

## News release

Embargoed until 00:01 hours, Thursday 10 December 2015

### Good progress being made with implementing Scotland's new devolved financial powers

**An update on the progress being made to implement the financial powers in the Scotland Act 2012 has confirmed that Revenue Scotland successfully delivered two new devolved taxes.**

As part of its latest report on the Scotland Act 2012, Audit Scotland has reviewed the performance of Revenue Scotland in delivering the Land and Buildings Transaction Tax and the Scottish Landfill Tax.

The report sets out how Revenue Scotland successfully managed to overcome delays in procuring a new IT system and appointing staff, to ensure the technology and people needed to collect and administer the taxes were in place by the time the new powers went live on 1 April 2015.

It cost £5.5 million to implement the devolved taxes, £1.2 million more than originally estimated. This increase was largely due to staff costs, after Revenue Scotland identified that extra staff were needed to provide the skills and support needed to deliver the programme within the time available.

Caroline Gardner, Auditor General for Scotland, said: "Good project management involves recognising emerging risks and responding quickly to address them. Revenue Scotland effectively managed the risks highlighted in my previous report in December 2014 and successfully delivered the devolved taxes from April this year."

The report also states that the Scottish Government and HMRC are working well together in preparing for the introduction of the Scottish rate of income tax in April 2016. The Scottish Government has also developed clear structures for overseeing the introduction of new financial powers.

Some arrangements to manage the powers in the Scotland Act 2012 beyond 2015/16 are still being developed. This is a reasonable approach, given that the Scottish and UK Governments have yet to agree a new fiscal framework.

Ms Gardner added: "The future landscape of Scotland's public finances is still being mapped out. Taken together, the powers in the Scotland Act and the proposals in the Scotland Bill 2015 have significant implications for the Scottish budget and the Scottish Parliament's financial responsibilities.

"This increased responsibility inevitably brings new risks, so it's essential that the Scottish Government leads with an approach to financial reporting that's comprehensive, transparent, reliable, timely, and supports enhanced parliamentary scrutiny. To achieve this, it should ensure it's in a position to move quickly to further develop this area, once key agreements are reached."

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#### Notes to editors

1. This report focuses on the implementation of the financial powers in the Scotland Act 2012. It provides an update to our [December 2014 report](#), which assessed the Scottish Government's progress up to November 2014. Since then, preparations have continued and some of the new powers are now in force.

2. Revenue Scotland was established on 1 January 2015 and is responsible for collecting and managing devolved taxes in Scotland. It began collecting Land and Buildings Transaction Tax and the Scottish Landfill Tax from the dates from which payments could be made: 1 April 2015 and 1 July 2015 respectively.

3. The Scottish Parliament is seeing its financial powers increase substantially, with changes as a result of the Scotland Act 2012 and proposals for further devolution in the Scotland Bill 2015 (see Exhibit 1). These changes have significant implications for Scotland's public finances and how they are managed and reported. Revenues raised in Scotland would increase by around £17 billion to about £21 billion and spending would increase from £37.5 billion to about £40 billion.

4. The National Audit Office (NAO), which audits HMRC, reported in November 2015 on progress in implementing the Scottish Rate of Income Tax (SRIT). The Auditor General for Scotland, Caroline Gardner, has provided additional assurance to the Scottish Parliament on the NAO's review of HMRC's preparedness in implementing the SRIT and will give evidence to the Public Audit Committee on this report in January 2016. The NAO's report is available to view [here](#) and the Auditor General for Scotland's report is available to view [here](#).

5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

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