

Delivering for our customers

Annual Report
and Accounts
2019-20



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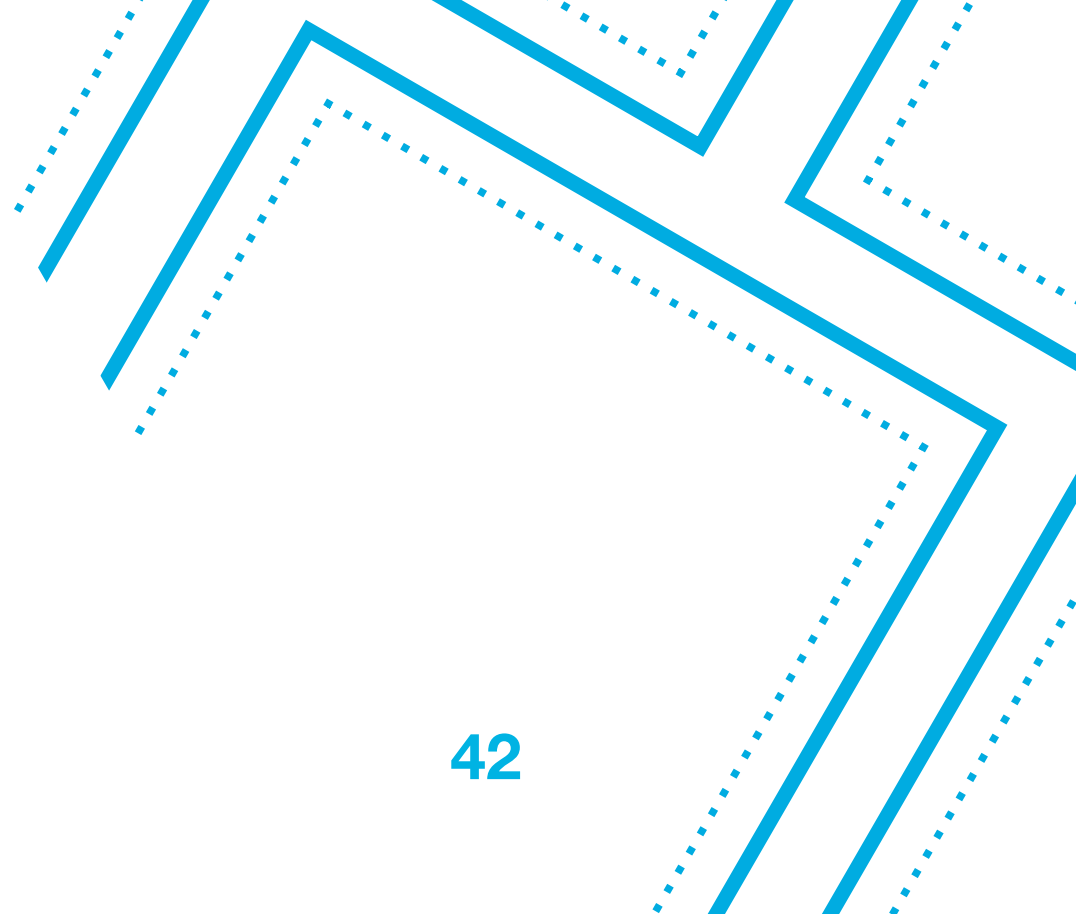
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2019-20: the year in numbers



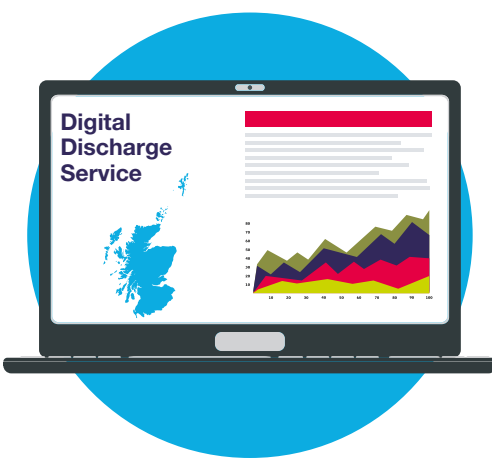
88.7% of registrations completed in 20 days (down 1.3% from 2018-19)



83% customer satisfaction score (up 6% from 2018-19)



7,998 Development Plan Approval (DPA) plots (down 29% from 2018-19)



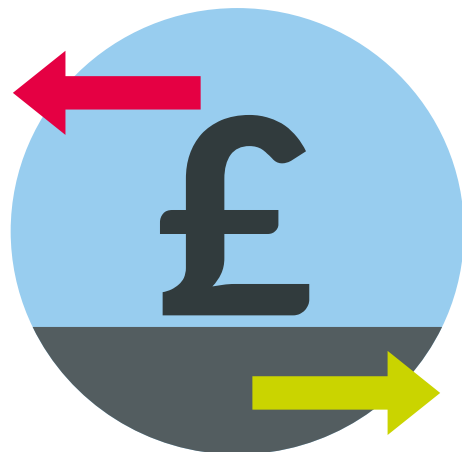
43% of discharges via Digital Discharge Service (DDS) (up 8% from 2018-19)



708,666 applications received (up 1.5% from 2018-19)



Income: £78.4 million (up from £73.7 million in 2018-19)



Costs: £85.5 million (up from £79.6 million in 2018-19)



Colleague engagement 59% (no change from 2018-19)



Average number of persons employed 1,236 (up from 1,211 in 2018-19)



73% of employees participated in the Civil Service People Survey (up 10% from 2018-19)



1,755,486 sessions on ScotLIS (38% increase from 2018-19)



Jennifer Henderson,
Keeper of the Registers of Scotland

Foreword

The 2019-20 Annual Report and Accounts gives me the opportunity to reflect on the progress we have made towards achieving the ambitious objectives set out in our five year corporate plan as well as on the challenges that lie ahead.

I am pleased with the good progress we have made towards achieving our strategic objectives over the past year but there is still a lot more to do. While we purposefully set out our corporate plan with ambitious and stretching targets for the first year; keeping the actions under review, and adjusting as required, will enable us to keep on track to achieve our longer term objectives, even if we cannot always achieve everything as scheduled in the shorter-term.

Registers of Scotland (RoS) plays a pivotal role in the Scottish economy by providing a publicly guaranteed system of rights in land and property, which must be maintained and protected for property owners. Having a robust system of land registration, and other registration services, is vital in ensuring this happens. We underpin a multi-billion pound asset base of land and property in Scotland and give people the confidence to invest.

RoS is the authoritative source of information for customers and citizens to answer questions and resolve issues that relate to the ownership of, and permissions and restrictions that relate to, land and property access and use. We offer public access to our registers to enable citizens to find answers to their questions, and provide robust and accurate information that helps to support national policy making. This information is used to stimulate research and inform debate both in the public and private sectors.

Customers are at the heart of everything we do at RoS so I am delighted to report that we have exceeded our customer satisfaction and customer effort targets. Our March 2020 customer satisfaction survey showed an overall satisfaction score of 83 per cent, up from 77 per cent the previous year. Response times have improved due to better internal use of customer management tools while our new telephony system has reduced the average customer wait time to under one minute.

Since being appointed Keeper of the Registers of Scotland, I have been committed to making RoS an even more transparent and accountable organisation. To deliver on that commitment we are now publishing more of our data, sharing performance data with colleagues, citizens and stakeholders, and proactively engaging with MSPs and Scottish MPs more than ever. Being more transparent opens up new opportunities for partnership working to find new and innovative ways to use our data for the benefit of Scotland's economy.

RoS is accountable to the Scottish Parliament and in 2019-20 we undertook a wide range of activities to help MSPs support their constituents and to increase awareness and visibility of RoS. We will continue to engage with MSPs and Scotland's MPs and their staff in the year ahead so they have the information to support their constituents, and to help inform public policy.



The launch of ScotLIS in 2017 revolutionised the way our customers interact with our data by offering an online, map-based land information service, with access to a wealth of information about land and property in Scotland. I was delighted that in 2019 we were able to roll-out improvements to the public version of ScotLIS providing, for the first time, the ability for citizens to directly download title sheets from the Land Register, rather than having to request these via our customer services function. This self-service approach has enabled us to significantly reduce the price for citizens accessing information from the register. We have also continued to improve ScotLIS to meet the changing needs of our customers. Our KPI sought to increase ScotLIS sessions by 15 per cent between April 2019 and September 2020 to reach a target of 1,513,168 sessions. By the end of March 2020, we had already reached 1,755,486 sessions which means that to date, ScotLIS sessions have increased at a rate of 16 per cent above target.

Throughout 2019-20, we made further strides towards completion of the Land Register by 2024 too. Before March 2020, we were on track to meet our overall target for completion with an estimated 39.2 per cent of land mass coverage having now been registered, although the impact of the Coronavirus (Covid-19) emergency reduced our capacity to despatch cases and therefore increases in land mass on the register slowed somewhat in the last month of the financial year. Despite this setback, plans have been prepared to re-focus our efforts on completing the voluntary registrations we have received to date and we are determined to continue to work hard to ensure our overall 2024 completion target is achieved. I know that there will be challenges to meeting this target and going forward we will

need to work in partnership with land and property owners to develop creative solutions to solve these challenges and enable us to complete the Land Register and deliver the benefits this will bring; for individuals it will speed up their ability to transact on land and property; and for the country it will enable us to answer the question ‘who owns Scotland?’

Over the past year, we have also continued to work hard to clear the backlog in case work built up during the transition from the Land Registration (Scotland) Act 1979 to the Land Registration etc. (Scotland) Act 2012. This backlog is something I acknowledge is not acceptable and a targeted work programme to clear it is in place. As we have made less progress than hoped, getting back on track and seeing significant progress on clearing the arrear is one of our main objectives for the year ahead.

We also recognise that a complete Land Register needs to have modern digital systems underpinning how the data is updated, stored and accessed. We are therefore modernising our digital estate to support this. Over the last year we have replaced and retired some of the IT systems that dated from the very beginning of the Land Register in the early 1980s. We have brought in more intuitive systems to support the work of our registration colleagues in undertaking the legal and mapping work required to register land, and introduced some automation where this can support our work. This effort to modernise our digital estate provides the foundation for delivering further digital improvements in future years of our corporate plan, enabling greater digitisation within the end to end conveyancing process.



Our people are integral to the success of RoS and inarguably our greatest asset. Having engaged and motivated colleagues is key to both our short and longer term achievement. The 2019–24 RoS People Strategy, underpinned by the principles of being an inspiring organisation with a flourishing workforce where individuals thrive, has supported the organisation’s vision and purpose through delivery of our people outcomes. In October 2019 we participated in the annual Civil Service People Survey and were pleased to see the number of colleagues taking part increase from 63 to 73 per cent compared to the previous year. We are also pleased to be on track in our efforts to achieve gold accreditation for the Investors in People award by September 2021.

The government lockdown measures introduced in response to the Covid-19 pandemic occurred at the end of the 2019-20 financial year and their impact will be felt in the year ahead and beyond. Our investment in resilient IT systems, as well as being a smart working organisation, allowed us to be in a good position to work remotely at short notice. More broadly, the work undertaken throughout 2019-20 allowed us to respond effectively to the health emergency, safeguard our colleagues, support customers and adapt to the emerging challenge facing Scotland’s economy.

I would like to thank all our customers and stakeholders for your continued support in delivering our shared objectives, and to thank my colleagues whose hard work and dedication enable us to provide vital services to the citizens of Scotland. Looking forward, there will need to be a focus on our continued response to the Covid-19 emergency and its potential impact on the economy and housing market. While undoubtedly this means that challenges lie ahead, I will continue to do everything in my power to ensure we deliver the best that we can for our customers, employees and the economy of Scotland.

Jennifer Henderson

Chief Executive and Keeper of the Registers of Scotland*

* From hereon in, the title used throughout the report will be ‘the Keeper’.



Vision and values

Our vision:

To be a digital registration and information business trusted for our integrity.

Our values:

At the heart of our business are our values. We are:

- **Customer focussed** – we strive to understand what our customers need and why so that we can design our processes and services for them;
- **Forward thinking** – we must always add value for the public of Scotland, finding better ways to deliver what they and the Scottish economy need;
- **Impartial** – we act without bias, keeping information secure and presenting it accurately; and
- **Professional** – we recognise that customers need us to be efficient and effective and to work with pace, passion and pride.

Performance report



Overview

This section provides an overview of RoS, its purpose and activities. It also provides a high level summary of registration applications over the past five years.

In total, RoS maintains 20 public registers that provide for the registration of legal documents in Scotland. Our work underpins the Scottish economy and is demand-led, with the level of work fluctuating in response to activity in both the housing and commercial property sectors. Two of our main registers relate to land ownership: the Land Register of Scotland and the General Register of Sasines.

RoS is a non-ministerial office and part of the Scottish administration. Since 1 April 1996, we have operated in the same way as a trading fund, with our

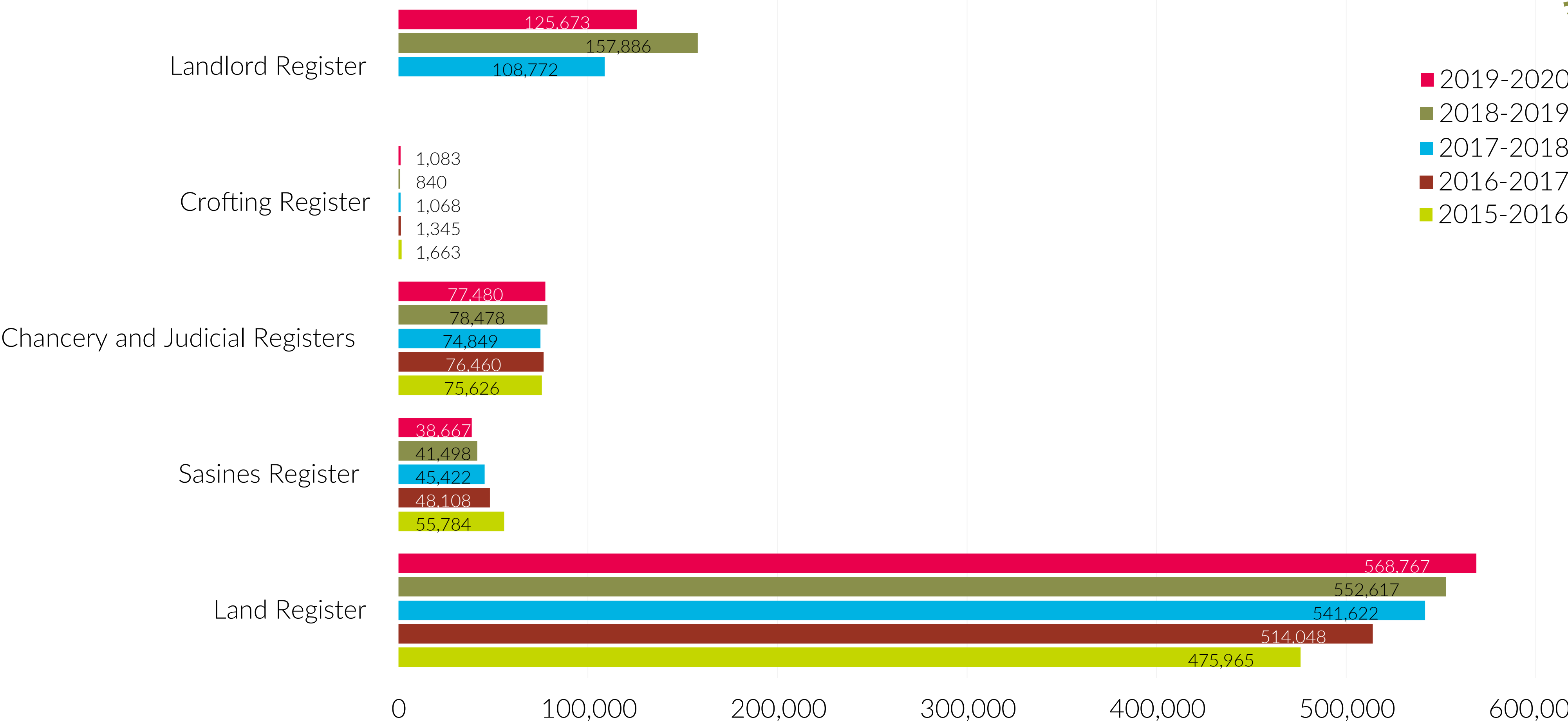
financial framework set out in the Public Finance and Accountability (Scotland) Act 2000.

However, from 1 April 2020 the way RoS manages its finances will change, in response to the reclassification of the organisation by the Office of National Statistics. This means that the Scottish Parliament has amended the financial arrangements to bring RoS in line with other parts of the Scottish Administration and we will now be formally part of the annual Scottish Budget process. Over the medium term, it is our aim that income from the fees we charge from our statutory and non-statutory activities will continue to cover our costs, but a surplus or deficit in any individual year, will be incorporated into the overall Scottish Government budget.

As illustrated in the graph on page 9, over the past five years we have seen applications to the Land Register increase year-on-year while applications to the Sasines Register have declined. The number of applications to our other main registers have fluctuated across this period.

In 2019-20, there was a 2.9 per cent increase in Land Register applications compared to 2018-19 with a 6.8 per cent decrease in the number of Sasines Register applications. While there was a 28.9 per cent increase in applications to the Crofting Register between 2018-19 and 2019-20, there were declines of 1.3 per cent and 20.4 per cent in applications to our Chancery and Judicial Registers and Landlord Register respectively.

Registration applications received 2015-2020



* This graph details the highest volume registers we hold. The figures for the Land Register and Sasines Register include advance notices received. The Landlord Register first went live in 2017.

To see all the registers we hold, visit ros.gov.uk

Statement of purpose and activities

Principal activities

RoS maintains 20 public registers that provide for the registration of legal documents in Scotland including the General Register of Sasines and the Land Register of Scotland.

The General Register of Sasines is a register of deeds that affects heritable property in Scotland. It was the first of its kind in the world, dating back to the 1617 Registration Act of the old Scots Parliament. It inspired the creation of similar registers across the world.

The Land Register of Scotland is gradually replacing the General Register of Sasines. It was introduced by the Land Registration (Scotland) Act 1979 and subsequently updated through the Land Registration etc. (Scotland) Act 2012. The Land Register is a state-guaranteed register of title to land, which results in the creation of a title sheet in which the extent of the property is shown on the Ordnance Survey map.



Wider activities

The other registers in our care help underpin the Scottish economy. The Crofting Register - which covers crofts, common grazings and land held in runrig (divided into strips and belonging to different people) - provides a public record of these rights. We also hold the Register of Sites of Special Scientific Interest, the Register of Community Interests in Land, the Landlord Register, the Letting Agents Register and the Register of Applications by Community Bodies to Buy Land (RoACBL).

We maintain the Chancery and Judicial Registers, comprised of nine registers in addition to the three that make up the Books of Council and Session. These hold vital legal information, from the names of parties unable to grant property deeds due to sequestration (Register of Inhibitions), to Royal Assent for official documents like Acts of the Scottish Parliament (Register of the Great Seal).

More information on our registers, and how they support the people and economy of Scotland, can be found on our [website](#).

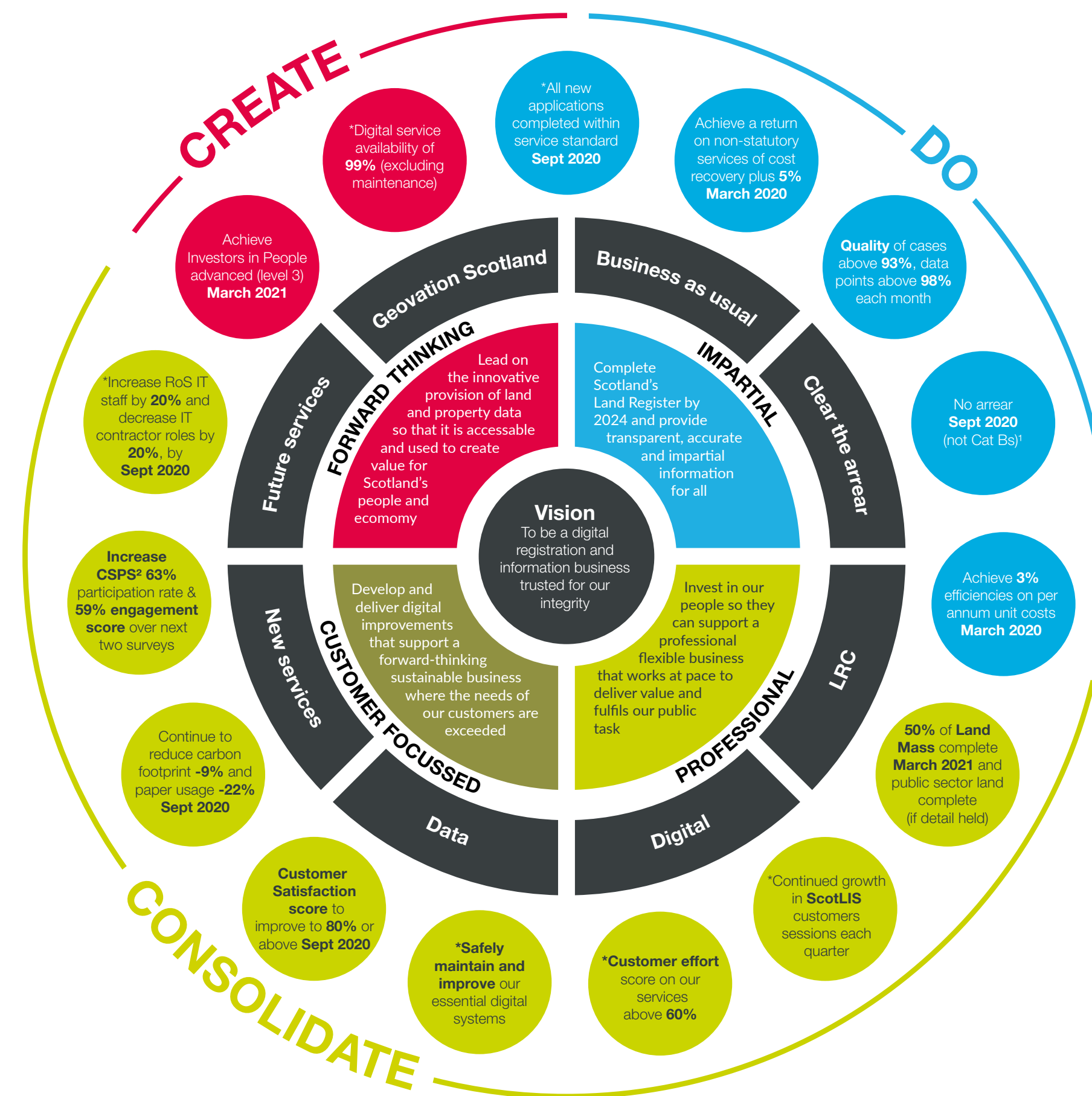


Our ambition

As set out in our **Corporate plan for 2019-24**, we have four strategic objectives; each driving core business requirements and ambitions for RoS over the coming years. These strategic objectives capture the essence of why RoS exists. They reflect our public task and help to focus our people, whatever their role, on what we need to do to deliver for our customers, for each other and for Scotland.

To ensure we focus on the right parts of what we do to achieve these strategic objectives, our main activities and corresponding Key Performance Indicators (KPIs) have been identified and grouped under three themes – Do, Consolidate and Create. At the heart of these are our people and our customers – professionals and citizens, and the quality of the services and support we provide and deliver.

All of this is illustrated in the graphic opposite.



*new/updated KPI

¹Cat B - An application to register a deed affecting part of registered title, where the registered title does not form part of a development.

²Civil service people survey (CSPS). This employee engagement survey is run annually across the UK civil service.

Our KPIs 2019-20

The graphics over the next two pages outline progress against our strategic objectives and their connected KPIs for 2019-20.

As we move through our five year corporate plan, this report gives us the opportunity to reflect on overall progress towards the plan, particularly in regards to our strategic objectives.

Both our corporate plan and strategic objectives are ambitious in what they want RoS to achieve by 2024. While this year's performance analysis shows that progress is being made across the board, there are challenges too.

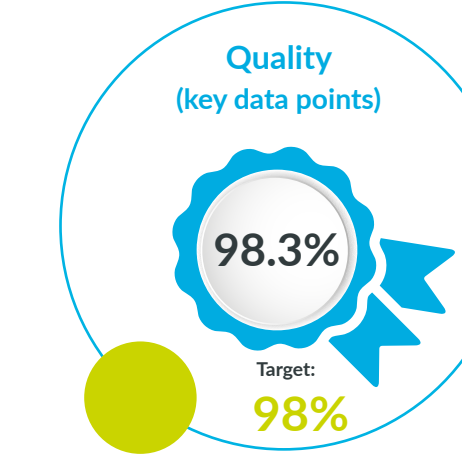
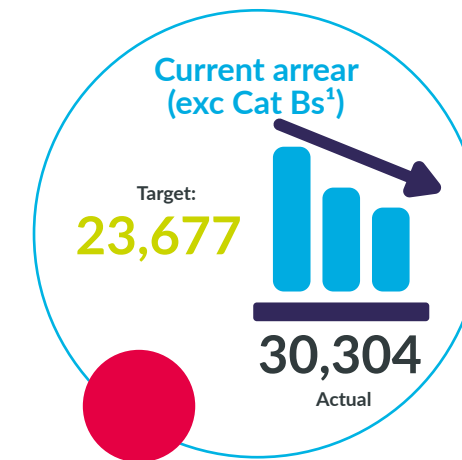
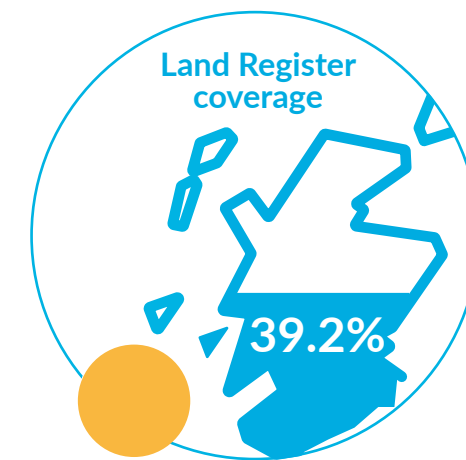
In summary, over the past year we have:

- Made progress on our objectives to lead on the innovative provision of land and property data and to develop and deliver digital improvements
- Made less progress than anticipated on our objectives to complete Scotland's Land Register by 2024, including clearing the arrear, and on some indicators connected to investment in our people

A high level overview of each KPI broken down by objective is provided on the next pages.

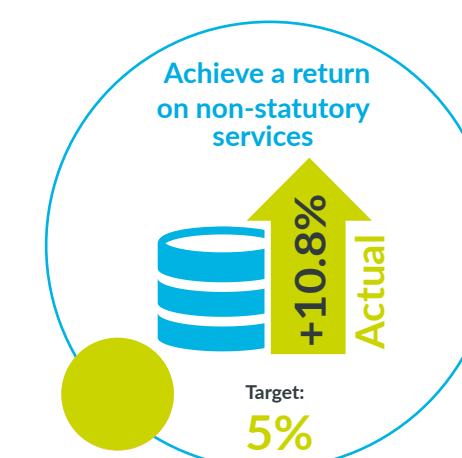
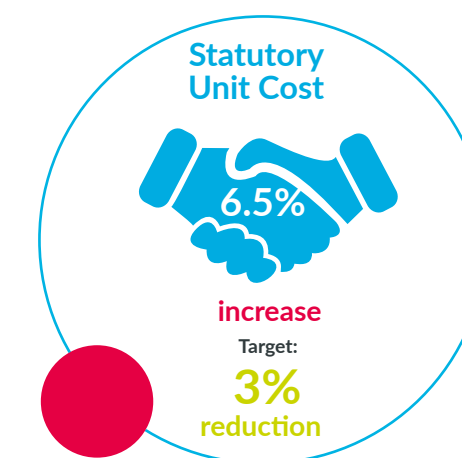
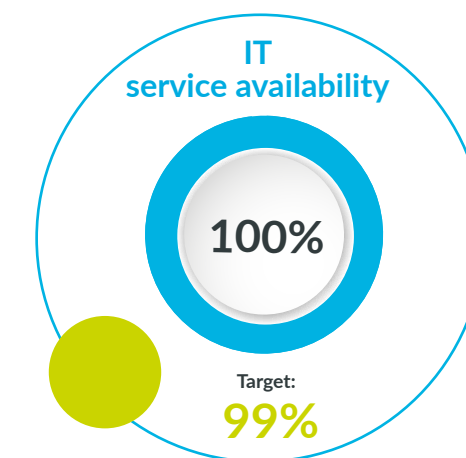
The Coronavirus (Covid-19) public health emergency impacted the whole business towards the end of the financial year. This included the delivery of some of our KPIs as outlined on the following pages.

Strategic Objective 1: Complete Scotland's Land Register by 2024



All new applications within service standard by Sept 2020

Strategic Objective 2: Lead on the innovative provision of land and property data



Ongoing

as at March 2020

as at March 2020

¹Cat B - An application to register a deed affecting part of registered title where the registered title does not form part of a development. Current Cat Bs and associated cases in arrear are 29,633.

Key

- Achieved or on track
- Not on track
- Not achieved

Strategic Objective 3: Develop and deliver digital improvements



By Sept 2020

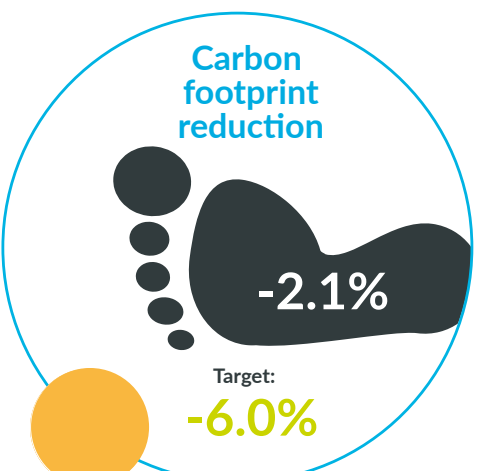
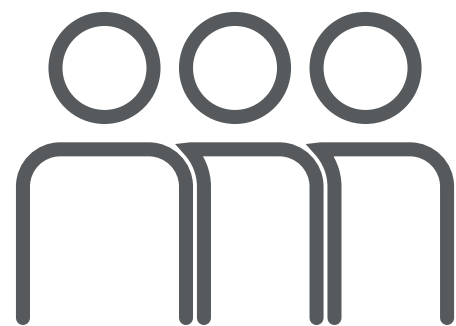


Ongoing

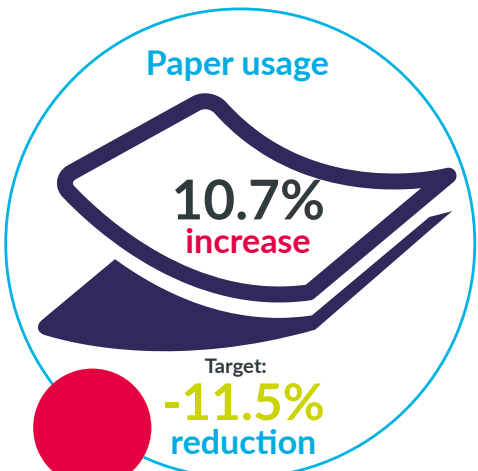


Previous quarter
+15.3%

Strategic Objective 4: Invest in our people



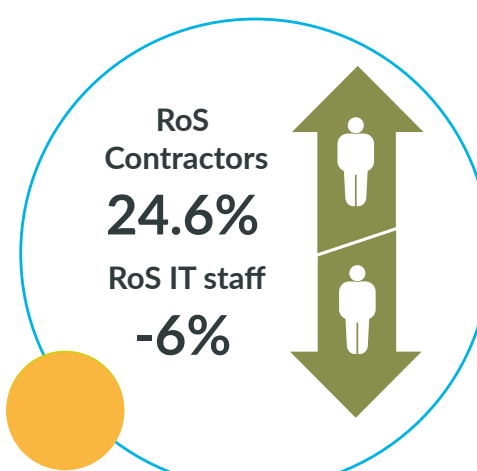
as at February 2020*



By Sept 2020



By Sept 2021



Target:
to improve the staff to
contractor ratio



By Sept 2020

Key

- Achieved or on track
- Not on track
- Not achieved

*March 2020 figures were unavailable due to the impact of the Coronavirus (Covid-19) public health emergency.

Objective 1 - To complete Scotland's Land Register by 2024

We have achieved our targets on data quality and turning around new applications within the service standard. This success is due to our extensive work with registration teams. The continual monitoring of performance ensures we can quickly address any aspects falling below expectation. This allows us to improve accuracy and provide additional information and support to encourage high standards.

While our arrear KPI for the end of March 2020 was not achieved, we continue to work hard to reduce our backlog of cases. Our planning indicated that we were on track to meet our September 2020 target. However, we expect that this projection will now be affected by the Coronavirus (Covid-19) emergency. There is currently no arrear within our Development Plan Approval service or our Dealing with Whole function. We will maintain that position.

Having reached a total of 39.2 per cent land mass coverage by March 2020, we know that we have a lot of work to do going forward. However, we are determined to continue to work hard

to ensure our overall 2024 completion target is achieved.

Despite steady progress our application quality target is reporting as red. This can be attributed to the introduction of new processes, changing roles within registration and the level of new recruitment. We have developed a range of activities, supported by good practice from other land registries, to help the teams achieve this target in the next 12 months.

Objective 2 - To lead on the innovative provision of land and property data

We have seen a significant increase in our service availability in 2019-20 with 100 per cent availability becoming the new normal. This success was due to a focus on sustainability and technical risk reduction as well as a shift from project to product management with business led digital teams.

We have also exceeded our target to achieve a 5 per cent return on our non-statutory services, achieving a 10.8 per cent return. Following a review we identified that the fees we charged for our reports, which had not changed

since 2014, no longer covered the costs, and these were increased in September 2019.

The statutory unit cost target is reporting as red, with a 6.5 per cent increase. This is largely as a result of the mix of products changing as we clear our registration arrears. These products are more complex and so more expensive to complete. This means our overall unit cost is higher, and in addition, outputs at the end of the year were significantly reduced due to the Coronavirus emergency. Prior to this we had improved the efficiency of all our main products.

Objective 3 - To develop and deliver digital improvements

We have exceeded our customer satisfaction and customer effort targets. Our March 2020 customer satisfaction survey showed an overall satisfaction score of 83 per cent, up from 77 per cent the previous year. Response times have improved due to better internal use of customer management tools. The introduction of our new telephony system has also reduced the average customer wait time to under one minute.

Customer Effort Score (CES) is a measure of how user-friendly our digital services are and also gives an indication of customer loyalty. The score is an average taken from a range of digital products and services. We have exceeded this target due to our commitment to user feedback and closely involving customers in the design process.

We have also exceeded our target on **ScotLIS** – Scotland's Land Information Service. Our dedicated team responds to user feedback, making over 200 improvements to the service every week. These improvements, as well as the ability to buy information on an ad hoc basis, has contributed to this success.

Objective 4 – To invest in our people
We have achieved a silver accreditation for '**Investors in People**' and are on track to achieve gold status by September 2021. This is due to making a positive impact on a range of indicators. For example, embracing change, living our values and adopting a culture

of recognition. We also managed to increase our participation in the **Civil Service People Survey** from 63 to 73 per cent. Although our engagement score remained level with last year, there was positive movement on seven out of the nine key themes.

We expect to meet our carbon footprint KPI. Last year we reduced emissions by 6 per cent, saving approximately 55 tonnes of CO2. However, due to the Covid-19 public health emergency we were unable to finalise usage figures for March 2020 to confirm this.

We have not achieved our target on paper reduction. This is due to a number of factors including limitations in available data and internal processes. Continuous monitoring and analysis of paper consumption has however allowed the team to work with high volume users to put paper reduction projects in place.

Our work to meet the target to balance permanent staff with IT contractors continues through our 'grow our own talent' scheme. This involves enhanced development and career progression for internal staff. While we are seeing positive results from this initiative we expect that it may take time to achieve the transition and meet the target of having 0 per cent of our IT staff employed as contractors.

Performance analysis

Our **Corporate plan for 2019-24** - which aims to see our work add value to the Scottish economy - identified priorities for the business across the themes of Do, Consolidate and Create. Our performance analysis for 2019-20 will broadly follow these same themes while incorporating some wider aspects too. It will cover the following:

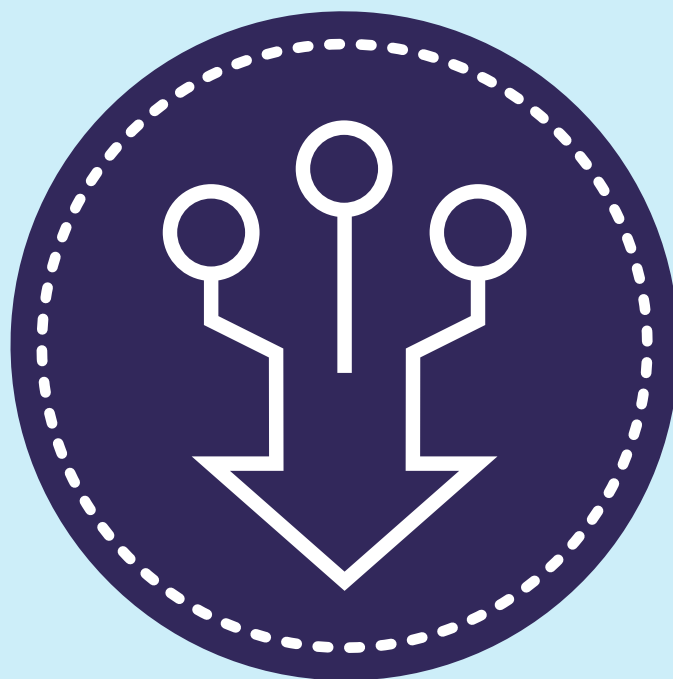


Do

Registration

- Business as usual
- Clear the arrear
- Land Register completion
- A service aligned organisation
- Continuing to improve

Financial performance



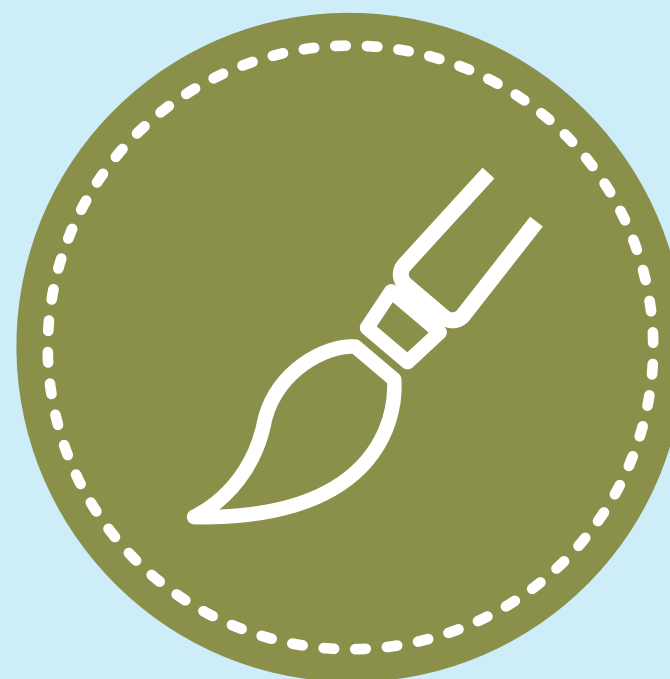
Consolidate

Information

- ScotLIS
- Data
- New registers

Digitising

- Evolving our digital services
- Digital Discharge Service (DDS)
- Delivering resilient services



Create

Innovation

- Geovation Scotland – supporting start-ups



Making it happen

Delivery

- Working with our customers and stakeholders
- Our people
- Becoming a smart working and more sustainable organisation
- Coronavirus (Covid-19) response
- Risks, future-proofing and opportunity

Do

Registration

As a registration and information business, we have a statutory duty to register land and property.

Business as usual

Our core function remains the processing of approximately 700,000 registration applications annually. Over the last year, 82 per cent of work despatched was completed within five working days, with 88.7 per cent of work despatched within 20 working days. Our overall turnaround times are illustrated in the table below.

Turnaround times for Land Register applications in 2019-20

0 to 2 days	69.3%
3 to 5 days	12.7%
6 to 20 days	6.7%
21 days – 3 months	6.0%
3 to 6 months	1.1%
6 months +	4.2%



In 2019-20, we continued to meet our service standards for the majority of our services and are on track towards achieving our KPI to see all new applications within service standard by September 2020. The table opposite sets out our performance against these service standards over the last year.

Register(s)	Service standard	Applications completed	Cases meeting service standard
1. Enter new Land Register applications on the application record	Within 1 working day	568,767	100%
2. Register applications in:			
// Chancery and Judicial Registers (registration process)	Within 3 working days	77,480	100%
// Crofting Register		1,083	100%
3. Register applications in:			
// General Register of Sasines	Within 20 working days	36,550	100%
4. Register ¹ Land Register applications for deeds affecting:			
// Registered Land	Within 20 working days	313,485	99.3%
// Unregistered Land (standard) ²		14,020	39.5%
// Part of Registered Land where the Keeper has given Development Plan Approval		7,185	100%
5. Register other applications for deeds affecting Unregistered Land	Within 6 months	18,807	47.7%
6. Register other applications for deeds affecting part of Registered Land	Within 9 months	17,168	40.5%

(1) Where an application is reliant on an earlier or same day application the relevant service standard will be the longer one.

(2) Relevant applications are those upon which RoS has carried out pre-work (research areas).

In terms of registration quality, our measures cover a wide spectrum of key data aspects. In 2018-19 we achieved 98.3 per cent for our KPI on data accuracy, against a target of 98 per cent. In 2019-20 the average for this remained at 98.3 per cent, and has now been exceeded in every month since April 2018. Our quality assurance team has worked extensively with registration teams on this particular KPI. The quality check pinpoints specific data points that are commonly failed, meaning the team is able to investigate the reason for this and provide additional information and support to help raise standards. Teams and individuals are kept informed of their monthly quality scores, which encourages high standards and provides data that can be used to address any aspects that are below expectations. Focussing on improving accuracy in the intake process has also helped positively impact the final product.

An additional KPI was added in 2019-20, with the aim of completing 93 per cent of applicable cases with no quality fails or errors. We achieved an average of 90.5 per cent against this target for the year, achieving a high of 92 per cent for three consecutive months. This target proved challenging due to the huge volume of data points and the number of products that are measured. While steady progress was made in some areas, the significant scale of improvement required to meet the target did not materialise overall as a consequence of the introduction of new processes, changing roles within registration and high levels of new recruitment.

In order to try and improve this, our quality assurance team continues to engage with registration managers each month to provide detailed feedback reports relating to team and individual performance, focussing both on successes and on areas where improvement is required. Going forward, and following the sharing of good practice with other land registries, the team has proposed a number of activities that will align with and provide support to registration to help achieve this target in the next 12 months.

We know that the rejection of applications continues to be a concern and causes difficulty for our customers. Over the past three years, we have taken steps to help reduce the rate of rejection for applications we receive including redesigning our application forms to make them easier to complete and providing comprehensive guidance for solicitors on our website. Perhaps the most significant change was, in light of having an ongoing arrear as outlined in more detail from page 22, we revised our policy on rejections in October 2018 which meant that we would no longer reject applications older than three months unless it was legally unavoidable. This has helped to reduce rejections as highlighted by the table below.

Rejection rates in 2019-20

Product	Rejection rate 2019-20	Rejection rate 2018-19	Rejection rate 2017-18
Dealing of Whole	3.9%	4.6%	5.8%
First Registration	12.0%	10.4%	19.2%
Transfer of Part	15.9%	14.4%	15.9%

Clear the arrear

Over the past year, we have continued to work hard to clear the backlog in case work built up during the transition from the 1979 Act to the 2012 Act. This backlog, or arrear, is something we acknowledge is not acceptable and a targeted work programme to clear it is in place.

This work has two key goals – to remove the arrear and to prevent another one from developing. In order to ensure we have the best teams in place to achieve this, we have undertaken a comprehensive training programme and recruited and promoted people where required. To prevent the arrear building up again, we have completely rebuilt our standard process for the main types of registration case.

While we work to clear the arrear, we are aware that there may be circumstances where urgent completion of a pending application for registration is required. To meet that need, we introduced the Expedite Request Service, where customers can request that their application be fast tracked. This year we received 2,193 requests for expedite and of those, 1,321 met the criteria and were fast tracked.

In August 2019, the Keeper contacted the CEOs of the main banks and building societies active in the Scottish conveyancing market to highlight and apologise for our arrear and provide assurance of our commitment to clearing it. A special engagement team was set up to meet with key representatives from the lending community, including



lenders and lender management companies. Through working more closely in partnership with these stakeholders, we have been able to explain the registration process in Scotland and the low level of risks associated with continuing to transact on properties undergoing registration.

Overall, there has been progress on clearing the arrear in 2019-20. First Registrations, which are applications that trigger first registration in to the Land Register, have continued to fall. This is also the case with Transfers of Part applications within developments which are applications requiring the creation of a new title sheet where the land is already registered. However, there has been a slight rise in the volume of attached Dealing of Whole applications which are applications, or dealings, over the whole of registered plots. The expectation is that as more First Registration and Transfer of Part applications are processed, these additional applications will fall quickly.

While we have been working closely with a number of stakeholders to process applications within developments more efficiently for all parties, Transfers of Part applications outwith developments have proven more difficult to stabilise. To help with this, we have had teams of experienced staff working with customers to improve the efficiency and flow of these applications.

Technology has been examined during this time too – for example as detailed further on page 26, we have introduced new, fit for purpose web-based mapping tools. This has allowed our outdated and complex mapping tools to be replaced. We are certain that further enhancements can be introduced to improve the throughput of these applications going forward.

The success of the Transfer of Part and Shared Plots project in late 2018 has also seen us continue to consider policy and practice improvements within the Transfer of Part space throughout 2019-20. This work looks to streamline the existing registration process through the introduction of better understanding of stock data, reuse of existing spatial data, new ways of working which focus on workflow, and a review of existing registration policies such as with the registration of tenements.

Finally, additional resources have been introduced to the First Registration teams and as their training and understanding has grown, we have seen a steady reduction overall. There are ongoing interventions in place to ensure we continue to eradicate the oldest and most complex casework.

Since April 2019, we have completed 10,079 cases that were older than two years (in working days).

Within our current arrear, 0.5 per cent of cases were created in 2016 (424 cases), 13.7 per cent of cases were created in 2017 (11,735 cases), 30.8 per cent of cases were created in 2018 (26,386 cases) and 40.8 per cent of cases were created in 2019 (34,988 cases).

While our arrear KPI target for the end of March 2020 was not achieved, our planning work up until that point had indicated that we were on track to be at a level where we were confident that we could achieve the overall arrear eradication target by the end of September 2020. However, as a result of the Coronavirus (Covid-19) emergency, all settle work had to be stopped temporarily with the immediate priority being to ensure that our customers were able to submit advance notices to protect their applications – more detail on this can be found on page 42. While we had also planned to see

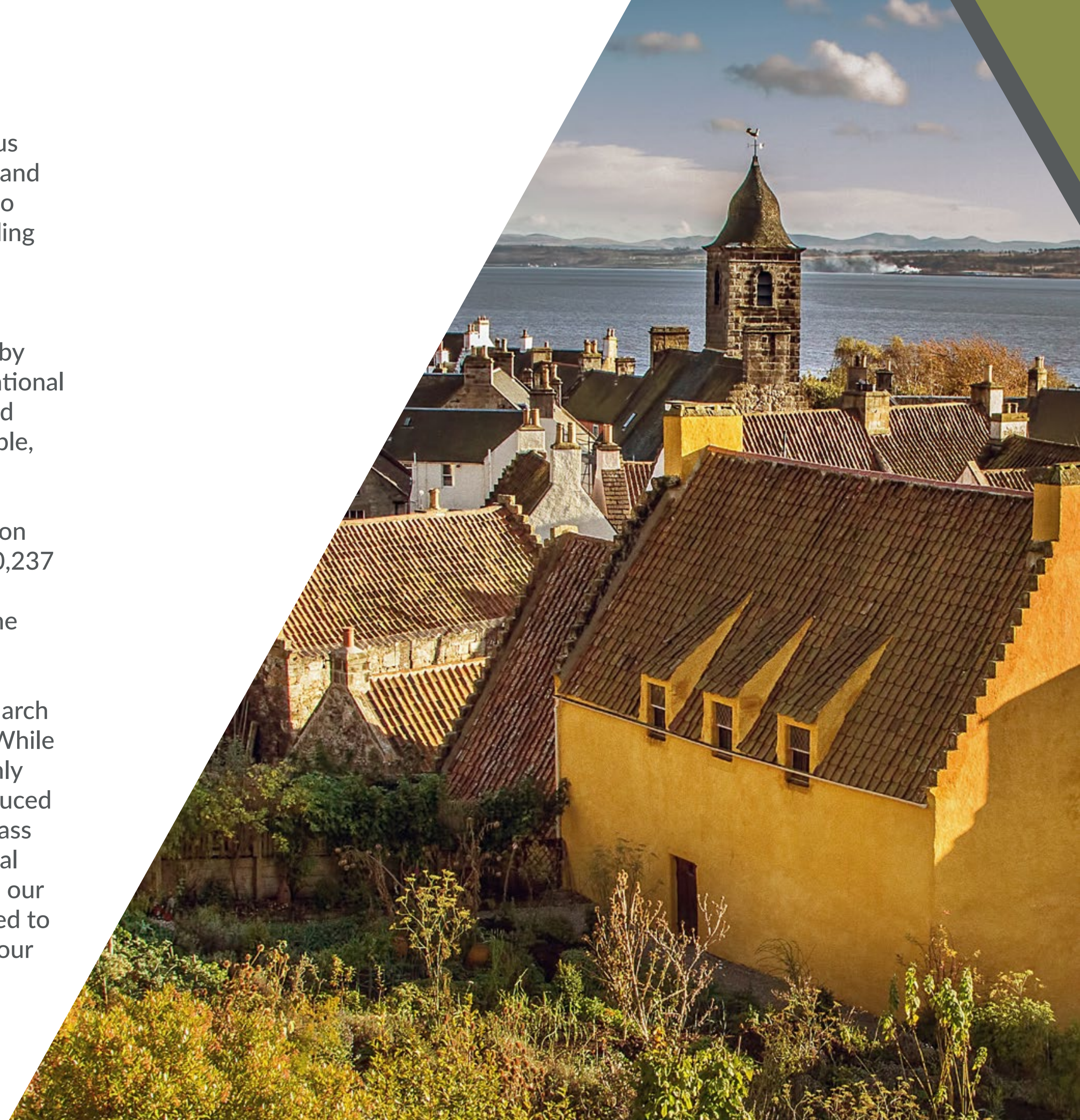
Transfers of Part within developments return to service standard within the same period, this was also impacted by the Coronavirus (Covid-19) emergency with many customers closing their offices and developments following Government advice. There is currently no arrear within our Development Plan Approval service or our Dealing with Whole function and we will maintain that position.

Land Register completion

As one of our strategic objectives, completing the Land Register by 2024 is a key aim for RoS. A completed Land Register will be a national asset for Scotland, making property transactions easier, faster and cheaper. It will provide a single, comprehensive, publicly searchable, map-based record of exactly who owns what across the country.

We are currently on track to meet our overall target for completion with an estimated 39.2 per cent of land mass coverage - or 3,140,237 million hectares – having now been registered. This equates to 1,855,213 titles on the Land Register which is 68.4 per cent of the overall estimated number.

Having reached a total of 39.2 per cent land mass coverage by March 2020, we know that we have a lot of work to do going forward. While we continue to monitor our delivery against our projected monthly targets, the impact of the Coronavirus (Covid-19) emergency reduced our capacity to despatch cases and therefore increases in land mass on the register slowed somewhat in the last month of the financial year. Despite this set back, plans have been prepared to re-focus our efforts on completing the voluntary registrations we have received to date and we are determined to continue to work hard to ensure our overall 2024 completion target is achieved.

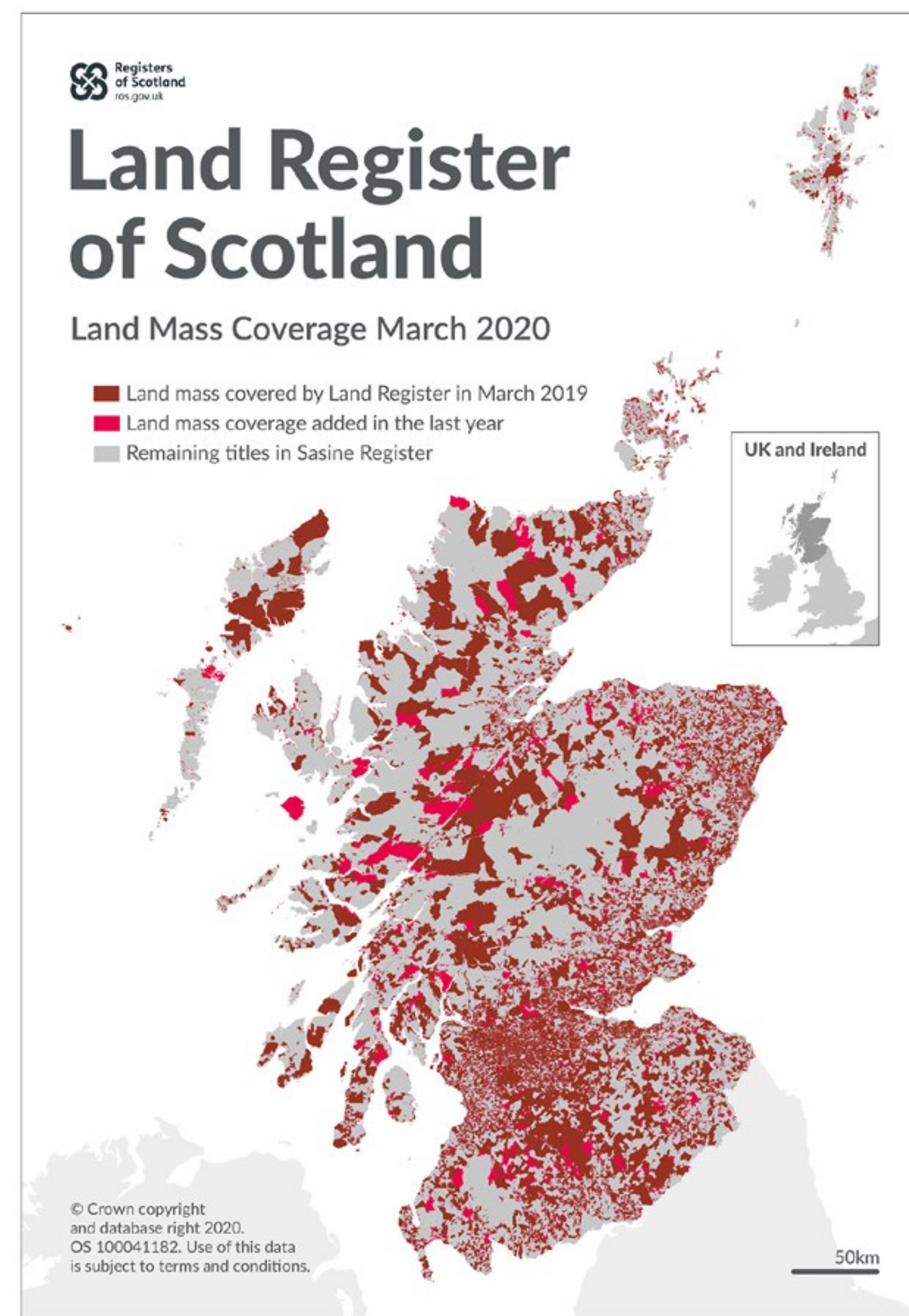


In 2019-20, we made progress in our engagement with public sector bodies. The majority of the public sector has engaged with us, for example Forestry and Land Scotland have submitted all of their registration applications. This accounts for approximately 7 per cent of Scotland's land mass. While the 2019-20 target for all public sector land to be registered was not fully achieved, with lack of resources across the public sector for these types of activities being a key factor, we have worked collaboratively with this sector throughout the past year.

The continuation of programmes such as Keeper Induced Registration (KIR) has seen us support the public sector further by assisting local authorities to register some of their housing stock. To date, more than 118,000 public and private addresses have been registered through KIR.

As voluntary registration (VR) remains one of our primary levers for land registration completion, we continued to offer a 25 per cent discount on VR fees across 2019-20. Over and above our public sector work, we engaged closely with private landowners, generating many registration applications. To date, ten of the top 20 land owners (by hectareage) in Scotland have submitted VR applications as we continue to work closely with them and other stakeholders to support their programmes of voluntary registration.

The graphic opposite highlights the land mass coverage added to the Land Register in the past year.



A service aligned organisation

To ensure the development of new and existing services in line with customer needs and expectations, in 2019-20 we moved away from working in a traditional project environment to a product delivery model. We did this by creating a service alignment team focused on delivering the strategic objectives outlined in our Corporate plan.

The service alignment team was established with representation from across the business and focused on people, process and technology. Its task was to develop a medium to long term operating model for a more service aligned and sustainable organisation.

Using innovative techniques to spot and assess risks and opportunities, it identified how we could remove risk from our IT estate as well as how we could improve the ways in which we gather and present data for our customers.

The team identified six main areas of activity for RoS going forward. These areas, known as domains, are:

- Customer facing to ensure that changes anticipated in registration and elsewhere within RoS are undertaken with our customers, resulting in a simple and consistent user experience
- Land Register to remove the dependency on the Land Register system (LRS) and to streamline the Case Management system (CMS)
- Mapping to decommission the Digital Mapping system (DMS) and look at map base solutions
- Supporting to consolidate document management and supporting financial systems
- Other registers to develop frameworks to support Chancery and Judicial Registers (CAJR), crofting and future registers
- Data to develop a data warehouse, improve governance and resolve data issues

Each domain has a dedicated team and product manager lead for delivery, who have ownership for all the products, information and underlying systems in that domain. Central to their operating model is a focus on reducing and managing risk, as well as collaborative working, so that the full benefits of working in this way are realised.

With the domains in place and operating well, the service alignment team is now focussed on assessing how RoS can develop further as a digital organisation that is aligned to customer needs.

A key piece of work in 2019-20 has been within the mapping domain where progress has been made towards updating our mapping systems. Currently the spatial and textual aspects of the Land Register are maintained independently in two different, loosely aligned systems - DMS and LRS. Over the past year, we have started to replace these systems with a range of web tools such as Plan Creator, a new cadastral map database, as well as new tools and processes for map base maintenance. This new approach should ultimately allow us to integrate the spatial and textual aspects to produce a complete **cadastral map** as described in the 2012 Act.

As the new tools have been introduced, mitigating risk and avoiding disruption to the day to day work of registration colleagues has been critical. There has been a phased roll out of the new system with colleagues being transitioned from the old to new system at a carefully managed and monitored pace.

These developments have already made mapping more efficient and saved the business time – for example, 75 per cent of our First Registration casework now has map data associated that is reused and approved using the new mapping tools with few manual interventions. Training on the new tools also takes days whereas it used to take months to be trained on the old system.

Having a modern mapping platform that works with structured data will help RoS to better deliver information from the Land Register, adapt to improvements in geospatial and location technology, and to quickly answer questions such as ‘who owns Scotland?’

Continuing to improve

At RoS we strive to provide services that meet our customer needs. We review these services continually to ensure we are still meeting expectations whilst maintaining a sustainable business. In addition to the efforts of our service alignment team as outlined on page 26, we have worked to create a resilient and sustainable digital estate.

This work has included reducing risk from our legacy IT systems such as ARTL (Automated Registration of Title to Land) which is a RoS system traditionally used by customers to submit standard securities for registration. With our customer base using ARTL having significantly reduced since it was first introduced in 2007, and only three firms using it in the last 12 months to February 2020, it was no longer deemed cost effective or efficient to maintain and run. As part of our commitment to reduce the risk posed by our IT legacy systems, the decision was taken to decommission ARTL on 31 March 2020. We have instead concentrated our resources and talent on improving other areas of our digital products, bringing efficiencies and cost saving to our customers.

We have also continued to use digital tools to make registration more efficient and to avoid risk to the customer. For example, we have developed a software component to ensure title sheets are compliant with the 2012 Act, allowing us to achieve the automation of over 77 per cent of discharges in 2019-20, against a target of 65 per cent.

We have further expanded internal process automation across our key Land Register product areas too. More information on our digital progress can be found from page 34 onwards.

Finally, our Development Plan Approval (DPA) service has continued to provide end to end support throughout the process of registering new developments. This free service gives certainty that what is built actually falls within the registered title, helping to resolve any title extent issues and giving reassurance to both developers and solicitors. A milestone was achieved this year with over 1,000 developments having now been approved via DPA. We have over 355 developers using the service and in 2019-20, 192 developments and 7,998 individual plots were approved.

Financial performance

Our financial performance for 2019-20 shown in the table on the next page, reflects the costs associated with our day to day activities and investments to improve our business. Both income and costs have increased in the reporting period to £78.4m and £85.5m respectively, resulting in a drawdown of £6.7m from retained surplus in the financial year. This was below our Corporate plan forecast drawdown of £10.0m (after depreciation £4m), largely due to less progress than anticipated on clearing stocks of work affecting the income outcome, and recruitment occurring later in the year than planned affecting the expenditure outcome. Retained surpluses have been used to invest in development of enhancing our services and to support Land Register completion during the year. This work will still continue in 2020-21 following reclassification and the transfer of the remaining retained profits to the Scottish Consolidated Fund. Details can be found in the summary table on the next page, and from page 73 onwards.

The statutory unit cost target is reporting as red, with a 6.5 per cent increase. This is largely as a result of the mix of products changing as we clear our registration arrears. These products are more complex and so more expensive to complete. This means our overall unit cost is higher, and in addition outputs at the end of the year were significantly reduced due to the Coronavirus (Covid-19) public health emergency. Prior to this we had improved the efficiency of all our main products.

Following a review of our non-statutory fees as part of our ongoing fee review process, we identified that the fees we charged for our reports no longer covered the costs. As these fees had remained unchanged since 2014, the decision was taken to increase our non-statutory fees in September 2019. Overall we achieved a 10.8 per cent return on our non-statutory services, exceeding our 5 per cent target.

Financial performance

	2019-20	2018-19
	£'millions	£'millions
Change to retained surplus	(6.7)	(5.9)
Continued operations income	78.4	73.7
Net interest income and charges	0.4	0.3
Capital expenditure	4.3	4.5
Costs	85.5	79.9
Costs comprised:		
Staff costs	63.6	58.4
Restructuring costs	0.0	0.0
Administrative costs	17.1	16.7
Amortisation, depreciation and impairment	4.8	4.8

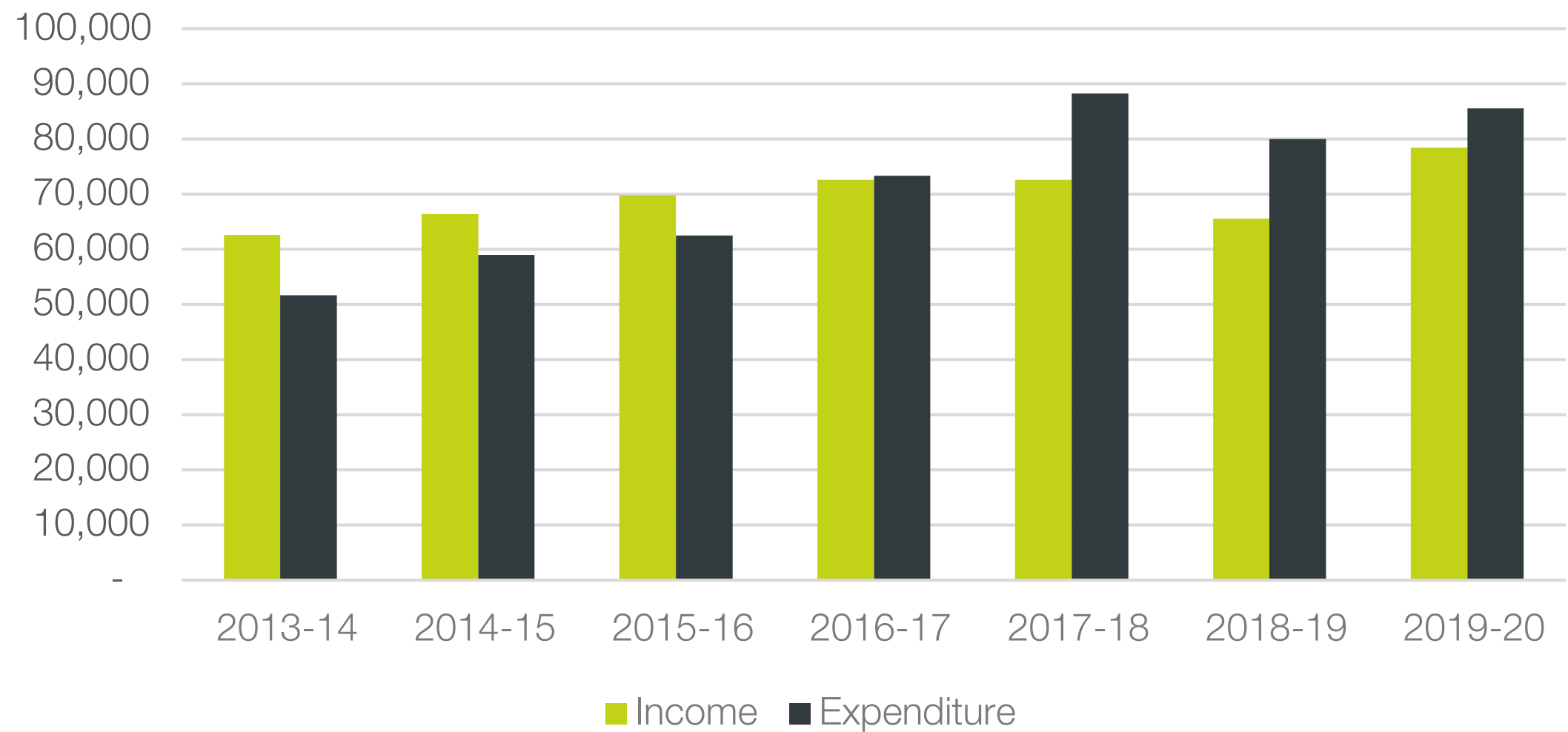
Regularity of expenditure

RoS is committed to the Scottish Government’s prompt payment policy. RoS’ policy is to pay all invoices, not in dispute, within 10 days or the agreed contractual terms if otherwise specified.

RoS aims to pay 100 per cent of invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2020, RoS’ payment performance was 93 per cent (2018-19 91 per cent) and 3.6 days (2018-19 4.3 days).

The graph below provides a finance summary of our overall income and spend since 2013.

Income & Expenditure



Consolidate

Information

As an information business, we provide trusted products and services about land and property data to meet the information needs of members of the public and business customers.

ScotLIS

RoS launched **ScotLIS** in October 2017. ScotLIS enables members of the public and registered business account holders to explore the Land Register on a map and find information on land and property in Scotland. It is a self-service website providing access to our main property registers and is vital for legal professionals transacting on property in Scotland.

ScotLIS provides value for the public by aligning with the Scottish Government's vision of adopting a 'digital first' approach as well as its commitment to making data open and available for others to use and reuse.

ScotLIS has been developed in close

consultation with partners, stakeholders, and customers, and is being continually updated to provide the information that customers want, in the way that they want it. ScotLIS offers customer value, providing a fast, simple and intuitive service to access land, property and personal registers data.

There are two distinct ScotLIS offerings to meet different customer needs. The core offering is for members of the public to explore a map and find out information about land and property in Scotland. The second is an enhanced offering for account-holding business customers to access a deeper and broader range of information to transact upon land or property.

ScotLIS is improved on a daily basis to meet the needs of our customers. Our dedicated team respond to user feedback and make over 200 improvements to the service every week. In May 2019, ScotLIS launched the ability for members of the public to purchase title information and get it instantly via email for £3.60 (inclusive

of VAT). Before ScotLIS, property information was searched for by RoS staff and sent out to customers manually at a cost of £20 plus VAT. This also meant that it could take up to a week for customers to receive the information requested.

We have made many key improvements to ScotLIS over the past year including:

- the ability for anyone to instantly buy property information
- the transparency of exploring the Land Register and searching by map
- the power to view aerial photography
- the ability to find your location based on your device, and
- the offer of support and assistance if you are unable to find what you are looking for

We believe that these improvements, as well as the freedom to purchase information on an ad hoc basis using a credit or debit card rather than taking payment by direct debit, has allowed us to exceed our targets in this area.

Our KPI sought to increase ScotLIS sessions by 15 per cent between April 2019 and September 2020 to reach a target of 1,513,168 sessions. By the end of March 2020, we had already reached 1,755,486 sessions which means that to date, ScotLIS sessions have increased at a rate of 16 per cent above target. Overall, ScotLIS enhancements have continued to improve the customer experience and ScotLIS has been shortlisted for a Scottish Legal Award 2020 for transforming the way in which members of the public and legal professionals interact with Scotland's land and property information.



Data

Throughout 2019-20, our work included statistical analysis, Geographic Information Systems (GIS), business analytics, data architecture and infrastructure development.

Information quality is key to enabling added value through reuse and we are continuing to invest in resources to improve our existing data products and develop new ones.

We have a robust quality assurance framework which supports high quality data coming onto the registers. We also work closely with other organisations to understand their needs so that we can continuously develop our data and information products.

A small dedicated domain team has been established in the past year to further improve our data quality and value. Their tasks include creating a data warehouse to structure our data in a more managed way, focussing on improving the quality of our addressing systems and also looking at ways in which we could structure the Land Register in the future.

As a producer of official statistics, we provide data and analysis to support society's need for information on the Scottish land and property market. The information provided is used to improve decision making, stimulate research, and inform debate both in the public and private sectors.

Our data products and services have a wide range of users, including policy makers within the Scottish Government, other public bodies, banks and other financial institutions, the legal profession, property experts and property service providers, academic bodies, utilities companies, citizens and the media.

We engage with our stakeholders continuously to develop our understanding of the potential uses for the data we hold, and to tailor our products and service experiences to user needs. In July 2019, we ran a **user feedback survey** on the data and statistics we publish while a data and statistics user day was held in November 2019. We will continue to listen and respond to user needs and views as well as raise the profile of RoS as a data and statistics organisation.

We support the evolution of new services and business through our commercial users and the products that they in turn create, supporting data driven innovation and new economic activity. One example of this in practice is Geovation Scotland which is outlined in more detail on page 36.

Our annual **Property Market Report** was published in June 2019. It provides a long-term overview for both the residential and the non-residential markets back to 2003-04 when RoS began compiling data for the whole of Scotland.

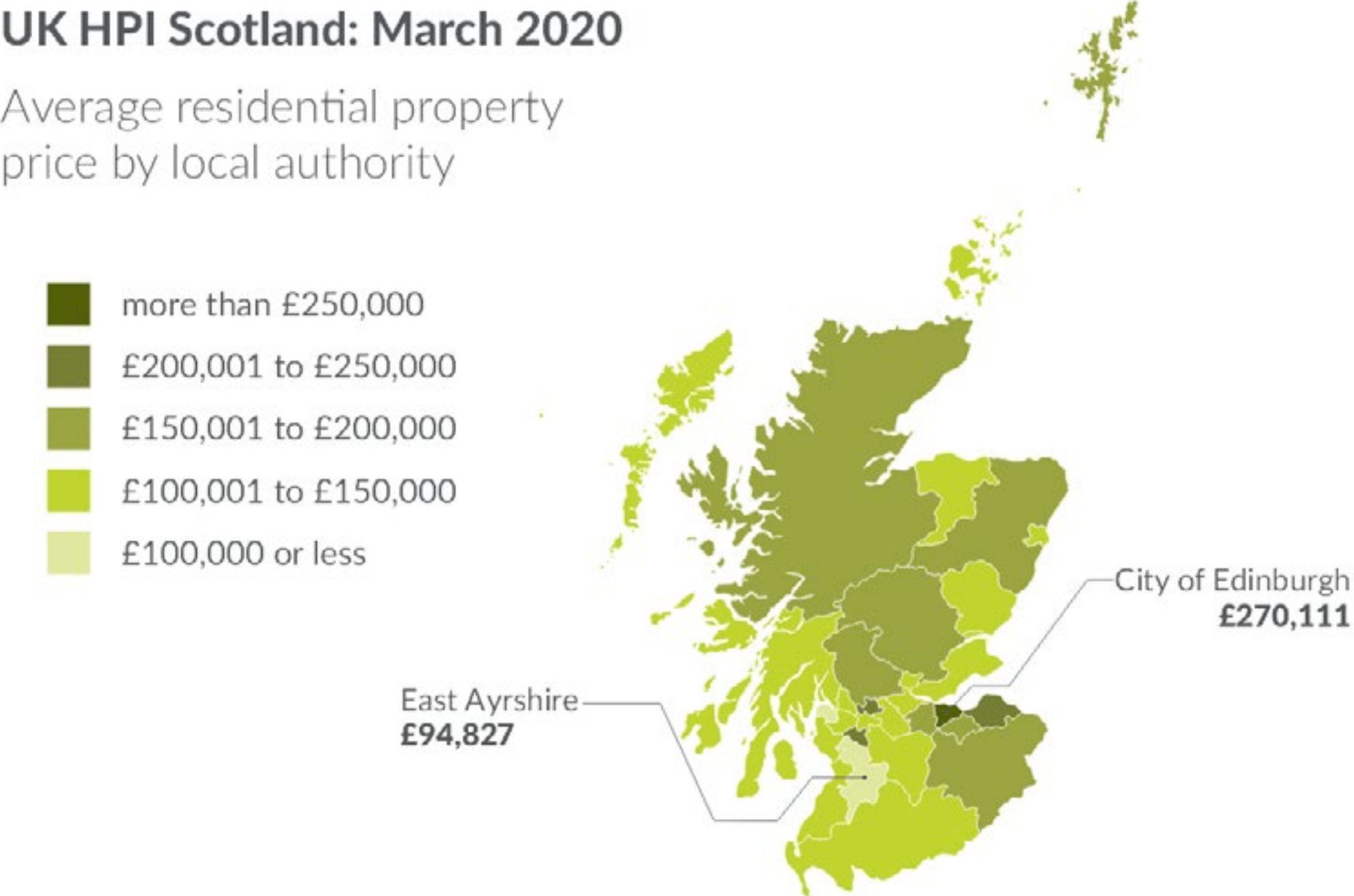
The **Land and Property Titles by Country of Origin** statistical release was published in March 2020 and contains high level statistics on the country of origin of all property owners and tenants with long leases in Scotland. The annual update includes the most frequent countries by origin of purchaser/tenant, local authority variation and new experimental statistics showing the proportion of Scotland’s land area that has a proprietor address outside of the UK.

Throughout the year, we continued to produce the monthly **UK House Price Index** (HPI) through collaboration with the Office of National Statistics, HM Land Registry and the Department of Land & Property Services Northern Ireland. This provides valuable information on average house prices in Scotland, placed in the context of house price changes across the UK. The UK HPI meets the highest standards of trustworthiness, quality and value as defined in the Code of Practice for Statistics. The graphic opposite is taken from the UK HPI Scotland in March 2020 and highlights the average residential property price by local authority.

Under the European INSPIRE (Infrastructure for spatial information in Europe) Directive we have a statutory obligation to create a cadastral view of the Land Register, and to make the data available publicly under license. We update this dataset quarterly. Spatial data is core to our business, and we work proactively with Ordnance Survey and the UK Geospatial Commission to explore new uses and scope for increased efficiency. We intend to continue to provide these important datasets now the UK has left the European Union and are doing so in the current transition period.

UK HPI Scotland: March 2020

Average residential property price by local authority



Contains OS data © Crown copyright and database right 2020.

New registers

Over the course of 2019-20, we have continued to work closely with colleagues in the Scottish and UK Governments to support the development of two proposed new registers, the Scottish Register of Persons Holding a Controlled Interest in Land and the UK Register of Overseas Entities. Once implemented, these new registers will further improve transparency about who ultimately owns and controls land in Scotland.

Work has continued on the Register of Applications by Community Bodies to Buy Land to introduce the second part of the register in April 2020 to applications for the right to buy land to further sustainable development. We have also worked with the Scottish Government to consider proposed legislation for the introduction of two further registers for Moveable Transactions.

Digitising

As a user-focussed and forward-thinking business, we are constantly looking to develop and deliver secure, cost-effective digital products and services that result in a better experience for our customers and stakeholders.

Evolving our digital services

In 2019-20 we have continued to evolve our digital services with a view to reducing risk, creating more efficient ways of working and an improved customer experience.

For example, a new application dashboard for solicitors has been created where in-progress Land Register applications can be viewed. The dashboard also enables the duplication of rejected Land Register application forms so they can be resubmitted once missing or invalid information has been provided.

We have updated our digital forms for Sasines applications and for the Register of Deeds in the Books of Council & Session to deliver significant usability enhancements. We have also worked to ensure navigation between our online services and ScotLIS is now smooth and requires no re-authentication.

Finally, building on our research project 'Gateway' last year, we've conducted extensive research and design into a new way of collating application information.

Digital Discharge Service

Digital registration remains one of our priorities as we continue our progress towards providing fully digital services for our customers. Leading the way with its launch in May 2017 was the Digital Discharge Service (DDS). DDS improves upon the existing paper-based service for the discharge of standard securities by allowing the actions of solicitors and lenders to be completed entirely digitally in under two minutes. The end to end transaction time is reduced by several days as there is no need to post the documents back and forth.

In 2019-20 we continued to build on the earlier success of the service, bringing new lenders on board, including Legal & General Home Finance Ltd and Tesco Personal Finance. DDS has 500 solicitors and 16 lenders now using the service. Usage of the service has also increased; in 2019-20 55,315 discharges were signed and submitted through DDS with the percentage of discharges submitted digitally being 43 per cent compared to 35 per cent the previous year. Over the past year, we have successfully increased the proportion

of digitally submitted discharges that are processed without manual intervention from 66 per cent to 80 per cent. We have also continued to improve DDS with a range of usability, accessibility, security, resilience and reliability enhancements.

Delivering resilient services

In the last year, we have invested heavily in our cyber resilience. We achieved Cyber Essentials Plus certification and re-focused our information governance and risk management on data protection and related information security controls overseen by our Information Security Group (ISG) and Information Assurance Group (IAG). We also continue to align to the Scottish Government Cyber Resilience framework and public sector action plan, which informs our IT Security roadmap where cyber resilience is managed as a key risk.

Our investments have included a refresh in cyber training for all staff and ongoing investment in skills development. We have also supported two cyber security graduate apprenticeships and higher education courses for our IT Security team. There has been continued and significant investment in the roadmap being delivered by the IT Security team, with priority given to deploying a range of new tools to prevent and detect cyber threats and to validate our monitoring and responses. This enhancement of our cyber resilience underpins the service alignment journey outlined on page 26 and is a key theme in our ongoing digital risk management.

We have also seen a significant increase in our service availability in 2019-20 with unplanned system outages becoming rare occurrences. System availability of 100 per cent has become the new normal.

A number of technical and non-technical factors have directly influenced this. For example, the Corporate plan focus on sustainability and technical risk reduction, coupled with an organisational shift from project to product management and business led digital teams, has provided product aligned ownership, accountability and responsibility across our entire digital estate. From a technology perspective, previous investments in our foundational infrastructure platforms, such as converged infrastructure (VXblock) and site resilient disaster recovery/high availability capabilities, continue to demonstrate a return on investment within this space.

Create

Innovation

As a forward thinking organisation, we aim to be innovative in our outlook and to see our data used in original and beneficial ways.

Geovation Scotland – supporting start-ups

As custodian of a vitally important national dataset we have a duty to ensure its benefit is maximised. In 2019-20, we launched **Geovation Scotland** in partnership with Ordnance Survey (OS). This innovative project supports Scottish-based start-ups who identify how RoS data, combined with other geospatial and property data, can be used to solve problems and deliver value to businesses in Scotland.

Geovation Scotland offers successful applicants access to a 12 month programme. This encompasses six months of intense incubation with a bespoke programme of content based on their start-up's requirements, followed by six months of arms-length to-market support. In addition, start-ups receive access to OS and RoS data, access to industry experts, up to £15k of funding and the use of our co-working Geovation space in Meadowbank House.

The inaugural open call for programme applications received responses from over 32 Geotech and Proptech start-ups from across the country, looking to address a wide range of Scotland-specific challenges. Three companies were selected through our interview process, each working within factoring, eco-tourism and forestry.

In addition to this first cohort, Geovation Scotland recruited three entrepreneurs-in-residence (EIRs), all working within climate change and carbon measurement, who provided an opportunity to explore the mutual benefits of working within Geovation Scotland and our wider community.

The first Geovation Scotland cohort have completed the incubation phase of the programme and - with our support - are now seeking investment, further partnerships, employees and customers. The Geovation Scotland EIRs have also been able to expand, increasing their staff numbers and securing additional funding from Scottish Enterprise, NESTA and private investors. Recruitment for the second Geovation Scotland cohort has started.

The sharing of expertise through Geovation Scotland has meant that RoS has gained valuable market insights on our data provision, has been able to pilot new methods of working with companies on our cohort and created innovation roles brand new to the business. In addition, it has allowed us to work with our partner organisations across the public and private sectors, drawing on expertise from organisations such as Companies House, the Intellectual Property Office and HMRC, as well as the wider entrepreneurial ecosystem in Scotland.

Making it happen

Delivery

There are many aspects of RoS that come together to ensure we deliver the best that we can for our customers, employees and the economy of Scotland.

Working with our customers and stakeholders

We are committed to being transparent with colleagues, customers and citizens. Over the course of 2019-20, we established a dedicated project board to ensure that RoS is increasingly transparent about its policies, decision-making and use of resources. We also began publishing progress against **our KPIs** on a quarterly basis.

During 2019-20 we saw a change in the make-up of our already high volumes of enquiries handled by our customer services team who work in improving customer experience. Our most common enquiries included copy deed requests, progress on applications, invoice payments, accounts for our online tools, and advice on our products and services. Over a third of our enquiries now come from members of the public, compared to two thirds from land and property professionals. In the past year, we received and processed over 87,000 emails and more than 88,500 phone calls. Whilst we saw a reduction in basic search requests now the public can search for themselves on ScotLIS, there was a marked increase in the more complex search requests with the majority of these now coming via ScotLIS. This increase saw the property information team process 38,088 orders for information.

The number of complaints we received in 2019-20 was 88, which is a 35 per cent reduction from 137 in 2018-19. Two complaints were referred to the Scottish Public Services Ombudsman (SPSO), neither of which were upheld. The majority of complaints related to the speed of the service. A number of registration activities are underway to tackle the arrear and accelerate registration services - more details can be found on page 22.

Our March 2020 customer satisfaction survey showed an overall satisfaction score of 83 per cent, up from 77 per cent the previous year. We are continually looking for ways to improve services for our customers. For example, our response times have improved in the past year due to better internal use of customer management tools cutting down steps in the enquiry handling process. The introduction of our new telephony system has also seen us reduce the average customer wait time to under one minute, down from two minutes and 10 seconds in 2018-19. For particularly busy periods, the new call back function lets customers choose if they want to continue to hold or to hang up and for us to call them back, again reducing wait time and improving customer experience.

Regular engagement with stakeholders continued throughout the year. This included participation at conferences and scheduled meetings with groups such as the Law Society of Scotland (LSS). These events provided valuable opportunities to speak with key stakeholder groups and gather feedback as part of our ongoing commitment towards transparency. In 2019-20, we also received and responded to 107 Freedom of Information (FOI) requests which is in line with total numbers from previous years. The average response time was 14 working days with 100 per cent of requests receiving a response within the statutory timescale of 20 working days. The majority of

requests we receive relate to individual titles and applications for registration. The second most popular subject is registration policy and practice.

We also ran a series of RoS-hosted events to better inform our customers and stakeholders about our work. This included an open day at Meadowbank House in May 2019 which was attended by 59 people as well as the 'A Future Focus' conferences in November and December 2019 which RoS hosted in Aberdeen, Inverness and Glasgow. More than 300 members of the land and property sectors attended these free, full-day conferences which were supported by organisations such as the LSS, Ordnance Survey and the Crofting Commission as well as by some of Scotland's largest lenders.

RoS is accountable to the Scottish Parliament and we undertake a range of activities to help MSPs support their constituents and to increase awareness and visibility of RoS. We correspond regularly with MSPs and MPs in relation to questions from their constituents and in 2019 started publishing a bespoke quarterly newsletter to keep them updated on RoS and the most common issues raised in correspondence. In 2019-20, we received and responded to 151 MSP letters and five Parliamentary Questions.

We hosted Kate Forbes, in her former role as Minister for Public Finance and Digital Economy, at our Edinburgh office in November 2019, and invited the new Minister for Public Finance Ben Macpherson to visit RoS following his appointment in February 2020. We delivered two events tailored for MSPs to enhance their knowledge and understanding of RoS. This included an MSP seminar in September 2019 as well as an evening reception in the Scottish

Parliament in November 2019. These sessions were opportunities for members of the RoS team to answer questions from MSPs and their staff and to provide further insight into our work.

Engagement with the Scottish Parliament's Economy, Energy and Fair Work (EEFW) committee took place throughout the year, with a number of committee members taking the opportunity to visit our offices for in-depth discussions on the work we do.

On 2 March 2020, RoS Keeper, Jennifer Henderson appeared in front of the Environment, Climate Change and Land Reform Committee to give evidence on the Land Reform (Scotland) Act 2016 (Register of Persons Holding a Controlled Interest in Land) Regulations 2021.

On 31 March 2020, the Keeper and our Accountable Officer Janet Egdell were due to attend the Scottish Parliament's EEFW committee but this was postponed due to the Coronavirus (Covid-19) emergency. We will continue to engage with MPs, MSPs and their staff in the year ahead.

Our people

Our people are integral to the success of RoS and inarguably our greatest asset. The 2019-24 RoS People Strategy, underpinned by the principles of being an inspiring organisation with a flourishing workforce where individuals thrive, has supported the organisation's vision and purpose through delivery of our people outcomes. Our people themes of leading transformation, embracing development and attracting talent have led to the alignment of interventions to support the ongoing focus on these priorities.

Our ambition is to have a workforce which reflects the citizens we serve as well as our broader society in Scotland. This includes diversity of age range, background, ethnicity and life experience. The demographics below demonstrate how we have expanded the age range of our colleagues through recruitment, development, promotion and flexible working practices. By mining the resources of early career colleagues, people with experience of other sectors and returners to the workplace, we have a working population ranging in age from 16 to over 70. We are proud of the richness this brings to RoS. More information on the diversity of our workforce can be found in our most recent **Equalities mainstreaming report**.

Age band	Number of employees		
16 - 24	115	84	54
25 - 29	102	96	72
30 - 34	101	99	76
35 - 39	152	161	128
40 - 44	138	119	129
45 - 49	151	157	142
50 - 54	186	194	176
55 - 59	158	123	153
60 - 64	60	60	64
65 +	24	14	27
Total	1,187	1,107	1,021
	As of 31 March 2020	As of 31 March 2019	As of 31 March 2018

Please note that this table shows permanent & fixed term staff headcount (as opposed to FTE) at the end of the financial year.

Over the past year, we have continued to prioritise colleague engagement and wellbeing, and making sure we have the right people with the right skills to help us do the best for our customers.

We ran a significant promotions campaign in 2019-20 to bring talent throughout RoS into new roles where they can thrive and deliver. In total, 164 internal candidates successfully achieved a promotion to roles in RoS.

We also launched a number of new learning pathways to support our colleagues to develop the skills required to deliver in their role as well as to provide ongoing upskilling as they progress through their career. Two management-specific programmes have been designed to provide development for managers new to their role and the wider management population to focus on skills that will better equip them to lead their teams. To date, over 90 sessions have been delivered as part of these programmes with an average of eight managers attending each session.

A continuous learning approach has underpinned change management activity too, empowering colleagues to continuously improve our working practices. Changes to ways of working have been implemented in a number of teams leading to new team structures and processes which have supported increased productivity and more collaboration.

Alongside all of this, we aimed to further improve internal engagement through a comprehensive programme of communications for employees including face to face events, podcasts and blogs. For the fourth year in a row, we ran our large scale internal annual engagement activity, called the Big Picture, to inform colleagues

of our business direction, and gain their comments, concerns and feedback. We ran 82 sessions in total with 67 per cent of the 672 colleagues who attended saying that they felt positive about the direction in which RoS is heading. The main themes to come out of Big Picture 2019 were focussed on our move to smart working, training opportunities, recruitment and promotion - all of which have helped to shape our ongoing activities.

In October 2019 we participated in the annual Civil Service People Survey (CSPS) and were pleased to see the number of colleagues taking part increase from 63 to 73 per cent compared to the previous year. This meant that the feedback received was even more representative of our colleagues. Although our engagement score remained level with last year (59 per cent) there was positive movement on seven out of the nine key themes included in the survey. For example, inclusion and fair treatment, pay and benefits as well as resources and workload. Going forward, we know that there is continued opportunity to build on this.

We are also pleased to be on track in our efforts to achieve gold accreditation for the **Investors in People** award by September 2021. We can attribute this to making a positive impact on required indicators including embracing change, living our values and adopting a culture of recognition.

Using feedback from the Big Picture, CSPS, our wellbeing survey, Investors in People interim report, along with less formal information such as internal polls and regular informal discussions with colleagues, we have delivered a flexible range of engagement opportunities for colleagues. These have included quarterly town hall events, listening sessions with senior management, team leader forums and shadowing

opportunities with our directors and the Keeper. This approach has allowed senior managers and the Keeper to draw on the knowledge of colleagues and their ideas to improve our products and services. It has also helped to motivate colleagues to support us in delivering our corporate strategic objectives and enabled us to deliver changes to improve their day to day experience of working at RoS.

Supporting the wellbeing of our people is an ongoing priority for RoS. In addition to the provision of the Employee Assistance Programme which provides free, confidential and impartial advice to colleagues, we began a wellbeing hour pilot for colleagues in 2019-20. This pilot, which is currently still running, allows colleagues to take an hour out of their working week to focus on their personal wellbeing with the flexibility to use this time for their chosen activity. Following feedback from our 2019 Wellbeing Survey, we have also piloted and plan to deliver training on mental health awareness for the management population of RoS so that they are able to better support colleagues' mental health.

One final notable achievement in the past year has been the development of a formal Partnership Agreement between RoS and PCS union. In order to support collaborative working between RoS management and PCS, and demonstrate the commitment from both sides to create stronger working relationships with one another, RoS agreed, signed and published the agreement in the autumn of 2019. The agreement continues to facilitate useful and constructive

discussion on a number of important issues between RoS and PCS. Key achievements to date include reducing the number of colleagues on fixed term contracts and temporary promotions, the wellbeing hour pilot exercise outlined above, the management of Christmas Leave and the Pay 2020-21 process. Of particular note latterly was the collaborative way RoS management and PCS officials worked together on coordinating the organisation's response to the unprecedented Coronavirus (Covid-19) emergency.

Becoming a smart working and sustainable organisation

We are transforming ourselves from a traditional, paper-based organisation into a fully digital registration and information business, which anticipates and responds to the needs of our customers. To help make this happen, we've set-up a dedicated team of colleagues to progress refurbishment work and deliver smart working across RoS. In 2019-20, progress has been made in transforming our Meadowbank House office space with refurbishment work seeing approximately 400 colleagues move into smart working office environments in the past year.

RoS recognises the importance of tackling climate change. We are committed to reducing our impact on the environment through effective sustainable management of our operations and estate. Through staff engagement, the principles of sustainable development are embedded into day to day working practices. We are committed to:

- protecting the environment and minimising pollution arising from activities
- assessing the environmental impact of all business activities
- minimising our use of paper, energy and other natural resources

Over the past year RoS has continued our sustainability work and made progress to operate in an environmentally friendly manner. Last year we focussed on becoming more efficient and cutting down on waste. Our waste emissions have been cut by 10 per cent and water consumption has also reduced by 13 per cent. We have seen savings after a full year of operating our low emission fleet vehicles, with a 92 per cent emission reduction from hire cars and 16 per cent saving from the pool car fleet alone.

A target was set to reduce paper consumption by 15 per cent across RoS in 2019-20, saving 1,323 reams of paper. This target wasn't met due to a number of factors including limitations in available data and internal processes. However, continuous monitoring and analysis of paper consumption has allowed our sustainability team to work with the departments who consume the highest volumes of paper in order to implement possible reduction projects.

We also delivered an environmental campaign which aimed to involve staff in making our organisation and planet a more sustainable place. The campaign focussed on five key themes: World Animal Day and animal conservation, climate change, paper waste, greener travel and reuse. Working in partnership with local charities and enterprises, we ran behaviour change workshops, revisited the trees we planted in 2018 and added more, encouraged reuse, ran a litter pick and raised money for charity.

We anticipate having met our carbon footprint KPI with an emission reduction of 6 per cent over the past year, saving approximately 55 tonnes of CO₂. Due to the Coronavirus (Covid-19) public health emergency we were unable to finalise usage figures for March 2020 to confirm this.

Our **Sustainable Procurement Policy** seeks to minimise negative environmental and social impacts associated with the products and services we purchase. To find out more on our approach to procurement, please see this year's **Annual Procurement Report**.

For more information on our environmental performance against the Scottish Government standards, visit sustainablescotlandnetwork.org.

Coronavirus (Covid-19) response

This year's Annual Report was compiled during the Coronavirus (Covid-19) public health emergency. While this means that the overall impact on RoS was unknown at the time of writing, a number of steps were taken up until the end of March 2020 to mitigate the potential negative effects on the business and to protect our employees, customers and the economy of Scotland.

In order to comply with Government guidelines and to safeguard staff and the public's health and wellbeing, the decision was taken to close our offices on 24 March 2020. Although much of our work can be delivered remotely, some processes such as scanning and elements of intake where more than 2,000 pieces of post containing all of the paper-based applications to our registers are opened and scanned each day, need to be delivered on site. While we are largely able to process everything digitally once the scanning process is done, closing our offices did mean that we had to temporarily close the application record too. Before doing so, we ensured that scan and intake was completed so that everything received prior to closure was included on the record.

The Law Society of Scotland (LSS), with whom we were in regular dialogue throughout the emerging situation, put guidance out

to their members saying that, in the light of the application record being closed, and until further information was available, they recommended that solicitors did not settle cases. The LSS recommendation meant that people would not be able to complete their house purchases.

We immediately put in place an emergency process to liaise with solicitors to ensure that no-one with an urgent need to complete their property transaction was prevented from doing so, whilst a more sustainable solution was discussed with the LSS. In parallel, we worked rapidly with key stakeholders, particularly the LSS and UK Finance, to put in place an interim solution to enable property transactions to continue remotely as required. The immediate solution ensured that the most urgent of cases could be settled without delay, using the protection of an advance notice. In addition, in the small number of cases where an advance notice wasn't in place, and where individuals faced serious personal or financial hardship if they did not complete their transaction, we worked with solicitors to either add an advance notice to the register or found another way to resolve the issue, which allowed the home mover to complete their transaction.

We also worked on emergency legislation for the Coronavirus (Scotland) Bill 2020 to bring some flexibility to the registration process and enable transactions that took place during the health emergency to do so. The Bill was introduced to the Scottish Parliament on 31 March 2020.

Once passed, the Bill enabled the property registers to continue to function and accept new applications. It extended the existing 35 day period that an advance notice provides to applicants for a period of 10 days after the registers are fully reopened, allowing essential property transactions already in progress to proceed to settlement. It also allowed the submission of applications for registration to the property registers digitally while we were temporarily unable to receive applications by post.

A huge amount of work went on, remotely, to create the emergency legislation, build and test the digital solutions and communicate the updates to our key stakeholders and customers. We successfully launched our digital submission for advance notices in early April and subsequently our digital submission service for Land Register applications and for applications to the Register of Inhibitions and the Register of Judgments.

Our investment in resilient IT systems, as well as being a smart working organisation, allowed us to relatively quickly digitally enable over 300 of our staff, implementing a number of **new digital solutions** to allow us to progress registration applications remotely to support our customers.

Throughout this period, our customer services team were on hand to offer expert advice and reassurance. Between 25 March and 2 April, the team received 1,729 phone calls, 349 specific requests about emergency registration and 909 additional email enquiries. All enquiries that were within RoS' control were resolved. We also had regular engagement with employees, MSPs and MPs, and customers to ensure that they were kept up to date on our latest position.

As it was clear that our income would be reduced due to the impact of the emergency on the housing market, we mitigated this risk through reducing our expenditure, reviewing our fees and using the UK Government Coronavirus Job Retention Scheme (CJRS). We claimed for the allowable percentage of the costs of retaining staff during the periods they were not digitally enabled to be able to work remotely; for March 2020 this was 465 staff and the value of the claim was £248k.

Risks, future-proofing and opportunity

We are continually reviewing any risks which may affect our ability to meet our objectives. In particular, there is a risk that a downturn in the property market might affect the financial health of the business. We continue to manage a number of risks around completing the Land Register, information management and resilience. One particular risk that we have managed in the past year is how the change in the way we are classified in the Office of National Statistics has led to a new approach to managing our finances, as we transition to be incorporated within the Scottish Consolidated Fund.

For more information on risks identified and how we are actively managing risk, please go to our Risk Management section on page 53.

The Executive Management Team (EMT) and Board recognise the importance of ensuring that sufficient attention is given to considering the longer-term opportunities for RoS. Once we complete the Land Register, the organisation could move in a range of directions. Our new corporate business plan for 2020-2025 has outlined what this might look like but it was agreed prior to the launch of measures to counteract the Coronavirus (Covid-19) public health emergency. Our planning cycle ensures that we will revisit this plan fully in six months when we will have a clearer idea of the impact, or earlier if possible. Looking forward, there will need to be a focus on our continued response to the Coronavirus (Covid-19) emergency and its potential impact on the economy and housing market.

While undoubtedly this means that challenges lie ahead, we will continue to do everything in our power to ensure we deliver the best that we can for our customers, employees and the economy of Scotland.

Janet Egdell
Accountable Officer












Accountability report





Corporate governance report






Directors' report

Registers of Scotland Board

-  **Jennifer Henderson** - Keeper of the Registers of Scotland (6/6)
-  **Janet Egdell** - Accountable Officer (6/6)
-  **Billy Harkness** - Corporate Services Director (5/6)
-  **Kenny Crawford** - Business Development Director (6/6)
-  **Chris Kerr** - Registration and Policy Director (5/6)
-  **Shrin Honap** - Non-Executive Director (5/6)
-  **Deepa Mann-Kler** - Non-Executive Director (6/6)
-  **Jayne Scott** - Non-Executive Director (6/6)
-  **Fiona Ross** - (1/1) (until July 2019) - Non-Executive Director

-  **Andrew Harvey** (3/4) (from July 2019)
– Non-Executive Director
-  **Andrew Miller** (3/4) (from July 2019)
– Non-Executive Director

Audit and Risk Committee

-  **Jayne Scott** (4/4)
Audit and Risk Committee Chair
-  **Andrew Harvey** (4/4)
Audit and Risk Committee Member
-  **Christine Martin** (4/4)
Audit and Risk Committee Member
-  **Julie Wardhaugh** (4/4)
Audit and Risk Committee Member
-  **Tim Wright** (4/4)
Audit and Risk Committee Member

Biographies for our Board, and Audit and Risk Committee Members can be found on our [website](#).

The number in brackets represents the number of Board/ARC meetings that financial year, and the number attended (the number of meetings may appear less where Board members have been appointed mid-year).

Statement of the Keeper's and Accountable Officer's responsibilities

Under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed RoS to prepare for each financial year a statement of accounts in the form and, on the basis, set out in the Accounts Direction in [Appendix One](#).

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of RoS 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 and in particular to:

- observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the government financial reporting manual (FReM), have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that RoS will continue in operation.

Section 70 of the Scotland Act 1998 requires Scottish legislation to provide for members of staff of the Scottish administration to be designated as answerable to the Scottish Parliament in respect of expenditure and receipts. Such members of staff are called Accountable Officers. The Keeper of the Registers of Scotland is

a statutory office-holder and not part of the staff of the Scottish administration. This means that the Keeper cannot be designated as Accountable Officer. Janet Egdell has been appointed by the Permanent Secretary to the Scottish Government as Accountable Officer.

Section 15 of the Public Finance and Accountability (Scotland) Act 2000 sets out particular duties that may be assigned to the Accountable Officer. These are:

- signing the accounts;
- ensuring the propriety and regularity of the finances of the officeholder; and
- ensuring that the resources of the office-holder are used economically, efficiently and effectively.

The Accountable Officer is required to:

- confirm that, as far as she is aware, there is no relevant audit information of which the entity's auditors are unaware, and she has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information;
- and confirm that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

More detail on the responsibilities of Accountable Officers is set out in the Memorandum to Accountable Officers.

The Keeper is responsible for the statutory functions placed upon her in relation to the operation of the various public registers for which she is responsible. In addition, the Keeper is statutorily responsible for:

- achieving such financial objectives as may be determined by Scottish Ministers from time to time;
- the preparation for each financial year of accounts of expenditure incurred in the fulfilment of the Keeper's functions and income received;
- arranging for an audit of the annual accounts by auditors appointed by the Auditor General in the appropriate time period;
- and by agreement with Scottish Ministers, arranging for publication of the accounts after these have been laid before Parliament.



Statement of the Disclosure of Information to Auditors

So far as the Accountable Officer is aware:

- there is no relevant audit information of which RoS' auditors are unaware, and
- the Accountable Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that the RoS' auditors are aware of that information.

Accountable Officer's Confirmation

The Accountable Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

More detail on the responsibilities of Accountable Officers is set out in the Memorandum to Accountable Officers.

Governance statement

This governance statement outlines and evaluates the governance, risk management and internal control arrangements in place during the year. In summary, I am satisfied that, overall, RoS is operating in accordance with Scottish Government and HM Treasury guidance with regards to internal controls and risk management, and that the governance structure used within the organisation contributes substantially to the achievement of our overall objectives.

Scope of responsibility

As Accountable Officer for RoS, I am personally answerable to the Scottish Parliament for the propriety and regularity of RoS' finances and for the economical, efficient and effective use of the resources placed at its disposal.

My duties and those of the Keeper are set out in the statement of responsibilities on page 47.

RoS is a non-ministerial office within the Scottish administration, during the 2019-20 reporting period RoS operated in a similar way to a trading fund. Following reclassification of RoS (Public Service Reform (Registers of Scotland) Order 2020) from public corporation to central government and associated financial considerations effective 1 April 2020, RoS is designated as a non-ministerial office within the Scottish administration. Information about the tasks and duties that RoS performs are set out in the 'statement of purpose and activities' section on page 10.

Our framework document sets out the role and responsibilities of the Keeper of the Registers of Scotland and Scottish Ministers, as well as the respective roles and responsibilities of other key stakeholders. The framework document was published on 01 June 2020 to take into account the changes in financial arrangements and is available on our [website](#).

Governance framework

The governance framework comprises the range of systems, processes, culture and values used to direct RoS. It is designed to give assurance that the organisation carries out its duties and responsibilities using the highest standards of effective internal control and risk management. RoS complies with the requirements and best practice principles of the Scottish Public Finance Manual (SPFM) and relevant guidelines.

I am provided with assurance in my role as Accountable Officer by the RoS Board, the Executive Management Team, and the Audit and Risk Committee (ARC) and by independent Non-Executive Directors. A system of internal controls and active risk management is in place, along with a programme of internal audit reviews. These are described in more detail on the following pages.



Internal controls assessment

The system of internal control is designed to manage risk, rather than to eliminate all risks that the organisation might encounter. The system is subject to continuous review and is modified as necessary to reflect changes in corporate aims and objectives and/or the assessment of risk as it applies to the organisation.

In my role as Accountable Officer, I am assisted by members of RoS staff, including the Executive Directors. I secure considerable assurance from the controls they apply in the day to day execution of their duties.

Towards the end of each financial year, I also ask those Executive Directors to certify formally that the controls in their areas have operated properly and effectively for the entire period under review. Where appropriate, the Executive Directors will seek similar written assurance from their direct reports.

I can confirm that I have received appropriate certificates covering the period 1 April 2019 to 31 March 2020 from all Executive Directors, and there were no significant issues raised.



The RoS Board

The RoS Board acts in an advisory capacity to the Keeper. Its main responsibilities include, but are not confined to:

- supporting and communicating RoS vision and values;
- helping set the strategy and objectives for RoS;
- ensuring that the necessary financial resources and people are in place to deliver the strategy and objectives;
- creating a framework of prudent and effective controls that enable risk to be assessed and managed; and
- monitoring RoS performance.

During 2019-20, the board consisted of five Executives and five Non-Executive Directors. Current board membership is set out on page 46. The Non-Executive Directors provide an external and independent perspective on RoS work.

The board delegates certain tasks to the Executive Management Team and the Audit and Risk Committee, who report back to the board regularly on these activities.

The Audit and Risk Committee (ARC)

ARC is chaired by a Non-Executive Director, Jayne Scott. It has four independent members, as well as the chair. Details of the membership of the committee during 2019-20 can be found on page 46 of this report. The chair and one of the other members have recent, relevant financial experience in line with the HM Treasury code of good practice on corporate governance.

The committee met four times in 2019-20. The meetings were also attended by me (in my role as Accountable Officer), as well as by the Head of Finance, the Head of Risk and Information Governance, the internal and external auditors, and other staff as necessary. The meetings were minuted. ARC provides independent and informed support and assurance to me by overseeing and monitoring the corporate governance, risk, and internal control systems in RoS, through a process of constructive challenge. ARC reviews:

- the strategic processes for risk, control and governance and the associated disclosures in the annual report and accounts;
- policies to ensure compliance with relevant regulatory, legal and code of conduct requirements;
- the accounting policies and the accounts of the organisation, including the process for review of the accounts prior to submission for audit, levels of errors identified, major judgmental areas and management's letter of representation to the external auditors;
- the development of the risk policy, the risk register and assurance framework, to assess the adequacy of the proposed mitigations;
- the planned activity, results and effectiveness of both internal and external audit;
- the adequacy of management response to issues identified by audit activity or by parliamentary committees where they affect the organisation's overall performance;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for internal audit services or for purchase of non-audit services from contractors; and
- any significant areas of concern identified by a member of staff escalated, by exception, to ARC by me (in my role as Accountable Officer) or by Head of Function.

Each year, ARC reviews its own effectiveness, and the chair of the committee reports the results along with a summary of the committee's activities to the board.

After appropriate consultation with me and other Executive Directors, ARC commissions an annual programme of work from RoS internal auditors. The programme is risk-based and, as well as seeking to assess the proper operation of the system of internal control, focusses on what might prevent the successful achievement of the corporate objectives. ARC reviews the reports from that programme and monitors actions from audit recommendations to ensure their completion.

The ARC has considered the annual report and accounts and I have taken account of, and confidence from, their comments and observations prior to signing this governance statement and other parts of the annual report and accounts.

The Executive Management Team (EMT)

The EMT oversees the operational and financial management of RoS on a day to day basis. The EMT is chaired by me in my role as Accountable Officer. The Keeper and all Executive Directors are members. We meet fortnightly, alternately as an EMT Investment Board and an EMT Corporate Governance Group.

To fulfil its responsibilities the EMT appointed and is supported by the following sub-committees: Information Assurance Group, Policy and Practice Group, Business Portfolio Board, Service Alignment Team, Strategic Workforce Planning Group, Information Security Group and Environmental Management Group.

Risk management

RoS manages risk as an integral part of our system of internal control using risk management principles set out in the Scottish Public Finance Manual (SPFM), and a risk management policy which is approved annually by the board. We have operational risk registers in each directorate and for each major change project, along with monitoring of strategic key risks through the corporate risk register. Our robust enterprise risk management framework exists to allow the collation of these risks - threats and opportunities - and escalation through our corporate governance structure to our EMT and the board as required.

The board, ARC and EMT hold a joint annual workshop where risks to our corporate business plan strategic objectives are considered. This workshop includes consideration of risk appetite, with the results informing our risk profile and overall approach to financial and non-financial risk management. Key risks are reviewed in alignment with the annual review of strategic objectives and new/emerging risks are also agreed and assigned to key risk owners.

Our key risk register operates as a 'live' register and is reviewed and approved each month by the EMT, and at subsequent ARC and board meetings.

The key risk register currently includes risks which may affect public trust in the registers, financial health and capability of RoS, our mandatory obligations and our customers.

During 2019-20, we actively managed risk relating to:

- reclassification of RoS (Public Service Reform (Registers of Scotland) Order 2020) from public corporation to central government and associated financial considerations;
- cyber resilience, including the achievement of Cyber Essentials Plus certification;
- product sustainability, safely maintaining and improving our essential digital systems, ensuring we maximise the benefits of our digital investment and reduce legacy obsolescence; and
- latterly the impact of the public health emergency on our services and likely expenditure in 2020-21. More information on our response to the emergency can be found on page 42.

We continued to prioritise management of risks in Land Register completion. During 2019-20 we embraced opportunities to improve our customer experience, investing in new products and services. We continued to seek opportunities to support and develop our people; to acquire the skills, competencies, understanding and behaviours needed to deliver a professional flexible business that works at pace to deliver value and fulfilling our public task.

We regularly reviewed how risks of a downturn in the housing market or the impact of individual investment decisions we are taking might affect the longer term financial health of the business. RoS risk registers also provide considered risk control measures to respond to risks within acceptable tolerances of our risk appetite.

An assurance framework provides an overview of the assurance processes and procedures in place for our wide range of key risks with oversight provided by ARC.

Information is our core business and therefore we recognise the special importance of information risk management and information assurance, and are committed to continuous improvement in this area.

This area is overseen by the Information Assurance Group (IAG), reporting to the EMT, and outputs from IAG are reported to me as Senior Information Risk Owner. The IAG also receives advice and reports from our Information Security Group (ISG).

During 2019-20, seven information security incidents were detected, investigated and reported through our information assurance and risk management structures. I am content that RoS information security protocols were managed effectively, with corrective actions implemented timeously.

Over the past year, we've received similar numbers of fraud enquiries to the previous year. RoS continues to work collaboratively with public bodies, in particular Police Scotland, the Crown Office Procurator Fiscal Service and other Land Registries, to detect and address issues relating to serious crime, including registration fraud. We take fraud prevention and detection very seriously and have continued to develop colleague awareness and provide advice to staff across RoS, with further initiatives being undertaken in the next financial year.

We reviewed and updated our policies and procedures on fraud, whistleblowing and hospitality. Annual reports on these were considered by the Audit and Risk Committee and formed part of the assurance process.

Under section 43F of the Employment Rights Act 1996, whistle-blowers may qualify for employment protections if they disclose information to a 'prescribed person'. I am the prescribed person for Registers of Scotland. I have a responsibility to report annually on the actions I have taken with respect to workers' disclosures, and the impact that has had under the Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. I can confirm that I received no workers' disclosures during 2019-20.

Data related incidents reported to the Information Commissioner's Office (ICO)

RoS has a dedicated information governance service, made up of subject matter experts and led by our Data Protection Officer. The information governance service supports the Accountable Officer in her role as Senior Information Risk Owner, and advises on incident notification and reporting as part of the incident management process, in line with the Information Commissioner's guidance. During the year 2019-20 no incidents involving personal data were reported to the Information Commissioner's Office (ICO).

Internal audit

The work of our internal audit provider is an important source of assurance to me in my role as Accountable Officer. We outsource the provision of internal audit services, and Scottish Government Internal Audit Directorate (SGIAD) provided the service for 2019-20. SGIAD works to the Public Sector Internal Audit Standards, as well as to their own internal technical and client service standards.

A separate report was provided for each internal audit assignment. Each report includes detailed findings, recommendations for

improvement, and agreed management responses. A total of six internal audit reviews were completed in 2019-20 and reported to the Audit and Risk Committee. These included reports on our Customer satisfaction and complaints process; HR People performance monitoring and development; Financial Planning; Purchasing, Procurement and Accounts payable.

The Head of Internal Audit's overall opinion was of reasonable assurance: that the adequacy and effectiveness of governance, risk management and control was generally satisfactory with some improvements required. This was based on the fact that whilst there were medium risk rated weaknesses identified in individual assignments, these were not significant in aggregate to the system of internal control. One of the individual assignment reports had an overall limited assurance opinion. There were two high risk findings that have been accepted and these are being addressed by management.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the ongoing effectiveness of the system of internal control. My review has been informed by the outputs from:

- the Executive Directors within RoS (both in an individual capacity and as a collective group operating through the mechanism of the EMT);
- the RoS Board;
- the Audit and Risk Committee;
- the work of internal audit;
- comments made by our external auditors (Audit Scotland) in the form of their interim and final reports; and
- other reviews and studies that are undertaken by third parties from time to time.

Based on the above and my own knowledge of the organisation, I am satisfied that during the year under review, the overall control environment within RoS operated effectively and supported the organisation in meeting its aims and objectives.

There are no significant matters arising from my review.



Remuneration and staff report

The sections marked (Audited *) in this Remuneration and staff report are subject to a separate opinion by Audit Scotland. The other sections of the Remuneration and staff report were reviewed by Audit Scotland to ensure they were consistent with the financial statements.

Appointments and remuneration policy

Civil service appointments are made in accordance with the Civil Service Commission's recruitment principles. These require appointments to be made on merit on the basis of fair and open competition, but also include the circumstances when appointments may otherwise be made.

The Executive Directors of the RoS board hold appointments which are open-ended (i.e. not fixed term). The rules for termination are set out in the civil service management code. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the civil service compensation scheme. Further information on the work of the civil service commission can be found at [Civil Service Commission](#). RoS, like other parts of the Scottish Government and the rest of the UK Civil Service, has a policy of no mandatory retirement age for its senior civil servants and other staff, in line with the implementation of the Equality Act 2010. For pension details, see page 61. Non-Executive Directors are appointed on a fixed term basis.

Remuneration policy

The remuneration of substantive senior civil servants employed by RoS (i.e. the Keeper and the Accountable Officer) is determined by the Scottish Government and set in accordance with the civil service management code available at [civilservice.gov.uk](#) and with independent advice from the Senior Salaries Review Body (SSRB).

In reaching its recommendations, the Review Body has regard to the following considerations:

Both the Keeper and the Accountable Officer are members of the Principal Civil Service Pension Scheme (see [note 1.11](#)).

Within the Scottish Government, the Top Level Pay Committee, comprising the Permanent Secretary, the Director Generals and the non-executive members of the strategic board, ensures that the Pay and Performance Management System (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office. The pay strategy is administered by a system of pay committees, which determine salary and any non-consolidated performance-related pay recommendations based on assessments of performance.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at Office of Manpower Economics at www.gov.uk. The remuneration of the other executive members of the RoS board is governed by the overall pay policy for RoS staff. It has to be agreed with the Scottish Government within the guidelines set by Scottish ministers.

Non-Executive Directors receive fees for attendance at regular RoS board meetings. Fees are based on a daily rate at a level set out in Scottish Government guidance. Non-Executive Directors' expenses incurred as a result of undertaking RoS business are also reimbursed. Expenses for each of our Board members is published on our [website](#).



Salary

The following sections provide details of the remuneration and pension interests of board members.

The monetary value of benefits in kind covers any additional benefits provided, benefits greater than £8k are treated by HMRC as a taxable emolument. During 2019-20 no bonus or benefit in kind payments were made. (2018-19 benefits in kind were paid to the Keeper in relation to relocation expenses; No bonus payments were made).

Single total figure of remuneration (Audited*)

Board members	Salary £'000		Benefits in kind £'000		Pension benefits £'000		Total £'000	
	2019-20	2018-19	2019-20	2018-19	2019-20	Restated 2018-19	2019-20	Restated 2018-19
Jennifer Henderson* Keeper and Chief Executive	80-85	75-80		6	48	29	130-135	100-105
Janet Egdell Accountable Officer	75-80	75-80			47	26	120-125	105-110
Kenny Crawford Business Development Director	75-80	75-80			29	23	105-110	95-100
Billy Harkness Corporate Services Director	80-85	80-85			39	64	120-125	140-145
Chris Kerr Registration and Policy Director (from 1 April 2019)	70-75				29		100-105	
Jayne Scott Non-executive Director	5-10	5-10					5-10	5-10
Shrin Honap Non-executive Director	0-5	0-5					0-5	0-5
Deepa Mann-Kler Non-executive Director	5-10	5-10					5-10	5-10
Andrew Harvey Non-executive Director (from 1 July 2019)	5-10						5-10	
Andrew Miller Non-executive Director (from 1 July 2019)	0-5						0-5	
Fiona Ross Non-executive Director (to 31 May 2019)		0-5						0-5
	2019-20				2018-19			
Band of highest paid director's total remuneration £'000	80-85				80-85			
Median total remuneration £	29,208				28,357			
Ratio	2.9				2.9			

*The 2018-19 pension benefits for Jennifer Henderson have been restated following an update for the provider (previously £24k).

Fair pay disclosure (Audited *)

Public sector bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation’s workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in RoS in the financial year 2019-20 was £80,000-£85,000 (2018-19: £80,000-£85,000). This was 2.9 times (2018-19: 2.9) the median remuneration

of the workforce, which was £29,208 (2018-19: £28,357).

In 2019-20, nil (2018-19: nil) member of staff received remuneration in excess of the highest-paid director. Remuneration ranged from £2,000 to £85,000 (2018-19: £2,000 to £81,000).

The Non-Executive Directors are not employees of the organisation, nor do they benefit from pension arrangements.

The CETV for Janet Edgell has been restated following an update for the pension provider (£606k previously reported).

Pension benefits (Audited)

	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19*	Real increase in CETV (see page 63)	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Jennifer Henderson Keeper and Chief Executive (from 1 April 2018)	25-30 plus lump sum of 60-65	2.5-5 plus lump sum of 0-2.5	460	410	28	0
Janet Edgell* Accountable Officer	35-40	2.5-5	663	601	32	0
Kenny Crawford Business Development Director	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 0-2.5	811	752	23	0
Billy Harkness Corporate Services Director	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	863	795	30	0
Chris Kerr Registration and Policy Director (from 1 April 2020)	10-15	0-2.5	133	115	10	0

*Restated

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 five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.

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 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha.

Benefits in classic accrue at the rate of one-eightieth 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 one-sixtieth 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 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 per cent 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 per cent. 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.

For 2019-20, RoS' contributions of £8,764,249 were payable to the Principal Civil Service Pension Scheme (PCSPS) (2018-19: £6,102,696) at one of four rates in the range 26.6 per cent to 30.3 per cent of pensionable pay (2018-19: 20.0 per cent to 24.5 per cent), based on salary bands.

The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2019-20, employer contributions of £60,386 (2018-19: £58,305) were paid to the appointed stakeholder pension provider – Legal & General. Employer contributions are age-related and ranged from 8 per cent and 14.75 per cent (2018-19 8 per cent and 14.75 per cent).

RoS also match employee contributions up to 3.0 per cent of pensionable earnings. In addition, RoS contributions of £178 in 2019-20 (2018-19: £191), 0.5 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the statement of financial position date were £6,269 (2018-19 £6,051). Contributions prepaid at that date were nil.

The accrued pension quoted is the pension members are entitled to receive when they reach pension age, or immediately on ceasing to be active members of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

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.

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.

Reporting of civil service and other compensation schemes - exit packages (Audited *)

There were no exit packages or compulsory redundancies during 2019-20 or 2018-19.



Staff numbers and costs by permanent and other (Audited *)

During 2019-20, the average number of full-time equivalent (FTE) staff employed was 1,236 (2018-19 1,211). Agency staff decreased to 158 FTE (2018-19 189) and were primarily to meet the digital requirements of updating legacy IT systems and evolving our IT estate onto a long-term sustainable basis. Fixed term contracts reduced to 12 FTE (2018-19: 29) largely due to moving administrative officers into permanent contracts following further clarity around the work entailed in our commitment to complete the Land Register by 2024.

Staff costs

Staff Costs	2020	2019
	£'000	£'000
Administration costs		
Wages and salaries	34,604	31,504
Social security costs	3,358	3,068
Other pension costs	8,825	6,418
Inward secondments	123	145
Agency staff costs	16514	17,115
Other staff costs	157	143
Total administration staff costs	63,581	58,393
Restructuring costs	1	1
Total	63,583	58,394

Restructuring costs relate to providing for future pension payments.

Diversity profile

In relation to our diversity profile, 49 per cent of staff are female (2018-19: 49 per cent); 51 per cent are male. 5.6 per cent have declared themselves as being from ethnic minority backgrounds (2018-19: 1.8 per cent); and 15.6 per cent declared themselves as being disabled (2018-19: 6.9 per cent). Our executive management team is made up of two females and three males. Further equality information can be found in our most recent [Equality Mainstreaming Report](#).

Sickness absence

Our sickness absence has increased since 2018-19 we are continuing to monitor this and investigating the possible reasons behind it. We have already taken some positive steps to try and improve sickness absence at RoS including mental health support, occupational health provision and piloting a wellbeing hour for colleagues in the past year.

	Total days lost	Short term days lost	Long term days lost	2019-20 annual average working days lost per 1.00 FTE	2018-19 annual average working days lost per 1.00 FTE
Total	11,538	6,021	5,517	9.75	8.34

Policies in relation to disabled persons

The following RoS policies have guidance related to disability:

- diversity and equal opportunities
- dignity at work
- maximising attendance

As part of our ongoing policy review we continue to equality impact assess any revisions to existing policies and creation of new policies. We are committed to eliminating discrimination and encouraging diversity among our workforce. Our aim is that our workforce will be truly representative of the diverse communities we serve and each employee feels respected and able to give of their best. We aim to eliminate discrimination and unfair treatment on the grounds of irrelevant difference, including those nine characteristics protected by the law. Further information on [Equality and Diversity](#) can be found on our website.

Partnership working

We work in partnership with the Public and Commercial Services Union to bring mutual benefits to RoS, staff and customers. In line with The Trade Union (Facility Time Publication Requirements) Regulations, we publish information relating to trade union facility time. For more information on this, go to [Appendix Two](#).

Parliamentary accountability and audit report

Significant matters

The following significant issues have been identified during the year:

Financial Risk Management

In response to the Coronavirus Pandemic and to ensure financial sustainability during, and in the aftermath of the pandemic, RoS utilised the UK Government Coronavirus Job Retention Scheme (CJRS). The pause in the housing market had a significant impact on RoS' income in March 2020, and it is anticipated that this will continue in 2020-21. As a public sector organisation only partly funded from the public purse and with other income seriously impacted by Coronavirus, RoS has been able to utilise the CJRS. We have claimed for allowable percentage of the costs of retaining staff during the periods they were not digitally enabled to be able to work remotely, for March 2020 this was 465 staff and the value of the claim was £248k. We supplemented this to ensure all the individuals involved received their full salary.

RoS budget

Following reclassification by the ONS, RoS is now part of the Scottish Consolidation budget process, and no longer holds its own reserve to cover the risk of a market downturn. The current hiatus in the housing market presents a significant challenge to the financial position in 2020-21. RoS is currently forecasting a 2020-21 outturn in excess of the funding allocation provided by the Scottish Government. There is a significant risk that RoS will overspend in 2020-21. This will be closely monitored during 2020-21.

Fees and charges

RoS income of £78.4m for 2019-20 was split £69.5m from statutory fees and £8.9m non-statutory fees (2018-19: £73.7m income split £65.6m from statutory fees and £8.1 million non-statutory fees). Further information on these are in [note 2.1](#). As set out in [note 1.3](#) RoS fee policy involves some loss-making complex transactions. These losses were £10.5m for 2019-20 (2018-19 £6.8m) and are detailed in [note 17](#), along with losses of £0.5m relating to Sasines process and under indemnity provisions (2018-19 £0.9m).

As at 31 March 2020, RoS has contingent liabilities in relation to potential future indemnity payments that are not yet quantifiable. Quantifiable indemnities are [noted at 13.3](#).

Janet Egdell

Accountable Officer

Independent auditor's report



Independent auditor's report

Independent auditor's report to Registers of Scotland, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Registers of Scotland for the year ended 31 March 2020 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in taxpayers' equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 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 of 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 25 June 2020. This is the first year of my audit appointment. 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions 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 deemed inappropriate.

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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report 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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. 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.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or;
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gordon Smail

Audit Director
Audit Scotland
4th Floor,
102 West Port,
Edinburgh,
EH3 9DN

Annual accounts

2019-20



Statement of comprehensive income for the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Income - continuing operations	2	78,400	73,736
Staff costs	3	(63,581)	(58,393)
Administrative costs	4	(17,144)	(16,720)
Operating surplus/(loss)		(2,325)	(1,377)
Profit/(loss) on disposal of non-current assets		0	0
Investment income - interest receivable	7	525	455
Interest payable	14	(149)	(158)
Amortisation and depreciation	5 & 6	(4,549)	(4,407)
Impairment of non-current assets	5 & 6	(248)	(443)
Restructuring costs	3	(2)	(1)
Retained surplus/(loss) for the financial year		(6,748)	(5,931)
Gain/(loss) on revaluation of property, plant and equipment	5	2,565	185
Comprehensive surplus/(loss) for the financial year		(4,183)	(5,746)

Statement of financial position as at 31 March 2020

		2020	2019
	Note	£'000	£'000
Non-current assets			
Property, plant and equipment	5	13,667	10,649
Intangible assets	6	5,253	6,248
Receivables due after one year	10	32	36
Total non-current assets		18,952	16,933
Current assets			
Inventories	9	538	361
Trade and other receivables	10	5,766	3,924
Cash and cash equivalents	11	21,068	77,593
Total current assets		27,372	81,878
Total assets		46,324	98,811
Current liabilities			
Trade and other payables falling due within one year	12	37,251	26,638
Provisions for liabilities and charges	13	1,889	2,241
Total current liabilities		39,140	28,879
Non-current liabilities			
Trade and other payables falling due over one year	12	431	521
Provisions for liabilities and charges	13	0	115
Total non-current liabilities		431	636
Total liabilities		39,571	29,515
Net assets		6,753	69,296
Taxpayers Equity			
Capital Loan	14	1,647	1,753
Retained Profits	SoCTE	0	65,002
Revaluation Reserve	SoCTE	5,106	2,541
Total taxpayers equity		6,753	69,296

The Accountable Officer authorised these financial statements for issue on

Janet Egdell
Accountable Officer

The notes on pages 78 to 96 form part of these accounts.

Statement of cash flows for the year ended 31 March 2020

		2020	2019
		£'000	£'000
Cash flows from operating activities	Note		
Net operating profit/(loss)	SoCNE	(6,748)	(5,931)
Adjustments for non cash transactions		0	0
Amortisation and depreciation	5 & 6	4,549	4,407
Impairment or disposal of non-current assets	5 & 6	248	443
Interest receivable	7	(525)	(455)
Interest payable	14	149	158
Movements in working capital			
(Increase)/decrease in trade and other receivables	10	(1,945)	834
Increase/(decrease) in trade and other payables	12	10,974	(3,215)
(Increase)/decrease in inventories	9	(178)	(39)
Movements in provisions	13	(467)	(384)
Net cash flow from operating activities		(6,057)	(4,182)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,091)	(1,158)
Purchase of property, plant and equipment accrual adjustment		(450)	290
Purchase of intangible assets	5	(2,159)	(3,326)
Proceeds from disposal of property, plant and equipment	5	0	0
Interest receivable	7	525	455
Interest receivable accrual movement		106	(22)
Interest payable	14	(149)	(158)
Interest payable prepayment movement		(4)	(4)
Net cash flow from investing activities		(4,222)	(3,923)
Cash flows from financing activities			
Repayment of loans from NLF	14	(106)	(106)
Transfer reserves to Scottish Consolidated Fund (SCF)	SoCTE	(58,254)	0
Net cash flow from financing		(58,360)	(106)
Net increase/(decrease) in cash and cash equivalents		(56,525)	(8,211)
Cash and cash equivalents at beginning of period	11	77,593	85,804
Cash and cash equivalents at end of period	11	21,068	77,593

The notes on pages 78 to 96 form part of these accounts.

Statement of changes in taxpayers' equity

	Capital Loan	Retained Profits	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000	£'000
Balance at 1 April 2018	1,859	70,933	2,356	75,148
Repaid during year	(106)	0	0	(106)
Net gain/(loss) on revaluation of property	0	0	185	185
Net operating profit/(loss) for the year	0	(5,931)	0	(5,931)
Balance at 31 March 2019	1,753	65,002	2,541	69,296
Repaid during year	(106)	0	0	(106)
Net gain/(loss) on revaluation of property	0	0	2,565	2,565
Net operating profit/(loss) for the year	0	(6,748)	0	(6,748)
Transfer to SCF	0	(58,254)	0	(58,254)
Balance at 31 March 2020	1,647	(0)	5,106	6,753

Retained profits of £50m were transferred to the Scottish Consolidated Fund (SCF) on the 31st March 2020; the balance of £8.254m is included in Note 12 Trade payables and other current liabilities and transferred in August 2020.

Notes to the accounts

1. Accounting policies

1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the principle and disclosure requirements of the Government Financial Reporting Manual (FReM) for 2019-20, published by HM Treasury and the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 98). Generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) Interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by RoS are described below. They have been applied consistently in dealing with items considered material in relation to the accounts. The accounts have been prepared on a going-concern basis.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard (IAS) 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to prior year adjustments are reported in the relevant note.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

1.3 Operating income, fees and charges

Operating income, which excludes value added tax (VAT), represents the invoiced value of services supplied, and is derived almost wholly from within the United Kingdom. RoS accounts for income in accordance with the recognition criteria set out in IFRS15 Revenue from Contracts with Customers. RoS operates a system of prepayment of registration fees, which are initially held as a creditor in the statement of financial position. Income is recognised when services are transferred to the customer. An adjustment to prepaid registration work in progress (WIP) is made in accordance with IFRS9 Financial Instruments.

Revenue collected is not classified as a tax by the Office of National Statistics. {This is as per the IFRS 15_Application Guidance – we will review this following ONS reclassification outcome}.

From 8 December 2014, fees are set in accordance with sections 110(1), (2) and (3) of the Land Registration etc. (Scotland) Act 2012, which consider the expenses incurred by the Keeper in relation to the matters specified in section 110(3) (a) and (b) of that Act and the desirability of encouraging registering, recording and entering in any register under the management and control of the Keeper.

The income derived from services outwith the above are set in accordance with section 108(3) of the Land Registration etc. (Scotland) Act 2012.

Operating as a trading fund, RoS is expected to ensure that income is sufficient to meet expenditure, taking one year with another. Analysis of the income from the main fees charged appears in note 2.1.

The fee policy considers income from all transactions, within which some complex transactions may incur a loss. Registrations involving the initial and more complex transactions in the land register cost more to undertake than the fee charged. The shortfall in fee income on these transactions is offset by surpluses on other registrations. The losses relating to these transactions are shown in note 17.

Full details of all fees and charges are available on the RoS website at www.ros.gov.uk

1.4 Estimation techniques

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Note 5 - Property, Plant & Equipment
- Note 6 - Intangible Assets
- Note 9 - Inventories
- Note 12 – fees received in advance; and
- Note 13 – estimated provision for indemnity claims.

1.5 Value Added Tax (VAT)

The majority of services provided by RoS fall outside the scope of VAT. RoS can fully recover input VAT on certain contracted-out services; for other expenditure VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.6 Property, plant and equipment

Recognition

All property, plant and equipment assets are accounted for as non-current assets unless they are deemed to be held-for-sale.

Capitalisation

Minor new works and furniture are expensed in the year of purchase, as are all other items of a capital nature costing less than £5,000.

Valuation

Title to the freehold land and buildings shown in the accounts is held in the name of the Scottish Ministers. Freehold land and buildings are shown at fair value using open market value. A professional valuation is carried out at three yearly intervals and in the intervening years the retail price index is applied to provide a desktop valuation.

Valuation and useful life estimates in respect of RoS land and buildings were supplied in March 2020 by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer for and on behalf of the Valuation Office Agency.

In response to the evolving Coronavirus Pandemic consideration as to the potential impact on the non-specialised in use (Operational) Freehold Land & buildings. There has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of Covid-19. RoS will closely monitor external indicators which may result in these assets being impaired in 2020-21.

Depreciated historic cost has been used as a proxy for fair value of plant and equipment, computer and office equipment. Assets within these categories have short useful lives, low values, or both.

Depreciation

Freehold land is not depreciated.

Provision for depreciation is made so as to write off the cost of fixed 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. The expected useful lives are as follows:

- Computer equipment: various (see below)
- Plant and machinery: five years (see below)
- Office equipment: five years (see below)
- Freehold buildings: 20 years (see note 5)

Computer equipment requires to be assessed on an individual basis

and is depreciated over three to five years, depending on the expected useful life of the asset involved. Asset lives are reviewed at the end of each financial year.

Plant and machinery, and office equipment for St Vincent Plaza, including infrastructure set-up costs, are depreciated over the 10-year lease of the building.

The fixed assets do not include the value of the various registers created and maintained by RoS, nor the records ancillary to them.

1.7 Intangible assets

Intangible assets are valued on a historic cost basis.

RoS develops specialist in-house IT systems, and applies IAS 38 Intangible Assets. All costs eligible to be defined as development expenditure, including directly related staff costs, are capitalised and held as assets under development. Amortisation commences when the asset is available for use and is applied at rates calculated to expense the cost by equal instalments over the estimated useful life.

Intangible assets are assessed on an individual basis and amortised over three to five years, depending on the expected useful life of the asset involved.

1.8 Impairment of non-current assets

RoS carries out an annual review of non-current assets, applying IAS 36 Impairment of Assets. If an asset has suffered an impairment loss then a charge is recognised in the statement of comprehensive income. If the asset is carried at a revalued amount, the impairment loss is treated as a revaluation decrease.

1.9 Financial instruments

IFRS 7 Financial Instruments: Disclosures requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

RoS relies primarily on income from statutory activities and has one small loan as detailed at **note 14.1** and is therefore not exposed to any material liquidity risks. Material deposits are held with the National Loans Fund and the Government Banking Service.

RoS is not exposed to interest rate risk or currency risk as all material assets and liabilities are denominated in Sterling.

1.10 Operating leases

An operating lease is a lease other than a finance lease. Rentals payable in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

1.11 Pension costs

RoS employees are Civil Servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘Alpha’. These are unfunded, multi-employer defined benefit schemes but RoS is

unable to identify its share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 Employee Benefits. Liability for the payment of future benefits is a charge on the PCSPS or Alpha scheme. Separate scheme statements for the PCSPS or Alpha as a whole are published. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

Further pension details can be found in the **remuneration report** in the annual report section of this document.

1.12 Employee benefits

The cost of providing employee benefits is recognised in the period in which RoS receives services from its employees, rather than when it is paid or payable.

Short-term employee benefits are recognised as an expense in the period in which the employee renders the service. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following year. Performance payments are recognised only when there is a legal or constructive obligation to pay them and the costs can be reliably estimated.

On occasion, RoS offers voluntary exit schemes in line with Scottish Government guidelines. Termination benefits are recognised when it can be demonstrated that there is an irreversible agreement to terminate the employment of employee(s) before the scheme’s retirement date, or as a result of an offer to encourage voluntary redundancy.

1.13 Inventories - work in progress

Work in progress (WIP) is valued at the lower of cost or net realisable value. In determining net realisable value, if expected costs to completion exceed estimated fee income, a provision is established to cover the shortfall. In the case of work in progress, cost includes all direct expenditure and production overheads based on normal levels of activity. Costs are apportioned on the basis of per capita and working days. RoS will closely monitor the impact of the evolving Coronavirus pandemic and levels of activity on which the basis of the WIP provision is estimated in 2020-21.

1.14 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for irrecoverable amounts. The carrying amount of trade receivables is deemed to be an approximation of fair value.

1.15 Cash and cash equivalents

Cash and cash equivalents represent cash in hand, cash held with the Government Banking Service, cash on deposit with the National Loans Fund and cash in commercial bank accounts.

1.16 Trade and other payables

Trade payables are stated at their nominal value. The carrying amount of trade payables is deemed to be an approximation for fair value. Registration fees received in advance are shown as creditors until completed, as stated in **note 1.3**.

1.17 Provisions and contingent liabilities

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions are recognised in the statement of financial position when RoS has a present or legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. Where appropriate, this is supported by independent professional advice. Provisions are charged to the statement of comprehensive income and recorded as liabilities in the statement of financial position.

1.18 Capital government grant

Government grants provided to finance the purchase of specific assets are recognised as income in the statement of comprehensive income.

1.19 Segmental reporting

RoS currently operates two segments:

- Registration activities covered by statutory fees; and
- Commercial activity covered by non-statutory fees.

IFRS 8 Segmental Reporting requires operating segments to be identified on the basis of internal reports about components of RoS that are regularly reviewed in order to allocate resources to the segments and assess their performance. Reporting on these segments is at **note 2**.

1.20 Date of issue of accounts

The Accountable Officer authorised these accounts for issue on 18 August 2020.

2. Operating segments

International Financial Reporting Standard 8 (IFRS8) – Operating Segment Reporting, requires analysis of income and expenditure by principal business activities.

There are two operating segments to our business: statutory registration services and non-statutory commercial services.

Detailed in the table opposite is the income from statutory fees and non-statutory fees, the cost of service and the net operating surplus for each segment. The staff costs and administrative costs are allocated with the service if directly identifiable or otherwise apportioned according to the income from each segment.

More detail on the income for each segment is at [note 2.1](#) and detail on the administrative costs is at [note 4](#).

2020			
	Statutory	Non-statutory	Total
	£'000	£'000	£'000
Income	69,461	8,939	78,400
Staff costs	(58,085)	(5,496)	(63,581)
Administrative costs	(15,274)	(1,869)	(17,143)
Operating surplus/(loss)	(3,898)	1,574	(2,324)

2019			
	Statutory	Non-statutory	Total
	£'000	£'000	£'000
Income	65,582	8,154	73,736
Staff costs	(51,452)	(6,941)	(58,393)
Administrative costs	(14,937)	(1,784)	(16,721)
Operating surplus/(loss)	(807)	(571)	(1,378)

2.1 Income from continuing operations

	2020	2019
	£'000	£'000
Statutory fees		
First Registrations	9,872	7,924
Transfers of Part	8,470	7,495
Dealings with Whole	47,700	46,449
Sasines	973	1,135
Chancery and Judicial Registers	1,239	1,254
Other statutory income	1,207	1,325
	69,461	65,582
Non-statutory fees		
ScotLIS and Customer Services	4,059	4,274
Reports and other income (including recoveries)	4,880	3,880
	8,939	8,154
	78,400	73,736

First Registration (FR) comprises the registration in the Land Register of a previously unregistered plot of land.

Transfers of Part (TP) comprises applications for registration of a deed that either (a) partly affects a registered title and requires the cadastral unit to be subdivided and a separate title sheet created (for example, a disposition of part of a cadastral unit); or (b) wholly affects a registered title yet creates a separate interest in that cadastral unit (for example, at least of a whole registered title).

Dealings with Whole (DW) comprises applications for registration of a deed that either (a) wholly affects a registered title (for example, a disposition of the whole property); or (b) partly affects a registered title but does not require the cadastral unit to be subdivided and a separate title sheet created (for example, a standard security over part of a cadastral unit).

Reports and other income includes £248k for March 2020; the allowable percentage of the costs of retaining 465 staff during the period they were not digitally enabled to be able to work remotely under the CJRS.

3. Staff Costs

	2020	2019
	£'000	£'000
Administration Costs		
Wages and salaries	34,604	31,504
Social security costs	3,358	3,068
Other pension costs	8,825	6,418
Inward secondments	123	145
Agency staff costs	16,514	17,115
Other staff costs	157	143
Total administration staff costs	63,581	58,393
Restructuring costs	2	1
	63,583	58,394

Restructuring costs include lump sum compensation payments and providing for future annual compensation payments.

Average number of persons employed

	2020	2019
Permanent staff		
Registration	646	608
Corporate Services (including Business Development and Information)	414	379
	1,060	987
Other staff		
Temporary contracts	158	189
Fixed term contract	12	29
Secondees in	3	3
Secondees out	3	3
	1,236	1,211

4. Administrative costs

		2020	2019
	Note	£'000	£'000
Staff-related costs			
Travel and subsistence expenses		215	232
Staff training		523	514
Other staff costs		388	308
Supplies and services			
Catering		111	137
Security		414	385
Equipment and services		6,855	5,435
General administrative expenditure		1,059	1,149
Services from Ordnance Survey		610	422
Copy deeds/quick copies		15	16
Professional fees		1,772	4,041
Bank charges		22	20
Indemnity and legal costs		724	1,072
External audit		53	53
Internal audit		40	51
Accommodation and utilities			
Estate charges		882	948
Operating leases - rents		420	419
Repairs, maintenance and minor works		2,229	924
Utilities		372	424
Environmental services		623	609
Non-cash items			
Movement in work in progress	9	(254)	65
Movement in provision for indemnity	13	71	(304)
Movement in provision for dilapidations	13	0	(200)
		17,144	16,720

5. Property, Plant and Equipment

5.1 Cost or valuation

	Land freehold	Buildings freehold	Information technology	Plant & machinery	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2019	1,800	8,173	9,697	449	282	20,401
Additions	0	248	1,663	6	174	2,091
Transfers In/(Out)	0	0	282	0	(282)	0
Revaluation in year	340	2,230	0	0	0	2,570
Impairment	0	(248)	0	0	0	(248)
Disposals	0	0	0	0	0	0
At 31 March 2020	2,140	10,403	11,642	455	174	24,814
Depreciation						
At 1 April 2019	0	1,066	8,251	435	0	9,752
Charged in year	0	482	903	5	0	1,390
Backlog depreciation	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Revaluation in year	0	5	0	0	0	5
Disposals	0	0	0	0	0	0
At 31 March 2020	0	1,553	9,154	440	0	11,147
NBV at 31 March 2020	2,140	8,850	2,488	15	174	13,667
NBV at 31 March 2019	1,800	7,107	1,446	14	282	10,649
Analysis of asset financing						
Owned	2,140	8,850	2,488	15	174	13,667
Finance Leased	0	0	0	0	0	0
NBV at 31 March 2020	2,140	8,850	2,488	15	174	13,667

5.2 Cost or valuation

	Land freehold	Buildings freehold	Information technology	Plant & machinery	AUC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2018	1,757	8,015	9,098	3,352	211	22,433
Additions	0	61	644	0	453	1,158
Transfers In/(Out)	0	382	0	0	(382)	0
Revaluation in year	43	158	0	0	0	201
Impairment	0	(443)	0	0	0	(443)
Disposals	0	0	(45)	(2,903)	0	(2,948)
At 31 March 2019	1,800	8,173	9,697	449	282	20,401
Depreciation						
At 1 April 2018	0	570	6,730	3,334	0	10,634
Charged in year	0	480	1,566	4	0	2,050
Backlog depreciation	0	16	0	0	0	16
Impairment	0	0	0	0	0	0
Revaluation in year	0	0	0	0	0	0
Disposals	0	0	(45)	(2,903)	0	(2,948)
At 31 March 2019	0	1,066	8,251	435	0	9,752
NBV at 31 March 2019	1,800	7,107	1,446	14	282	10,649
NBV at 31 March 2018	1,757	7,445	2,368	18	211	11,799
Analysis of asset financing						
Owned	1,800	7,107	1,446	14	282	10,649
Finance Leased	0	0	0	0	0	0
NBV at 31 March 2019	1,800	7,107	1,446	14	282	10,649

5.3 Freehold land and buildings

As part of the 3 year rolling program freehold land and buildings were re-valued at £9,920k as at 31 March 2020. The basis of valuation is current value in existing use.

Formal inspections and valuations were carried out by the District Valuer Services (DVS), a division of the Valuations Office Agency. The valuations have been carried out by a Royal Institute of Chartered Surveyors (RICS) Registered Valuer, and have been conducted in accordance with the RICS Valuation – Professional Standards 2014 UK Edition (revised April 2015).

At the valuation date there has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of Covid-19. RoS will closely monitor external indicators which may result in these assets being impaired in 2020-21.

6. Intangible assets

6.1 Cost or valuation

	Assets under development	Software	Computer licences	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2019	1,027	25,326	168	26,521
Additions	450	1,433	276	2,159
Reclassification	0	0	0	0
Impairment	0	0	0	0
Disposals	0	0	0	0
At 31 March 2020	1,477	26,759	444	28,680
Amortisation				
At 1 April 2019	0	20,143	130	20,273
Charged in year	0	3,148	6	3,154
Reclassification	0	0	0	0
Impairment	0	0	0	0
Disposals	0	0	0	0
At 31 March 2020	0	23,291	136	23,427
NBV at 31 March 2020	1,477	3,468	308	5,253
NBV at 31 March 2019	1,027	5,183	38	6,248

Intangible assets comprise software and licences to enable the use of software developed by third parties.

6.2 Cost or valuation

	Assets under development	Software	Computer licences	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2018	729	23,725	1,438	25,892
Additions	1,251	2,030	45	3,326
Reclassification	(953)	953	0	0
Impairment	0	0	0	0
Disposals	0	(1,382)	(1,315)	(2,697)
At 31 March 2019	1,027	25,326	168	26,521
Amortisation				
At 1 April 2018	0	19,392	1,220	20,612
Charged in year	0	2,133	224	2,357
Reclassification	0	0	0	0
Impairment	0	0	0	0
Disposals	0	(1,382)	(1,314)	(2,696)
At 31 March 2019	0	20,143	130	20,273
NBV at 31 March 2019	1,027	5,183	38	6,248
NBV at 31 March 2018	729	4,333	218	5,280

Assets under development includes internally developed software which complement the improvement of our business.

Software includes the Content Management System (CMS) Integration and ScotLIS which had an NBV of £543k and £943k respectively as at 31 March 2020.

7. Interest receivable

	2020	2019
	£'000	£'000
On Paymaster and National Loans Fund balances	525	455

8. Financial instruments

Financial instruments (policy)

Financial assets (represented by lending and receivables) are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

An impairment review is carried out for all financial assets at the balance sheet date.

Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties as well as credit exposures to RoS customers. Cash investments are held with the National Loans Fund and are guaranteed by HM Treasury. The credit risk associated with holding investments is similar to that with holding government bonds.

As most of RoS’ customers either pay in advance or are on direct debit, there are no significant balances that are past due.

Liquidity risk

RoS has a small capital loan repayable over 40 years. The balance of the loan and the repayments are not considered significant.

All RoS creditors are paid within 10 working days where possible. There is no significant risk around those paid outwith our standard terms.

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested.

9. Inventories

	2020	2019
	£'000	£'000
Work in progress	538	361

The movement in work in progress (see note 4 above) is made up of:

	2020	2019
	£'000	£'000
Increase/(Decrease) in Asset balances	178	39
(Increase)/Decrease in provision	76	(104)
	254	(65)

10. Trade receivables and other current assets

	2020	2019
	£'000	£'000

Amounts falling due within one year:

Trade receivables and accrued income	1,074	968
Less: Provision for bad debts	(27)	(51)
	1,047	917
Other receivables	723	273
VAT	0	0
Prepayments	3,996	2,734
Total receivable within one year	5,766	3,924

The above is further analysed as:

Other central government bodies	784	152
Local authorities	27	35
NHS bodies	0	3
Bodies external to government	4,955	3,734
	5,766	3,924

Amounts falling due after more than one year:

Other receivables - Subrogation	32	36
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Trade receivables and accrued income includes £248k for the allowable percentage of the costs of retaining staff during the periods they were not digitally enabled to be able to work remotely.

11. Cash and cash equivalents

	2020	2019
	£'000	£'000
Balance at 1 April	77,593	85,804
Net change in cash and cash equivalent balances	(56,525)	(8,211)
Balance at 31 March	21,068	77,593
The following balances at 31 March were held at:		
Government Banking System	20,668	4,456
Commercial banks and cash in hand	400	1,137
Short term investments	0	72,000
Balance at 31 March	21,068	77,593

12. Trade payables and other current liabilities

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade payables and accruals	13,152	3,742
Other payables	39	1
Other taxation and social security	906	821
VAT	(11)	94
Fees received in advance	23,059	21,874
NLF loans	106	106
Total due within one year	37,251	26,638
Amounts falling due over one year:		
Trade payables	431	521
	37,682	27,159
The above is further analysed as:		
Other central government bodies	9,921	1,580
Local authorities	318	190
NHS bodies	73	66
Bodies external to government	27,370	25,323
Balance at 31 March	37,682	27,159

Trade payables and accruals includes the balance of retained profits of £8.254m to be transferred to SCF.

13. Provisions for liabilities & charges

13.1 Provisions

	Early retirement	Indemnities	Work in progress	Dilapidations	Pension costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	564	774	1,202	200	0	2,740
Additional provision made	0	385	112	0	257	754
Revaluation of provision	4	(57)	0	(200)	0	(253)
Amounts incurred and charged against provision	(245)	(550)	(8)	0	0	(803)
Unused amounts reversed	0	(82)	0	0	0	(82)
At 31 March 2019	323	470	1,306	0	257	2,356
Additional provision made	0	213	261	0	0	474
Revaluation of provision	1	(24)	0	0	0	(23)
Amounts incurred and charged against provision	(207)	(72)	(336)	0	(257)	(872)
Unused amounts reversed	0	(46)	0	0	0	(46)
At 31 March 2020	117	541	1,231	0	0	1,889
Analysis of total provisions:						
At 31 March 2019						
Current	208	470	1,306	0	257	2,241
Non-current	115	0	0	0	0	115
	323	470	1,306	0	257	2,356
At 31 March 2020						
Current	117	541	1,231	0	0	1,889
Non-current	0	0	0	0	0	0
	117	541	1,231	0	0	1,889

13.2 Early retirement

This provision relates to future pension costs up to normal retirement age for employees who retired early under the Principal Civil Service Pension Scheme.

13.3 Indemnities

A provision for indemnity payments has been provided based upon a review of the outstanding claims and an estimate of the settlement values.

13.4 Work in progress

Registrations involving the initial and more complex transactions in the land register cost more to undertake than the fee charged. This provision represents the costs to completion less estimated fee income for such registrations in process at the year end. The shortfall in fee income on these transactions is offset by surpluses on other registrations (see [note 17](#)).

13.5 Dilapidations

The dilapidation provision released in 2018-19 was in relation to the lease for Hanover House, 24 Douglas Street, Glasgow initially recognised in 2015-16, no further costs are expected.

13.6 Pension costs

The pension costs charged in 2019-20 related to staff who transferred from our previous IT partner BT on 1 December 2012; no further costs are expected.

14. Taxpayers' equity

14.1 Capital loan

A 40 year capital loan was undertaken on 1 April 1996 when RoS was designated trading funding status. The value of the loan was £4.25m, with an interest rate of 8.375 per cent.

Interest payable to the National Loans Fund amounted to £149k for the year to 31 March 2020 (2018:£158k).

Repayments of the capital loan are shown in the table below:

	2020	2019
	£'000	£'000
Between one and two years	106	106
Between two and five years	319	319
In more than five years	1,222	1,328
	1,647	1,753
Within one year (included in creditors)	106	106
	1,753	1,859

14.2 Retained profits

Opening retained profits relate to profits accumulated from 1st April 1996 when RoS was reclassified to Trading fund status on 1 April 1996. Since 1 April 2000, following devolution, the financial arrangements were set out in Section 9 of the Public Finance and Accountability (Scotland) Act 2000.

Following the reclassification of RoS by ONS, and the subsequent approval by the Scottish Parliament of the Public Sector Reform (Registers of Scotland) Order in March 2020, these arrangements have changed, and profits are no longer to be retained by Registers of Scotland, but instead form part of the Scottish Consolidated Fund. On 31 March 2020, £50 million was transferred to the Scottish Consolidated fund, the balance of retained profits £8.254m included within **Note 12** Trade payables and accruals will be transferred when the 2019/20 accounts are finalised in August 2020.

14.3 Revaluation reserve

This reflects the movement in the revaluation of freehold land and buildings as detailed in **note 5**.



15. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

	2020	2019
	£'000	£'000
Property, plant and equipment	634	57
Intangible assets	0	0

16. Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods: Obligations under operating leases comprise:

	2020	2019
	£'000	£'000
Buildings:		
Not later than one year	519	519
Later than one year and not later than five years	2,076	2,076
Later than five years	391	910
	2,986	3,505
Other:		*Restated
Not later than one year	147	146
Later than one year and not later than five	11	21
Later than five years	0	0

RoS is committed to an operating lease in St. Vincent Plaza, Glasgow until January 2026.

Other operating leases includes Motor Vehicles and Multi Function Devices; Motor Vehicles have been restated for 2018-19.

17. Losses

RoS settled 470 claims for loss, arising from errors made either in the Sasines recording process or under the indemnity provisions of the Land Registration (Scotland) Act 1979 and the Land Registration etc. (Scotland) Act 2012, at a cost of £549k (2018-19: 446 claims, £865k).

As noted at paragraph 1.3, RoS aims to achieve cost recovery over all transactions, within which more complex transactions incur a loss. This is to safeguard customers from the higher costs involved in registering on the Land Register for the first time. RoS made losses relating to first registrations (FR) and transfers of part (TP) as shown below.

From FR registration process	2020	2019
	£'000	£'000
Opening FR WIP provision	(336)	(225)
Closing FR WIP provision	0	(336)
Change in provision	336	(111)
Cost of FR registrations	(18,934)	(13,104)
FR Income	9,872	7,924
Loss	(8,726)	(5,291)

From TP registration process	2020	2019
	£'000	£'000
Opening TP WIP provision	(970)	(978)
Closing TP WIP provision	(1,231)	(970)
Change in provision	(261)	8
Cost of TP registrations	(9,997)	(9,013)
TP Income	8,470	7,495
Loss	(1,788)	(1,510)

18. Contingent liabilities

As at 31st March 2020, RoS has contingent liabilities in relation to potential future indemnity payments that are not yet quantifiable. There may be indemnity payments associated with the outcome of the criminal trial R v Edwin McLaren and Lorraine McLaren but these are not yet quantifiable.

19. Related party transactions

In accordance with IAS 24 Related Party Disclosures, as interpreted by the FReM, the following information is provided on related party transactions.

RoS is a trading fund and a non-ministerial office in the Scottish Administration; on the 31st March 2020 RoS was reclassified to a non-ministerial office of the Scottish Government. The Scottish Government, its departments and agencies are regarded as a related parties with which RoS has various material transactions in the reporting period.

In 2019-20, none of the Board Members, key management staff or other related parties has undertaken any material transactions with RoS.

20. Accounting standards issued not yet effective

International Accounting Standard (IAS) 8 on Accounting Policies requires organisations to disclose details of any IFRS that has been issued but is not yet effective. At 31 March 2019 the following IFRS, none of which will be material to Registers of Scotland accounts, have been issued but are not effective as they are not yet applied in the Government Financial Reporting Manual (FReM):

IFRS 16 – Leases

The FReM, issued by HM Treasury, interprets and adapts IFRS 16 for the public sector context in several ways. IFRS 16, as adapted and interpreted by the FReM, was to be effective from 1 April 2020, however, in light of Covid-19 pressures, HM Treasury and the Financial Reporting Advisory Board (FRAB) have decided that IFRS 16 implementation will be deferred until 1 April 2021. While the impact on the financial statements has yet to be fully determined, lease obligations (£3million at 31 March 2020, as disclosed in Note 16) will be recognised as right of use assets at 1 April 2021.

21. Events after the reporting period

In accordance with the requirements of IAS 10 Events after the reporting period, events after the statement of financial position date are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Independent auditor's report.

Non-adjusting event after the reporting period

There are no non-adjusting events after the reporting period.

Appendices



Appendix One:

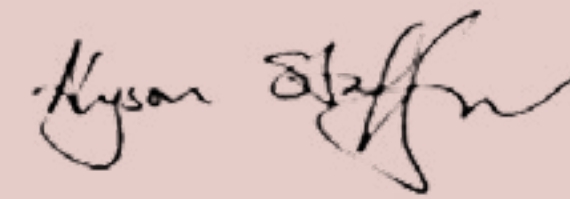
Registers Of Scotland

Registers Of Scotland Direction by the Scottish Ministers

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000:

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 2 July 2004 is hereby revoked.



Alyson Stafford
Signed by the authority of the Scottish Ministers
Dated 17 January 2006

Appendix two:

Trade union facility time

Facility time generates benefits for employees, managers and the wider community from effective joint working between union representatives and employers.

A number of studies have shown that union workplaces tend to be safer and that trade unions help to promote skills and training in the workplace. Registers of Scotland recognises this through our support for trade union learning and equality initiatives.

The **NatCen study** highlighted four main benefits from the use of facility time.

- Provision of a ready-made structure for meaningful consultation and negotiation saves money and reassures members that their views are valued in decision-making.
- Facilitation of partnership working with trade unions improves workplace relations and the reputation of an employer as ‘a good place to work’.
- Earlier intervention in relation to complaints, grievances and disciplinary action prevents escalation into more serious problems and saves organisations (and taxpayers) money by reducing the impact on staff time and possible legal costs.
- Better communication during restructuring and redundancy processes improves understanding of decisions, minimises negative impacts and reduces the number of working days lost through industrial action.

The **Fair Work Convention** highlights these points through its ‘Effective voice’ principle. As they state: ‘It is clear from international evidence that employees and workers want a voice, not only to resolve problems and conflicts (which is important) but also to engage and participate constructively in organisations’.

On organisational change, they say: ‘There are many examples in Scotland and elsewhere of how collective voice through trade unions working with employers has addressed a wide range of organisational challenges and contributed to organisational improvements’.

It is the view of Registers of Scotland that facility time data legally required by the Trade Union (Facility Time Publication Requirements) Regulations 2017, should be set in the context of the vast benefits that facility time bring to the workforce and to the employer, as set out above. This is supported by the Scottish Government, the STUC and our affiliated trade unions.

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	7

Table 2: Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	0
1-50%	6
51%-99%	0
100%	2

Table 3: Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of facility time	£126,971
Provide the total pay bill	£63,080,451
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.20%

Table 4: Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

8.8%	Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100
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