Reducing the office footprint enables staff to benefit from working together from one office space that has been redesigned and contains more collaboration space and a designated quiet working area. Revenue Scotland colleagues also continue to have access to a hub office in Glasgow.

From 2024-25, we will continue to apply hybrid working principles to support our colleagues to embrace the benefits of home working while retaining the benefits people gain from being together in a workplace.

This hybrid working model helps us give staff flexible choices about where and when they work. In offering this flexibility, we also ensure our staff have the skills and knowledge to deliver excellent service while feeling trusted, valued, motivated, and empowered.

A further benefit of adopting hybrid working is that it helps us expand the diversity of our workforce and support employment for people with protected characteristics, contributing to our goal of being a diverse, high-performing public body.

### Capability and Skills Audit

Our Corporate Plan sets out our ambition to be a trusted, valued, and respected tax authority which values and prioritises capability, skills, and knowledge development.

Our People Strategy sets our commitment to use our data to inform the capabilities we need to become a high-performing organisation as outlined in our Target Operating Model.

In order to achieve this, we developed a Capability and Skills audit to help us to identify current capability strengths and areas for focus. This information will help drive our plans for increasing capability to deliver on our Corporate Plan for 2024-27.

By understanding our strengths and weaknesses within our workforce, we can build in flexibility within the workforce to meet demand when required. This will also inform the skills we need to buy, borrow, or build within our current workforce.





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The Capability and Skills audit was developed in consultation with leadership colleagues. The audit covers team skills and core skills required for the organisation. The audit has also captured professional qualifications across the nine recognised professions we have within our workforce. The audit was conducted in partnership with staff and their manager and has helped inform development plans for staff. It has also highlighted areas of expertise which will be used to build capability across the organisation increasing our knowledge capital. The audit results are available at organisation and team level and the findings have identified areas for focus in the coming year to increase our data and digital literacy and to continue to support our line managers to build confidence in leading and managing change. The audit will be conducted annually to enable us to track progress and ensure we are continuing to develop the skills we need to deliver the ambitions set out in our Corporate Plan 2024-27.

### The Gatherings

Bringing our staff together in person twice a year is integral to our hybrid way of working. It provides an opportunity for our staff to connect with our organisational objectives and purpose, contributing to our Business Plan and Corporate Plan delivery.

Our summer gathering was an opportunity for staff and Board members to share feedback on our equality outcomes. Professor Kathleen Riach provided an in-depth session as a celebration of Adam Smith's tercentenary whose taxation principles, 300 years on, form the basis of the Scottish Approach to Taxation.

Our New Year gathering took on a new format and we were delighted to be joined by our Board member Right Honourable Ken Macintosh to share stories from his career and his experiences from the Scottish Parliament. Staff had the opportunity to hear from Tom Wilkinson on Scotland's Artificial Intelligence strategy and what it means for Revenue Scotland. These events are designed by our staff for our staff and provided a great opportunity to network and connect with colleagues old and new.



# Performance Report

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### Health and Wellbeing

At Revenue Scotland, we are committed to supporting staff health and wellbeing. In July 2023 we introduced the Wellbeing Hour pilot, allowing employees to focus on their health and wellness. A six-month evaluation of this initiative shows positive impacts on staff mental wellbeing. Most employees used the Wellbeing Hour for exercise, highlighting its success in encouraging physical activity. Overall, the pilot has been well-received, with staff appreciating the chance to prioritise their mental health.

### Learning and Development

Learning and development is a major focus in our People Strategy. We have a KPI for 90% of staff to complete 30 hours or more learning and development each year – and in 2023-24 98% of staff achieved this target. We know having a skilled team is crucial for our success. Our Scottish Tax Education Programme (STEP) which launched in 2019 is the foundation for building capability across the organisation for all staff. This is designed and delivered by our staff, for our staff and builds on our learning from Tribunal cases and legislative knowledge. The STEP programme supports the transfer of knowledge and skills throughout the organisation to ensure the programme's sustainable delivery. It is a pivotal part of our induction to Revenue Scotland, building understanding of our role as a devolved Tax Authority. We've consistently delivered the STEP programme across this last year, providing new team members with a solid foundation through our Induction Programme.

Our main goal has been to enhance our skills and the way we work together. The Professional Qualifications Policy has been a helpful addition, it has allowed our staff to build their professional capability in Health and Safety, Governance, IT, HR and Finance. The learning and development offer for 2023-24 was developed based on learning needs analysis and supported staff to develop their skills against a range of topics. Our induction programme has been updated to reflect our hybrid principles and includes an in person induction and in person on job learning to improve the induction experience and connection with our teams and organisation.

In addition, learning has also seen a shift towards in person providing the optimum learning experience for our staff, we do continue to offer a blend of in person and virtual learning depending on the subject matter.

Our learning and development activities ensure our staff have the capability, skills, and knowledge to deliver excellent service. By focusing on professional development and tailored training programs, we help our staff become more effective and informed in their roles, contributing to our strategic outcome.

Moreover, our commitment to learning and development supports our goal of being a high-performing public body where staff feel trusted, valued, motivated, and empowered. This approach not only improves individual performance but also supports a culture of continuous improvement and resilience within Revenue Scotland.

**"Our commitment to learning and development supports our goal of being a high-performing public body where staff feel trusted, valued, motivated, and empowered."**



# Performance Report Performance Analysis

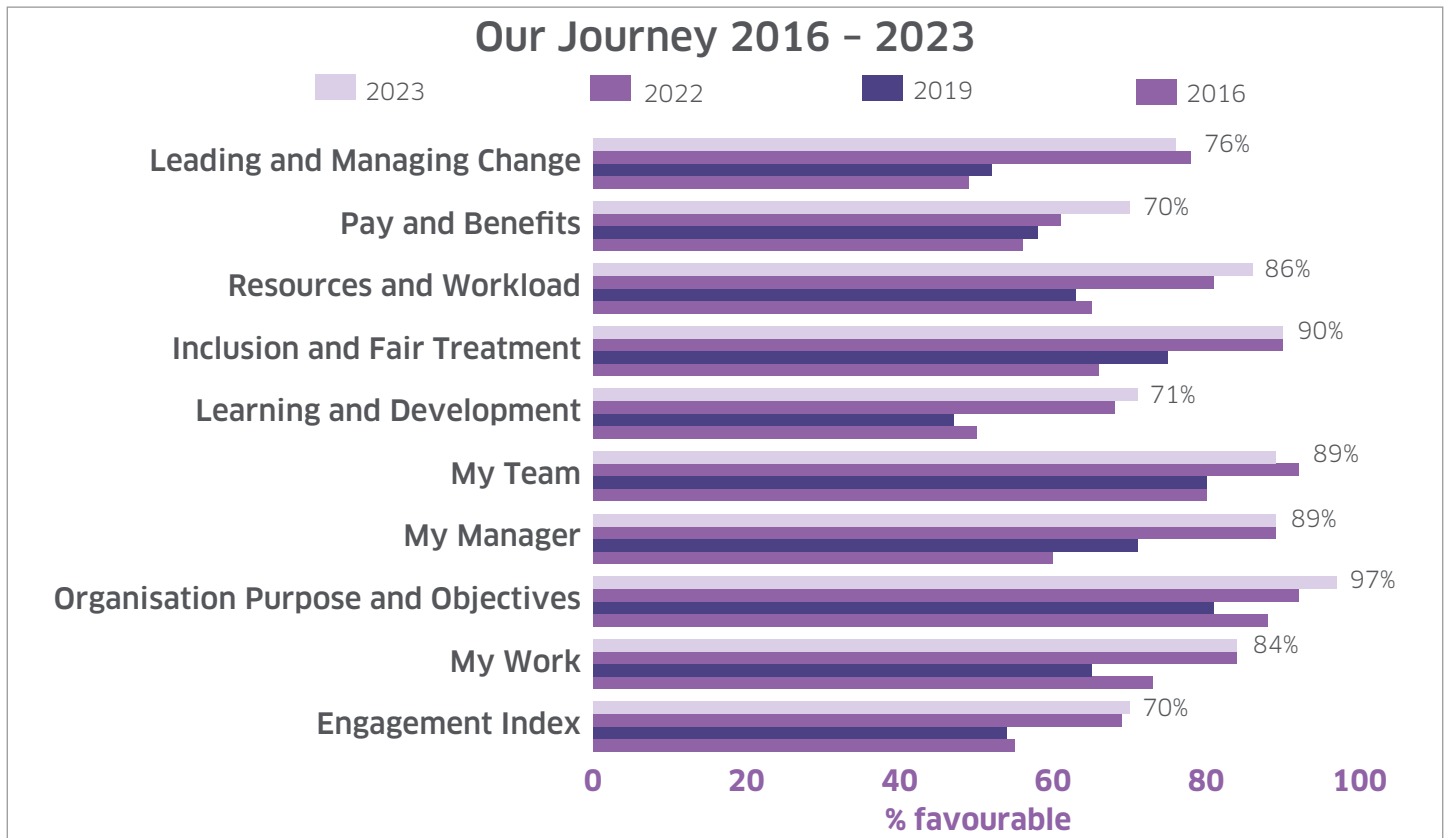
## Civil Service People Survey

Our People Survey results have continued to progress over the years, seeing Revenue Scotland rise to be in the top 25% of all participating organisations, and in the top six for all survey themes. This performance reflects our organisation’s culture, staff engagement our investment in our people. The 2023 People Survey results saw the engagement continue to increase to 70% from 54% in 2019. The index is comprised of five questions measuring pride, advocacy, attachment, inspiration, and motivation. The Proxy Stress Index remained stable at 21%, this measures factors that cause stress rather than those that alleviate it with a lower percentage score indicating lower stress. The index is based on the Health and Safety Executive stress management standards; demands, control over work, support, relationships, role in organisation and change.

Leading and managing change effectively is a priority for our leaders. Our People Survey results at 76% are 28 percentage-points higher than the Civil Service average score, placing our organisation as third highest in this theme across the 103 Civil Service organisations that took part in the survey.

We continue to build on our survey results which speak to our ambition in the Corporate Plan to be an exemplary employer and be the employer of choice.

**"The 2023 People Survey results saw the engagement continue to increase to 70% from 54% in 2019."**





# At a Glance: People Survey Results

**Top 25%**  
**of the 103**  
civil service  
organisations who  
participated.



Revenue Scotland  
rank **top six**  
across all survey  
themes.



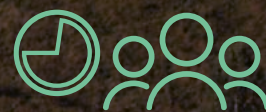
The Proxy  
Stress Index  
**remained  
stable at 21%**



‘Leading and  
managing change’  
**is third  
highest across  
the 103  
Civil Service  
organisations.**



**72%**  
**of staff**  
preferred the  
hybrid working  
model introduced by  
Revenue Scotland



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## Performance Analysis

### Reaching Out

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

The following KPIs measure our performance towards the Reaching Out Strategic Outcome.

- KPI 7: Service users' feedback
- KPI 8: Equalities

To achieve this outcome, we have seven 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 understand 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. This includes 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
- ▶ 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
- ▶ as a transparent and open organisation, listen to and engage collaboratively with our staff and our stakeholders.

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**"Regular meetings with Scottish Ministers and their officials have allowed us to provide advice to support the development of policy and legislation in relation to devolved taxation."**

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### Stakeholder engagement

Stakeholder engagement has remained a key focus during 2023-24. Throughout this period, we have undertaken a range of activities to ensure effective communication and collaboration.

One of our key functions is to provide information and assistance to taxpayers and our partners relating to the devolved taxes. This year, we have organised a number of virtual events covering high-interest topics for taxpayers and tax professionals, covering ADS and leases. These webinars, which included reference to updated guidance on legislative changes, attracted over 300 attendees and received a high satisfaction score. To ensure broader accessibility, we have made these webinars available on our [YouTube channel](#).

In addition to this, we have been engaging on another of our legislative functions: to provide information, advice and assistance to Scottish Ministers in relation to tax. In this area, we have provided support to the Visitor Levy Bill Team and the Visitor Levy Expert Group on matters relating to self-assessed tax. We have organised a workshop for local authorities to understand more about Revenue Scotland and how we operationalise our taxes in a self-assessed environment.

Regular meetings with Scottish Ministers and their officials have allowed us to provide advice to support the development of policy and legislation in relation to devolved taxation. This engagement focuses on strengthening our existing legislation and supporting the development of new legislation. By providing our expertise and practical experience of managing and administering the devolved taxes, we are able to ensure advice captures the views of

taxpayers, tax professionals and Revenue Scotland staff, where appropriate.

In July, we were visited by the then Deputy First Minister [Shona Robison MSP](#). The Deputy First Minister joined our weekly SLfT meeting with SEPA to see first-hand how our collaborative approach with SEPA works in practice. She was introduced to our Scottish Aggregates Tax team to learn about our approach to introducing Scotland's third devolved tax. Additionally, she met with members of our Tax Operations team to learn about our new enhanced support policy for supporting taxpayers and agents.

We have also supplied data and information about the performance of the devolved taxes to the SFC, aiding their independent forecast of Scottish tax revenue. Our commitment to transparency is reflected in the production of official statistics on both devolved taxes, which are published on the Revenue Scotland website.

We attended Parliament on three separate occasions in 2023-24 to provide evidence to the Finance and Public Administration Committee. In May, our CEO Elaine Lorimer gave evidence on Public Service Reform, sharing Revenue Scotland's approach to digital services, our shared-services model, and our approach to empowering taxpayers. Following the publication of our Annual Report and Accounts for 2022-23, we were invited by the Committee to provide evidence on our annual performance. Our Chair Aidan O'Carroll and our CEO Elaine Lorimer attended the evidence session, and enjoyed the productive engagement with MSPs. Additionally, we gave evidence on the new Scottish Aggregates Tax Bill to the same Committee.



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In November we hosted a reception at [the Scottish Parliament](#) to discuss our latest Annual Report and Accounts for 2022-23. This event featured a keynote speech by [Tom Arthur MSP](#) and was attended by representatives from Revenue Scotland, key stakeholders, and MSPs.

Furthermore, we have engaged with other tax authorities on tax administration issues and collaborated with other public bodies on various corporate matters, including risk management, business planning, and equalities and diversity.

These efforts align with our objective to effectively communicate data and analysis to our stakeholders and audiences. By providing high-quality data and advice, we support the Scottish Fiscal Commission in its tax forecasting role and the Scottish Government in developing tax policy.

Our activities reflect our commitment to being a transparent and open public body. We listened to and engaged collaboratively with our staff and stakeholders, ensuring we provided the right information in the right tone and style at the right time.

### Service user feedback

We are dedicated to placing users of our website, support desk or SETS at the heart of our service. This year, we measured user satisfaction primarily through feedback collected on our main digital platforms: our website [revenue.scot](#) and the Scottish Electronic Tax System (SETS). These insights have been invaluable in helping us understand how effectively our digital services are meeting user needs.

The [revenue.scot](#) website attracted over 190,000 visitors, we welcomed 1,400 new users on SETS, and 110,900 tax returns were

successfully submitted in 2023-24. To better understand user needs, we implemented feedback forms across both [revenue.scot](#) and SETS.

Receiving feedback is crucial for us to understand what is working well and what needs improvement. This year, we received nearly 1,000 pieces of feedback. For example, agents informed us of challenges in locating information on the SETS homepage, particularly regarding penalties and outstanding balances. They also highlighted difficulties in navigating between different pages and filtering/sorting information.

In response to this feedback, we have made various enhancements to the SETS system over the past year. We improved the homepage, navigation, and search functionalities, and added more features to enable users to search, sort, and filter information effectively. However, there are still areas where we can improve. We aim to enhance how we share information about penalties with agents who act on behalf of taxpayers, and we plan to implement a resolution for this in the upcoming financial year.

We also received feedback regarding the guidance on our website. In response, we updated our materials, providing clear explanations in plain English and offering guidance in various formats. This year, our focus has been on improving ADS and Leases guidance. We reviewed and expanded examples in the ADS guidance and provided step-by-step videos to help taxpayers better understand and comply with their tax obligations. Next year, we'll be updating the website to use the Scottish Government Design System, which will enhance accessibility, and we'll continue refining the guidance based on ongoing feedback.



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This is our first year reporting on service user satisfaction, and we consistently met our KPI 7 target, achieving a 76% satisfaction score. Looking ahead to next year, we plan to broaden our approach by collecting feedback across the full range of services we provide, not just from our website and SETS. This expanded approach will allow us to gain a more comprehensive understanding of user experiences and identify opportunities for improvement across all areas of our service delivery.

### Equalities

At Revenue Scotland, we are committed to embedding equality, diversity and inclusion (EDI) at the core of our organisation, both for our staff and the communities we serve. In May 2022, an Internal Audit review of our Equalities performance confirmed the progress of our EDI initiatives and provided valuable insights.

We embraced its findings, using them as a springboard to become more people-focused and outcome-driven, shifting our emphasis from process to meaningful engagement. This year, we completed all the actions flowing from that review and they are described here - [Revenue Scotland - Equalities Mainstreaming report 2024-2028 | Revenue Scotland](#).

Our objective was to highlight our achievements clearly by showing specific examples. We champion EDI - for instance we have enhanced the accessibility of our website and our learning offer to our staff - see below.

The outcomes we advanced this year, as detailed in the Equalities Mainstreaming Progress Report 2020-22, were:

- ▶ **Equality Outcome 1:** Revenue Scotland will design and deliver public services that meet the diverse needs of its users
- ▶ **Equality Outcome 2:** Revenue Scotland is building an increasingly diverse workforce that fully embraces equality, diversity, and respect for all

The Revenue Scotland Equalities Mainstreaming Report 2024-2028 also shows the work that has taken place up to 31 March 2024 to embed the Public Sector Equality Duty (PSED) into our operations and demonstrates our readiness to be held accountable for the next reporting cycle. Our new outcomes for 2024-28 are aimed at driving progress and meaningful change to deliver better outcomes for our staff and service users.

Our Equalities Steering Group (ESG) and Equalities Working Group (EWG) are made up of staff from across our teams and the Steering Group benefits from a member external, thereby bringing cross fertilisation of thinking. Along with EDI Champions (an advocacy type role which staff volunteer for), these groups have been pivotal in setting the strategic direction for our work in this area and ensuring EDI remains at the forefront of our decision-making.

Our leadership team, including the Board and CEO, has strongly supported our EDI work, ensuring these values are integral to our culture.



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Celebrating our 2023-24 Achievements:

- ▶ We successfully met our KPI for the year, demonstrating our commitment to delivering on the challenging outcomes and actions we set for ourselves
- ▶ We conducted a thorough period of internal and external consultation to gather views on our new outcomes for the 2024-28 period. This ensured the perspectives of our staff and service users are reflected in our new outcomes
- ▶ We enhanced the technical aspects of our services, including significant upgrades to accessibility and assistive technologies on our website. We introduced the Recite Me tool, a suite of accessibility tools designed to make our website more inclusive. This allows users to customise their browsing experience with features like text-to-speech, translation, and adjustable display settings to better meet their individual needs

Our success is also reflected in a number of key projects that have significantly contributed to our goal of becoming an increasingly equal, diverse, and inclusive public body:

- ▶ Following an internal review, we relaunched our revised suite of Equality Impact Assessment tools and materials for our staff, leading to enhanced EDI outcomes for both our staff and service users
- ▶ We continued to offer our Enhanced Support services to the public, with notable positive impacts

- ▶ Through our Health & Wellbeing group, we have elevated our EDI staff engagement and profile by running awareness campaigns and participating in events such as Pride for the first time.

Our efforts to develop a more inclusive culture are reflected in the People Survey results related to employee experience, equality, and diversity, reflecting the positive impact of our EDI initiatives. Our commitment to EDI is further demonstrated by our inclusive recruitment approach by using inclusive language in job adverts, improving our careers information to celebrate our culture and removing barriers within the recruitment process by sharing interview questions in advance to all candidates. Revenue Scotland colleagues are also encouraged to record their diversity information. This information is used to monitor how we are performing as a truly representative organisation. Revenue Scotland ranked second highest across Civil Service for inclusion and fair treatment in the 2023 People Survey.

While we acknowledge that there is still work to be done, we stand ready and fully engaged to continue our EDI journey. Together, we will keep pushing boundaries and setting new standards for equality, diversity, and inclusion within Scotland's public sector.





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### Volunteering

Volunteering provides many benefits to both mental and physical health. Employees of Revenue Scotland are allowed up to six days of volunteering per year and they can use them in different ways, including group volunteer days.

In December 2023, a group of five colleagues from Revenue Scotland visited Empty Kitchen, Full Hearts (EKFH) a charity based in Edinburgh. Their main mission is to relieve poverty by providing free, healthy, nutritious meals made from surplus food donated by a wide variety of suppliers. Part of this initiative involves the delivery of meal packs to homes or local community hubs as well as offering onsite meals on Fridays.

The day began by chopping vegetables in the morning that would go into a hearty vegetable soup and also to be part of a Christmas dinner that the people in need would be receiving as we were only days away from Christmas. The afternoon consisted of decanting some of the earlier prepared food to produce the meal packs, consisting of two days' nutritious food per person.

The team was really struck by the great work and fantastic spirit by all of the team at EKFH, and how welcoming and friendly they were. In addition to that the opportunity for them all to do something so positive together and be supported by Revenue Scotland in doing so was a great experience. This was an excellent opportunity to get to know each other better and contribute to our wider community in a meaningful way. Everyone involved remarked how much they'd enjoyed the day and wanted to do this again.

This volunteering initiative supports our objective to expand the reach of our engagement to diversify our stakeholder base and sharpen our understanding of equality issues, and our operating environment. By engaging in community service, we build stronger relationships and enhance our understanding of the communities we serve.





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## Looking Ahead

The fourth strategic outcome in our Corporate Plan 2021-24 is Looking Ahead.

Strategic Outcome: to plan and deliver change and improvements to our systems and processes flexibly, on time and on budget.

The following KPI measures our performance towards the Looking Ahead Strategic Outcome.

- KPI 9: Delivery of key strategic projects

This KPI measures our performance against our strategic projects, summarised on [pages 19-21](#). The projects have been discussed in detail throughout Performance Analysis section, and all projects are either on track or have been completed.

To achieve our Looking Ahead ambitions, 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.

### Environmental sustainability

As a public body environmental sustainability is a core feature of our Corporate Plan. We contribute nationally to meeting environmental objectives through the collection and management of Scottish Landfill Tax. In working closely with SEPA and other partners, we are committed to ensure there is compliance with the tax regime, which is designed to reduce the level of waste going to landfill and maximise recycling.

We further support Scotland's climate change goals by collecting SLfT which promotes alternative waste solutions and reduces hazardous waste impacting climate change. Overall, landfill waste has decreased since 2015. There was a minor increase in 2021-22, likely due to pandemic-related delays. There were particularly large decreases in 2023-24, with record lows of waste going to landfill in each quarter. Collaborative efforts with SEPA have generated over £68.4m in SLfT revenue in 2023-24.

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The Scottish Landfill Communities Fund (SLCF), established in 2015, provides funding for community and environmental projects to mitigate landfill-related issues. We appointed SEPA as the regulator for the SLCF. To date, £62.0m has been contributed to the fund, with £4.4m in qualifying contributions this year. Contributions have been declining, likely due to a reduction in landfilling as the ban on biodegradable municipal waste approaches in January 2025.

We are continuing our preparations for the biodegradable municipal waste ban in 2025. We're proactively engaging with the Scottish landfill industry, supporting Scotland's climate and circular economy goals, albeit with expected decreases in SLfT revenue. This situation introduces tax risks like waste misclassification and unauthorised disposal. To counter these, we've incorporated risk mitigation strategies into our compliance plans and continue to collaborate with SEPA to tackle potential challenges proactively.

Our taxes are digital by design, with taxpayers submitting digital tax returns for all our taxes. This has several primary and secondary benefits, from reducing our own paper, ink and cartridge waste, facilitating the reduction in waste from taxpayers and agents, as well as reducing postal delivery emissions.

In preparation for implementing the Scottish Aggregates Tax, we've continued strategic discussions with the aggregates industry. Our aim is to collaborate closely with the industry to develop an environmentally sustainable tax with a digital tax return process.

In September 2023 staff completed our annual sustainability survey. The aim was to understand attitudes and behaviours related to commuting and remote work. The insights gathered were used to deliver staff training on sustainability. The survey data found 53% of our employees commute to work using a petrol or diesel car, 15 percentage-points below the UK average of 68%. Similarly, 22% of our staff commute to work by foot, 11 percentage-points above the UK average. Whilst working from home, almost 3 out of 4 staff use energy efficient LED bulbs, demonstrating our environmental awareness.

### Scottish Aggregates Tax

Our programme of work has laid solid foundations for the operationalisation of Scottish Aggregates Tax (SAT) with our programme team having been in place since 2022-23, with underpinning projects defined and initiated.

Our Programme Board includes representation from key areas, both internal and external to Scottish Government, and provides our Head of Tax with support and assurance in his role as Senior Responsible Officer. We have clear governance and escalation routes established to support effective decision making to ensure readiness across the business ahead of implementation of the tax in 2026. We have also worked closely with colleagues in Scottish Government to inform and support the development of legislation and the design of the tax.



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We continue to engage closely with industry representatives working collaboratively with our Scottish Government colleagues in planning, establishing, and facilitating the Stakeholder Expert Advisory Group. This has afforded us an insight into the workings of the industry, the challenges it faces and how we may administer and deliver SAT in a way that supports good practice and the establishment of the level playing field which is a critical requirement for the aggregates community.

Work is underway in gathering requirements for the development of our IT collection system and we are about to commence discussions with industry representatives on more detailed requirements such as the design of the tax collection form. We have plans in place to continue this engagement through to delivery and beyond.

Our programme will ensure our staff and taxpayers are prepared for the introduction of the tax with all necessary internal changes planned and delivered. Guidance and communications will also be prepared and available ahead of the launch. We are engaging closely with representatives across the industry and will continue to do so throughout the programme. In support of a digital-first approach, we have commenced further development of our SETS digital platform to enable online collection of Scottish Aggregates Tax by default.

### Legislative framework

The legislative framework project began as a review of the RSTPA and commenced in June 2022. The original aim of the project was to explore Revenue Scotland's current remit under the legislation and identify any changes required to enable delivery of our ambitions in the Corporate Plan. After initial scoping, the project grew and continued to develop in 2023-24.

The themes of the project are (i) the role of Revenue Scotland; (ii) digital; (iii) data; (iv) tax processes and (v) tax technical.

In 2023-24, we split the project into phases. The first phase was largely limited to items which have an impact on SAT. Future work may encompass other tax-technical matters more specific to LBTT and SLFT.

A major milestone in 2023-24 was the inclusion of some of the first-phase proposals in the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill, which was introduced to the Scottish Parliament on 15 November 2023.

There are five key measures in Part 2 of the Bill which will:

- ▶ adjustments to support the functions of designated officers
- ▶ enable subordinate legislation to be made on communications from Revenue Scotland to taxpayers (including the use of electronic communications)
- ▶ enable subordinate legislation about the use of automation
- ▶ clarification on certain LBTT penalties, and
- ▶ introduce set-off provisions.

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We have been working closely with the Scottish Government on the provisions, preparing the Bill for introduction and latterly offering support in relation to Stages 1 and 2 of the Bill.

We were invited to give evidence on the Bill at Stage 1 of its consideration by the Finance and Public Administration Committee on 12 March 2023.

### Scottish Government Business Transformation

The Scottish Government is introducing an integrated cloud-based platform that brings together HR and Finance data for the first time. Joined-up data and insight will drive strategic and organisational design and inform workforce plans. The platform will empower users to create, manage and change their own information on a self-service basis.

Revenue Scotland will receive this new service as part of the shared service offering provided to us. The Scottish Government transformation programme team have conducted regular engagement sessions with shared service customers, our HR and Finance colleagues attend regularly. As this is a position-based platform, all staff have been assigned to a profession and the relevant job architecture. The data validation carried out will enable staff to be assigned to the correct position and will provide data across all the 21 professions within Scottish Government. Revenue Scotland currently has staff distributed across nine professions.

Business readiness is kept under close review and areas of concern are highlighted by us to the transformation programme director. Key risks related to the programme and their impact on Revenue Scotland have been discussed regularly at the Audit and Risk Committee. The platform launch date was moved from April to October 2024 to provide ample time for thorough user acceptance testing and to ensure the necessary levels of assurance can be achieved. The programme director hosts monthly customer board meetings and reviews the programme status – as a customer we receive these updates. A communications strategy is in place by the programme which is being supplemented by Revenue Scotland to support the organisation's readiness. Training will be delivered to staff and managers prior to go-live which is scheduled for October 2024.

### Corporate Plan Development

The RSTPA requires us to prepare a corporate plan every three years.

In the next Corporate Plan period, between 2024 and 2027, we will be introducing a third devolved, Scottish Aggregates Tax, and there is the potential for a fourth in the Scottish Buildings Safety Levy.

Our aim is to continue to build on our foundation of achievement, and the new plan will focus on four strategic outcomes: (1) Operational Excellence; (2) Investing in Our People; (3) Working with Others, and (4) Expanding Horizons.



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The development of our new Corporate Plan was a collaborative effort amongst staff, with engagement sessions throughout 2023-24. We hosted separate focus groups for Scottish Government colleagues as well as for our external stakeholders. The feedback from these sessions was invaluable and showcases our ambition to work closer with others.

Our Board approved the new plan in February 2024, and we were delighted to submit our Corporate Plan, Revenue Scotland's third plan since 2015, to Ministers in March. The new Corporate Plan was approved by Ministers and laid in Parliament on 28 March 2024. Our new Corporate Plan for 2024-27 can be accessed here: [Corporate Plan 2024-27](#).

### Corporate Governance matters

#### Risk management

We operate under an established [Risk Management Framework](#) which aligns with the best practice guidance presented through the Scottish Public Finance Manual (SPFM) 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. A review of the framework was undertaken and completed during 2023-24 to ensure that it continues to meet our needs.

To achieve our ambitions, strategic outcomes and objectives, as set out in our Corporate Plan, it is essential 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 accept in pursuit of its objectives – allows us to adopt a common understanding across our organisation. It also provides a framework for risk owners and managers to confidently make risk-based decisions.

During the year the ARC undertook a review, with staff and Board members, of the corporate risk register. This had a particular focus on identifying risk appetite. Looking forwards, in light of our new Corporate Plan for 2024-27, a full review of our corporate risks will be conducted.

#### Defining a corporate risk

Corporate risks are those that are significant, cross-cutting, and of strategic importance, posing a potential threat to an organisation's operations, financial performance, reputation, or strategic outcomes. These risks may arise from a variety of sources, such as changes to our operating environment, regulatory changes or other unexpected events such as cyber- attacks, natural disasters or pandemics.

Corporate risks can have a significant impact on our ability to achieve our goals and objectives, and as such, require the attention of senior management and the 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. Our Board retains ultimate responsibility.





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The corporate risks as they stood at 31 March 2024 are set out below. These risks have been actively managed throughout the year by risk managers and risk owners with oversight from the Senior Leadership Team, the ARC and the Board.

### Key issues and risks

Revenue Scotland has managed a range of risks and issues over the last year. Our Board continues to be informed throughout the process, closely scrutinising and monitoring the management of these. A detailed review of the corporate risk register, with a focus on risk appetite, was undertaken jointly between staff, members of the Board, and the Audit and Risk Committee in August 2023.

To improve our risk management framework, we continuously review our assurance map as part of our commitment to continuous improvement. During the year this review process identified a number of areas with scope to strengthen controls and enhance risk mitigation. We thoroughly evaluated existing controls across various business functions and strategically enhanced our approach in key areas to ensure comprehensive risk coverage. The following section discusses the key risks and issues, along with the initiatives undertaken to manage these in 2023-24.

### Protecting the integrity of the tax system

The devolved taxes are self-assessed, meaning taxpayers calculate for themselves how much tax is due. If we disagree with the amount assessed, or a return has not been submitted, we may make decisions calculating the tax. Taxpayers can challenge our decision, requesting a review (where the decision is reconsidered by another member of staff) or appeal it to the FTTS.

Litigation carries cost and risk for taxpayers and the public purse; therefore, we strive to minimise the scope for tax disputes to arise. We do so by proactively providing services supporting the taxpayer to pay the right amount of tax at the right time. These include high quality guidance, webinars, the opinion service, support desk, direct contact with caseworkers and upholding our [Charter of Standards and Values](#). If a dispute emerges, we strive to find areas of agreement. In instances where agreement cannot be reached litigation may ensue in the FTTS. In that forum we co-operate with the FTTS in fulfilling its overriding objective to deal with cases fairly and justly. We also apply our [Settlement and Litigation Principles](#) to guide how we undertake disputes.

In the interest of resolving disputes quickly and efficiently, we are open to settle a dispute by agreement at any point, including during litigation. In 2023-24, we worked collaboratively with taxpayers to reach settlements and the best practicable outcomes whilst still protecting revenue. This approach resulted in eight appeals being withdrawn by the taxpayer.

Disputes can highlight common issues with the legislation. We support our Scottish Government colleagues where the requirement for legislative change has been identified.

Disputes can also indicate where improvements could be made to the tax system. In recognition of this, we routinely reflect on and implement continuous improvement during and on conclusion of disputes.

Further information on appeals is available on [page 34](#).



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### Legislative and policy change

It is vital we understand the legal framework in which we operate to ensure compliance with requirements and duties. Our staff maintain an overview of legislative developments and requirements relevant to Revenue Scotland. For instance, Corporate Services teams keep up to date with developments in data protection, procurement and equalities legislation. Tax and Legal colleagues stay informed about developments in comparable tax jurisdictions that might inform our approach.

In performing our core functions, we may also identify ways in which legislation could be improved to reduce risks like loss of tax or create a more efficient tax system. We have channels for raising these issues with Scottish Government colleagues. We advocated for change to our governing legislation which has been included in Part 2 of the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill.

### Communications and stakeholder engagement

A key risk we continually address is the need to effectively promote our organisation and its services to stakeholders. It is essential that stakeholders are well-informed about the services we provide. Our communications strategy and engagement plan are designed to enhance our visibility and assert our presence. This ensures that the value we provide is clearly understood and appreciated by both current and potential stakeholders.

To further our outreach and engagement objectives we have actively participated in a number of high-profile external events during the year. One such event was hosted at the Scottish Parliament. This provided us with a prestigious platform to showcase our capabilities. These events play a crucial role in enhancing our profile and allowing us to directly engage with key stakeholders.

Our engagement has extended into significant areas of public interest, including attending the Finance and Public Administration Committee several times during the year. This exposure is helpful in demonstrating our commitment to transparency and accountability and to influencing and contributing to discussions that are central to our sector. Work in this area has also formed a key strand of our new Corporate Plan 2024-27.

### Ways of working

Adopting an evidence based approach to hybrid working has enabled us to develop a robust approach, where staff are empowered to work flexibly and encouraged to connect with purpose. Through our diversity, health, safety and wellbeing calendar of events we have engaged staff on a broad range of topics. These include celebrating Pride, raising awareness on breast cancer, sleep hygiene and supported staff to participate in volunteering activities to support our local community. Our approach to communication and engagement is transparent and collaborative. Our staff support the design and delivery of our weekly All Staff meeting and our in person conferences which are integral to maintaining connection as one organisation who are all aligned to our purpose and objectives.



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### Staff capacity and capability

Investing in our people has continued to evolve, our approach to learning and development has seen 98% of staff complete at least 30 hours learning throughout the year. Building our professional capability is a priority, staff have been supported to undertake professional qualifications and we continue to build our leadership and line management capability. Driven by the need for quality data we have undertaken a capability and skills audit, this allows us to measure our areas of strength and develop solutions for areas requiring attention. This audit will be conducted annually alongside our performance and talent assessment, all of which result in an enriched discussion and quality development plans that supports our staff to thrive at work. Our approach to workforce planning regularly reviews our priorities against our Target Operating Model and succession plan to ensure we create pipelines for emerging talent. Our approach saw our People Survey results rise from 50% in 2016 to 71% in 2023. This gave Revenue Scotland the second highest score across Civil Service in the learning and development theme, a significant achievement we are proud of.

### Health, safety, and wellbeing

The Civil Service People Survey measures staff response to resources and workload. Over the theme we scored an overall 86%, which is the 4th highest in the Civil Service and a 5-percentage point improvement on last year. In addition, 92% of respondents confirmed they have a good balance between work life and home life. Throughout last year we have maintained a strong focus on mitigating risks associated with health, safety, and wellbeing. Our commitment to these areas is demonstrated through

our regular contact with experts who provide competent advice for both our landfill operations and the other areas of our organisation. We will be implementing proactive measures to anticipate and adapt to new issues that may impact our health, safety, and wellbeing practices – such as visiting quarry sites as part of Scottish Aggregate Tax. These steps ensure that we not only comply with current regulations but we are well-prepared for any future requirements.

### Digital systems performance and adaptability

With our digital-first principle at the forefront of our decision-making, in 2023-24 we have successfully implemented a number of digital initiatives to enhance the efficiency of our operations, whilst reducing risk. We've made many user-centric improvements, designed to streamline processes, and ensure user-friendliness and accessibility for both agents and taxpayers.

In April 2023, we launched our new [Enhanced Support Service](#). The service aims to provide tailored support at the earliest opportunity to service users who need extra help. Development of the policy included engaging with a range of internal and external stakeholders to enhance the service offering. Feedback was also gained to inform the suite of training delivered to Revenue Scotland colleagues to support staff members to identify and communicate effectively with users about the service.

The service can offer support to a broad range of users, including those with communication difficulties and health conditions. Support is tailored to individual needs and can include providing communications in other languages and formats including: braille and large print;



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access to a video relay service for Deaf/ British Sign Language users; and, support to register a Power of Attorney or extra time to complete forms. During 2023-24 the service helped a range of taxpayers including those impacted by bereavement and financial difficulty.

We introduced a new protocol allowing agents to access data from previous returns through a three-year review, assignation, or termination by way of an additional declaration. This change has improved the accuracy and efficiency of data management and return submissions. Additionally, we have provided a set of standard paragraphs to aid responses to queries via email or our secure messaging system.

Further improvements were made throughout 2023-24 to support taxpayers submitting lease returns. Taxpayers can now view their newly submitted returns and a simplified process was also introduced for agents. We have also increased security and validation measures for submitting returns, reducing the risk of unauthorised access and data errors.

To support taxpayers and provide a more efficient service we also introduced an enduring agent authorisation. Agents retain authorisation unless we are notified by the taxpayer or agent to change the authorisation. This ensures continuity and reduces administrative burden for both taxpayers and agents.

Enhancements have also been made to the usability of the agent dashboard on SETS during 2023-24 to enable easier visibility of returns submitted by an agent separate to returns submitted by their organisation.

Finally, the introduction of QR codes on our letters has made it easier for recipients to access information and complete necessary actions quickly and efficiently. Our trial with property address reminder letters earlier this year led to a percentage point increase of 8.32% for on-time returns.

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**"In April 2023, we launched our new Enhanced Support Service. The service aims to provide tailored support at the earliest opportunity to service users who need extra help."**

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### Information and cybersecurity

Cybersecurity continues to be a critical area of focus as the threat landscape continues to evolve. This year we enhanced our cybersecurity measures by conducting a comprehensive business continuity exercise specifically targeting the risk of unauthorised access to our social media accounts. This exercise, along with benchmarking activities conducted during the year, has helped us to identify potential vulnerabilities and areas for improvement. We also continued to work closely with our range of suppliers, to ensure that their cybersecurity arrangements continue to be appropriate. Our ongoing efforts in this area are crucial in protecting the data we hold and maintaining the trust of our stakeholders.





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### The Scottish Government's HR and Finance Corporate Transformation

We are working closely with the Scottish Government on the corporate transformation programme, which aims to enhance efficiency in managing staff data and improving the finance system. This initiative promises numerous benefits, including streamlined processes, improved data accuracy and visibility, and greater overall efficiency. Our priority will be to ensure these new systems align with our operational goals and are successfully integrated into existing processes to maximise their positive impact.

### Values and behaviours

Our staff are civil servants who adhere to the Civil Service Code. 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.

### Records management and GDPR

We are constantly seeking to improve our performance in records management and information governance, to ensure that the public's data is protected and that we remain efficient as an organisation. This work also has synergy with our wider ambitions relating to data and digital and also our corporate responsibilities to respond to evolving cyber threats and technological developments.

During 2023-24 again participated in the National Records of Scotland's Progress Update Review (PUR). This is a voluntary scheme which assesses the records management plans of public sector organisations in Scotland. Additionally, as part of our ongoing improvements, an Information Management Plan has been developed which covers numerous areas such as policy updates and governance issues. This has resulted in a strengthened network of Information Management Support Officers (IMSOs) who champion information governance work within our organisation. We have also ensured that our Privacy Notice keeps pace with the organisation's activities and is more accessible on our website. The work on the Information Management Plan has also led to a review and update of our data breach reporting, as well as a greater awareness of information security issues amongst Revenue Scotland staff.





# Performance Report

## Performance Analysis

During this reporting period, we introduced a new mandatory training course for our staff to complete which covers key topics relating to Information Management and Information Security. This course will continue to be run regularly during the training year and updated as required. Additionally, we also ensure that our Board members and advisers on the Tax Assurance Group (TAG) complete security and data protection training, as well as training related to cyber resilience.

This year, we have also established an Information Governance Group (IGG) which brings together key stakeholders within Revenue Scotland whose role is to provide advice and support to the Senior Information Risk Owner. Its remit is to ensure Revenue Scotland's approach to information governance and organisational practices is effective, including progressing Data Protection Impact Assessments, reviewing new legislative developments, dealing with compliance matters, and embedding a positive information management culture within the organisation.

		2023-24	2022-23
Data incidents	Reported in period	16	10
	Reported to ICO	0	0
Data losses	Reported in period	7	8
	Reported to ICO	0	0

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 and Environmental Information Regulations Requests

	2023-24	2022-23
Requests received	14	18
Requests withdrawn	0	0
Requests answered within statutory timescale	14	18

# Performance Report

## Performance Analysis

### Whistleblowing report

We have whistleblowing policy and procedures in place to ensure issues can be raised. During the reporting periods 1 April 2023 to 31 March 2024, and 1 April 2022 to 31 March 2023, we received no whistleblowing disclosures.

### 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.

Whilst no improvement objectives have been identified relating to any disclosures, following the review of our whistleblowing policy the previous year, we have taken the opportunity during 2023-24 to revise our supporting guidance and publicised this to our staff.

*Elaine Lorimer*

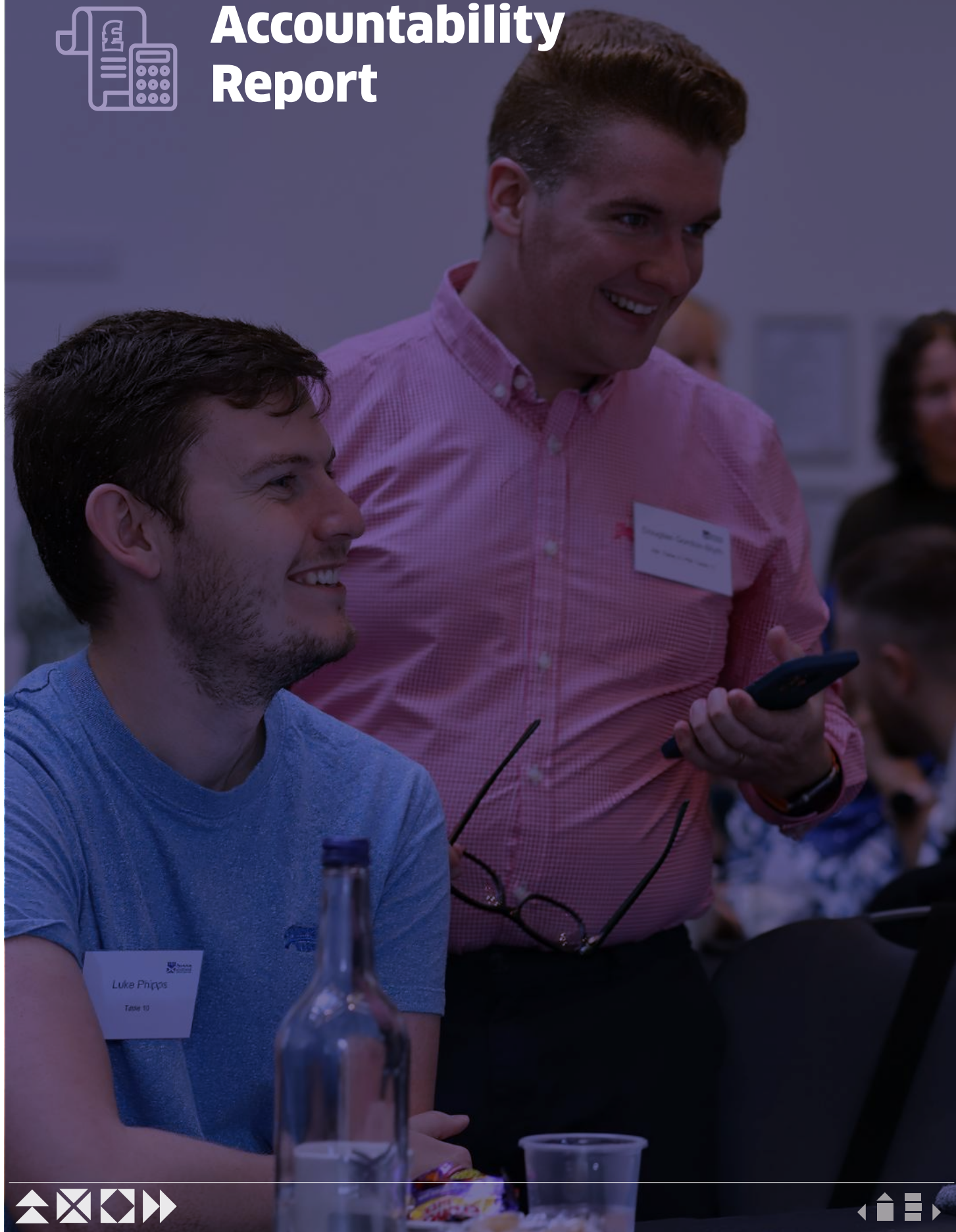
**Elaine Lorimer – Chief Executive of Revenue Scotland and Accountable Officer**

24 September 2024





# Accountability Report





# Accountability Report

## Corporate Governance Report

### The Directors' Report

#### Revenue Scotland Board 2023-24

In line with paragraph 1 of Schedule 1 of 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. This is subject to evidence of effective performance and their continued possession of the skills, knowledge, and experience required for 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 2023-24



**Aidan O'Carroll**

Chair

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, as well as a Global Tax leader, Aidan has advised many local and global companies across a wide spectrum of tax and business issues around the world. He has considerable experience in dealing with Regulatory matters and is a Chartered Accountant (ICAS) as well as being a Chartered Director (IoD). Aidan holds a number of Non-Executive Director roles in organisations based in the UK.



**Martin McEwen**

Chair of the Audit and Risk Committee and Deputy Chair of the Revenue Scotland Board

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

# Accountability Report

## Corporate Governance Report



### 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, health and safety, change management and corporate governance in the public sector. She is also a member of the Board of Crown Estate Scotland and a non-legal member of the Employment Tribunal (Scotland).



### Robert MacIntosh

Member of the Audit and Risk Committee

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.



### Rt Hon Ken Macintosh

Member of the Staffing and Equality Committee

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.



# Accountability Report

## Corporate Governance Report



### Idong Usoro

Deputy Chair of Staffing  
and Equalities Committee

Idong Usoro joined as a Board Member on 1 June 2022 and is an experienced CIO, CTO and business transformation leader. Idong was appointed as Deputy Chair on the Staffing and Equalities Committee on 11 August 2022.

Idong has qualifications in business and computer science. His work focuses on driving corporate and digital transformations with boards, and technology teams in private, public and third sectors, globally. Idong's experience includes having worked with over 100 organisations as a senior technology and data specialist across sectors.

Idong is the Head of Enterprise Architecture at Castle Water Limited with responsibility for driving maturity in data and AI technology strategy, information and security governance and the architecture practice in preparation for their next stage of growth.

Other recent board experience includes serving on the Abbeyfield England board and an appointment in 2024 to the board of the National Examination Board in Occupational Safety and Health (NEBOSH) as a Non-Executive Director.



### Simon Cunningham

Deputy Chair of the  
Audit and Risk Committee

Simon Cunningham joined as a full Board Member on 1 January 2021 having previously served on the Audit and Risk Committee from 2019. He was appointed Deputy Chair of the Committee on 4 June 2023. Simon qualified as a Chartered Accountant in 1988 and was a partner in Scott-Moncrieff for many years, leading the firm's outsourced internal audit and risk consulting services.

During his time at Scott-Moncrieff, he worked with the boards and audit committees for a wide range of public sector organisations. After four years as Chief Internal Auditor at AEGON UK plc, he joined McInroy & Wood (personal investment managers) as their Director of Compliance and Group Risk, and chaired their Risk Committee for six years.

He chairs the Board of the Free Church of Scotland Pension Trustees Limited and the Free Church of Scotland's Investment Committee. In November 2023, Simon was appointed to the Board of Ferguson Marine (Port Glasgow) Ltd to Chair their Audit & Risk Committee.



# Accountability Report

## Corporate Governance Report

### Senior Leadership Team 2023-24

#### 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 25 years' leadership experience, working at senior management and board level in the UK Civil Service in a diverse range of organisations covering regulation and operational delivery. She joined Revenue Scotland from the Law Commission of England and Wales, where she was Chief Executive. Prior to that, Elaine worked as a senior legal adviser in local government in Scotland, latterly focusing on regional transport including the privatisation of the railways and introducing alternative funding models to major investments in infrastructure.

#### Michael Paterson – Head of Tax

Michael Paterson joined Revenue Scotland in March 2019 and has lead responsibility for administration and compliance for the devolved taxes, ensuring they are collected and administered efficiently and effectively. He also has the Senior Responsible Officer role for the Devolved Taxes Programme. Michael has extensive knowledge and operational experience of UK taxes, particularly those dealing with international matters, resulting from 30 years as a tax professional with HMRC. His wide-ranging and senior tax leadership roles have covered technical, policy, and investigation work.

#### Neil Ferguson – Head of Corporate Functions

Neil Ferguson has worked on devolved taxes since 2012 and been with Revenue Scotland since 2016. He has responsibility for seven teams: People Services, Governance, Statistics and Management Information, Strategy and Communications, Tax Development, Finance, and Information Technology. Prior to his current post, he worked on the Additional Dwelling Supplement, led the Air Departure Tax programme and the development of corporate plans. With the Scottish Government, he was Bill Team Leader for the Land and Buildings Transaction Tax (Scotland) Bill and other areas of devolved tax legislation. He also worked on the Referendum Bill and the introduction of the Home Report, which transformed the approach to the buying and selling of 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 (FRM) and 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. The Accountable Officer takes 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. I can confirm that these have been in operation during 2023-24 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, corporate performance, tax compliance, staff, health, safety and wellbeing, changes in the devolved taxes, progress on the introduction of new 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 service users.

I can report that during 2023-24 the Board met on six occasions. This included a joint formal Board meeting and strategy session (2022-23: seven). During this time our Board scrutinised and considered a number of specific matters including:

- ▶ Revenue Scotland's new Corporate Plan 2024-27
- ▶ the move from the hybrid pilot to hybrid working formally becoming Revenue Scotland's ongoing operating model
- ▶ recommendations to improve compliance rates for Three-Yearly Reviews of Non-Residential Leases and proposals to reduce the backlog of lease review penalties
- ▶ approval of the business case and the programme of activity required to implement Scottish Aggregates Tax
- ▶ development of the new Data and Digital Strategy
- ▶ revisions to governance documents, including the Financial Framework, Whistleblowing Policy and Risk.

# Accountability Report

## Corporate Governance Report

### Audit and Risk Committee

The Audit and Risk Committee (ARC) supports the Board and Accountable Officer through 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 2023-24 were Martin McEwen (Chair), Simon Cunningham (Deputy Chair) and Robert MacIntosh.

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

I can report that during 2023-24 the committee met six times; this included a joint quarterly committee meeting and strategy session on risk management (2022-23: seven). The committee engaged in a number of relevant matters including:

- ▶ consideration of reports from Internal Audit
- ▶ a strategy session to review Revenue Scotland's corporate risk register, with a focus on risk appetite
- ▶ consideration cyber security assurances
- ▶ consideration of assurances around the introduction of new corporate IT systems for HR and Finance.

The committee reviewed its effectiveness during 2023-24, using the checklist set out in the Scottish Government's Audit Committee Handbook, in early 2024-25. It found no issues of concern which could affect its normal function.

# Accountability Report

## Corporate Governance Report

### Staffing and Equalities Committee

The Staffing and Equalities Committee (SEC) advises and provides assurance to our Board and Accountable Officer on issues relating to: people; equality, diversity and inclusion; and health, safety and wellbeing.

During 2022-23, our Board reviewed the operation of the committee and agreed to pilot changes during 2023-24 aimed at ensuring a more strategic focus for the committee. Following their review, the committee is in agreement that the new format has been a success, allowing for more strategic and focused discussions.

The new format will continue to be used and be reviewed periodically to ensure that it continues to meet the needs of SEC and the Board.

The terms of reference for the committee are published on Revenue Scotland's website within the Board's [Standing Orders](#). The committee reviewed its effectiveness during 2022-23 and found no issues of concern which could affect its normal function.

Members of the committee during 2023-24 were Jean Lindsay (Chair), Idong Usoro (Deputy Chair) and Ken Macintosh. 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 2023-24, the committee met three times (2022-23: three) and engaged in a number of relevant matters including supporting the development and scrutiny of:

- ▶ the People Strategy and action plan
- ▶ staff survey
- ▶ workforce planning
- ▶ health, safety and wellbeing
- ▶ equality, diversity and inclusion.

### Assurances provided to the Chief Executive

I have received written assurances from my Heads of Service, who have responsibility for the operation and effectiveness of internal controls within Revenue Scotland's Tax, Legal and Corporate Functions teams. I am pleased to report that no significant matters were raised with me.

The Accountable Officer of the Scottish Environment Protection Agency (SEPA) has provided me with assurance in respect of the statutory functions delegated to them by Revenue Scotland. No significant issues were raised with me by SEPA.

I also receive copies of the certificates of assurance provided to the Scottish Government's Director General Corporate, produced to support the assurances she provides to the Principal Accountable Officer in respect of the Scottish Government's digital, financial and people services. These are shared with me as some aspects of these are relevant to the services we receive from the Scottish Government as a shared service. No significant issues were raised within these.



# Accountability Report

## Corporate Governance Report

One issue of particular interest to Revenue Scotland raised within the SG certificates relates to the implementation of the new HR and Finance systems. I am very aware of the challenging nature of this substantial change programme and also the significant benefits that this investment in digital services will bring to both the Scottish Government and a number of delivery bodies including Revenue Scotland. Given the significant operational impacts for our organisation should the programme fail to deliver the intended benefits, I continue to engage closely with the Scottish Government to ensure that I receive the assurance I require as Accountable Officer that the programme will be delivered effectively and that the systems will meet Revenue Scotland's needs.

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, our own information policies and best practice.

We have an Information Assurance Governance structure which prioritises and manages information risks.

The governance structure:

- ▶ protects the organisation, its staff and our service users 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.

In support of the SIRO, an Information Governance Group (IGG) has also been established whose role is to steer Revenue Scotland's approach to information governance, review issues arising with regards to data protection, carry out horizon scanning in relation to new legislative and other developments relating to information governance and above all, to ensure that we comply with all of our mandatory legal obligations.

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

During the course of the year, there were two issues relating to minor data losses, 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.





# Accountability Report Corporate Governance Report

## 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.

During 2023-24 Revenue Scotland attended Parliament on three occasions providing evidence on: the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill; the Scottish Government's Public Services Reform Programme and Revenue Scotland's performance during 2022-23.

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 October 2024.

A new Corporate Plan covering was laid before the Scottish Parliament on the 28 March 2024 and will direct the organisation's activities during the period 2024-27.

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

## Internal Audit

The Scottish Government's Directorate for Internal Audit and Assurance (DIAA) provide Revenue Scotland's internal audit service.

DIAA produce an annual audit plan which is reviewed by the Audit and Risk Committee, who provide advice on the plan to the Board and the Accountable Officer. Regular updates on progress against the audit plan

are presented by DIAA to the Audit and Risk Committee's meetings.

The Memorandum of Understanding between Revenue Scotland and DIAA was also reviewed during the year, reconfirming the basis for this service going forwards.

During the year, DIAA completed audits on the following:

- ▶ **Knowledge management within the Legal Team:** this review looked at knowledge management within the Legal Services Team and how it can contribute to the quality of advice provided and/or the efficiency of the process. A 'substantial' assurance rating was awarded. The report noted a solid foundation for storing information together with a very strong culture and 'tone from the top' around knowledge management. It highlighted areas of good practice around availability of expertise and experience together with strong relationships with client teams, which all contribute to the quality of knowledge sharing already in place. The report concluded that the team is very well placed to build on what has been achieved already with the positive culture and quality of resource and support and noted the opportunity for other teams to consider the results of the review for application in their own areas and to help embed the enhancement opportunities across the organisation.
- ▶ **Lease Review Returns:** this review commenced during 2023-24 and was completed during early 2024-25. It examined the effectiveness of the series of actions taken to improve lease review return submissions and the outcomes achieved. A 'reasonable' assurance rating



# Accountability Report

## Corporate Governance Report

was provided. The report: concluded that progress was being made and that a large amount of work and analysis had been undertaken to date; noted the complexity of the issues involved and recommended a more strategic approach should be adopted to achieve improvement in lease review return compliance and to support the case for change in areas required.

► **Revenue Scotland's approach to Assurance Mapping:** this advisory review provided assurance on our approach to Assurance Mapping and the changes that had been made to the corporate assurance map. A 'substantial' assurance rating was awarded. The report concluded that the approach built on the positive culture around internal control and continuous improvement, using the assurance map as a tool to evidence management's ongoing assurance conversations. It supported the approach that had been undertaken, which was seen to reflect good practice and followed recommended practise in identifying assurance provided across the four lines of defence helping ensure completeness of sources of assurance considered.

► **Approach to hybrid working:** this review, deferred from 2022-23 to take into account other work in this area, considered Revenue Scotland's approach to considering and adopting hybrid working. A 'substantial' assurance rating was awarded. The report supported the approach to the consideration and piloting of hybrid working. It also endorsed the proposed next steps in moving out of the pilot stage and into the adoption of hybrid working as the

organisations operation model. The report stated that the approach taken, involving consideration of optimal operating model, gathering data on agreed evaluation criteria, employee feedback and consideration of wider trends to be good practice.

In addition, a follow-up review was conducted in respect of the 2022-23 Review of Litigation Decisions. This review considered Revenue Scotland's processes and governance around taking and responding to complex litigation decisions.

The review was completed, noting that all recommendations had been fully implemented and good progress made to enhance overall governance over litigation decisions.

The overall annual assurance opinion for the year was 'Substantial Assurance'. This is the fourth year running that Revenue Scotland has received this rating and reflects the fact that DIAA continues to view Revenue Scotland's risk, governance and control procedures as effective in supporting the delivery of its objectives and that any exposure to potential weakness is low and the materiality of any consequent risks negligible.

DIAA reported that their work continues to obtain evidence of a strong culture and tone from the top regarding maintenance of robust control over key processes and embedding effective governance. They noted the focus on continuous improvement at all levels, helping to drive process improvement and efficiency, including improvements to enable taxpayers to comply with their obligations.



# Accountability Report

## Corporate Governance Report

The report commented that Revenue Scotland is now well established in its role as the Tax Authority responsible for the collection and management of Scotland's devolved taxes, commending the strong commitment to operational excellence and robust systems; which were clearly evidenced as part of stated strategic outcomes and priorities for further improvement and change beyond what is currently in place.

### External Audit

External Audit is provided by Audit Scotland. The 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 90](#).

As part of the 2022-23 audit undertaken by Audit Scotland, three matters were highlighted for attention, namely:

- ▶ the risk that the related party disclosure may be incomplete or inaccurate
- ▶ the risk that internal controls do not operate effectively, and
- ▶ the risk key IT system and service providers may not have appropriate IT business continuity and disaster recovery plans.

These matters were addressed by management and actions put in place to mitigate the risks.

Audit Scotland has reviewed these matters during their audit of 2023-24 and reported its conclusions in its Annual Audit Report 2023-24.

### Assessment of corporate governance

Revenue Scotland has in place a system of internal controls and policies which are designed to safeguard its assets, data and ensure the reliability of financial records in relation to operational and tax duties.

I continue to ensure that these controls are subject to review by management on a regular basis, and the new assurance mapping process, developed and implemented last financial year, has helped facilitate and enhance these regular reviews and alignment with Corporate Risks.

Our internal controls also undergo formal review by both Internal and External Audit, whose reports are made available to the Audit and Risk Committee. Having assessed our corporate governance arrangements, I 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 2023-24.



# 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 and, where relevant, promote 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 2023-24 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 and 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		2023-24 Fees £'000	2022-23 Fees £'000
Aidan O'Carroll	Chair	10-15	10-15
Simon Cunningham	Board member	5-10	5-10
Jean Lindsay	Board member	0-5	0-5
Ken Macintosh	Board member	5-10	0-5
Robert MacIntosh	Board member	0-5	0-5
Martin McEwen	Board member	5-10	0-5
Idong Usoro	Board member	10-15	5-10

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

The reported remuneration for Ken Macintosh, Robert MacIntosh and Idong Usoro represents their total remuneration since the inclusion of their roles on the Board in June 2022.

The maximum banded annual fees that could be claimed under the letters of appointment are: Chair £15,000-20,000 and Board members £10,000-15,000.



# Accountability Report

## Remuneration and Staff Report

Senior Leadership Team		Salary £000		Pension Benefits to the nearest £1,000		Total 2023-24 £000	Total 2022-23 £000
		2023-24	2022-23	2023-24	2022-23		
Elaine Lorimer	Chief Executive	110-115	105-110	n/a*	19,000	n/a*	125-130
Neil Ferguson	Head of Corporate Functions	80-85	80-85	n/a*	7,000	n/a*	90-95
Mairi Gibson	Head of Legal Services	80-85	75-80	n/a*	33,000	n/a*	110-115
Michael Paterson	Head of Tax	80-85	80-85	n/a*	0	n/a*	80-85

\* Accrued pension benefits for the Senior Leadership Team are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

None of the above received any benefits in kind or bonus payments in the years 2023-24 or 2022-23.

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.



# 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 and the average percentage increase for all employees of the organisation. In 2023-24 the mid-point of the band of the highest-paid member of the Senior Leadership Team increased by 4.65% from 2022-23. The average increase for all other employees was 10%. Actual grade pay increases varied from 4% to 17%.

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
2023-24	Ratio	3.3	2.7	2.1
	Employee pay	£34,177	£41,013	£53,351
2022-23	Ratio	3.6	2.8	2.2
	Employee pay	£29,695	£38,329	£49,860

No employee received remuneration in excess of the highest-paid member of the Senior Leadership Team. Remuneration ranged from £23,735 to £111,741 (2022-23: £19,000 to £107,000).

# Accountability Report

## Remuneration and Staff Report

### Pension benefits

Senior Leadership Team	Accrued pension at NRA as at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at NRA £000	CETV as at 31 March 2024 £000	CETV as at 31 March 2023 £000	Real increase in CETV in 2023-24 £000
Elaine Lorimer - Chief Executive	n/a*	n/a*	n/a*	912	n/a*
Neil Ferguson - Head of Corporate Functions	n/a*	n/a*	n/a*	643	n/a*
Mairi Gibson - Head of Legal Services	n/a*	n/a*	n/a*	424	n/a*
Michael Paterson - Head of Tax	n/a*	n/a*	n/a*	833	n/a*

\* Accrued pension benefits for the Senior Leadership Team are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

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.

Pension data is 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. The Government removed discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members. As a result, eligible members with relevant service between 1 April 2015 and 31 March 2022 may have been entitled to different pension benefits in relation to that period.

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 uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%.



# Accountability Report

## Remuneration and Staff Report

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 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.

Scheme	Pension age
Classic (incl. Classic Plus)	60
Premium	65
Nuvos	65
Alpha	Later of 65, or state pension age
Partnership	Benefits must be drawn between 50 and 75

(The pension figures for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure 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:

	2023-24	2022-23
Permanent contracted staff	88	76
Fixed term contracted staff	3	2
Seconded in or on loan staff	2	2
Seconded out staff	0	1
Agency staff	1	2
<b>Average number of persons employed</b>	<b>94</b>	<b>83</b>

The staff numbers shown above for 2022-23 include 1 FTE for a member of staff who was seconded to Scottish Government and whose staff costs are 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.

	2023-24		2022-23	
	Female	Male	Female	Male
SLT - Chief Executive	1	0	1	0
SLT - Others	1	2	1	2
Employees	48	42	41	38
<b>Total</b>	<b>50</b>	<b>44</b>	<b>43</b>	<b>40</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. It is influenced by both the pay levels for equivalent jobs and the distribution of men and women across the grades within the permanent workforce.

Provisional Data for 2023 published by the ONS reports the gender pay gap for Scotland as 6.5% and 13.2% for the UK.<sup>4</sup> This is the mean figure which is the standard figure used by the Office of National Statistics (ONS) to calculate the pay gap.

The median gender pay gap for all staff at Revenue Scotland at the end of March 2024 is 0%, and the mean gender pay gap is 1.6% (2023: 3.1%). 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>4</sup> Source: [Gender pay gap - www.ons.gov.uk](https://www.ons.gov.uk)

# Accountability Report Remuneration and Staff Report

## Sickness absence

We recognise 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 aim to:

- ▶ be supportive and positive
- ▶ promote fair and consistent treatment for everyone
- ▶ encourage, assist and support people to stay in work
- ▶ explain employees' entitlements and roles and responsibilities.

In 2023-24 an average of 8.6 working days per employee were lost (2022-23: 11.5 days).

## Staff

Staff churn, which includes staff leaving Revenue Scotland for positions within the wider Scottish Administration, was 13% in 2023-24 (2022-23: 9.8%). Staff turnover, defined as excluding staff moving to other Scottish Administration bodies, was 7% in 2023-24 (2022-23: 2.5%).

## 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 41](#) under KPI 6.

## Employees with disabilities

We comply with the Scottish Government's Civil Service Code of Practice on the employment of people with disabilities. The code aims to ensure 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 we conduct our 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 46](#).





# Accountability Report Remuneration and Staff Report

## Health, safety and wellbeing

### Health and safety

Health and safety is a key priority for Revenue Scotland and we are committed to ensuring that all employees are trained and aware of their responsibilities. Over the past year, we have implemented a range of initiatives to promote health and safety awareness and ensure training compliance.

Our dedicated Health, Safety, and Wellbeing Committee has continued to play a pivotal role in maintaining and enhancing our safety controls. Throughout the 2023-24 period the team met regularly to review safety actions and discuss feedback from across the organisation. These meetings have been crucial in fostering a culture of continuous improvement and ensuring that all safety measures are effectively implemented and updated in response to both internal and external feedback.

Our Health and Safety Annual Report for 2023-24 outlines our strategic approach for the coming year. This report details our plans to sustain and enhance our safety protocols. It focuses on both pre-emptive measures and responsive strategies to address any emergent issues. It serves as a roadmap guiding our efforts to ensure the health and safety of all our employees and stakeholders and reinforcing our commitment to upholding high standards of workplace safety.

This year, we have significantly bolstered our approach to accessing competent health and safety advice. Recognising the unique challenges presented by our operations, which include routine organisational activities and specific tasks like landfill site visits, we have secured specialist knowledge that is crucial for these environments.

We have agreed a Memorandum of Understanding (MoU) with SEPA, through which SEPA provides us with competent advice in respect of landfill site visits. This allows us to benefit from their extensive expertise in conducting site visits across a variety of settings. This is valuable in ensuring high standards of health and safety in these environments.

In addition, we have also engaged a Competent Person service allowing us to take advantage of specialised expertise and an independent perspective to our risk management practices. This complements the advice we receive from SEPA and will ensure, as we take on new responsibilities, including Scottish Aggregates Tax, that we fully recognise the accompanying health and safety implications. We are focused on being proactive in addressing these concerns to ensure that we are prepared ahead of implementation. Our approach includes careful assessment of potential risks. We have already begun a user journey exercise to understand the unique hazards and how best to mitigate these. This will be a focus for 2024-25.

This enhanced capability enables us to tailor our health and safety strategies effectively ensuring that expert advice is available where and when it is most needed. An early priority has been the review of our Health and Safety Policy, which will be completed during 2024-25.

Health, safety and wellbeing dashboard reports are discussed at each SEC meeting. This adds an additional layer of assurance, ensuring we are meeting our health and safety obligations. SEC also conducts an annual deep dive into our health, safety



# Accountability Report

## Remuneration and Staff Report

and wellbeing arrangements to ensure that our health and safety management is appropriate. Additionally, a Health and Safety update has been added as a standing agenda item for every performance meeting of the Board.

As well as the mandatory health and safety training provided to all of our staff, several of our senior managers and Board members have completed the NEBOSH course on Health and Safety Leadership Excellence during the year. All of our Board members have now completed this training, which equips individuals with the knowledge and skills necessary to lead and support the delivery of a culture of health and safety throughout the organisation.

We also supported our staff during the year through the introduction of an Unacceptable Behaviour Policy, which ensures a safe working environment for all of our staff. This policy defines Unacceptable Behaviour, sets out the behaviour expected of tax payers, external organisations and other stakeholders when dealing with Revenue Scotland and the action that will be taken whenever unacceptable behaviour is encountered.

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 of these categories reported in 2022-23 or 2023-24.

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

### Wellbeing

Revenue Scotland prioritises the promotion of staff wellbeing. This helps us to create a positive and supportive workplace culture that fosters creativity, innovation, and collaboration. We are committed to continually reviewing and updating our staff wellbeing initiatives to ensure that we are providing the best possible support to our staff.

Our staff-led health and wellbeing group delivered a variety of health and wellbeing initiatives. These included awareness sessions on suicide, breast cancer, know your numbers and sleep hygiene. Our staff are encouraged to participate in volunteering days and in December some staff spent the day supporting Empty Kitchen Full Hearts in Edinburgh, which provides meals to those in need.

The civil service people survey reports 87% of Revenue Scotland respondents feel Revenue Scotland provides good support for their health, wellbeing and resilience.



# 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 employees were trade union representatives in 2023-24. One member of staff was a relevant trade union representative during the period December 2022 to March 2023.

### 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 2023-24 or 2022-23 .

### Staff costs

	Administrative and Programme costs		Total 2023-24	Total 2022-23
	Permanently employed £000	Other £000	£000	£000
Wages and salaries	3,896	265	4,161	3,459
Social security costs	436	29	465	390
Pension costs	1,077	74	1,151	941
Seconded-in staff costs	0	0	0	21
Agency staff costs	46	0	46	93
<b>Total staff costs</b>	<b>5,455</b>	<b>368</b>	<b>5,823</b>	<b>4,904</b>

Staff costs for Revenue Scotland in the period 2023-24 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.



# Accountability Report

## Remuneration and Staff Report

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. However 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 2023-24, employers’ contributions of £1,151,000 were payable to the PCSPS (2022-23: £941,000) 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 2023-24 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, which is a stakeholder pension with an employer contribution.

Employers’ contributions of £nil (2022-23: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings.

The information included within the remuneration, fair pay, 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**

24 September 2024





# 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 2024 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 material accounting policy information. 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 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- ▶ give a true and fair view of the state of the body's affairs as at 31 March 2024 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 2023/24 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 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. 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 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:

- ▶ using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- ▶ inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- ▶ inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- ▶ discussions among my audit team on 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.



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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects:

- ▶ the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and

- ▶ the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities 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 parts 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 parts of the Remuneration and Staff Report have 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 parts 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



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

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 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 parts 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 108 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.



Pauline Gillen  
Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

24 September 2024







# Financial Statements 2023-24





# Financial Statements 2023-24

## Statement of comprehensive net expenditure

For the Year Ended 31 March 2024

	Note	2023-24 Administration £000	2023-24 Programme £000	2023-24 Total £000	2022-23 Total £000
Income	2,3	1	0	1	44
Staff costs	2	(5,455)	(368)	(5,823)	(4,904)
Purchase of goods and services	3	(1,467)	(9)	(1,476)	(1,568)
Depreciation	5	(29)	0	(29)	(19)
Amortisation	5	(505)	0	(505)	(413)
Impairment reversal	5	49	0	49	0
Impairment	5	0	0	0	(49)
Loss on disposal	4,5	(49)	0	(49)	0
<b>Net operating costs for the year</b>		<b>(7,455)</b>	<b>(377)</b>	<b>(7,832)</b>	<b>(6,909)</b>

The notes on [pages 100-112](#) form part of the financial statements.



# Financial Statements 2023-24

## Statement of financial position

As at 31 March 2024

	Note	2023-24 £000	2022-23 £000
<b>Non-current assets</b>			
Tangible assets	5	62	97
Intangible assets	5	2,912	2,917
<b>Total non-current assets</b>		<b>2,974</b>	<b>3,014</b>
<b>Current assets</b>			
Other receivables	6	25	28
<b>Total current assets</b>		<b>25</b>	<b>28</b>
<b>Current liabilities</b>			
Trade & other payables	7	(626)	(614)
<b>Total current liabilities</b>		<b>(626)</b>	<b>(614)</b>
<b>Total net assets</b>		<b>2,373</b>	<b>2,428</b>
<b>Taxpayers' equity</b>		<b>2,373</b>	<b>2,428</b>

The notes on [pages 100-112](#) form part of these financial statements.

The Chief Executive and Accountable Officer authorised these financial statements for issue on **24 September 2024**



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



# Financial Statements 2023-24

## Statement of cash flows

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
<b>Cash flows from operating activities</b>			
Net operating costs for the year	SOCNE	(7,832)	(6,909)
Adjustments for non cash transactions			
Audit fee	9	107	101
Depreciation	5	29	19
Amortisation	5	505	413
Impairment reversal	5	(49)	0
Impairment	5	0	49
Loss on disposal	4,5	49	0
Movements in working capital			
(Increase)/Decrease in trade and other receivables	6	3	5
(Decrease)/Increase in trade and other payables	7	12	(100)
<b>Net cash outflow from operating activities</b>		<b>(7,176)</b>	<b>(6,422)</b>
<b>Cash flow from investing activities</b>			
Purchase of non-current assets	5	(500)	(666)
Proceeds from disposal of assets	4	6	0
<b>Net cash outflow from investing activities</b>		<b>(494)</b>	<b>(666)</b>
<b>Cash flows from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net funding</b>		<b>(7,670)</b>	<b>(7,088)</b>

The notes on [pages 100-112](#) form part of the financial statements.



# Financial Statements 2023-24

## Statement of changes in taxpayers' equity

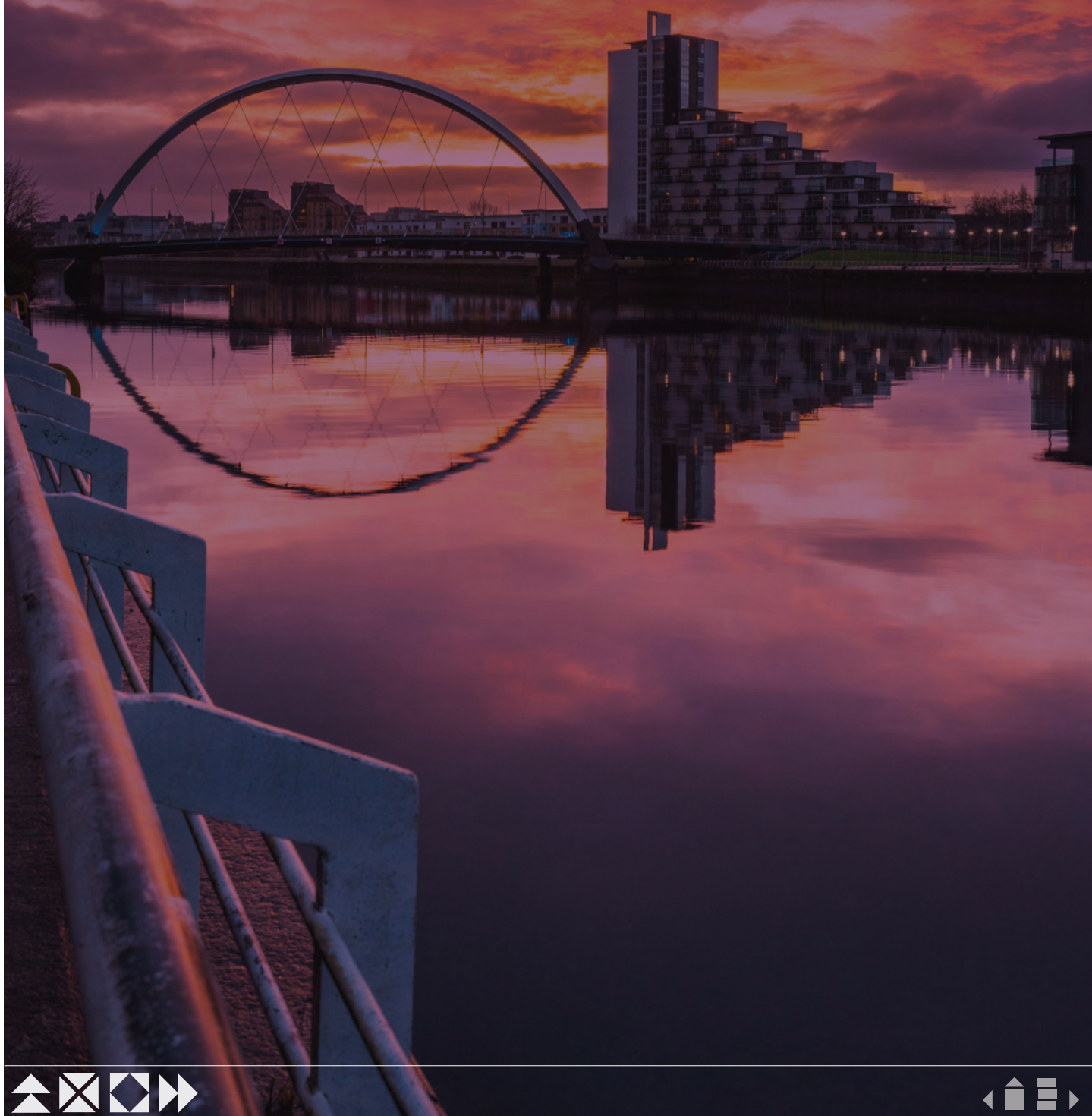
For the year ended 31 March 2024

	Note	General Fund Reserves 2023-24 £000	General Fund Reserves 2022-23 £000
<b>Balance at 31 March</b>		2,428	2,148
Net operating costs for the year	SOCNE	(7,832)	(6,909)
Non cash charges - auditor's remuneration	9	107	101
Net funding		7,670	7,088
<b>Balance at 31 March</b>		<b>2,373</b>	<b>2,428</b>

The notes of [pages 100-112](#) form part of these financial statements.



# Notes to the Accounts





# Financial Statements 2023-24

## 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 (RSTPA), 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 conforming to the 2023-24 Government Financial Reporting Manual (FReM) issued by His Majesty's 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 regarding 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

Following 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. There are no standards that are considered relevant to Revenue Scotland. This includes consideration of IFRS 17 Insurance Contracts, the implementation of which has been delayed to 1 April 2025.

#### 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.



# Financial Statements 2023-24

## Notes to the Accounts

### 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, unless the pooled value of a programme of expenditure on items of a capital nature exceeds £10,000, then this pooled expenditure is capitalised.

#### 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 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 and telephony 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. In accordance with the FReM impairment relating to a consumption of economic benefit or reduction in service potential is taken to the SoCNE.



# Financial Statements 2023-24

## 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 such as trade and other liabilities.

### 1.7 Leases

Revenue Scotland has adopted IFRS 16 including the exemption for short-term leases in accordance with the FReM. This standard replaces the previous standard IAS 17. Leases which are considered to be low value or have an expected length of less than a year, are not recognised under IFRS 16 and the related costs are shown in the Statement of Comprehensive Net Expenditure.

### 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. 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 because of a past event. These are included within the accounts at the estimated value.



# Financial Statements 2023-24

## Notes to the Accounts

### 2. Staff income and costs

	2023-24 Admin £000	2023-24 Programme £000	2023-24 £000	2022-23 £000
<b>Income - Seconded staff</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>
<b>Staff costs</b>				
Wages and salaries	3,896	265	4,161	3,459
Social security	436	29	465	390
Pension	1,077	74	1,151	941
Seconded-in staff	0	0	0	21
Agency	46	0	46	93
<b>Total staff costs</b>	<b>5,455</b>	<b>368</b>	<b>5,823</b>	<b>4,904</b>

Programme costs incurred relate to staff working on the introduction of Scottish Aggregates Tax.

More details on staff numbers and related costs can be found in the Staff Report on [page 82](#).

# Financial Statements 2023-24

## Notes to the Accounts

### 3. Goods and services

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

	2023-24 £000	2022-23 £000
<b>Income</b>		
Miscellaneous Income	(1)	0
<b>Total Income</b>	<b>(1)</b>	<b>0</b>
<b>Staff-related costs</b>		
Board fees & expenses	49	44
Travel & subsistence	4	2
Training	28	51
Recruitment	0	1
<b>Supplies &amp; services</b>		
Legal	22	43
Computer & telephone	374	366
Shared services (1)	401	381
Delegated duties (2)	384	450
Other supplies & services	107	129
Audit fee - external (see note 9)	107	101
<b>Total goods &amp; services</b>	<b>1,476</b>	<b>1,568</b>





# Financial Statements 2023-24

## 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) X information systems, telephony, information and library service X 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	2023-24 £000	2022-23 £000
Resource outturn	SoCNE	7,832	6,909
Capital outturn – tangible asset additions	5	0	106
Capital outturn – intangible asset additions	5	500	560
Proceeds from disposal of assets	SoCF	(6)	0
Non cash charges – auditor's remuneration	9	(107)	(101)
Loss on disposal	4,5	(49)	0
Depreciation	5	(29)	(19)
Amortisation	5	(505)	(413)
Impairment reversal	5	49	0
Impairment	5	0	(49)
Changes in working capital	SoCF	(15)	95
<b>Net funding</b>		<b>7,670</b>	<b>7,088</b>



# Financial Statements 2023-24

## Notes to the Accounts

### 5. Non-current assets

#### Tangible Assets

	IT Hardware	Furniture & Fittings	2023-24
	£000	£000	£000
<b>Cost</b>			
At 1 April	91	76	167
Additions	0	0	0
Impairment reversal	15	0	15
Disposals	(25)	0	(25)
<b>At 31 March</b>	<b>81</b>	<b>76</b>	<b>157</b>
<b>Depreciation</b>			
At 1 April	14	56	70
Charged in the year	24	5	29
Disposals	(4)	0	(4)
<b>At 31 March</b>	<b>34</b>	<b>61</b>	<b>95</b>
<b>Asset financing</b>			
Owned	47	15	62
<b>Carrying amount at 31 March</b>	<b>47</b>	<b>15</b>	<b>62</b>

The IT hardware, which was impaired in 2022-23, as a consequence of hybrid working and consequential reduction in usage, has been reversed and the items disposed.



# Financial Statements 2023-24

## Notes to the Accounts

Prior Year	IT Hardware	Furniture & Fittings	2022-23
	£000	£000	£000
<b>Cost</b>			
At 1 April	0	76	76
Additions	106	0	106
Impairment	(15)	0	(15)
<b>At 31 March</b>	<b>91</b>	<b>76</b>	<b>167</b>
<b>Depreciation</b>			
At 1 April	0	51	51
Charged in the year	14	5	19
<b>At 31 March</b>	<b>14</b>	<b>56</b>	<b>70</b>
<b>Asset financing</b>			
Owned	77	20	97
<b>Carrying amount at 31 March</b>	<b>77</b>	<b>20</b>	<b>97</b>

# Financial Statements 2023-24

## Notes to the Accounts

### Intangible Assets

	IT System under development	IT System	Telephony	2023-24 Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April	152	4,094	53	4,299
Additions	125	375	0	500
Transfer	(152)	152	0	0
Impairment reversal	0	0	34	34
Disposals	0	0	(87)	(87)
<b>At 31 March</b>	<b>125</b>	<b>4,621</b>	<b>0</b>	<b>4,746</b>
<b>Amortisation</b>				
At 1 April	0	1,329	53	1,382
Charged in year	0	505	0	505
Disposals	0	0	(53)	(53)
<b>At 31 March</b>	<b>0</b>	<b>1,834</b>	<b>0</b>	<b>1,834</b>
<b>Asset Financing</b>				
Owned	125	2,787	0	2,912
<b>Carrying amount at 31 March</b>	<b>125</b>	<b>2,787</b>	<b>0</b>	<b>2,912</b>

The Telephony, which was impaired in 2022-23 has now been replaced by a fully managed call handling service.



# Financial Statements 2023-24

## Notes to the Accounts

Prior Year	IT System under development	IT System	Telephony	2022-23 Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April	0	3,686	87	3,773
Additions	152	408	0	560
Transfers	0	0	(34)	(34)
<b>At 31 March</b>	<b>152</b>	<b>4,094</b>	<b>53</b>	<b>4,299</b>
<b>Amortisation</b>				
At 1 April	0	922	47	969
Charged in year	0	407	6	413
<b>At 31 March</b>	<b>0</b>	<b>1,329</b>	<b>53</b>	<b>1,382</b>
<b>Asset Financing</b>				
Owned	152	2,765	0	2,917
<b>Carrying amount at 31 March</b>	<b>152</b>	<b>2,765</b>	<b>0</b>	<b>2,917</b>



# Financial Statements 2023-24

## Notes to the Accounts

### 6. Other receivables

Amounts falling due within one year:	2023-24 £000	2022-23 £000
Prepaid expenses	24	26
Sundry debtors	1	2
<b>Total receivables within one year</b>	<b>25</b>	<b>28</b>

### 7. Trade and other payables

Amounts falling due within one year:	2023-24 £000	2022-23 £000
Trade payables	42	30
Social security and payroll-related	246	203
Accrued short-term employee benefits (see note 1.9)	224	214
Other accruals	114	167
<b>Total payables within one year</b>	<b>626</b>	<b>614</b>

# Financial Statements 2023-24

## Notes to the Accounts

### 8. 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 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.

### 9. Audit fee

	2023-24 £000	2022-23 £000
Auditor's fee - resource accounts	21	22
Auditor's fee - devolved taxes account	86	79
<b>Total Auditor's fees</b>	<b>107</b>	<b>101</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 2024. 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 2024.

# Financial Statements 2023-24

## Notes to the Accounts

### 10. Commitments

#### Revenue Commitments

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

	2023-24 £000	2022-23 £000
<b>IT systems</b>	<b>0</b>	<b>0</b>
Not later than one year	284	324
Between one and five years	1,142	1,335
Beyond five years	0	108
<b>Total revenue commitments</b>	<b>1,426</b>	<b>1,767</b>

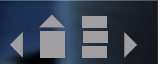
The amounts above are in relation to the contracts for the provision of Revenue Scotland's tax, finance and call management systems. The contract for the tax system expires in 2029, the finance system expires in 2024 and the call management system expires in 2024.

#### Capital Commitments

	2023-24 £000	2022-23 £000
<b>IT systems</b>	<b>0</b>	<b>0</b>
Not later than one year	0	400
<b>Total capital commitments</b>	<b>0</b>	<b>400</b>



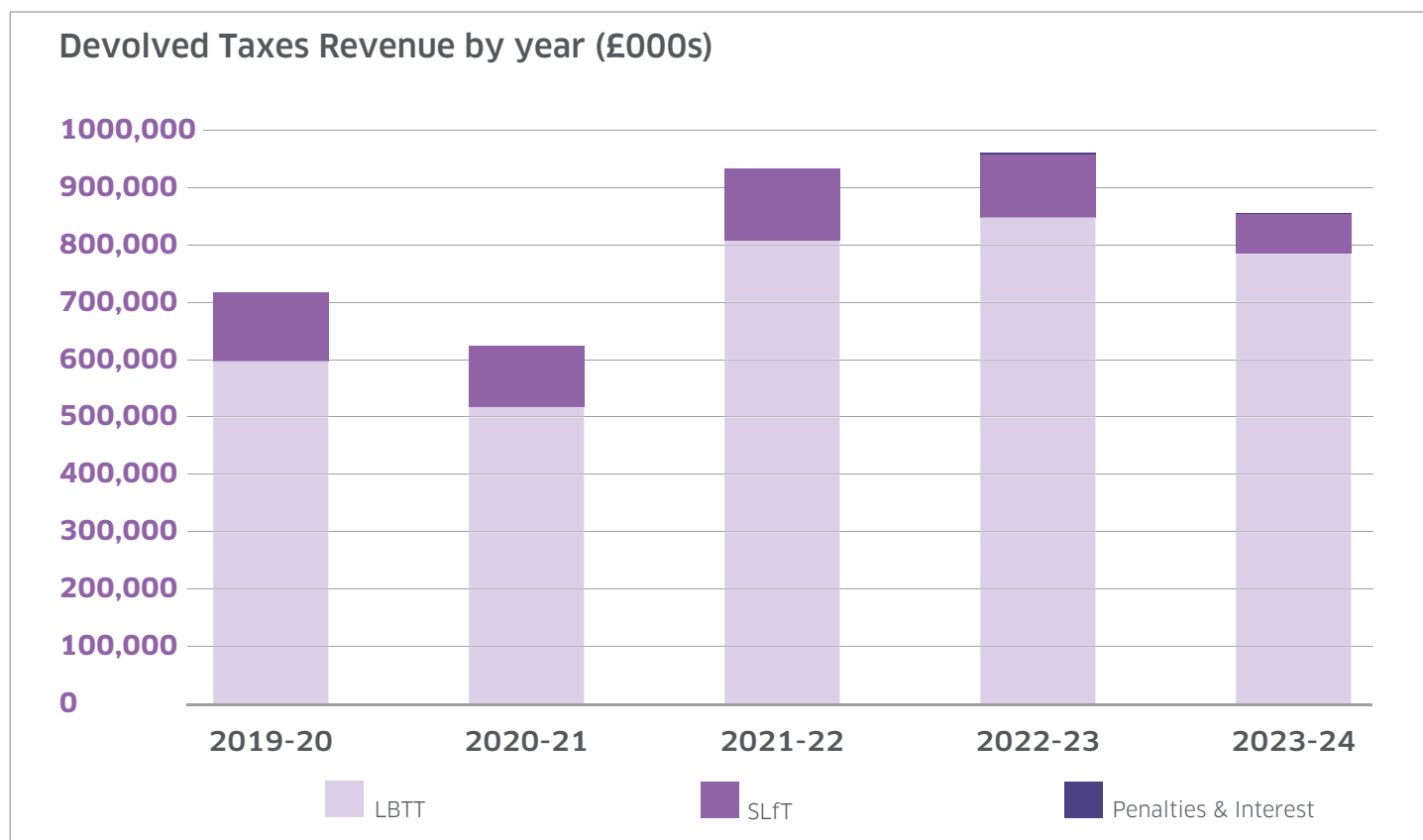
# Summary Financial Data



# Financial Statements 2023-24 Summary Financial Data

## Devolved Taxes 2019-24

	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000	2023-24 £000
LBTT	597,368	517,354	807,183	847,836	784,372
SLfT	118,959	106,528	125,248	109,699	68,372
Penalties & Interest	735	138	1,245	2,797	2,714
<b>Total Tax Revenue</b>	<b>717,062</b>	<b>624,020</b>	<b>933,676</b>	<b>960,332</b>	<b>855,458</b>



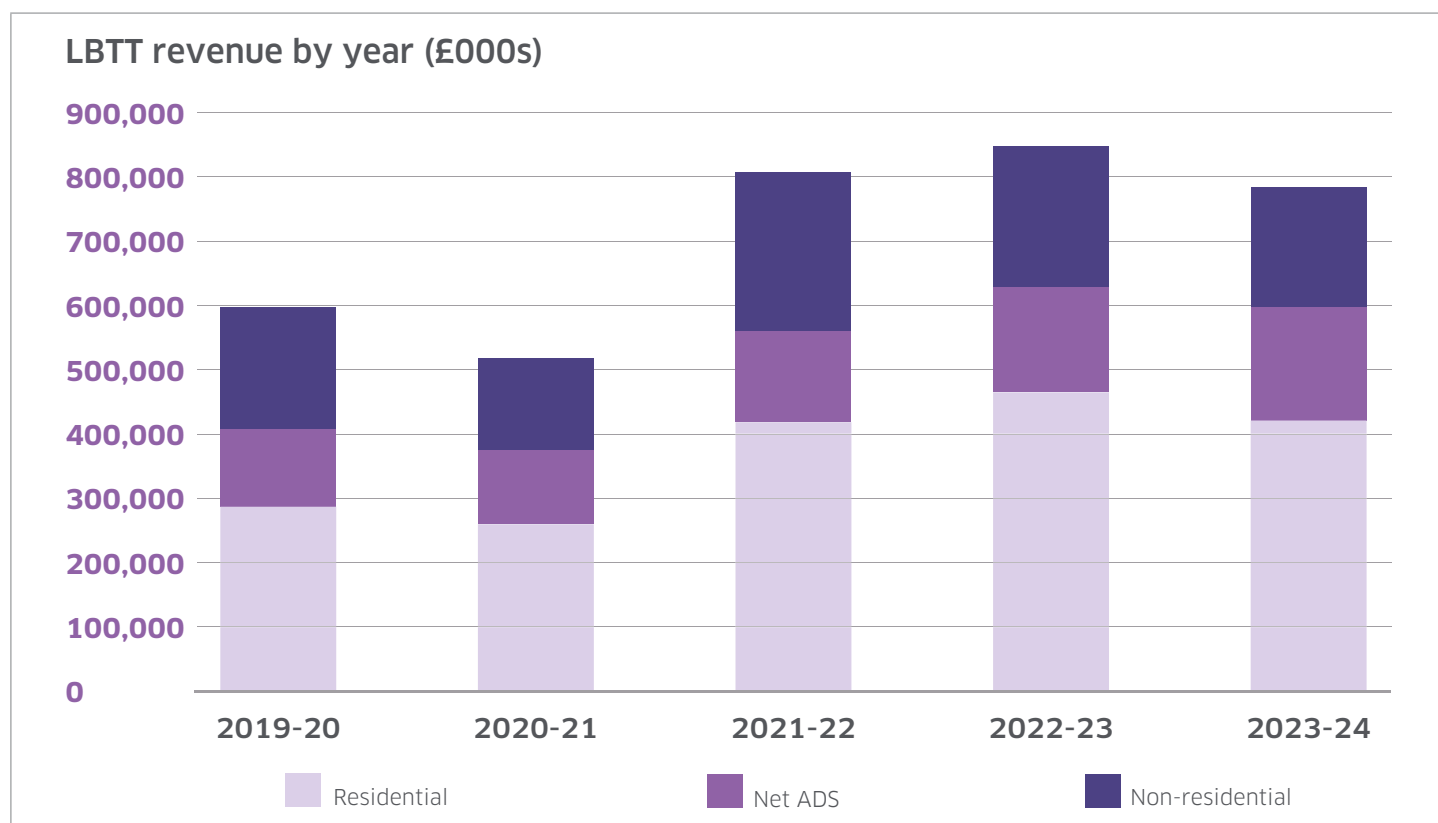


# Financial Statements 2023-24

## Summary Financial Data

### LBTT 2019-24

LBTT	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000	2023-24 £000
Residential	286,908	259,632	418,390	464,904	421,046
Net ADS	120,226	115,104	140,750	162,896	176,226
Non-residential	190,234	142,618	248,043	220,036	187,100
<b>Total LBTT (£'000)</b>	<b>597,368</b>	<b>517,354</b>	<b>807,183</b>	<b>847,836</b>	<b>784,372</b>
No. of Tax Returns	121,050	109,170	126,350	118,960	110,830

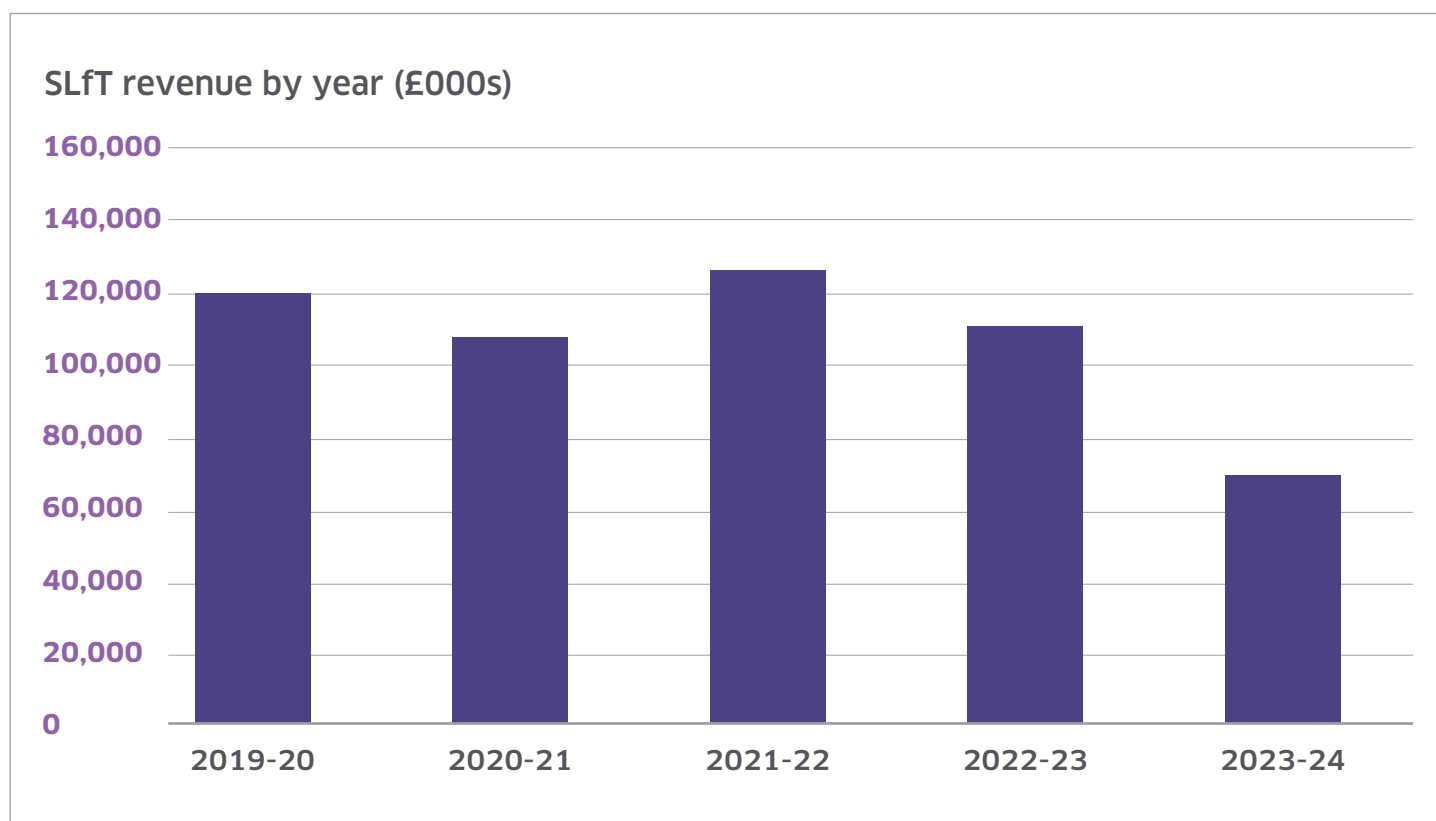


# Financial Statements 2023-24

## Summary Financial Data

### SLfT 2019-24

SLfT	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000	2023-24 £000
<b>Tax (£'000)</b>	<b>118,959</b>	<b>106,528</b>	<b>125,248</b>	<b>109,699</b>	<b>68,372</b>
Standard rate tonnage	1,343,700	1,170,300	1,348,600	1,179,100	693,100
Lower rate tonnage	685,700	618,800	680,100	684,500	607,000
<b>Total tonnage</b>	<b>2,029,400</b>	<b>1,789,100</b>	<b>2,028,700</b>	<b>1,863,600</b>	<b>1,300,100</b>



# Financial Statements 2023-24

## Summary Financial Data

### Resource Spend (including programme costs) 2019-24

	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000	2023-24 £000
Income	0	59	41	44	1
Staff costs	(3,998)	(4,234)	(4,324)	(4,800)	(5,455)
Goods & services	(1,912)	(1,651)	(1,638)	(1,568)	(1,467)
Programme costs <sup>5</sup>	(763)	(30)	0	(104)	(377)
Depreciation & amortisation	(182)	(377)	(417)	(432)	(534)
Impairment	0	0	0	(49)	49
Provision	(212)	0	0	0	0
Loss on Disposal	0	0	0	0	(49)
<b>Net operating costs</b>	<b>(7,067)</b>	<b>(6,233)</b>	<b>(6,338)</b>	<b>(6,909)</b>	<b>(7,832)</b>

<sup>5</sup> Includes staff and non-staff costs of developing processes and systems to comply with new legislation or the introduction of IT systems.



# Financial Statements 2023-24

## 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 (FRM) which is in force for the year for which the accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year of Revenue Scotland in the exercise of its functions
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers

Dated 20 April 2016

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