

Finance and Public Administration Committee
Tuesday 18 November 2025
31st Meeting, 2024 (Session 6)

Revenue Scotland: annual evidence session

Purpose

1. The Committee is invited to take evidence from Elaine Lorimer, Chief Executive, and Aidan O’Carroll, Chair, of Revenue Scotland, as one of the bodies directly accountable to the Scottish Parliament and within the Committee’s remit.
2. This is an annual evidence session which is usually held after Revenue Scotland has published its Annual Report and Accounts. Previous sessions have taken place on [5 December 2023](#), and [19 November 2024](#).¹

Functions

3. Revenue Scotland was created under section 2 of the [Revenue Scotland and Tax Powers Act 2014](#) (RSTPA 2014), which provides that its “general function is the collection and management of the devolved taxes”. The body has been created as a Non-Ministerial Office, accountably directly to the Scottish Parliament, “ensuring the impartial administration of taxes”.²
4. The RSTPA 2014 also sets out the following “particular functions”—
 - providing information, advice and assistance to Scottish Ministers relating to tax,
 - providing information and assistance to taxpayers, their agents and other persons relating to the devolved taxes,
 - efficiently resolving disputes relating to the devolved taxes (including by mediation), and
 - protecting the revenue against tax fraud and tax avoidance.
5. Revenue Scotland currently administers Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) which came into effect on 1 April 2015, replacing their UK equivalents in Scotland³. From 1 April 2026, Revenue Scotland will also administer the Scottish Aggregates Tax (SAT) and the Scottish Parliament is currently considering legislation to create a Scottish Building Safety Levy (SBSL), which would, if passed, be effective from 1 April 2027.
6. Revenue Scotland may delegate any of its functions relating to LBTT to the Registers of Scotland, and any functions relating to SLfT to the Scottish

¹ The Committee also holds an annual evidence session on how the Scottish Fiscal Commission fulfils its functions (the other body within its remit and directly responsible to the Scottish Parliament).

² Resource Accounts, Performance Report.

³ Stamp Duty Land Tax and UK Landfill Tax respectively.

Environment Protection Agency (SEPA). Revenue Scotland however remains ultimately responsible for any delegated functions.

7. As required by the RSTPA 2014, Revenue Scotland published a [Charter of Standards and Values](#) in 2016 setting out the standards and values Revenue Scotland will adhere to and separate standards and values for taxpayers and their agents and representatives.
8. Revenue Scotland is also required to publish an annual report towards the end of each financial year and a corporate plan every four years.

Annual report and accounts

Overview

9. Revenue Scotland's Annual Reports and Accounts comprise two documents—
 - Devolved Taxes Accounts, which “set out the financial information about the devolved taxes required under the terms of the Accounts Direction issued by Scottish Ministers”, and
 - Resource Accounts, which provide “detailed commentary on the performance of Revenue Scotland in delivering its statutory functions”.
10. Its [Annual Report and Accounts for 2024-25](#) (both documents) were published on 21 October 2025 and include an unqualified opinion from the independent auditor (Audit Scotland).
11. In 2024-25, Revenue Scotland collected total tax revenue of £961,557,000 compared to £855,458,000 the previous year. This comprised £899,162,000 from LBTT, £55,938,000 from SLfT, and £6,457,000 from penalties and interest.
12. The body reports a 99% tax collection rate in 2024-25, with £3m being secured through the body's compliance work. The administrative cost of tax collection during this period was 0.93% (compared to 0.87% in the previous year), which is within Revenue Scotland's target of 1%.

Board and Senior Leadership Team

13. The Revenue Scotland Board “is responsible for the strategic direction, oversight, and governance of the organisation”, and as at 31 March 2025 comprises seven Members.⁴ Two new Members were appointed to the Board on 1 July 2025⁵, “who will bring a wealth of diversity and experience to the Board”. The Board met on six occasions during the reporting period to scrutinise and consider “a number of specific matters including—
 - the review of the Framework Document referred to at paragraph 20 below,

⁴ Under the RTSPA 2014, the Board should have between five and nine Members.

⁵ Gillian Wheeler, a senior executive, international tax lawyer, and mediator, and Alison Macdonald, a Chartered Banker.

- approval of the 2024-2027 business plan,
 - updates on the programme of activity related to new taxes,
 - proposals set out within the organisation's stakeholder engagement plan, and
 - approval of the health and safety policy and policy statement.
14. The Board has two committees: audit and risk, and staffing and equalities. The Performance Report states that "we have also taken action to bolster our Board committees, through the appointment of non-voting, co-opted, members".⁶
15. The Senior Leadership Team is led by the Chief Executive, who is responsible for the day-to-day leadership and operation of the organisation and acts as Accountable Officer.
16. Elaine Lorimer is stepping down from her role as Chief Executive, after ten years. In her Performance Report Statement, she states "as I reflect on this year's performance, it is apparent how far Revenue Scotland has come from 2015-16 when I joined", adding "our ambition and energy to add value is undiminished". The Chair notes in his Performance Report Statement that "we have successfully completed a rigorous process to find Elaine's replacement and I am happy to report that we will have our new CEO in place before Elaine's departure at the end of the calendar year".
17. The Resource Accounts highlight an increase in the average number of people employed at Revenue Scotland, from 94 in 2023-24 to 99 in 2024-25. The mean gender pay gap for Revenue Scotland as at end March 2025 was 5.9% compared to 1.6% in 2023-24. The provisional mean gender pay gap for Scotland is 9.1%.⁷
18. Staff absences in the organisation increased from an average of 8.6 working days lost in 2023-24 to 10.7 days in 2024-25, an increase attributed to more long-term absences.

Funding

19. The Resource Accounts explain that "the Scottish Government liaises with us to identify our budgetary requirements which are then reflected in the Budget Bill" and that "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'".
20. A refreshed [Framework Document](#) published in March 2025 "sets out the funding arrangements agreed between Revenue Scotland and Scottish Ministers and the agreed governance, risk, assurance and monitoring arrangements in place".
21. In 2024-25, revenue expenditure at £8,694,000 was £406,000 (5%) less than the budget of £9,100,000. This underspend, Revenue Scotland explains, "was

⁶ Three [co-opted Members](#) are Stephen Ramsay, Julie Hesketh-Laird, and Elizabeth Barnes.

⁷ Office for National Statistics

primarily due to delays in filling vacancies across several budget areas, as well as a targeted review of discretionary spending and capitalising of bulk laptop purchases”. These measures, it states, “were implemented to support the Scottish Government’s wider programme of savings and efficiency improvements”.

22. Capital spend of £1,252,000 was higher than the budget (£1,200,000). Revenue Scotland explains that the variance is due to capitalising the bulk purchase of laptops in-year as per accounting standards.

Corporate Plan 2024-27

Overview

23. Revenue Scotland laid its fourth [Corporate Plan 2024-2027](#) in Parliament in March 2024, in accordance with requirements set out in the RSTPA 2014. The Resource Accounts state that “this plan builds on the strong foundations of the past while adapting to a rapidly evolving landscape”. The plan defines the body’s purpose as—

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

24. Its vision is as follows—

“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”.

25. The Plan introduces four new strategic outcomes - Operational Excellence, Investing in our People, Working with Others, and Expanding Horizons – which will shape the organisation’s priorities over the next two years. Key priority areas are set out under each of the strategic outcomes, as follows—

- **Operational Excellence** – Improving guidance for taxpayers, optimising digital architecture, increasing use of automated processes and reporting, and designing user-centric systems. More detail on these priorities can be found in pages 29-39 of the Resource Accounts.
- **Investing in our People** – Developing the organisation’s capabilities, creating personalised career development plans, prioritising equalities, diversity and inclusion, and empowering staff. More detail on these priorities can be found in pages 40-48 of the Resource Accounts.
- **Working with Others** – Shared learning on devolved taxation, playing a ‘sector connector’ role, and leading the way in public service reform. More detail on these priorities can be found in pages 49-54 of the Resource Accounts.
- **Expanding Horizons** – Developing and delivering new devolved taxes, reviewing devolved taxes legislation, and supporting development of local

taxes. More detail on these priorities can be found in pages 55-58 of the Resource Accounts.

26. Progress towards achieving the four outcomes is being tracked using 'success measures', milestones related to key project objectives, and internal key performance indicators. The Resource Accounts highlight that Revenue Scotland's Business Plan "details projects and initiatives supporting these outcomes, guiding team and individual goals" and that "this approach ensures a direct connection between individual work goals and the strategic outcomes defined in the Corporate Plan". It adds that "our systematic method of managing performance underpins our ability to track and document progress throughout the organisation" and "we track our progress vigorously, with monthly and quarterly performance reviews".
27. The Resource Accounts set out the status of the success measures which "assess our progress in delivering our four strategic outcomes". All nine are marked as having been achieved in 2024-25. This includes—
- A tax collection rate of 99% or more. 99% has been achieved in 2024-25.
 - A cost of collection ratio of 1% or less. The cost in 2024-25 was 0.93%.
 - A service user satisfaction score of 75% or higher. The score was 76%.
 - An annual People Survey Score in the top 25% of Civil Service organisations. It has achieved the combined rank of 8 out of 103, within 25%.
 - Evidence Revenue Scotland has taken action to expand the diversity of the workforce and Board. Actions taken are set out at paragraphs 13-14 of this paper.
28. The document further notes the current review of the National Performance Framework, highlighting that "by collecting devolved taxes, we indirectly support all national outcomes, and directly contribute to six specific areas: economy, environment, fair work and business, communities, human rights, and health".

Key projects

29. Progress against delivering the key projects included in the Business Plan for 2024-25 and linked to the Corporate Plan ambitions is set out in the Resource Accounts, which states that "at the end of this period all of our projects remain either on track for delivery or have been successfully completed". These projects include—
- **SAT programme** - the SAT digital module built and tested and "work to deliver wider business readiness on track". Status – on track.
 - **SBSL programme** – initial work has commenced on both digital and business requirements, and it is represented on the Scottish Government's Expert Advisory Group. Status – on track.
 - **Data and digital programme** – a new Board has been established to provide oversight and assurance, with progress made against all seven missions in the strategy. Status – on track.

- **Stakeholder engagement programme** – a new Engagement Plan was delivered in June 2024 “to take a more coordinated approach to stakeholder engagement activity across Revenue Scotland and deliver our ambitions of acting as a sector connector”. Status – on track.
- **Scottish Government Business Transformation Project** – new digital platform for HR functions introduced, with engagement continuing with the Scottish Government on improvements and future developments. Status – complete.
- **LBTT Lease Improvement Project** – “good progress across all areas” of the project has been made in 2024-25, with engagement underway with ‘high-volume’ tenants, supported by user research. A data-sharing pilot with local authorities was approved in October 2024. Status – on track.
- **Legislative Framework Project** – “significant progress” has been made, including forming a Tax Partnership Board with the Scottish Government “to enable joint oversight of a prioritised programme of legislative work on devolved taxes”. A formal review is now in place, including the LBTT review committed to in the Scottish Budget 2025-26. Status – on track.
- **People Strategy Action Plan** – a People Strategy and supporting action plan was submitted to the Board for approval in May 2025. Status – on track.
- **New Staff Intranet Project** – the intranet was “successfully launched” offering “improved usability, search functionality, and content management”. Status – complete.

Wider corporate performance

Hybrid operating model

30. The Resource Accounts note that Revenue Scotland’s hybrid operating model “continues to harness the benefits of staff flexibility with business needs” and “supports our ambitions of being an employer of choice by helping us to attract and retain talent”. The model has been evaluated by external consultants and internal auditors.

31. It further highlights that adopting this model has helped to deliver savings of almost £100,000 in the 2024-25 financial year through substantial reductions in accommodation costs, while continuing to “deliver optimal business performance”.

32. Revenue Scotland also said it remains committed to sharing its experience and methodology with other employers.

Environmental sustainability

33. The Resource Accounts further state that “we have reduced our emissions by 5.5% as a result of continued adoption of sustainable practices, improved efficiencies in our operations and reduction of our footprint requirements”.

34. It notes that significant steps to reduce environmental impact have been achieved by “closely monitoring working patterns and more efficiently using office space needed to operate effectively”.
35. The body’s total reported emissions amounted to 51.52 tCO₂, representing a 5.5% reduction compared to the previous year’s total of 54.5 tCO₂.

Whistleblowing

36. Revenue Scotland is a ‘prescribed person’ under the Public Interest Disclosure Act 1998 and is required to report annually on the whistleblowing disclosures made to them. No whistleblowing disclosures were made during the reporting periods 2024-25 and 2023-2024. No improvement objectives were required, and a further review of the body’s whistleblowing policy will be in March 2026.

Compliance

37. Revenue Scotland published its Approach to Tax Compliance in 2024-25. Its tax compliance activity has three key elements, “all of which contribute to our work to deliver user-centric services—
- enabling – helping taxpayers understand and comply with their tax obligations through the services it provides.
 - assurance – using its resources and statutory powers “to ensure the tax system is performing as expected and to help taxpayers to get to the right tax position”.
 - resolution – seeking to resolve disputes and pursuing non-compliance by using its powers proportionately and applying penalties where required.
38. Revenue Scotland suggests that its compliance activities have secured £3m in tax during 2024-25, including both additional tax identified and ‘tax protected’⁸. It suggests that “this figure represents a strong performance, and whilst lower than the results seen in 2022-23 and 2023-24 it is important to recognise that those years saw exceptional figures reported as a consequence of the culmination of long-running high-value disputes”.

Audit

39. Internal audit of Revenue Scotland is carried out by the Scottish Government’s Directorate for Internal Audit and Assurance (DIAA). It produces an annual audit plan to the Board and the Accountable Officer and, during the reporting year completed audits on the following—
- Commercial Relationship Management (page 79 of the Resource Accounts)
 - Stakeholder Engagement (page 79 of the Resource Accounts)
 - Information Management (pages 79-80 of the Resource Accounts)

⁸ “For example, where repayment claims were declined because they were found to be unwarranted, directly as a result of our compliance efforts.”

40. DIAA's overall annual assurance opinion for 2024-25 was 'Substantial' assurance, which "reflects DIAA's opinion that Revenue Scotland's risk, governance and control procedures remain effective in supporting the delivery of its objectives and that any exposure to potential weakness is low and the materiality of any consequent risks negligible".
41. External audit is provided by Audit Scotland, which as noted above, provided an 'unqualified' opinion on the annual report and accounts. The Resource Accounts document highlights that action to address a matter highlighted in Audit Scotland's 2023-24 audit - "the scope for medium-term financial planning arrangements to be developed further to highlight and ensure financial sustainability" – is underway and is expected to be completed during 2025-26.

Public service reform

42. The Resource Accounts highlight Revenue Scotland's work as part of the Scottish Government's public service reform programme. It states that "our approach, characterised by digital delivery, strong governance, and a skilled, engaged workforce, demonstrates how public services can be efficient, responsive, and adaptable". In 2024-25, the body has delivered key efficiencies, including—
- automating several standard taxpayer letters, significantly reducing manual processing,
 - enhancements to its case management system
 - implementing its hybrid operational model, enabling a strategic reduction in its physical footprint.
43. It has also engaged directly with the Scottish Government, COSLA and SOLACE, and other public bodies "to explore opportunities for joint working and mutual learning".
44. It notes that "our shared services model is central to how we contribute to public service reform, enabling us to deliver efficient, effective, and collaborative public services". This has included shared services with the Scottish Government such as procurement, HR, finance, estates, and information and communication technology through the SCOTS platform.
45. Revenue Scotland notes that, as it takes on the administration of new devolved taxes, it will "continue to build on our shared services model, proactively supporting reform through collaboration, digital innovation, and strategic workforce planning".

Corporate risks

46. The Revenue Accounts provides an overview of "the key risks we have faced, their impact on delivering out strategic outcomes, and emerging risks that may

affect our future performance”. The 13 key corporate risks identified, and some of the initiatives undertaken to manage them, include—

- **Protecting the integrity of the tax system.** It proactively provides services to support the taxpayer to pay the right amount of tax at the right time, avoiding unnecessary disputes or litigation.
- **Legislative and policy change.** It created a new Head of Tax Development role in 2024-25 to ensure the body “can influence and respond effectively to legislative change opportunities”.
- **Delivery of new taxes.** It has a new devolved taxes programme in place to manage the introduction of the two new taxes⁹.
- **Communications and stakeholder engagement.** Its Communications Strategy and Engagement Plan “is designed to enhance our visibility and assert our presence”, and it has also “actively participated in a number of high-profile external events during the year”.
- **Corporate transformation.** All finance and HR systems moved to the Oracle Cloud platform through a phased approach.
- **Health, safety, and wellbeing.** It has implemented measures to anticipate and adapt to new issues that may impact on health, safety and wellbeing, including launching a new policy and handbook.
- **Staff capacity and capability.** Staff are supported to undertake professional qualifications, while workforce and succession planning, and learning and development and coaching takes place. The report highlights People Survey results increasing from 71% in 2023 to 73% in 2024 and having the second highest scores on learning and development across the civil service.
- **Organisational culture.** A 35-hour working week has been adopted long with robust hybrid working principles and a transparent and collaborative engagement approach.
- **Budgeting and finance.** Budget monitoring processes are in place, with the Programme Management Team overseeing delivery of all major projects. Longer-term financial planning “gives us an indication of future requirements”.
- **Data optimisation.** A digital and data strategy is in place overseen by the Data Digital Programme Board.
- **Information and cyber security.** This year, it participated in a cyber exercise hosted by the Scottish Cyber Coordination Centre which, along with benchmarking activities, identified areas of improvement which have been progressed.
- **Digital systems performance and adaptability.** The body’s ‘digital first’ approach “is at the forefront of our decision-making” and it has also expanded its Digital, Data, and Technology Function.
- **Resilience.** It is part of the Scottish Government’s Business Continuity Network and carries out annual Business Continuity exercises.

⁹ SAT and SBSL.

47. The Resource Accounts note that Revenue Scotland plans to review the risk appetites for all its Corporate Risks in detail at the 2025-26 Audit and Risk Committee strategy day.

Issues arising during last year's evidence session

48. At the Committee's previous evidence session with Revenue Scotland on 19 November 2024, the following key issues were explored—

- the importance of ensuring the administrative cost of tax collection is below 1%, an OECD benchmark,
- the expectation that if the organisation continues to invest in digitalisation, it should be able to stay within that 1% target, "but it is going to become increasingly challenging".
- reduced capital spending compared to the previous year due to the "stage that we were at in the development of our tax system",
- the significant increase in the level of taxes secured through compliance activity compared to the previous year,
- internal audit and assurance in relation to the hybrid working model,
- providing its expertise in self-assessed taxes to local authorities, COSLA, SOLACE and the Local Government Digital Office in relation to the visitor levy,
- lack of gender balance on the Board and how this might be addressed,
- service user satisfaction of 76%, which the Chief Executive said, "is good, but it is not good enough",
- preparedness to use artificial intelligence,
- the organisation's readiness to administer the SAT from 1 April 2026.

Next steps

49. This is the Committee's final annual governance session with Revenue Scotland this parliamentary session.

Committee Clerking Team
November 2025