

Revenue Scotland

Annual Report and Accounts

for the year ended 31 March 2023



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

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RS/2023/01



At A Glance

£960m
total tax
revenue



99%
tax
collection
rate



Administrative
cost of tax
collection
0.71%



£10.4m
secured through
compliance
activity



96% of staff
have completed
30 hours
pro rata of learning
and development



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



**3.1% gender
pay gap**
at 31 March 2023



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Performance Report



Performance Report Statement from the Chair



I am delighted to be able to report another year of positive progress at Revenue Scotland.

2022-23 has not been without its challenges. These include rising inflation, shortages in the labour market, stressed supply chains, and a cost of living crisis due to significant increases in energy prices. All of this came on the heels of the COVID-19 pandemic, which tested the very structure of Scotland's economy. Despite the great pressures put on our economy and society, Revenue Scotland continued to deliver a trusted public service in an exemplary and efficient manner. Our key performance indicators showed our collection rate at 99% with an administrative cost of collection remaining below 1%.

This means that record revenues collected in 2022-23 of £960 million have contributed significantly to the funding of the public services that are vital to our population in Scotland. On behalf of the Board I wanted to record a special thanks to the leadership team and all of the staff at Revenue Scotland for the commitment and determination to deliver such a strong set of results.

Our current Corporate Plan which covers 2021-24 has a number of key strategic aims set out to continue Revenue Scotland's journey to be seen as a leader in Revenue Authorities. Strengthening our external relationships with stakeholders is a major priority. Our updated Communications and Engagement strategy, finalised in May 2022, sets out key actions we will take to get a better understanding of our stakeholders' needs. It also emphasises improving our communications and ensuring we remain transparent and thoughtful in our approach going forward.

It is vital in our primary role of tax collection, but also in our collaborative endeavours with Scottish Government and the tax community, that we innovate and enhance our services. We spent a significant amount of time engaging with those we serve and work alongside, and are grateful for the positive responses we have received to date. We were able to introduce an Enhanced Support Policy which provides tailored support at the earliest opportunity for those requiring additional assistance.

We have been able to recommence our educational LBTT webinars which have been well attended with positive feedback. The body of the report showcases the numerous advancements made in refining engagement processes, service design, and the increased collection of user feedback. We will always put excellence in customer service at the forefront and we are delighted with the further progress we have made this year.



Performance Report Statement from the Chair

Digital and data have remained at the core of our strategic priorities. We continue to invest in enhancing our data quality, refining our visualisations, and improving the digital experience for our stakeholders. Looking ahead, we will continue to innovate, collaborate, and share knowledge across our communities, ensuring Revenue Scotland remains a leader in digital and data capabilities. The direction of travel here will present many opportunities as well as challenges as the pace of change continues to accelerate and we are investing in greater capability to address an exciting future that will no doubt deliver greater benefits for all of our stakeholders.

During this year we have also been able to consider further our approach on equality, diversity and inclusion (EDI). We are proud to be an inclusive employer and accessible public service provider, and we know from our staff surveys how important this is to all the people who work in Revenue Scotland. We have gone further this year in embedding EDI in the foundations of

our working practices, our structures, as well as ensuring our users benefit from the enhanced support I mentioned earlier. While statistics can show improvements, it is in how we embed this in our DNA that will deliver sustained results and being acknowledged as a leader is a commitment we all share.

We go forward in 2023-24 with a level of dedication and commitment that will ensure we continue to grow our capabilities for the benefit of Scotland, and with a determination to build on the successes achieved to date. The professionalism of all in Revenue Scotland has shone through in 2022-23 and on behalf of the Board we warmly welcome and endorse this Report and Accounts.

Aidan O'Carroll
Chair of the Board



Performance Report Statement from the Chief Executive and Accountable Officer



As Scotland's tax authority, all of the revenues Revenue Scotland collects stay in Scotland to fund public services. It is therefore important that we strive to be as efficient as possible while also delivering a quality of service that enables taxpayers and their agents to understand their obligations and interact with us in as straightforward a way as possible. It was particularly pleasing therefore to pass the £6bn mark for revenues raised since 2015 and also to continue to deliver well against our key performance indicators which seek to measure our efficiency.

This year, we prioritised the investment of our small capital budget on improvements to our tax system and website. The improvements were all intended to enhance user experience and performance. To effectively drive change and design solutions, it was crucial to incorporate user feedback and insights. Ensuring that our services are as accessible as possible, we also launched an enhanced support service, which was carefully designed with the assistance of colleagues at the Scottish Government, Welsh Revenue Authority, His Majesty's Revenue and Customs, The Law Society of Scotland and many others whose input has proved to be invaluable. I am pleased to report that this new service has been well received.

Tax is a dynamic area of law and the use of our powers and approach we take in exercising them has developed over the years. Drawing on our experience, we have introduced changes to our legislation and towards the end of the financial year we brought to a satisfactory conclusion two significant litigation cases, which have been part of our work for a number of years. Our approach to developing our capability as a tax authority, through learning and development, continuous improvement, use of data and taking a strategic approach to workforce planning have all contributed to the developing of our expertise and becoming a credible voice as a tax authority and as a public body. We are using this expertise in our planning for the introduction of Scottish Aggregates Tax, the next wholly devolved tax and stand ready to offer assistance in the development of any future taxes in Scotland.



Performance Report Statement from the Chief Executive and Accountable Officer

Over the course of the year, we piloted a hybrid operating model, born out of our experience of working remotely during the COVID pandemic. A priority for us was to harness the benefits of working differently during the pandemic while also ensuring that the model we arrived at met business need. We undertook an evidenced based approach to determine the form of operating model that would deliver optimum performance by us, validated by external consultants and our internal auditors. Our model seeks to blend staff preference for working patterns and location with business need. In May of this year, our Board endorsed the executive team's recommendation to adopt this model of working for the foreseeable future. It is a testament to our approach that other employers have asked us to share our methodology and experience.

Finally, our staff are our most important asset. In Revenue Scotland we aspire to be an employer of choice, where diversity and inclusion are firmly part of our culture. Our staff regularly give us positive feedback on our culture and the people survey results for 2022 placed us as high performing across all themes when benchmarked against the 102 Civil Service organisations which took part. As ever, there is more we can do to ensure that Revenue Scotland remains a place where staff are given opportunities to thrive and develop. As we move into the last year of our current corporate plan and begin to plan for future years, our continued focus on our people, data and technology will enable us to continue to be able to deliver high quality public services that the people of Scotland expect.

Elaine Lorimer
Chief Executive



Performance Report Performance Overview

Introduction

This overview provides a concise summary of Revenue Scotland's purpose and objectives, along with a detailed account of its budget and performance for the year. The report outlines the key risks that were identified and managed in the achievement of those objectives. In the Performance Analysis section, included in the report on page 29, there is a comprehensive elaboration on these topics.

The performance report begins with a brief summary of our performance, followed by an in-depth analysis section that assesses our progress in relation to 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). It is 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, Revenue Scotland is part of the Scottish Administration and is 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 Revenue Scotland provides policy development support through the provision of advice, data, and information based on its operational experience.

Revenue Scotland works 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, Revenue Scotland provides anonymous, aggregated SLfT and LBTT data to the SFC.

In addition to delegating specific functions for SLfT collection to the [Scottish Environment Protection Agency \(SEPA\)](#), Revenue Scotland also collaborates with [His Majesty's Revenue and Customs \(HMRC\)](#) for compliance activity and participates 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 (page 52).

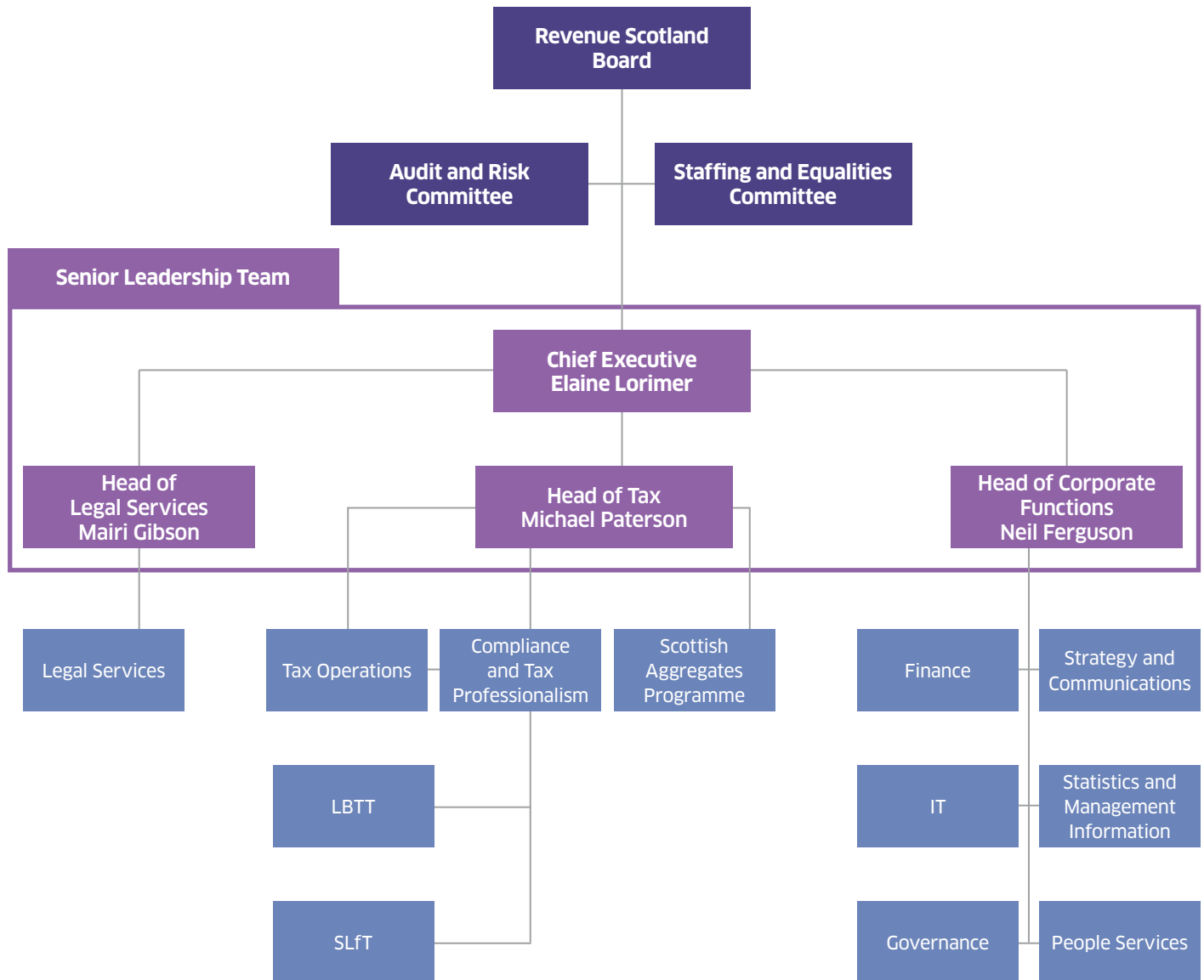
How we are structured

The 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. These positions report directly to the Chief Executive and are responsible for the operational leadership, directing, and coordinating the delivery of Revenue Scotland's strategic objectives.

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



Performance Report Performance Overview



How we are funded

Revenue Scotland is part of the Scottish Administration and its budget is set by the annual Budget Bill. The Scottish Government liaises with Revenue Scotland to identify its budgetary requirements which are then reflected in the Budget Bill that Ministers present to the Scottish Parliament. Where additional funding for major programmes is required, proposals for funding are developed in line with the guidance on business cases in HM Treasury’s ‘The Green Book: appraisal and evaluation in central government’.

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



Performance Report

Performance Overview

Revenue Scotland's purpose and vision

The [Corporate Plan 2021-24](#) outlines our purpose, vision, strategic outcomes and performance measures. These determine our priorities to ensure we continue our work 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 eight successful years in operation, we have solidified our position as a leading and respected figure within Scotland's tax and public sector landscapes.

Our Corporate Plan for 2021-24 is centred around four key strategic outcomes, as outlined below. These guide our efforts in achieving our strategic objectives, ensuring continued progress and adding value to the services we provide. Building on our impressive track record, which includes collecting nearly £6 billion in revenue since 2015, our plan charts the course for even greater success in the coming years.



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 outlined in the Corporate Plan. Performance is rigorously measured through the use of key performance indicators (KPIs) as set out in the Plan, and against the delivery of milestones related to the objectives of key projects. Our organisation has a Business Plan outlining projects and cross-cutting pieces of work which facilitate the achievement of strategic outcomes in the Corporate Plan, while also informing team plans and personal work objectives.

This structure creates a clear line of sight between the work objectives of each staff member and the strategic outcomes set out in the Corporate Plan. Our structured approach to performance management supports how the organisation monitors and records progress across the business.

National Performance Framework

The National Performance Framework (NPF) serves as the cornerstone for the Scottish Government's overall purpose and vision for Scotland, outlining National Outcomes to gauge progress towards achieving its broad goals. Our Corporate Plan 2021-24 aligns with and prominently features these National Outcomes, strategically directing and prioritising all organisational efforts towards realising those relevant to Revenue Scotland's remit.

To ensure successful delivery of the Corporate Plan, we define objectives and deliverables. These are translated into action through a comprehensive strategic framework of corporate strategies, business plans, and team plans. We have robust performance reporting processes in place, monitoring progress against objectives on a monthly and quarterly basis.

We also indirectly contribute to all National Outcomes by collecting devolved tax revenues which fund Scottish public services. The organisation particularly contributes to six of the National Outcomes: economy, environment, fair work and business, communities, human rights, and health. We support these areas through investment in staff, a commitment to equality, diversity and inclusion, collaboration with partners, stakeholders and taxpayers, and operating in an open, transparent, and accountable manner.

Scottish Landfill Tax, in particular, functions as an environmental fiscal measure and promotes the circular economy. In this way, we make an essential contribution to the environmental National Outcome of the NPF.

During the 2022-23 fiscal year, we began work on the proposed Scottish Aggregates Tax, further supporting the organisation's contribution to the environmental ambitions set out in the NPF. The Scottish Aggregates Tax, which will replace the UK Aggregates Levy in Scotland, is an environmental tax levied on sand, gravel, and crushed rock extracted in Scotland, encouraging the sustainable use of Scotland's natural resources.



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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

We managed a range of risks and issues during 2022-23. Our Board remained informed throughout the process, closely scrutinising and monitoring the management of these risks and issues. A detailed review of the Corporate Risk register and all of the risks within it was undertaken jointly between staff, members of the Board and the Audit and Risk Assurance Committee in August 2022.

Cyber security is a critical risk which affects all organisations in today's digital age. We are acutely aware of the threats that exist and have proactively taken measures to mitigate against these risks. These include:

- ▶ implementing robust security protocols
- ▶ providing training to employees on cyber security best practices
- ▶ developing a non-SCOTS device use policy for members of the Board
- ▶ conducting regular vulnerability assessments and penetration testing to identify and address any weaknesses in our systems and processes
- ▶ ensuring all third party supplier security credentials are up to date, specifically in relation to Cyber Essential Plus and relevant ISO certifications.

We recognise the importance of data in driving informed decision-making and ensuring we deliver effective services to taxpayers. We are developing data and digital strategies and strengthening our data governance framework to ensure we are collecting, storing and using data in a responsible and ethical manner. This includes ensuring we are complying with relevant data protection law, implementing data security measures, and leveraging technology to optimise our data management processes. We have also undertaken a data maturity assessment to understand where we are currently, and how much further we need to go to meet our aspirations.

Our organisation responded to three business continuity events over the past year, testing the resilience of the organisation.

In each instance, we implemented contingency plans allowing us to maintain business processes and minimise disruption to our service users and stakeholders. The ability to respond to business continuity events is critical to our long-term success, and we are committed to continually reviewing our response plans to ensure we can effectively navigate any challenges that may arise.



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Performance Overview

As part of our commitment to continuous improvement and maintaining a robust risk management framework, we have conducted a thorough review of our assurance map. This assessment has highlighted specific areas where we aim to enhance our controls to further strengthen our risk mitigation measures.

The assurance map review process involved a comprehensive evaluation of our existing controls and their effectiveness in addressing potential risks across various business functions. While we have successfully implemented sound controls in many areas, we recognised the need to fortify our approach in certain key domains to ensure comprehensive risk coverage. Some initiatives to address issues and mitigate risks are included below.

Tax solutions

To enhance the management of risks associated with digital system performance and adaptability, we upgraded our contact management system. This new system streamlines operations for call handlers, ensuring more efficient support for callers. Its advanced reporting capabilities provide valuable insights into frequently asked questions, guiding us in refining our guidance, website, and communications with taxpayers. For a comprehensive overview of our corporate risks, refer to page 48.

In 2022-23 we engaged with a wide range of stakeholders to develop our Enhanced Support Policy. The Policy aims to help service users who may need additional support. Help may include providing documentation in braille or large print, access to translation services, help to register a Power of Attorney and access to a video relay service for Deaf/BSL users.

The Enhanced Support Service launched on 3 April 2023. Improvements to the user journey for lease taxpayers were also made and included updates to our online portal and additional communication methods being trialled. Further enhancements are planned for 2023-24.

We continued with planning, resourcing and governance arrangements to support decision making in complex cases. Performance reports and updates covering these matters are regularly scrutinised by the Board and Senior Leadership Team.

Communications and Stakeholder Engagement

Over the past year, we have made significant strides in improving our communications and stakeholder engagement efforts. Stakeholder engagement is critical to our reputation, building trust, managing risk and achieving our strategic outcomes.

We held a stakeholder roundtable event in January 2023, to inform the development of our Stakeholder Engagement Strategy. This brought together representatives from some of our key external stakeholder groups to discuss their expectations, concerns, and feedback. The discussion provided valuable insights into the needs and priorities of our stakeholders and helped us to identify areas where we could further strengthen and target our engagement efforts.

We have implemented a range of other initiatives to improve our communications with stakeholders. This includes regular updates on our activities and performance through our website and social media channels, as well as targeted communications to specific stakeholder groups.



Performance Report

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We have also established feedback mechanisms to ensure we receive and respond to stakeholder feedback in a timely and effective manner. This includes regular surveys, focus groups, and other forms of engagement to solicit feedback on our activities and performance.

Legislative change

We recognise the importance of keeping up to date with relevant legislation and adapting our approach as necessary to ensure compliance. There will be several upcoming legislative changes that will affect our remit and operations, and over the year we took proactive measures to ensure we respond appropriately.

Our staff maintain an overview of legislation developments in areas relevant to them or to Revenue Scotland generally. For instance, Corporate Services teams keep up with developments in relation to data protection, procurement and equalities, diversity and inclusion. Tax and legal colleagues stay informed about developments in tax processes from other tax authorities and comparable tax systems. Over the year we liaised with the Scottish Government in relation to amendments to subordinate legislation relevant to SLfT.

Staff capacity and capability

Our staff are our most valuable asset, and we are committed to ensuring we manage their capacity and capability effectively. This includes ensuring we have the right people in the right roles, with the necessary skills and experience to deliver our strategic objectives.

Our People Services team are responsible for managing our staffing levels and supporting the Senior Leadership Team in our strategic work force planning to ensure we have the necessary resources and capabilities to meet our objectives. This team conducts regular reviews of our staffing levels and works closely with managers to identify any areas where additional capacity or capability is required. Our processes and systems include:

- ▶ conducting regular performance reviews and training needs assessments to identify any areas where staff require additional support or development
- ▶ identifying high-potential staff using our talent management programme, which helps us to provide employees with opportunities for development and career progression
- ▶ conducting regular strategic workforce planning sessions.



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Delivering legislative change

In December 2022 we implemented a change announced in the Scottish Budget for the Additional Dwelling Supplement (ADS). The change resulted in the ADS rate of 4% rising to 6%. The revised rate applies to contracts entered into on or after 16 December 2022.

We have been actively collaborating with Scottish Government Policy colleagues in the design and implementation of legislative change. Our collaboration involved two consultations in 2022-23 on the ADS and a relief from LBTT for transactions occurring in Green Freeport areas. We also liaised with the Scottish Government on the introduction of the Scottish Landfill tax (Prescribed Landfill Site Activities) Amendment Order 2022. Additionally, we started a review of the legislation we are responsible for administering, building on our eight years of operational experience. This involvement will continue into 2023-24.

Rates for residential and non-residential LBTT remain unchanged. The Scottish Budget 2022-23 also confirmed, and we implemented, an increase in SLfT rates from 1 April 2022, as follows:

Rate/Year	2022-23	2021-22
Standard rate per tonne	£98.60	£96.70
Lower rate per tonne	£3.15	£3.10

Dispute Resolution

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, 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 First-tier Tribunal for Scotland (Tax Chamber) (FTTS). In that forum we co-operate with the FTTS in fulfilling its overriding objective to deal with cases fairly and justly.

During 2022-23 we participated in five tribunal hearings, of which three were LBTT appeals and two were SLfT appeals. One SLfT hearing was heard by the Upper Tribunal. One LBTT hearing and two SLfT hearings were conducted virtually. The remaining two hearings were held in person.

Electronic submission of documents to the Tribunals has become routine for both virtual and in-person hearings. We welcomed this improvement for ease of access and alignment with our ambitions to be digitally enabled.

The technology and arrangements for virtual hearings has worked well and we welcome the availability of an alternative format. There is a mix of factors bearing on which format is appropriate in any particular case and we are supportive of legal developments in this area.

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



Performance Report

Performance Overview

Since Revenue Scotland was established in 2015, we have been collecting data in relation to litigation. Trends consistently show higher volumes of LBTT appeals compared to SLfT appeals.

Further information on appeals in 2022-23 is available on page 34.

Future Operating Model

During 2022-23 we continued to pilot hybrid working. Our hybrid working model sought to deliver excellent customer service while also considering the health, safety and wellbeing of our staff, the performance of our statutory functions, delivering value for money, future scalability, and alignment to our strategic aims (including diversity and green recovery). Our hybrid working model was designed to offer staff flexibility whilst ensuring business needs were met. To achieve this we adopted a persona-based model to provide clarity and define the purpose of the office. In preparation for our pilot we developed a hybrid handbook, a duty manager guide, and defined our evaluation criteria. Adopting an evidence based approach was our priority. The hybrid pilot commenced in September 2021 and was introduced in two phases. The second phase commenced in April 2022 and enabled all staff to interact with the office with a purpose.

We committed to piloting an evidence-based hybrid model, which would be subject to evaluation to ensure it was achieving key outcomes. A range of quantitative and qualitative data was identified and used throughout the pilot to score the evaluation themes and improve aspects of hybrid working if needed. This data was independently evaluated by Internal Audit in a report at the end of the pilot period.

During the pilot, various Pulse Surveys of staff were taken. These covered areas such as first day experience, duty manager experience and employee one-to-one consultations. Results from the Pulse and People Surveys indicated staff preferred the hybrid model, and it had a positive impact on their health and wellbeing.

Measures of performance showed we performed well over the period of the pilot, and staff have also reported they are connected as one organisation and are more productive. Outcomes from the KPIs show we have continued to meet or exceed operational requirements during the hybrid pilot, whilst providing a high level of customer service. All KPIs are reported as on track for 2022-23.

In order to optimise the employee experience and the green recovery, we began the pilot introduction of a Glasgow hub in June 2022. This allows staff to collaborate and attend an office nearer their home location. The evaluation of this pilot will continue into 2023-24. We have also purchased a cloud-based desk and room booking system to provide quantitative data on office attendance.

The pilot concluded in March 2023. A report recommending we adopt a hybrid working model was presented to our Senior Leadership Team and our Board for approval in May 2023. The proposed operating model was approved.

As the Scottish Government continues its journey towards defining its future working model, we are actively engaging by sharing our experiences and lessons learned to support their decision-making process.



Performance Report

Performance Overview

Performance summary

Key projects

Our Business Plan includes key strategic projects for 2022-23. These represent a significant investment and/or which are of strategic importance to the organisation and contribute to the delivery of the Corporate Plan. At the end of 2022-23, most projects remained on track or were completed.

Project and scope	Progress	Status
<p>1. Scottish Aggregates Tax Programme</p> <p>To implement Scotland's next devolved tax.</p>	The introduction of Scottish Aggregates Tax remains on track with the programme schedule. We continue to work closely with partners and stakeholders in preparation for the launch of the tax.	On track
<p>2. Legislative Framework Project</p> <p>To begin a process of analysis and research to support legislative change, aimed at delivering a world-class, leading tax authority for the people of Scotland.</p>	The initial stages of proposed legislative change have been shared with some partners and stakeholders. As well as this, changes to the ADS and the introduction of an LBTT relief for Green Freeports are underway.	On track
<p>3. Capital Investment in SETS</p> <p>To deliver ongoing investment and improvements to the Scottish Electronic Tax System (SETS).</p>	Progress continues to be made to deliver improvements to the SETS system. Five major releases were successfully deployed throughout 2022-23.	On track
<p>4. Data Maturity Assessment</p> <p>To gather, assess and analyse Revenue Scotland's data literacy and capability.</p>	The assessment results have been analysed and proposals have been drafted to improve our data capability.	On track
<p>5. RS Futures Project</p> <p>To run 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>	The pilot has been completed and undergone evaluation. Hybrid working has been approved as the operating model for us going forward.	On track



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Project and scope	Progress	Status
<p>6. Leadership Programme</p> <p>To deliver a leadership development programme for staff within Revenue Scotland.</p>	Delivery of the programme is nearing completion.	On track
<p>7. Three-yearly Lease Reviews</p> <p>To drive an increase in quality and quantity of received lease returns in Revenue Scotland.</p>	The 'occupier letter' trial improved engagement and has been permanently embedded. Upcoming lease return changes aim for fewer errors and better data quality.	On track
<p>8. Develop and implement a stakeholder engagement programme</p> <p>To undertake the delivery and implementation of a specific stakeholder engagement programme.</p>	Initial consultation with key external stakeholders has begun. Progression remains on track for completion.	On track
<p>9. Test and develop new system of service user feedback mechanisms</p> <p>To evaluate new systems and methods of receiving service user feedback across Revenue Scotland.</p>	Development of KPI 7, user feedback agreed. A new feedback mechanism via the SETS platform remains open and future progress remains on track.	On track
<p>10. Procurement: Contact Management System</p> <p>To procure a replacement contact management system for Revenue Scotland.</p>	The new contact management system was successfully procured and launched in September 2022.	Complete
<p>11. Procurement: Tax Finance Portal</p> <p>To procure a new tax finance system for Revenue Scotland.</p>	The new tax finance system was successfully procured and launched in November 2022.	Complete



Performance Report

Performance Overview

KPIs overview

The Corporate Plan 2021-24 includes 10 key performance indicators (KPIs) which demonstrate our performance against the plan and towards our targets.

Full details relating to each KPI and target can be found in the Performance Analysis section of this Annual Report and page numbers are provided in the table.

The KPIs demonstrate our operational performance and response to organisational changes. Our strong performance was maintained through the COVID-19 pandemic and during our transition to hybrid working since 2021-22.

New KPIs were introduced in the Corporate Plan to monitor our performance across a broader range of our activities. Our KPIs are set against new strategic objectives, including work relating to equalities mainstreaming, service user feedback, and progress towards becoming a greener organisation. Previous KPIs were also updated to reflect our performance more accurately against key areas. For these reasons comparison to previous years is not always available.

No.	Indicator	Target/Indicator	2022-23	2021-22	Status	More info
1	Tax collection rate: percentage of tax declared which has been collected	Not less than 99%	99%	99%	Achieved	page 30
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%	95%	Achieved	page 31
3	Tax secured through Revenue Scotland's compliance activity	Compared to previous year's compliance activity, no formal target set	£10.4m	£721k	Not applicable	page 32



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No.	Indicator	Target/Indicator	2022-23	2021-22	Status	More info
4	Administrative cost of tax collection	<1%	0.71%	0.68%	Achieved	page 30
5	Skills and knowledge development	>90% of staff having completed 30 hours (pro rata) learning and development	96%	94%	Achieved	page 36
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 score of 12, within the top 25%	Combined score of 33	Achieved	page 38
7	Service users' feedback ¹	Service User satisfaction score >75%	N/A	N/A	Agreed in Feb 2023, live from Apr 2023, ready to deploy	page 40
8	Equalities	RAG status applied based on progress against Equalities Mainstreaming action plan	Green	Green	Achieved	page 41-42
9	Environment	Removed	N/A	N/A	Removed ²	page 43
10	Delivery of key strategic projects	Combined RAG status of 10 key strategic projects	Green	Green	Achieved	page 45

1 Throughout 2021-2022 and 2022-23 Revenue Scotland gathered service user feedback via the online tax collection system SETS; this will continue during 2023-2024 and form part of the larger KPI around service user feedback. For more information, see page 40.

2 During 2022-23, the Board agreed that KPI 9 was to be set aside, to focus on delivering green objectives. The difficulties in reporting these due to varying criteria, necessitated the removal of the KPI.



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 2022-23 expenditure	6,909	7,021
Financial year 2021-22 expenditure	6,338	6,596

Expenditure against Capital Budget (Note 5 of Financial Statements)	Actual Total £'000	Budget Total £'000
Financial year 2022-23 expenditure	666	700
Financial year 2021-22 expenditure	299	500

In 2022-23 revenue expenditure was £112,000 (2%) less than budget, and capital expenditure was £34,000 (5%) less than budget. Savings occurred in many areas as a result of the pilot in hybrid working. In addition, outcomes from litigation and resolving disputes resulted in savings in legal costs compared to the budget.

Development of SETS remains a priority for us, with ongoing expenditure planned over the length of the current contract.



Performance Report

Performance Overview

In 2022-23 we spent £0 (2021-22: £67,000) on costs associated with our response to the COVID-19 pandemic. These were:

	2022-23 £'000	2021-22 £'000
IT	0	7
Consultancy	0	60
Total	0	67

In 2021-22 expenditure related to minor IT hardware and expenditure incurred with management consultants to assess a range of operating models prior to running the pilot.

Devolved Taxes

Revenue net of repayment, excluding interest payable and revenue losses	2022-23 Tax, penalties and interest receivable Total £'000	2022-23 Budget Act estimates Total £'000	2021-22 Tax, penalties and interest receivable Total £'000
LBTT	847,836	749,000	807,183
SLfT	109,699	101,000	125,248
Penalties and interest	2,797	0	1,245
Total	960,332	850,000	933,676



Performance Report

Performance Overview

The values in the above table are for tax returns and amendments submitted during 2022-23. They are adjusted for the value of LBTT and SLfT returns received during April and May 2023, which relate to the period up to March 2023.

The tax returns submitted during 2022-23 may include adjustments to returns originally submitted in previous financial years.

However, unless these adjustments were received in April or May of the relevant financial period and therefore accrued into the financial statements of that year, these are accounted for in the year of receipt.

The LBTT revenue raised in 2022-23 is dependent on performance of both the residential and non-residential property markets within Scotland.

The SLfT revenue raised in 2022-23 is dependent upon categories and tonnage of waste deposited in landfill sites within Scotland.

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

The housing market continued to recover in 2022-23 from the pandemic. A summary of the tax revenue and our resource spend over the period 2018-23 is shown on pages 106-109 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 2022-23, which is published separately.



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 24-25.



Excelling in Delivery

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

To achieve this, we have 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.

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've accomplished and how it ties into our overall success as a modern public body.



Performance Report

Performance Analysis

Tax revenue

	2022-23 £'000	2021-22 £'000
LBTT	847,836	807,183
SLfT	109,699	125,248
Penalties and interest	2,797	1,245
Total tax	960,332	933,676

Tax revenues were at a record high in 2022-23, and 3% higher than 2021-22 which had been affected by the pandemic. Residential LBTT revenues declared were the highest seen in a financial year, driven by increasing house prices. Non-residential LBTT revenues decreased compared to 2021-22 but remained higher than in previous years. Last year saw the second lowest volumes of waste going to landfill in a year, since SLfT was devolved, after the pandemic affected 2020-21. SLfT Revenues declared in 2022-23 were also the second lowest after 2020-21, as the decreases in waste were counteracted by the increases in taxation rates each year.

Several of our KPIs monitor performance of our strategic outcome “Excelling in Delivery”.

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

Our service efficiency is evident in KPI 4, which highlights the minimal administrative cost of tax collection. For 2022-23, the collection cost was less than 1%, meeting our set benchmark.

The SLfT team has maintained and refined the risk-based compliance approach introduced last year, focusing on quarterly returns and deepening our understanding of the landfill industry and its operators in Scotland. After a pause during the pandemic, our SEPA-designated officers have resumed on-site landfill assessments to evaluate operational risks. In 2023-24, our officers plan to join SEPA officers during these site visits.



Performance Report

Performance Analysis

Guidance, advice and support

The service we provide to taxpayers is of crucial importance to our core purpose. Our KPI 2 is a composite measure of response times to different service user requests, including calls, written correspondence, and time to process claims for repayment of tax. Throughout 2022-23 we constantly maintained our target of 95%.

We are continuing to explore opportunities to enhance our service offering. Based on quantitative and qualitative user research and engagement workshops that took place in 2022-23, work is underway to make improvements to our online portal for agents.

In 2022-23 we updated multiple sections of our online LBTT guidance after seeking views from stakeholders ahead of publication. To inform our changes, we considered user feedback, litigation decisions, website traffic (using Google Analytics) and areas subject to legislative change. A 2023-24 guidance project plan is now in place for further pages to be updated.

Following the success of the LBTT guidance overhaul, we are now focusing on a similar review of the SLfT guidance to provide a clearer support for the landfill industry.

Capital Investment Programme

Our Capital Investment Programme is aligned with, and delivers, the digital and data priorities set out in our Corporate Plan.

Working closely with our suppliers, in 2022-23, the programme delivered a digital programme focusing on four key areas of activity:

- i. enhancements to our online tax system (SETS) that would improve our processes and make the management of devolved taxes in Scotland easier and more efficient
- ii. the replacement of our legacy contact management solution with a more modern and fit for purpose cloud-based system that better meets our needs, particularly in a hybrid working environment
- iii. updating our finance system to the latest version in support of future use cases
- iv. refreshing our IT hardware where needed to ensure our staff have the appropriate equipment to undertake their roles.

Governance for the programme is provided by the Capital Investment Programme Board, which includes external representation from the Scottish Government. The Programme Board oversees the work of the programme team to monitor and report progress, manage programme risks and finances, and agree any changes to programme plans as required.



Performance Report

Performance Analysis

Compliance

Revenue Scotland's core function is the collection and management of the devolved taxes. In other words, we have a duty to protect and ensure the correct amount of revenues are collected. As highlighted above under 'guidance, advice and support', 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, as set out in our Compliance Strategy, 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.
- ▶ **Assurance** – Using our statutory powers appropriately to help taxpayers to get to the right tax position. This includes checking returns to ensure they are complete, accurate and highlight any errors; 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.

We work in close collaboration with other UK tax authorities, sharing information, intelligence and knowledge with HMRC and the Welsh Revenue Authority (WRA). We do this within the legal gateways in the RSTPA and through our Information Sharing Agreements. In addition, as part of a broad approach to compliance, we 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.

We continue to develop a more strategic, data-led approach to our compliance activities. This ensures our resource is targeted toward the most significant tax risks. The benefits of this approach are reflected in the 2022-23 compliance activity results.

As measured under KPI 3, tax secured through our compliance activity was £10.4m in 2022-23, compared to £721k in 2021-22. The results reflect activity over a number of years which reached a conclusion during 2022-23 but doesn't include upstream compliance activity, such as improving guidance to assist taxpayers to comply with their obligations.



Performance Report

Performance Analysis

Disputes

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

Complaints

Complaints are expressions of dissatisfaction about the organisation's action or lack of action, or about the standard of service provided by 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. Our complaints handling procedure seeks to resolve taxpayer dissatisfaction as close as possible to the point of service delivery. It aims to conduct thorough and impartial investigations of complaints, so evidence-based decisions can be made on the facts of the case.

The complaints handling process complies with the [Scottish Public Services Ombudsman's \(SPSO\) guidance](#). This allows for two opportunities to resolve complaints internally:

- ▶ Stage 1 - frontline resolution (response target timescale - 10 days or less)
- ▶ Stage 2 - investigation (response target timescale - 20 days or less).

Complaint Stage	2022-23		2021-22	
	No. of complaints received	Resolved within target timescales	No. of complaints received	Resolved within target timescales
Stage 1	7	100%	4	100%
Stage 2	0	-	0	-



Performance Report

Performance Analysis

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 its 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

	2022-23	2021-22
Number of cases at 1 April	10	6
New cases initiated	13	11
Cases decided	7	7
Cases settled ³	11	0
Number of cases at 31 March	5	10

During 2022-23, eleven appeals were initiated in the FTTS, one in the UTS and one in the Court of Session. The Court of Session appeal concluded without requiring further judicial process. Some of the appeals related to the same facts and issues.

³ 'Settled' covers a range of outcomes including: agreement between the parties, withdrawal of the appeal by either Revenue Scotland or the taxpayer, or for instance, duplicate appeals raised in error.



Performance Report

Performance Analysis



Investing in our People

The second strategic outcome in our Corporate Plan 2021-24 – Investing in our People, reflects our ambition to be a high-performing, outward-looking and diverse organisation, providing a great place to work. The organisation places high value on staff motivation and engagement and we invest in our employee learning and development, and health, safety and wellbeing. This enables us to develop and support a highly skilled workforce that upholds the required standards of professionalism and integrity.

The seven strategic 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.

In 2022-23 we enhanced the Shared Service agreement with Scottish Government People Directorate. Our people advice and wellbeing provision is now delivered in-house through a small team of HR professionals, who support staff and managers with an ethos of early intervention and prevention.



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

The delivery of this strategic outcome is primarily assessed by gauging our organisation's performance against KPI 5. This indicator quantifies skills and knowledge development time, showcasing our dedication to nurturing our workforce and fostering competence. Additionally, KPI 6 plays a crucial role, evaluating both the People Survey Engagement Index and the Proxy Stress Index. These metrics collectively underscore our commitment to ensuring employee well-being, engagement, and overall organisational health.

KPI 5 achieved 96% of staff completing at least 30 hours of learning and development against a target of 90%. KPI 6 achieved a combined performance score of 12, which places our organisation in the upper quartile of 25 or less.

Our commitments include taking action to improve the diversity of our workforce and removing barriers to employment in line with our equalities action plan.

Following a campaign to improve our diversity declaration rates, our diversity data is now largely representative of Scottish working age population.

We continue to improve our inclusive recruitment practice, all staff engaged in recruitment must undertake inclusive recruitment training. We were the first department within Scottish Government main pay bargaining unit to adopt the Employee Passport. This was launched in partnership with Scottish Government in June 2022.

During 2022-23 we engaged staff in our diversity, and health and wellbeing calendar of events. This included celebrating National Inclusion Week and Diwali. With the support of external partners, we also engaged staff in wide range of health and wellbeing subjects. These ranged from financial wellbeing and menopause awareness, to testicular cancer awareness. At the beginning of 2022-23, we moved to the second phase of our hybrid pilot; this gave staff the flexibility to interact with the office. Employee engagement and connection within Revenue Scotland remained a noteworthy consideration throughout the year, aimed at enhancing our hybrid work environment. Various initiatives have been implemented to bolster these aspects, including:

- ▶ biannual in-person staff conferences engaging staff in future priorities and a hybrid operating model
- ▶ health and safety training
- ▶ Pulse Surveys
- ▶ staff guidance on hybrid working
- ▶ defined roles and individual personas to meet business needs and offer staff choice on workplace
- ▶ health and wellbeing activities.



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Learning and development is a major focus in our People Strategy. We know that having a skilled team is crucial for our success. We've been consistent with our Scottish Tax Education Programme (STEP) and ensured that new team members get a solid foundation through the 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, allowing our colleagues to pursue formal qualifications to excel in their roles. Alongside that, the leadership development program has given us opportunities to step up our leadership abilities together.

We've revamped our Induction program, now including in-person sessions to add a personal touch. In terms of learning, we're offering both in-person and virtual options to cater to everyone's preferences.

Our commitment to learning and growth is evident in the results of the Civil Service People Survey. More than 82% of us feel that the learning opportunities provided are valuable, and around 72% believe that these learning activities have a positive impact on our performance.

As our work setup continues to evolve, we're still dedicated to staying united. We've been actively exploring how our role personas align with the office setup, and regular all-staff meetings are keeping everyone informed about the latest developments.

Over the past year, we've organised two in-person staff conferences. These events have been great opportunities to come together as one team, discuss the importance of diversity and inclusion, and figure out effective strategies for our hybrid work model.

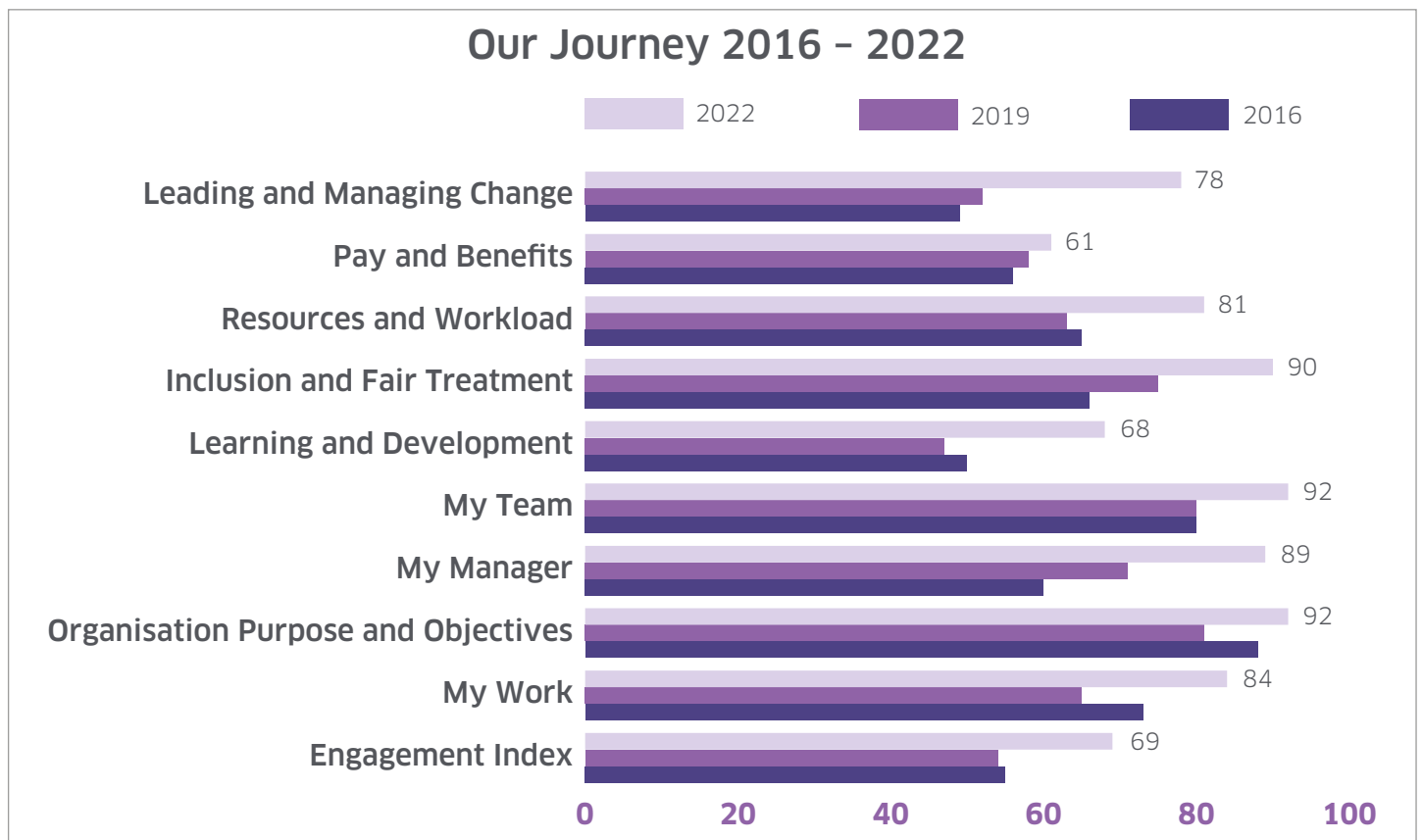
We strongly believe in giving everyone a chance to voice their opinions. The 2022 People Survey reports 92% of respondents understand our organisational objectives and how their work contributes to them.



Performance Report Performance Analysis

Our 2022 People Survey⁴ results saw an increase compared to the 2021 Engagement Index to 69% from 65%. The index is comprised of five questions measuring pride, advocacy, attachment, inspiration, and motivation. The Proxy Stress Index decreased by an additional 1 percentage-point to reach 22%, with a low score being desirable. This index measures factors that cause stress rather than those that alleviate it. 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 saw a 7 percentage-point increase across this theme, which is 24 percentage-points higher than the Civil Service average score, placing our organisation as joint fourth highest across the 102 Civil Service organisations that took part in the survey. Our People Strategy action plan will continue to drive the areas for continued development identified from the People Survey.



⁴ The People Survey is an annual cross-Civil Service staff survey.



Performance Report Performance Analysis

Reaching Out

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

To achieve this outcome, we have seven strategic objectives:

- ▶ engage users in the design of our services, maximising the opportunities of technology and drawing on best practice from other service delivery organisations
- ▶ help taxpayers to understanding and comply with their tax obligations through the services we provide
- ▶ engage regularly and effectively with users to keep them informed, content and productive, enabling them to work collaboratively
- ▶ effectively communicate data and analysis to our stakeholders and audiences. 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



Performance Report

Performance Analysis

Stakeholder engagement

We have continued to engage with a wide range of stakeholders throughout 2022-23. This has involved:

- ▶ regularly meeting with Scottish Ministers and their officials, and providing advice based on our operational experience to support the development of policy and legislation
- ▶ providing data and information about the performance of the devolved taxes to the Scottish Fiscal Commission (SFC) to support the independent forecast of Scottish tax revenue
- ▶ producing statistics on both devolved taxes which are published on the Revenue Scotland website
- ▶ engaging with other tax authorities on tax administration issues, as well as with other public bodies on a range of corporate issues, such as risk management, business planning and equalities and diversity
- ▶ participating in the Finance and Public Administration Committee's roundtable discussion on the National Performance Framework.

We were delighted to develop relationships with the New Zealand Inland Revenue and Estonia's Chief Technology Officer, both of whom generously gave their time to meet us virtually to share knowledge and experiences. Moreover, we were honoured to welcome a delegation from the Nepalese Government who had approached us to learn more about what we were doing in Scotland. The delegation was looking to meet with us to ask us about our experiences of devolution and setting up a new tax authority.

Service user feedback

We are committed to putting the users at the heart of our service. As part of this commitment, we have developed KPI 7, which aims to measure our ability to gather and use service user feedback. Towards the end of 2022-23, KPI 7 was finalised and agreed. Reporting of the KPI is due to begin for the financial year 2023-24 on a quarterly basis.

During the year, we received almost 2,000 pieces of feedback through a number of channels and engaged externally with various stakeholders. We use the feedback we receive to continually improve our service delivery, including our tax guidance on the website, tax return system (SETS), and processes as a result of specific feedback.

Our main priority for 2022-23 has been to better understand the performance of the tax return system (SETS) and how it can be improved. To achieve this, we have conducted a variety of research activities with our users and stakeholders, including:

- ▶ **Surveys** – We conducted a survey of SETS users to gather their feedback on the system's usability, functionality, and overall satisfaction. This method offers a comprehensive view of user opinions and insights.
- ▶ **User interviews** – To gain a deeper understanding of user experiences with the SETS system, we carried out in-depth interviews with a small group of users. This allowed us to explore individual experiences, uncover specific pain points, and collect qualitative feedback that might not come to light in a survey.



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► **Usability testing** – For the purpose of pinpointing specific areas for improvement within the SETS system, we engaged in usability testing. This involved hands-on interaction with a group of users in real-life scenarios. By observing their interactions, we could identify any obstacles or challenges, leading to improvements related to usability and user experience.

The feedback we received from these research activities has been invaluable in helping us to understand evolving user needs, understand the strengths and weaknesses of the system and enable co-design.

The feedback and data collected from the research is actively used to direct change and implement improvements to our services going forward.

We will continue to increase the methods and frequency of our service user engagement as laid out in our new Communications and Engagement Strategy.

Equalities

We are committed to being an organisation with equality, diversity, inclusion (EDI) and belonging at its core, for both staff and for the people we serve. We continue to monitor our progress against achieving our actions as laid out in our Equalities Mainstreaming Progress Report via KPI 8, which we published at the end of 2021-22.

This Report is supported by an Equalities Mainstreaming Action Plan, providing us with another means of mainstreaming the Public Sector Equalities Duty (PSED) into our organisation and demonstrates our readiness to be held to account in relation to it.

The outcomes identified in the Equalities Mainstreaming Progress Report 2020-22 are:

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

We have strived for excellence whilst delivering upon and embedding equalities, diversity and inclusion throughout our organisation. Additionally, we updated our equalities strategy to emphasise Equality Outcome 2, aiming for a diverse workforce that values equality, diversity, and respect, while also enhancing our data collection and usage methods.



Performance Report

Performance Analysis

In part due to our dedication and the significance we place upon EDI and belonging in Revenue Scotland, we began to look at improving our offerings and driving engagement in this area via a transformation exercise.

- ▶ We introduced several new groups, including our Equalities Steering Group, comprised of key stakeholders within RS and additional external stakeholders with significant experience of working in the equalities field.
- ▶ Secondly, we introduced our Equalities Working Group, comprised of passionate EDI leaders and figures from across all areas of our business, to act as a conduit for feedback and for the delivery of new strategic and significant EDI projects and priorities across Revenue Scotland.
- ▶ Finally, we launched our EDI Champions network, comprised of passionate individuals throughout Revenue Scotland who role model our behaviours, demonstrate our commitment to EDI on a daily basis and champion our values as an organisation.

We also delivered a number of key projects, which significantly contribute towards our goal of being increasingly, equal, diverse and inclusive.

- ▶ We formally launched our Enhanced Support Policy, which provides an enhanced level of support to those who need it most.
- ▶ We began to undertake an exercise to analyse and assess our ability to complete Equality Impact Assessments (EqIA).
- ▶ We proudly achieved Disability Confident Level 2 status in 2022.

Revenue Scotland acknowledges there is still work to be done and we stand prepared and engaged to continue our EDI Journey.



Performance Report

Performance Analysis

Looking Ahead

The fourth strategic outcome in our Corporate Plan 2021-24, Looking Ahead, aims to plan and deliver change and improvements to our systems and processes flexibly, on time and on budget.

To achieve our Looking Ahead outcome, we have seven strategic 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

Our commitment to the environment and the integration of sustainable practices into our operations remain at the forefront of our strategic direction. We bolster our environmental stewardship by focusing on minimising emissions from our facilities, optimising waste reduction, enhancing reuse strategies, and advocating for eco-friendly travel methods for our business undertakings.

As part of our Green Strategy, this year marked the launch of our first-ever staff sustainability survey. This was aimed at understanding attitudes and behaviours related to commuting and remote work. Notably, the valuable data derived from this survey was utilised by external consultants in their independent evaluation of our hybrid work pilot. This invaluable external analysis, combined with our internal insights, will be instrumental in shaping our future work model.

A significant portion of our sustainability efforts is geared towards updating legislation to enhance digital interactions with taxpayers. This initiative aims to substantially cut down on paper waste and carbon emissions associated with postage, whilst reducing costs for taxpayers.

In anticipation of the Scottish Aggregates Tax, we have initiated strategic dialogues with the aggregates industry. Our goal is to work with the industry to enable us to formulate the most environmentally sound tax, with an emphasis on digital processing.



Performance Report

Performance Analysis

We further support Scotland's climate change goals by collecting the Scottish Landfill Tax (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. However, in 2022-23 waste tonnage decreased to a lower level than before the pandemic. Collaborative efforts with the Scottish Environment Protection Agency (SEPA) have generated over £109m in tax revenue in 2022-23.

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, £60.7m has been contributed to the fund, with £7.4m 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.

As we prepare for the biodegradable municipal waste ban scheduled for 2025, we continue to foster close relationships with stakeholders in the Scottish landfill industry. This waste reduction initiative aligns with Scotland's climate change and circular economy objectives. However, it will likely result in a decrease in SLfT revenue. This scenario presents potential tax risks emanating from factors such as waste misclassification, as well as increased scope for unauthorised waste disposal. To mitigate these risks, we have integrated them into our compliance plans and will persist in our collaboration with colleagues at SEPA to pre-emptively address any emerging challenges.

ADS review

The Scottish Government launched an ADS review in 2021-22, including a call for evidence and a consultation. Changes to the ADS as an outcome of the review will involve legislative change and we will work closely with Scottish Government policy colleagues on implementing these in 2023-24.

Scottish Aggregates Tax

We have commenced work on Scotland's third devolved tax, Scottish Aggregates Tax, and have established a dedicated programme to deliver the new devolved tax. We are working closely with Scottish Government colleagues as they develop the legislation which will underpin the new tax.

Engagement with the aggregates industry has been crucial to the development of the legislation. This has helped to better understand how the Scottish Aggregates Tax will achieve its policy aims, consult on key aspects, such as exemptions, reliefs and cross border arrangements and the effectiveness of the current UK levy.

A working group has been established and we play a key role in its workings. We will continue this close engagement as we move from the legislation phase into system development and delivery. In addition, we are engaging with colleagues in HMRC and wider Scottish Government to ensure a smooth transition to the operation of the new devolved tax.



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Our programme will ensure our staff and service users 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.

In support of a Digital First approach, we will further develop our SETS digital platform to enable online collection of the tax by default.

We have 10 outstanding strategic projects which remain priorities for 2023-24 and these will be monitored using KPI 10. These are as follows:

- ▶ Our futures project, which via our Hybrid Pilot has tested and evaluated our ability to work in a Hybrid manner and the effect of this on our offerings, performance and staff. The project was completed and recommendations approved by our Board in early 2023-24.
- ▶ We will support our staff through the delivery of Scottish Government's HR Transformation Programme.
- ▶ As part of our People Strategy we will develop a capability matrix that measures our skills across our workforce and provides the required learning to build capabilities.
- ▶ We continue to work with our Scottish Government policy partners, industry representatives and others to realise the ambition to create legislation to enable devolution of the UK's Aggregates Levy during the lifetime of this current parliament.
- ▶ We aim to have data and digital at the forefront of the design of the new tax.

- ▶ We will deliver an ongoing programme of legislative change to improve and diversify the offerings and abilities of Revenue Scotland as a service provider. This will enable us to become increasingly digital by design and ensure we remain a world-class tax authority.
- ▶ During 2022-23, we continued to enhance the three-year lease review processes. Improvements were made to our tax collection system (SETS) and further enhancements will be made during 2023-24. These changes are anticipated to reduce the likelihood of data input error and make the process of submitting a return smoother for both agents and taxpayers.
- ▶ Our Capital Investment Programme aims to make continuous improvement to the tax collection platform SETS alongside the range of digital services and technologies used across the organisation.
- ▶ To enhance our user experience we have expanded our use of service user feedback. This enables us to gain insights from our users and better target system and service improvements.
- ▶ Based on the progress we made in 2022-23 in understanding the priorities and needs of our stakeholders, we will enhance our engagement with external audiences and implement a programme of activities to maximise our impact.

We will report progress on these objectives in our 2023-24 Annual Report.



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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 and Scottish Government's Risk Management Guidance document.

The framework sets out the process for identifying and documenting risk, assigning ownership of risk, scoring risk, determining responses to risk and monitoring and reporting on progress in managing risk. A review of the framework has commenced to ensure it continues to meet our needs and will be completed during 2023-24.

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.

The concept of 'risk appetite' is used to communicate the level of risk Revenue Scotland is willing to accept in pursuit of its corporate objectives and to inform its risk management procedures.

This allows issues that carry the highest risks to be prioritised.



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Defining a corporate risk

Corporate risks are those of significant, cross-cutting, strategic importance that pose a potential threat to an organisation's operations, financial performance, reputation, or strategic objectives. These risks may arise from a variety of sources, such as changes to the organisation's 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.

The corporate risks as they stood at 31 March 2023 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.



Performance Report Performance Analysis

Corporate risks

<p>Protecting the integrity of the tax system recognises our need to ensure we have the necessary infrastructure and operational processes to ensure the integrity of the tax system.</p>	<p>Legislative and policy change recognises our need to be consulted in good time for any upcoming legislative changes that may impact on devolved taxes.</p>	<p>Communication and stakeholder engagement recognises our need to have appropriate internal and external engagement to support our activities.</p>	<p>Budgeting and finance recognises our need to ensure we have the appropriate budget to ensure continued operations, investments in systems and planning of future work.</p>
<p>Ways of working recognises the need to maintain the conditions to foster a positive, inclusive way of working where staff are engaged and empowered.</p>	<p>Staff capacity and capability recognises our need to build and/or protect staff capability and capacity in a sustainable way, investing in training and development.</p>	<p>Health, safety and wellbeing allows us to monitor our legal and moral obligations to health, safety, mental health and wellbeing.</p>	<p>Digital systems performance and adaptability recognises our need to invest in our digital architecture and systems.</p>
<p>Information and cyber security recognises our need to have effective systems and controls in place to support the secure, management and transaction of our information.</p>	<p>Governance and compliance allows us to monitor our compliance with our statutory obligations and the effectiveness of our governance procedures and controls.</p>	<p>Resilience recognises our need to have tested and effective business continuity planning to meet expectations.</p>	<p>Data optimisation allows us to improve the design of our systems, deliver evidenced based operational efficiencies and identify areas for innovation.</p>



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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.



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Records management and GDPR

During this reporting period we received feedback on the voluntary Progress Update Review (PUR) from the National Records of Scotland (NRS), in which they provide expert advice on an organisation's records management plans. The Assessment Team found we continued to take our records management obligations seriously and agreed the records management arrangements outlined in our plan continue to be properly considered. The process highlighted a number of areas that needed to be addressed to further strengthen our records management arrangements. NRS indicated their agreement with the issues identified and the plans to address them. Work will take place throughout 2023-24 to address the areas identified.

Training has also been an important factor, with Governance staff receiving professional training in the fields of Freedom of Information and Data Protection. A mandatory STEP course is currently in development for all our staff to raise information management awareness and there are also plans to provide training to the Board in the future.

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

		2022-23	2021-22
Data incidents	Reported in period	10	7
	Reported to ICO	0	0
Data losses	Reported in period	8	5
	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

	2022-23	2021-22
Requests received	18	12
Requests withdrawn	0	1
Requests answered within statutory timescale	18	11



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Whistleblowing report

We have whistleblowing policy and procedures in place to ensure issues can be raised. During the reporting periods 1 April 2022 to 31 March 2023, and 1 April 2021 to 31 March 2022, 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, we have revised our whistleblowing policy during this period and will be rolling out additional awareness raising to staff along with refreshed guidance.

Elaine Lorimer – Chief Executive of Revenue Scotland and Accountable Officer





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Corporate Governance Report

The Directors' Report

Revenue Scotland Board 2022-23

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

Ministers determine the period and terms of appointment of Board members and may re-appoint individuals who already are, or have been on the Board. 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 2022-23



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, Aidan has advised both local and global companies across a wide spectrum of tax and business issues around the world. He was formerly Scottish Chair of Institute of Directors and stepped down in May 2023. He also has a number of Non-Executive Director roles in organisations based in the UK. He has considerable experience in dealing with regulatory matters in both emerging and developed markets; he is also a regular contributor and speaker at business conferences.



Martin McEwen

Chair of the Audit and Risk Committee

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



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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 Fellow of the Chartered Institute of Personnel and Development (CIPD) and has experience in leadership, strategic people management, change management and corporate governance in the public sector. She is also a member of the Board of Crown Estate Scotland and a non-legal member of the Employment Tribunal (Scotland).



Robert MacIntosh

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

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



Rt Hon Ken Macintosh

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

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



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Idong Usoro

Deputy Chair of Staffing
and Equalities Committee
– appointed 1 June 2022

Idong Usoro joined as a Board Member on 1 June 2022 and was appointed as Vice Chair on the Staffing and Equalities Committee on 11 August 2022.

Idong is the Head of Enterprise Architecture at Castle Water Limited. He is trained in Business and Computer Science with industry certifications in enterprise architecture and has worked with over 100 organisations in as a technical specialist, senior leader and trustee. He has worked across the private and public sectors in the UK, Europe and the US supporting companies with the development of software solutions, digital data and technology functions, architecture functions, and implementation of innovation processes.

His broad R&D background in the university and private sectors, provides a multi-disciplinary perspective on emerging technologies and a strong focus on innovation within Revenue Scotland's planning. His research work has engaged both private and public organisations, innovation agencies that including UKRI/ Innovate UK, Cancer Research UK, European innovation/research institutes and the European Commission.

Additionally, he serves as a Trustee with the Abbeyfield England board, and an executive consultant to private technology companies in the immersive solutions, Fintech and life sciences sectors.



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 is also currently a co-opted member of the Audit & Risk Committee for the Scottish Courts and Tribunals Service. He chairs the Board of the Free Church of Scotland Pension Trustees Limited and the Free Church of Scotland's Investment Committee.



**John Whiting CBE**

Former member of the Staffing and Equalities Committee until 30 June 2022

John Whiting CBE's Board appointment concluded on 30 June 2022. He was a member of the Staffing and Equalities Committee. John also sat on an internal tax governance group. John was a non-executive director of HMRC until September 2019; he remained a director of the Taxation Disciplinary Board until May 2023 and is Chair of the UK's GAAR panel; until March 2017, he was Tax Director of the UK's Office of Tax Simplification (OTS). Other previous roles include Tax Policy Director of the Chartered Institute of Taxation, many years as a tax partner with PricewaterhouseCoopers and membership of the First-Tier Tax Tribunal.

**Lynn Bradley**

Former Chair and Member of the Audit and Risk Committee until 30 June 2022

Lynn Bradley was Chair of the Audit and Risk Committee until 31 December 2021. Her Board appointment concluded on 30 June 2022. Lynn Bradley is an accountant with more than 30 years' experience in the Scottish public and private sectors. Previous roles include Director of Corporate Programmes and Performance at Audit Scotland and Chair of CIPFA Scotland. She currently lectures in the Adam Smith Business School at the University of Glasgow and is a member of the Institute of Chartered Accountants of Scotland (ICAS) Audit and Assurance panel. She is also a trustee of Cash for Kids (Radio Clyde).



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Corporate Governance Report

Senior Leadership Team 2022-23

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

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 six teams: People Services, Governance, Statistics and Management Information, Strategy and Communications, Finance and IT. 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. 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 (FRoM) 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.



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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 2022-23 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.



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Corporate Governance Report

Operation of the Board and committees

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

- ▶ corporate plans and business plans
- ▶ key strategies and policies
- ▶ regular reports, including reports relating to risk management, performance, tax compliance, business continuity, staff, health, safety and wellbeing, and changes in the devolved taxes
- ▶ scrutiny of the Annual Reports and Accounts
- ▶ reports from the Audit and Risk and Staffing and Equalities Committees
- ▶ strategic engagement with key partners and service users.

I can report that during 2022-23 the Board met on seven occasions, including a strategy meeting (2021-22: eight). During this time the Board scrutinised and considered a number of specific matters including:

- ▶ decisions relating to the Scottish Landfill Communities Fund
- ▶ oversight of Revenue Scotland's review of its future operating model and approach to hybrid working
- ▶ oversight of tax and litigation cases and the implications for the organisation following the outcomes
- ▶ strategic oversight of the development of our Tax Settlement and Litigation Principles
- ▶ reviewing the terms of reference for the Staffing and Equalities Committee, and the Audit and Risk Committee, to ensure they continue to meet the needs of the Board
- ▶ approval of revisions to governance documents, including the Scheme of Internal Delegation and the Code of Conduct for Revenue Scotland Board members.



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Audit and Risk Committee

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

The committee fulfils its role through:

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

Members of the committee during 2022-23 were Martin McEwen (Chair), Simon Cunningham, Robert MacIntosh and Lynn Bradley (until 30 June 2022).

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

I can report that during 2022-23 the committee met seven times (2021-22: five).

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



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Staffing and Equalities Committee

The Staffing and Equalities Committee advises and provides assurance to the Revenue Scotland Board and Accountable Officer on issues relating to: people; equality, diversity and inclusion; and health, safety and wellbeing.

During 2022-23, the Revenue Scotland 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.

The terms of reference for the committee are published on Revenue Scotland's website within the Board's [Standing Orders](#).

Members of the committee during 2022-23 were Jean Lindsay (Chair), Idong Usoro, Ken Macintosh and John Whiting (until 30 June 2022). 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 2022-23, the committee met three times (2021-22: three) and engaged in a number of relevant matters including supporting the development and scrutiny of:

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

Assurances provided to the Chief Executive

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

The 2021-22 report highlighted the need to continue to strengthen health and safety systems within Revenue Scotland. I am happy to note that progress has been made over the last year, particularly in respect of the arrangements for landfill site visits. At the time of writing, I am pleased to report that landfill site visits by Revenue Scotland staff are now able to resume. As we look ahead to the aggregates tax coming on stream, we are committed to further strengthening our health and safety controls as we become exposed to an additional high risk industry. We recognise the importance of proactively addressing potential risks and ensuring compliance with regulatory requirements in order to provide a safe system of work for our staff.

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

For those services which Revenue Scotland receives from the Scottish Government, I have received assurance from the Scottish Government's Chief Financial Officer in respect of financial systems, the Scottish Government's Director for People in respect of Human Resources (HR) services and payroll systems shared with Revenue



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Scotland and from the Scottish Government's Director of Digital, regarding digital corporate services shared with Revenue Scotland. No significant issues were raised with me as part of these.

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

Report on personal data incidents

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

Revenue Scotland has an Information Assurance Governance structure which prioritises and manages information risks.

The governance structure:

- ▶ protects the organisation, its staff and our 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.

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 eight 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.

Parliamentary scrutiny

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

Revenue Scotland's Corporate Plan, supporting legislation and this Annual Report are published documents. The Corporate Plan 2021-24, on which this document reports, was approved by Scottish Ministers and laid before the Scottish Parliament in November 2021 and this report will be laid before Parliament in November 2023.

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



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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.

During the year, DIAA completed audits on the following.

- ▶ The review of Equalities and Diversity evaluated Revenue Scotland's approach to embedding consideration of equality and diversity as part of strategic and operational decision-making. An upper end of 'reasonable' assurance rating was awarded. The report indicated that Revenue Scotland was well placed to achieve its ambition to fully embed consideration of equality and diversity throughout its decision-making. Areas of improvement were identified which will: help ensure that there is a greater focus given at the strategic level; that effort is focused on areas of greatest impact and need; and that communications around outcomes are targeted towards those who will benefit most.
- ▶ The review of Litigation Decisions considered Revenue Scotland's processes and governance around taking and responding to complex litigation decisions. An upper end of 'reasonable' assurance rating was awarded. The report concluded that the organisation had developed an effective approach to litigation decisions. Areas for further improvement were identified to: further

formalise the process and bring greater clarity and transparency to support those involved; build in resilience and scalability; and identify further opportunities to enhance processes.

- ▶ The review of Revenue Scotland's Hybrid Working Pilot examined whether the organisation's approach to considering and piloting hybrid working supports conclusions reached regarding next steps in moving out of the pilot and into business as usual. A 'substantial' assurance rating was awarded in respect of this review. The report supported the approach that had been taken, which was seen to reflect good practice, and the conclusions reached regarding the next steps in moving out of the pilot and into the next stage.

In addition, a follow up review was conducted in respect of the 2021-22 Review of Capability and Capacity. This review considered the work that had been undertaken to better understand Revenue Scotland's organisational capacity and better understand what is optimum for the organisation. The review concluded that further work was required and commended the good progress that had been made in researching available data and understanding the approaches taken in other organisations.

The overall annual assessment of Revenue Scotland's internal controls provided by DIAA is 'substantial'. This means that DIAA continues to view Revenue Scotland's risk, governance, and control procedures to be effective in supporting the delivery of its objectives.



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This is the third year running that Revenue Scotland has achieved such a rating and is a significant achievement for the organisation. This rating is testament to the importance placed on ensuring that risk, governance and control procedures are effective and continually reviewed and improved.

DIAA noted that their work consistently obtains evidence of a strong culture and 'tone from the top' regarding the maintenance of control over key processes

and embedding effective governance. They also welcomed the action that had taken place to build in further resilience to staff turnover, which was an issue identified in their previous annual assurance report.

Members of both the Board and the Audit and Risk Committee are delighted with this achievement and are committed to ensuring that this high standard is maintained in future years.

External Audit

External Audit is provided by Audit Scotland. Pauline Gillen, 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 81.

As part of the 2021-22 audit undertaken by Audit Scotland, two matters were highlighted for attention, namely:

Issue	Risk	Action taken
Contingent assets: deferrals	Contingent assets may be overstated	The process was revised to ensure reviews are conducted on time and properly evidenced
Payables controls	Devolved tax payables balance could be overstated	Investigation of historical credit balances was undertaken while developing internal processes to corrections

Audit Scotland has reviewed these during their audit of 2022-23 and reported its conclusions in its Annual Audit Report 2022-23. Audit Scotland identified a small number of control weaknesses during the audit. These related to:

- one instance of a lack of evidence authorising the creation of a new user account on SETS;
- no regular account management meetings with the supplier of the tax finance system.

Arrangements have been put in place to correct these weaknesses.



Accountability Report Corporate Governance Report

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 have ensured that these controls have been subject to review by management on a regular basis. This has been facilitated through the implementation of a new assurance mapping process which was developed during the year and included a detailed review of all of our internal controls. As part of this process, controls will be reviewed monthly alongside our key 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 2022-23.



Accountability Report Remuneration and Staff Report

Remuneration

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

- ▶ the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- ▶ regional/local variations in labour markets and their effects on the recruitment and retention of staff
- ▶ government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- ▶ the funds available to departments as set out in the Government's departmental expenditure limits
- ▶ the Government's inflation target
- ▶ evidence they receive about wider economic considerations and the affordability of their recommendations.

Further information about the work of the SSRB can be found in the UK Government website.

The remuneration of non-senior civil servants within Revenue Scotland is set in accordance with Scottish Government Public Sector Pay Policy 2022-23 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		2022-23 Fees £'000	2021-22 Fees £'000
Aidan O'Carroll	Chair	10-15	10-15
Simon Cunningham	Board member	5-10	5-10
Jean Lindsay	Board member	0-5	5-10
Ken Macintosh	Board member from 1 June 2022	0-5	0
Robert Macintosh	Board member from 1 June 2022	0-5	0
Martin McEwen	Board member	0-5	5-10
Idong Usoro	Board member from 1 June 2022	5-10	0
Lynn Bradley	Board member until 30 June 2022	0-5	0-5
John Whiting CBE	Board member until 30 June 2022	0-5	0-5

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



Accountability Report

Remuneration and Staff Report

Senior Leadership Team		Salary £000		Pension Benefits to the nearest £1,000		Total 2022-23 £000	Total 2021-22 £000
		2022-23	2021-22	2022-23	2021-22		
Elaine Lorimer	Chief Executive	105-110	95-100	19,000	18,000	125-130	115-120
Neil Ferguson	Head of Corporate Functions	80-85	75-80	7,000	23,000	90-95	100-105
Mairi Gibson	Head of Legal Services	75-80	80-85	33,000	34,000	110-115	110-115
Michael Paterson	Head of Tax	80-85	75-80	0	1,000 ⁵	80-85	75-80

None of the above received any benefits in kind or bonus payments in the years 2022-23 or 2021-22.

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

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

⁵ Civil Service Pensions advised that an error was made in 2021-22 in relation to Michael Paterson's pension benefits. As a result the comparatives for 2021-22 have been amended.



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 2022-23 the mid-point of the band of the highest-paid member of the Senior Leadership Team increased by 10% from 2021-22. The increase in pay of the highest-paid member of the Senior Leadership Team resulted from a grading review in recognition of the duties of the role. The average increase for all other employees was 4%. Actual grade pay increases varied from 3% to 5%.

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
2022-23	Ratio	3.6	2.8	2.2
	Employee pay	£29,695	£38,329	£49,860
2021-22	Ratio	3.9	3.1	2.3
	Employee pay	£27,231	£34,600	£47,485

Comparative figures for 2021-22 have been restated following a review of the data. No employee received remuneration in excess of the highest-paid member of the Senior Leadership Team. Remuneration ranged from £19,000 to £107,000 (2021-22: £21,000 to £99,000).



Accountability Report Remuneration and Staff Report

Pension benefits

Senior Leadership Team	Accrued pension at NRA as at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at NRA £000	CETV as at 31 March 2023 £000	CETV as at 31 March 2022 £000	Real increase in CETV in 2022-23 £000
Elaine Lorimer – Chief Executive	50-55 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0	912	814	4
Neil Ferguson – Head of Corporate Functions	40-45	0-2.5	643	578	(4)
Mairi Gibson – Head of Legal Services	25-30	0-2.5	424	360	17
Michael Paterson – Head of Tax	45-50 plus a lump sum of 40-45	0 plus a lump sum of 0	833	785 ⁶	-45

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

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

⁶ Civil Service Pensions have advised that an error was made in 2021-22 in relation to Michael Paterson's pension benefits. As a result the comparative for 2021-22 have been amended.



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 plans to remove 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 be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer

Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is 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%.



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In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8.0% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3.0% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

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:

	2022-23	2021-22
Permanent contracted staff	76	68
Fixed term contracted staff	2	1
Seconded in or on loan staff	2	1
Seconded out staff	1	1
Agency staff	2	5
Average number of persons employed	83	76

The staff numbers shown above for 2022-23 and 2021-22 include 1 FTE for a member of staff who is 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.

	2022-23		2021-22	
	Female	Male	Female	Male
SLT - Chief Executive	1	0	1	0
SLT - Others	1	2	1	2
Employees	41	38	39	33
Total	43	40	41	35

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.

In 2022 the gender pay gap for Scotland was 10.9% and 13.9% for the UK.⁷ This is the mean figure which is the standard figure used by the Office of National Statistics (ONS) to calculate the pay gap. Data for 2023 has not yet been published by the ONS.

The mean gender pay gap for all staff at Revenue Scotland at the end of March 2023 is 3.1% (2022: -1.1% restated from 0.0%). 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.

⁷ Source: [Gender pay gap - www.ons.gov.uk](https://www.ons.gov.uk)



Accountability Report Remuneration and Staff Report

Sickness absence

Revenue Scotland recognises that the success of any organisation depends largely on the effective performance and full attendance of all its employees. People are a valued resource, and as an employer, Revenue Scotland's attendance management procedures are designed to maintain a happy, well-motivated and healthy workforce. The procedures 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 2022-23 an average of 11.5 working days per employee were lost (2021-22: 9 days).

Staff

Staff churn, which includes staff leaving Revenue Scotland for positions within the wider Scottish Administration, was 9.8% in 2022-23 (2021-22: 29.8%). Staff turnover, defined as excluding staff moving to other Scottish Administration bodes, was 2.5% in 2022-23 (2021-22: 8.5%)

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 38 under KPI 6.

Employees with disabilities

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

Diversity and equality

Equality and diversity are central to the way that Revenue Scotland conducts its business and this is demonstrated in the Corporate Plan and People Strategy, as well as being set out in the Equality Mainstreaming Reports.

More information on Equality and Diversity can be found on page 41.



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.

One of these initiatives is our mandatory health and safety training, which we conduct across the organisation. We have achieved a compliance rate of 90% for this training, and this demonstrates our commitment to promoting a safe and healthy workplace.

The mandatory training covered a range of health and safety topics. It is designed to ensure all employees are aware of their responsibilities and understand the steps they need to take to maintain a safe and healthy workplace.

Specialist first aid, fire marshal training and NEBOSH courses have been made available to staff to help them stay up to date with health and safety developments and best practices.

Our Health, Safety and Wellbeing Committee continues to meet on a quarterly basis to support the delivery of the organisation's policy and improvement plans, providing oversight and scrutiny of reported information. We also undertake regular health and safety workplace inspections in partnership with our Trade Union colleagues to identify and address issues in the workplace.

As Revenue Scotland takes on new responsibilities, we recognise the importance of having appropriate 'competent person' advice in place to ensure that we continue to meet our legal obligations and operate in a safe and compliant manner. As such, we have taken action to commence procurement of an external 'competent person'. This is to ensure that we continue to be provided with the necessary expert advice and guidance we require on current and future health and safety matters.

Our Health and Safety Annual Report for 2022-23 sets out plans for the coming year and reports on risks and mitigations during the reporting year. Delivery of our improvement plan set out in the report depends on the active engagement and participation of all staff. We are committed to improving awareness and understanding of key health and safety processes, such as Display Screen Equipment (DSE) assessments and near miss reporting.

To achieve this, we will develop a range of initiatives aimed at promoting awareness and encouraging staff to take an active role in health and safety management. By doing so, we can help to ensure a safe and healthy working environment for all staff and minimise the risk of accidents or incidents.



Accountability Report

Remuneration and Staff Report

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 2021-22 or 2022-23.

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.

Throughout the year we have held regular awareness sessions to promote staff wellbeing. These sessions have covered topics such as the menopause, cancer and diabetes. These provide staff with tools and resources to help them maintain their physical and mental health.

We also encourage staff to take advantage of our employee assistance programme, which provides confidential counselling and support services to help staff manage personal or work-related challenges. Additionally, we offer flexible work arrangements and other benefits to help support the diverse needs of our staff.



Accountability Report

Remuneration and Staff Report

Trade Union representatives

The Trade Union (Facility Time Publication Requirements) Regulations came into force on 1 April 2017. One member of staff was a relevant trade union representative during the period December 2022 to March 2023. The time spent on trade union activities represented 7.2% of the employee's total time during that period at a cost of £941. No employees were trade union representatives in 2021-22.

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 2022-23 or 2021-22.

Staff costs

	Administrative and Programme costs		Total 2022-23	Total 2021-22
	Permanently employed £000	Other £000	£000	£000
Wages and salaries	3,273	186	3,459	2,830
Social security costs	368	22	390	294
Pension costs	887	54	941	778
Seconded-in staff costs	0	21	21	76
Agency staff costs	0	93	93	346
Staff costs capitalised	0	0	0	0
Total staff costs	4,528	376	4,904	4,324

Staff costs for Revenue Scotland in the period 2022-23 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 2022-23, employers’ contributions of £941,000 were payable to the PCSPS (2021-22: £775,000) 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 2022-23 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 (2021-22: £2,600) 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





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 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 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 2023 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 2022/23 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 the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- ▶ 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. 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

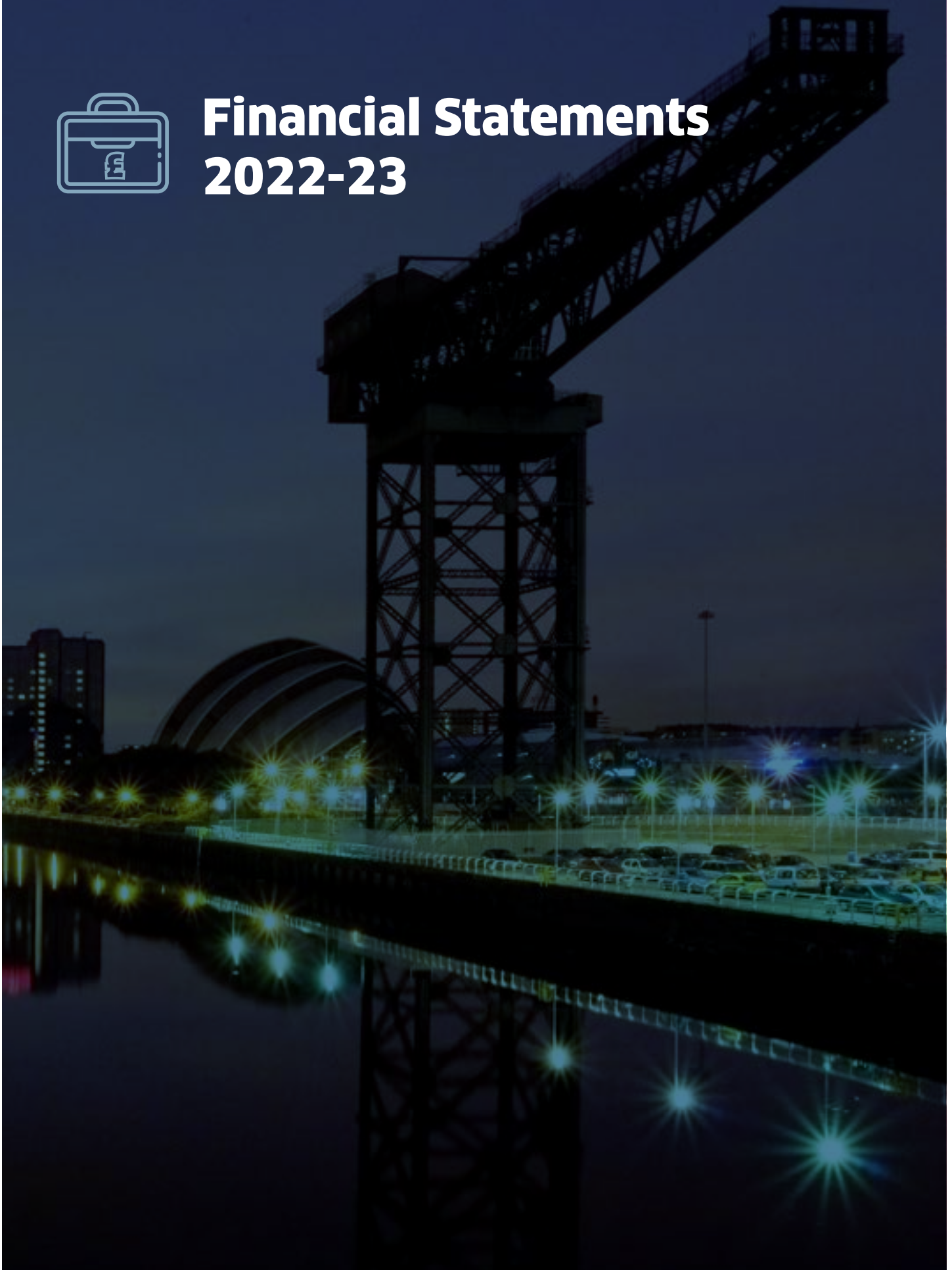
This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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





Financial Statements 2022-23



Financial Statements 2022-23

Statement of comprehensive net expenditure

For the Year Ended 31 March 2023

	Note	2022-23 Administration £000	2022-23 Programme £000	2022-23 Total £000	2021-22 Total £000
Income	2	44	0	44	41
Staff costs	2	(4,800)	(104)	(4,904)	(4,324)
Purchase of goods and services	3	(1,568)	0	(1,568)	(1,638)
Depreciation	5	(19)	0	(19)	(9)
Amortisation	5	(413)	0	(413)	(408)
Impairment	5	(49)	0	(49)	0
Net operating costs for the year		(6,805)	(104)	(6,909)	(6,338)

The notes on pages 91-104 form part of the financial statements.



Financial Statements 2022-23

Statement of financial position

As at 31 March 2023

	Note	2022-23 £000	2021-22 £000
Non-current assets			
Tangible assets	5	97	25
Intangible assets	5	2,917	2,804
Total non-current assets		3,014	2,829
Current assets			
Other receivables	6	28	33
Total current assets		28	33
Current liabilities			
Trade & other payables	7	(614)	(714)
Total current liabilities		(614)	(714)
Total net assets		2,428	2,148
Taxpayers' equity		2,428	2,148

The notes on pages 91-104 form part of these financial statements.

The Chief Executive and Accountable Officer authorised these financial statements for issue on

Elaine Lorimer – Chief Executive of Revenue Scotland and Accountable Officer



Financial Statements 2022-23

Statement of cash flows

For the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net operating costs for the year	SOCNE	(6,909)	(6,338)
Adjustments for non cash transactions			
Audit fee	9	101	100
Depreciation	5	19	9
Amortisation	5	413	408
Impairment	5	49	0
Movements in working capital			
(Increase)/Decrease in trade and other receivables	6	5	17
(Decrease)/Increase in provision	8	0	0
(Decrease)/Increase in trade and other payables	7	(100)	(80)
Net cash outflow from operating activities		(6,422)	(5,884)
Cash flow from investing activities			
Purchase of non-current assets	5	(666)	(299)
Net cash outflow from investing activities		(666)	(299)
Cash flows from financing activities		0	0
Net funding		(7,088)	(6,183)

The notes on pages 91-104 form part of the financial statements.



Financial Statements 2022-23

Statement of changes in taxpayers' equity

For the year ended 31 March 2023

	Note	General Fund Reserves 2022-23 £000	General Fund Reserves 2021-22 £000
Balance at 31 March		2,148	2,203
Net operating costs for the year	SOCNE	(6,909)	(6,338)
Non cash charges - auditor's remuneration	9	101	100
Net funding		7,088	6,183
Balance at 31 March		2,428	2,148

The notes of pages 91-104 form part of these financial statements.





Notes to the Accounts



Financial Statements 2022-23

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 2022-23 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.

The IFRS 16 - Lease accounting standard is effective from 1 April 2022 and has been adopted for the first time in the financial statements.

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 2022-23

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 2022-23

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 2022-23

Notes to the Accounts

2. Staff income and costs

	2022-23 Admin £000	2022-23 Programme £000	2022-23 £000	2021-22 £000
Income - Seconded staff	44	0	44	41
Staff costs				
Wages and salaries	3,385	74	3,459	2,830
Social security	381	9	390	294
Pension	920	21	941	778
Seconded-in staff	21	0	21	76
Agency	93	0	93	346
Total staff costs	4,800	104	4,904	4,324

During 2022-23 and 2021-22 staff were seconded to Scottish Government and the associated staff costs were recharged accordingly.

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 74.



Financial Statements 2022-23

Notes to the Accounts

3. Goods and services

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

	2022-23 £000	2021-22 £000
Staff-related costs		
Board fees & expenses	44	45
Travel & subsistence	2	0
Training	51	21
Recruitment	1	20
Supplies & services		
Legal	43	148
Computer & telephone	366	330
Shared services (1)	381	352
Delegated duties (2)	450	488
Other supplies & services	129	134
Audit fee - external (see note 9)	101	100
Total goods & services	1,568	1,638



Financial Statements 2022-23

Notes to the Accounts

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

- ▶ Human Resource management (including, for example: general terms and conditions of service, pay negotiations, pay awards, payroll, pensions, and recruitment for senior civil service posts)
- ▶ financial management (Scottish Government finance systems)
- ▶ information systems, telephony, information and library service
- ▶ estates and facilities management
- ▶ internal audit
- ▶ procurement.

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

4. Reconciliation of net resource outturn to net funding received

	Notes	2022-23 £000	2021-22 £000
Resource outturn	SoCNE	6,909	6,338
Capital outturn – tangible asset additions	5	106	0
Capital outturn – intangible asset additions	5	560	299
Non cash charges – auditor's remuneration	9	(101)	(100)
Depreciation	5	(19)	(9)
Amortisation	5	(413)	(408)
Impairment	5	(49)	0
Changes in working capital	SoCF	95	63
Net funding		7,088	6,183



Financial Statements 2022-23

Notes to the Accounts

5. Non-current assets

Tangible Assets

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

IT hardware has been impaired as there is a reduction in the use of office IT equipment as a consequence of hybrid working.



Financial Statements 2022-23

Notes to the Accounts

Prior Year	IT Hardware	Furniture & Fittings	2021-22
	£000	£000	£000
Cost			
At 1 April	0	76	76
Additions	0	0	0
At 31 March	0	76	76
Depreciation			
At 1 April	0	42	42
Charged in the year	0	9	9
At 31 March	0	51	51
Asset financing			
Owned	0	25	25
Carrying amount at 31 March	0	25	25



Financial Statements 2022-23

Notes to the Accounts

Intangible Assets

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

Telephony has been impaired as the system was replaced in-year by a fully managed call handling service.



Financial Statements 2022-23

Notes to the Accounts

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



Financial Statements 2022-23

Notes to the Accounts

6. Other receivables

Amounts falling due within one year:	2022-23 £000	2021-22 £000
Prepaid expenses	26	31
Sundry debtors	2	2
Total receivables within one year	28	33

7. Trade and other payables

Amounts falling due within one year:	2022-23 £000	2021-22 £000
Trade payables	30	27
Social security and payroll-related	203	178
Accrued short-term employee benefits (see note 1.9)	214	187
Other accruals	167	322
Total payables within one year	614	714



Financial Statements 2022-23

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 addition, some staff were both seconded to and seconded from Scottish Government during the year. Income and costs associated with these secondments are shown in note 2 above.

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

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

9. Audit fee

	2022-23 £000	2021-22 £000
Auditor's fee - resource accounts	22	22
Auditor's fee - devolved taxes account	79	78
Total Auditor's fees	101	100

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 2023. 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 2023.



Financial Statements 2022-23

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.

	2022-23 £000	2021-22 £000
IT systems		
Not later than one year	324	256
Between one and five years	1,076	966
Beyond five years	108	302
Total revenue commitments	1,508	1,524

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.

Amounts charged in 2022-23 of £318,000 (2021-22: £274,000) are included within computer and telephone charges and other supplies in note 3 above.

Capital Commitments

	2022-23 £000	2021-22 £000
IT systems		
Not later than one year	400	94
Total capital commitments	400	94

The amounts above relate to orders placed in 2022-23 for developments to the tax system to be delivered in 2023-24.





Summary Financial Data



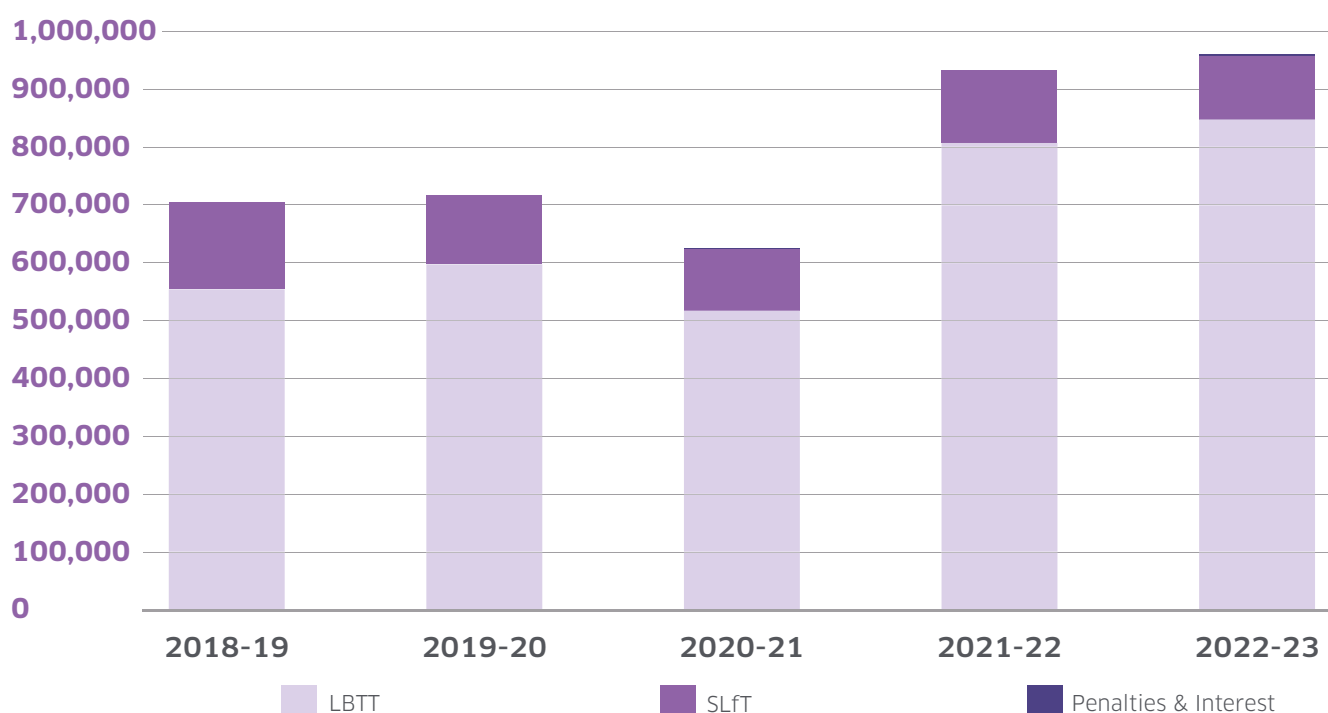
Financial Statements 2022-23

Summary Financial Data

Devolved Taxes 2018-23

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000
LBTT	554,185	597,368	517,354	807,183	847,836
SLfT	148,517	118,959	106,528	125,248	109,699
Penalties & Interest	3,135	735	138	1,245	2,797
Total Tax Revenue	705,837	717,062	624,020	933,676	960,332

Devolved Taxes Revenue by year (£000s)

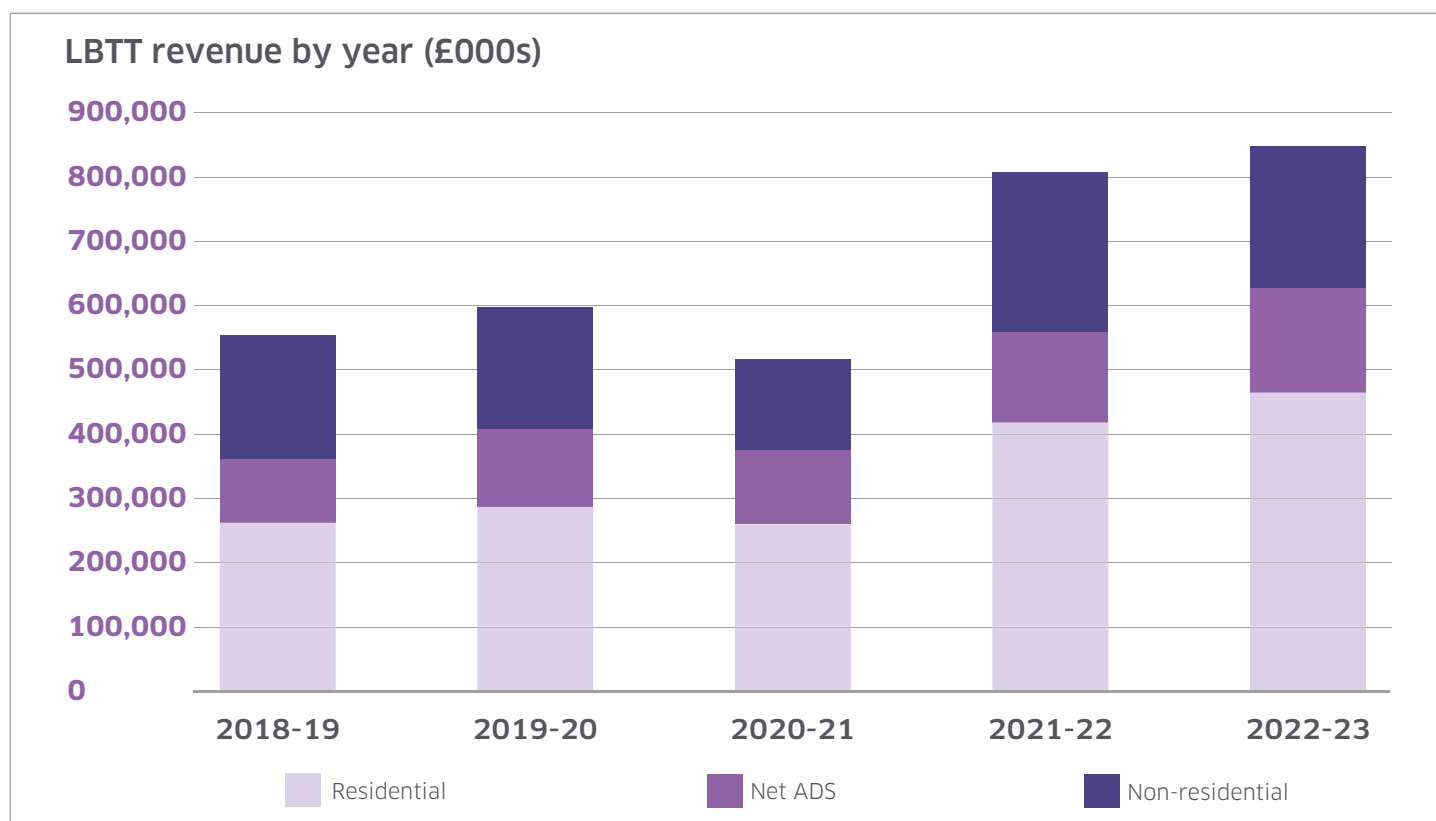


Financial Statements 2022-23

Summary Financial Data

LBTT 2018-23

LBTT	2018-19	2019-20	2020-21	2021-22	2022-23
Residential	262,336	286,908	259,632	418,390	464,904
Net ADS	99,211	120,226	115,104	140,750	162,896
Non-residential	192,638	190,234	142,618	248,043	220,036
Total LBTT (£'000)	554,185	597,368	517,354	807,183	847,836
No. of Tax Returns	120,280	121,050	109,170	126,350	118,960



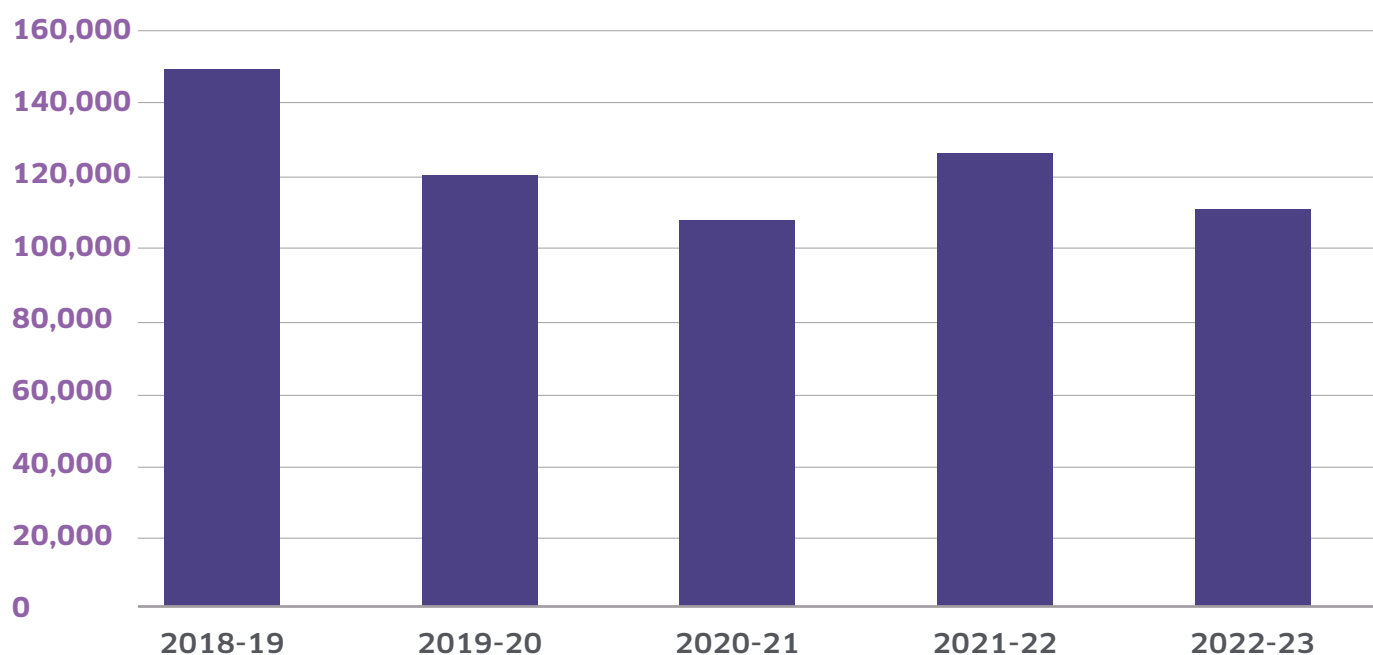
Financial Statements 2022-23

Summary Financial Data

SLfT 2018-23

SLfT	2018-19	2019-20	2020-21	2021-22	2022-23
Tax (£'000)	148,517	118,959	106,528	125,248	109,699
Standard rate tonnage	1,650,100	1,343,700	1,170,300	1,348,600	1,179,100
Lower rate tonnage	739,500	685,700	618,800	680,100	684,500
Total tonnage	2,389,600	2,029,400	1,789,100	2,028,700	1,863,600

SLfT revenue by year (£000s)



Financial Statements 2022-23

Summary Financial Data

Resource Spend (including programme costs) 2018-23

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £000	2022-23 £000
Income	0	0	59	41	44
Staff costs ⁸	(3,448)	(3,998)	(4,234)	(4,324)	(4,800)
Goods & services	(1,668)	(1,912)	(1,651)	(1,638)	(1,568)
Programme costs ⁹	(1,095)	(763)	(30)	0	(104)
Depreciation & amortisation	(16)	(182)	(377)	(417)	(432)
Impairment	0	0	0	0	(49)
Provision	0	(212)	0	0	0
Net operating costs	(6,227)	(7,067)	(6,233)	(6,338)	(6,909)

⁸ Includes compensation on early retirement.

⁹ Includes staff and non-staff costs of developing processes and systems to comply with new legislation or the introduction of IT systems.



Financial Statements 2022-23

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

Signed by the authority of the Scottish Ministers



Dated 20 April 2016



Contact details:

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Edinburgh
EH6 9BR

Visit: www.revenue.scot