

Revenue & Customs Digital Technology Services Limited



Annual Report and Accounts 2020 to 2021

Revenue & Customs Digital Technology Services Limited
Room 2e/09
100 Parliament Street
London
SW1A 2BQ
Company No: 9679225

HC 751

Revenue & Customs Digital Technology Services Limited



Annual Report and Accounts 2020 to 2021

For the year ended 31 March 2021

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Our purpose

Revenue and Customs Digital Technology Services Limited (RCDTS Ltd) exists to support and deliver HM Revenue and Customs' (HMRC) ambitious digital vision.

Working with HMRC's Chief Digital and Information Officer group, RCDTS Ltd is integral to managing and innovating our digital and technology services.

Our objectives

The objective of RCDTS Ltd is to work with HMRC to help deliver HMRC's key priorities. These are:

- Collect the right tax and pay out the right financial support
- Make it easy to get tax right and hard to bend or break the rules
- Maintain taxpayers' consent through fair treatment and protect society from harm
- Make HMRC a great place to work
- Support wider government economic aims through a resilient, agile tax administration system

What we do

RCDTS Ltd provides HMRC with managed information technology services, which directly contribute to the support and running of HMRC.

Company Information

Registered Address:

Revenue and Customs Digital Technology Services Limited
Room 2e/09
100 Parliament Street
London
SW1A 2BQ

Registered Number:

9679225

VAT Number:

224418919

Auditor:

Comptroller and Auditor General
National Audit Office
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London
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1 Strategic report

Principal activities

RCDTS Ltd was incorporated on 9 July 2015 and became operational on 1 December 2015. The company was set up and is wholly controlled by HMRC. It is a not for profit company limited by guarantee.

The company's delivery focus has been on the efficient delivery of managed information technology (IT) services for HMRC.

RCDTS Ltd personnel work with HMRC's Chief Digital and Information Officer (CDIO) group and provide a managed service to HMRC including supporting the wider transformation of HMRC's IT. This work is flexed according to the needs of HMRC.

The company's commercial, communications, data protection, estates, financial, human resource, internal audit, IT, legal and security functions are undertaken by HMRC in accordance with various Service Level Agreements (SLA), which are appended to and form part of a Support Services Agreement (SSA) between HMRC and RCDTS Ltd. A monthly charge is raised from HMRC in respect of these shared services and other estate related expenditure.

This year a new health and safety SLA was agreed between the company and HMRC Health and Safety Team to provide all necessary support required.

A Framework Agreement between the company and HMRC outlines the relationship, both in terms of financial management and corporate governance. A Master Services Agreement (MSA) sets out the terms and conditions which govern the supply of services and deliverables by the company to HMRC and the particular details of these are set out in Service Orders which form part of the MSA.

Business review

On 30 November 2020, Daljit Rehal was confirmed as the Chief Executive Officer and Chair of RCDTS Ltd. He replaces Justin Holliday in these roles, who remains an RCDTS Ltd Director.

RCDTS Ltd employees work alongside CDIO colleagues to help the wider CDIO group fulfil their objectives in providing digital and technological support for the successful running of HMRC.

RCDTS Ltd played a key role in supporting the compliance activities for the COVID-19 relief schemes announced by the Chancellor of the Exchequer. The company contributed to quickly establishing a solution to support the validation of claims for the Coronavirus Job Retention Scheme and built the solution at pace.

Following the successful implementation of the Coronavirus Job Retention Scheme, RCDTS Ltd provided further support in the validation of claims for the Self-Employment Income Support Scheme, Statutory Sick Pay Rebate Scheme and provided IT infrastructure to support the Eat Out to Help Out Scheme.

RCDTS Ltd contributed to the delivery of multiple new solutions in support of the UK transition work following the UK's exit from the European Union (EU), to manage compliance activities for the Customs Declaration Service as well as a new solution called Safety and Security GB to handle exceptions for high-risk goods imported into the UK.

RCDTS Ltd contributed to the building of a solution to automate manual processes undertaken by the Business Tax Customer Services Group Customs Team and developed a solution to assist the HMRC Competent Authorities Team in their obligations to DAC6 (a new EU disclosure regime that imposes mandatory reporting of cross-border arrangements).

RCDTS Ltd has also enhanced the Digital White Mail Service to ensure post was appropriately diverted to HMRC Central Scanning Services, as HMRC offices ran on minimal staffing due to COVID-19 restrictions.

Performance report

Operational performance

Service Orders are governed by the MSA and outline the services that the company provides to HMRC.

The performance of HMRC's IT services is used as a measure to indicate how well the company is performing in its duty to supply these services.

Through this period of major change and upheaval we maintained high levels of stability in our service performance, improving in every quarter through the year compared to financial year 2019 to 2020.

RCDTS Ltd's performance in supporting HMRC's IT targets in "IT Unavailability" and "Daily IT Service Status" is measured using a traffic light system. A green day is one in which there are no high priority incidents. An amber day is one in which there is one or more high priority incidents, with lesser impact on HMRC and/or HMRC customers. A red day is one in which there is a high priority incident of the highest level and in which there are significant outages impacting HMRC and/or HMRC customers.

The services provided by RCDTS Ltd have contributed to the following successes for HMRC:

- The overall performance of IT across HMRC has shown significant improvement compared to the prior year. This is reflected in improvements to both main Key Performance Indicators, with periods of IT unavailability reduced by 42%;

- During 2020 to 2021 green days have increased by 15% from 271 to 312, amber days have decreased by 48% from 69 to 36 and red days have decreased by 35% from 26 to 17.

RCDTS Ltd has delivered contracted services to the appropriate service levels as agreed in the Service Orders under the MSA.

Financial performance

The company Directors and HMRC consider the key measure of company financial performance is for RCDTS Ltd to minimise costs and make no profit or loss. In line with these expectations the company has made no profit after tax for the year to 31 March 2021 and all costs have been fully recovered.

The company invoice HMRC based on the actual costs for work undertaken. Further, the company is not restricted to one supplier and utilises government frameworks, where possible, to ensure the best price is sourced.

Companies Act section 172 statement

The Directors are fully aware of their responsibilities to promote the success of the company for the benefit of the sole member in accordance with section 172 of the Companies Act 2006. RCDTS Ltd's Director induction manual explains the requirements of section 172 and the Directors are reminded by the Chair of their statutory duties in respect of this section at each Board meeting.

RCDTS Ltd's principal stakeholders are HMRC, its employees and suppliers. The relationship with the company's only customer, HMRC, is described in the Governance statement on page 14. The Sponsor Team, within HMRC and independent of the company, plays a key role in ensuring the company operates in accordance with the agreements outlined in the principal activities section above and that the needs of HMRC are met.

The Board continues to enhance its method of engagement with the workforce and this is described in more detail in the Directors report on page 11 under the section "Informing and consulting employees".

Following various focus groups with employees across RCDTS Ltd and consultation with the project, a people strategy was developed to bring together all the planned improvement activities. As a result, the employee engagement index increased by 11%. To ensure employees are kept sighted on the improvements, a monthly newsletter has been developed alongside a "you said, we did" campaign.

Information about RCDTS Ltd's commitment to reducing the environmental impact of its operations can be found in our Sustainability statement on page 8.

During 2020 to 2021 the Board of Directors approved the appointment of the RCDTS Ltd Head of Strategy and Organisational Development, the most senior employee of RCDTS Ltd. The appointment was made in January 2021.

The company aims to work responsibly with suppliers. HMRC Commercial directorate continues to provide commercial contract management services to the company in

line with best practice, and contracts with suppliers are managed according to size and complexity.

As described in the Governance statement on page 14, the sole member of RCDTS Ltd is the Treasury Solicitor who has granted power of attorney to the HMRC Accounting Officer and Chief Executive, Jim Harra, and, with effect from 25 March 2021, also to the HMRC Deputy Chief Executive Angela MacDonald. This enables them to exercise all powers of the sole member.

The Sponsor Team supports them in this role. Before each Board meeting, currently bi-monthly, the Sponsor Team briefs the HMRC Accounting Officer on the key agenda items, to enable Accounting Officer input if required. The Sponsor Team are also a standing attendee at the meetings. In addition, the Sponsor Team will contact and advise the HMRC Accounting Officer on any matters that it considers should be brought to his attention and address any queries he may raise.

The company supports community volunteering activities and allows employees up to 3 days special leave (pro rata for part time employees) for this activity in any 12 month rolling period. To be eligible for special leave, the community volunteering must provide a business benefit, such as enhanced customer understanding, provide development opportunities for staff and be appropriate to the employee's skills and experience, enabling the sharing of business skills with others. Volunteering opportunities this year have been impacted by the pandemic.

Future developments

RCDTS Ltd services continue to make a valuable contribution to the way in which CDIO group works in line with the Service Orders, as directed by HMRC. The role of RCDTS Ltd going forwards will be reviewed in line with HMRC's future service requirements.

Key risks

The company ensures that all risks are actively managed and mitigated appropriately and employs processes and procedures which have been proven to work in HMRC to ensure that risk likelihood and impacts are minimised.

The risk management structure covers the following categories of risk:

- governance and controls
- legal
- people
- security
- service and delivery

The Board of Directors are notified of any new and updated risks through the monthly performance report and these are discussed at Board meetings where appropriate. There is currently only one key risk which is considered to be specific to RCDTS Ltd and relates to health and safety.

RCDTS Ltd has some further key risks in common with HMRC, in particular the risk of capacity, capability and engagement of its people. Specifically, there is a risk that RCDTS Ltd may not have the right number of highly skilled and engaged people in

the right roles and professions or in the right places at the right time, which could lead to a failure to deliver business objectives. To mitigate this risk, the company is contributing towards the CDIO Capability Strategy, which will give a clearer understanding of capability requirements in order to address skills and capability gaps across the CDIO Group.

Sustainability

The 2016 to 2020 Greening Government Commitments paper set a challenge for government departments to reduce the environmental impact of their estate and operations. As RCDTS Ltd is funded by HMRC, it must also comply with these requirements and follow the same policies regarding sustainability as HMRC.

Progress against the estates-related commitments is incorporated in HMRC's performance, which is reported in its 2020 to 2021 Annual Report and Accounts on page 85. In terms of the RCDTS Ltd travel commitment:

- air miles travelled on domestic flights have decreased by 93% compared to 2019 to 20, number of flights has fallen from 34 to 2, and a decrease of 94% in scope 3 emissions (indirect greenhouse gas emissions);
- there have been no international flights in 2020 to 2021 equating to a drop 5.4 tonnes in scope 3 emissions;
- rail travel has reduced by 99% in distance (miles) and a 99% decrease in the scope 3 emissions;
- hire car travel has decreased by 94% with scope 3 emissions decreasing by 95%.

The reduction achieved during the current year is largely due to the pandemic and cannot be seen as indicative of reductions going forward.

In light of COVID-19, management will be reviewing the company's travel policies accordingly.



Daljit Rehal
Chief Executive Officer
28 October 2021

2 Directors' report

The Directors present their report and the financial statements for the year to 31 March 2021.

The following table lists the Board of Directors who served the company during the period and their personal record of attendance at Board meetings. In practice, alternate Directors are appointed where personal attendance is not possible.

Board of Directors and meeting attendance

Name	Role	Date of appointment	End Date of Tenure	Board meeting
Justin Holliday	Chief Executive Officer & Chair ¹	09-Jul-15		6/6
Martin Coombs	Chief Finance Officer	12-Apr-18		6/6
Esther Wallington	Director	29-Mar-19		4/6
Sarah Goom	Director	26-Sep-19		5/6
Natasha Harris	Director	15-Jan-20		4/6
Maurice Mattholie	Director	15-Jan-20		6/6
Daljit Rehal	Chief Executive Officer & Chair ²	04-Nov-20		3/3
Breda O'Connor	Director	02-Dec-20		2/2

¹ Justin Holliday held the roles of Chief Executive Officer and Chair from 31 October 2019 to 1 December 2020 at which point he reverted to Director.

² Daljit Rehal was appointed Director from 4 November 2020 and took on the roles of Chief Executive Officer and Chair from Justin Holliday on 1 December 2020.

Going concern

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. RCDTS Ltd is reliant on income from HMRC, its sole customer. Under the terms of the Master Services Agreement (MSA) between RCDTS Ltd and HMRC, the agreement can be terminated, for convenience, by HMRC with six months' notice.

No material uncertainties have been identified relating to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. This opinion is based on the principal activities of RCDTS Ltd being funded by HMRC until the termination of the MSA. The MSA was extended on 19 July 2021 for a further 3 years, until 31 December 2024. For more information on the funding arrangement please see note 1.10 (page 34) and note 10 (page 44).

In light of the above, the Directors are satisfied that RCDTS Ltd is a going concern.

Conflicts of interest

Directors within RCDTS Ltd are required to complete a declaration of any interests in a transaction or arrangement to ensure potential conflicts of interest can be identified. No significant company directorships or other interests were held by Board members which may have conflicted with their management responsibilities. Note 11 (page 45) confirms that no member of the Board had any related-party transactions.

Personal data-related incidents

RCDTS Ltd had no serious data-related incidents which needed to be reported to the Information Commissioner.

Incidents, where they occur, are recorded centrally. Figures for 2019 to 2020 are shown in brackets.

Summary of protected personal data related incidents in 2020-2021		
No	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0 (0)
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0 (1)
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0 (0)
IV	Unauthorised disclosure	0 (1)
V	Other	0 (1)

General Data Protection Regulation (GDPR) in RCDTS Ltd

Considerable work has been undertaken during the last financial year to ensure that RCDTS Ltd is meeting its legal obligations under data protection laws, both as Controller and Processor of personal data. This includes work to ensure that all company staff have undertaken mandatory data protection training, mapping our data processing activity utilising records of processing activity, aligning all relevant policies and guidance documents to reflect data protection requirements, and ensuring that data processing agreements with external suppliers are GDPR compliant. Reports on this work have been made to the Board with the result that the Directors of RCDTS Ltd are satisfied that the company is meeting its data processing obligations under GDPR.

Compliance with public sector payment policy

The policy of RCDTS Ltd is to pay valid invoices within five days of being received. This is in line with both HMRC and government prompt payment policy. Details of the company's performance against this policy can be found at the link below:

[RCDTS Ltd -Prompt Payment Data](#)

Political and charitable contributions

RCDTS Ltd made no political or charitable donations and incurred no political expenditure during the period.

Employment of persons with disabilities

RCDTS Ltd is committed to encouraging equality and diversity among its workforce and eliminating unlawful discrimination of protected characteristics, including disability. The company operates fair and open recruitment principles. The Equality and Diversity policy opposes discrimination in all areas of the employee lifecycle, including selection for employment, promotion, training or other developmental opportunities. Significant guidance and support is in place to assist staff and their line manager regarding the implementation of reasonable adjustments to remove or reduce any disadvantage a disabled person is facing in the workplace.

Informing and consulting employees

The Directors regularly engage with employees and take account of their interests. During 2020 to 2021, one of the objectives of the RCDTS Ltd's Improvement Project was to improve the employee experience for the RCDTS Ltd workforce. RCDTS Ltd has an intranet site that contains information regarding policy and procedures for working within the organisation. The company has most recently been working on a SharePoint site to create an ever-improving interactive environment for staff to further share information and enhance inclusivity.

RCDTS Ltd has in operation an established Employee Forum, which is a staff representative body that meets with HR on a monthly basis, to share employee views on working within the company. The Employee Forum is consulted on all matters relating to staff, including for example, policy changes and the annual pay award. The Forum is made up of RCDTS Ltd employees who are elected by staff.

Relationships with suppliers, HMRC and the attorneys for the Sole Member

Details of how the company has managed its business relationships with suppliers, HMRC and the attorneys for the Sole Member are mentioned in the Companies Act section 172 statement in the Strategic report at page 6.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the RCDTS Ltd auditors are unaware. Each Director has taken all steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the auditors of RCDTS Ltd are aware of that information. Further details can be found in the Statement of Accounting Officer's responsibilities (page 16).

Financial risk management

RCDTS Ltd has an agreed risk management process which enables both regular review of all risks and immediate escalation where appropriate. Company risk management focuses on those risks which are attributable to the company as a discrete legal entity in the provision of services to HMRC. Risks impacting CDIO or HMRC are escalated to their respective risk management forums.

Other material issues

There have been no material events that have affected, or are expected to affect, RCDTS Ltd since the end of the period of this report. Further details can be found in note 12 (page 45).

This report was approved by the Board of Directors on 4 October 2021 and signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Daljit Rehal', written in a cursive style.

Daljit Rehal
Chief Executive Officer
28 October 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable UK law and regulations. Company law requires the Directors to prepare financial statements for each financial year or period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the company and of the profit or loss for the period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose at any time with reasonable accuracy the financial position of the company, enabling them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Daljit Rehal
Chief Executive Officer
28 October 2021

3 Governance statement

This statement covers the financial period from 1 April 2020 to 31 March 2021 and up to the date of approval of the Annual Report and Accounts. RCDTS Ltd has been incorporated by, wholly controlled by and operated for HMRC, to deliver managed IT services, as directed by HMRC. Control of the company resides with HMRC's Commissioners. For 2020 to 2021 this committee was chaired by the Accounting Officer and was responsible for setting and delivering strategy for HMRC.

The sole member of RCDTS Ltd is officially the Treasury Solicitor. The Treasury Solicitor has granted a power of attorney to the HMRC Accounting Officer and Chief Executive, and to the HMRC Deputy Chief Executive, which enables them to exercise all powers of the sole member. Since September 2019, Jim Harra has been the Accounting Officer of RCDTS Ltd. The Accounting Officer has responsibility for safeguarding the public funds held by the company and for ensuring propriety, regularity, value for money and efficiency in the handling and use of public funds.

An HMRC Sponsor Team is responsible for HMRC's oversight of RCDTS Ltd and acts on behalf of the Accounting Officer. It does this through advising, challenging and supporting the Board and company in the achievement of their objectives, and this is a normal arrangement for Arm's Length Bodies.

The Sponsor Team independently assure the activities of RCDTS Ltd by:

- investigating any potential breach of agreements;
- ensuring the Board is well led and functioning effectively through establishing and maintaining a strong relationship with the Board;
- ensuring the Board is effectively addressing risks and opportunities;
- providing support to the Board in the event of significant strategic changes which should impact the delivery of services or the solvency of the company; and
- representing the company's and HMRC's interests to other parts of Government in order to ensure the best outcomes and best value for the public sector as a whole.

The governance structure of the company is closely tied to HMRC. There is a strong primary governance route through HMRC's control of the company, the Sponsor Team, the Framework Agreement and Master Services Agreement. In addition to this the members of RCDTS Ltd's Board are drawn from HMRC's senior leadership. The company also utilises HMRC's Audit and Risk Committee (A&RC). A&RC provides independent assurance to the Board on the integrity of the company's financial statements. More information on its organisation can be found in the HMRC Annual Report and Accounts 2020 to 2021 Board and sub-committees (page 108).

The Board met six times in the year. Its regular agenda items included:

- updates from business areas within RCDTS Ltd covering delivery, financial performance, company targets, and the key risks to performance;
- reports on progress against strategic plans and the definition and mitigation of high-level risks; and
- financial management, resource management and recruitment.

The Board has reviewed its own effectiveness and concluded it was effective in carrying out its responsibilities, with no major issues to be addressed. The Board also concluded it has the right range of skills to carry out its role and this has been agreed by the Sponsor Team. Board meetings are now scheduled bi-monthly and the Board is content that these arrangements are sufficient and appropriate. A further Board effectiveness review will be conducted by the Sponsor Team in December 2021.

RCDTS Ltd follows the HMRC risk control framework set out in the 2020 to 2021 HMRC Annual Report and Accounts (page 121).

RCDTS Ltd continues to be considered within the internal control framework of HMRC. The HMRC Internal Audit plan for 2020 to 2021 included two audits specific to RCDTS Ltd.

We have assessed RCDTS Ltd's compliance with Corporate Governance in the Central Government Departments' Code of Good Practice 2017. The code focuses on governance arrangements for ministerial departments and there are elements which are not directly relevant to RCDTS Ltd. However, we comply with the spirit and principles of the code and by this, and other means, good governance is achieved in RCDTS Ltd. We are content that the systems of risk management, governance and control in place for RCDTS Ltd are sufficient to manage any identified risks and that an appropriate framework was in place throughout 2020 to 2021.



Jim Harra
Accounting Officer
28 October 2021



Daljit Rehal
Chief Executive Officer
28 October 2021

4 Statement of Accounting Officer's Responsibilities

Basis of preparation of the accounts

The basis of accounting is disclosed in the Statement of Directors' responsibilities on page 13.

The Directors have prepared the Financial statements in accordance with the Companies Act 2006 and the International Financial Reporting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for the period.

Accounting Officer's Responsibilities

The Accounting Officer for RCDTS Ltd is the Permanent Secretary and the Principal Accounting Officer of HMRC. This is to ensure its governance is clearly aligned with HMRC management accountabilities and HM Government financial accounting principles. The Accounting Officer for the company does not sit on the Board of the company, however, he has the full support of the Sponsor Team in order to maintain oversight of company activity at all levels. For more information on the Sponsor Team please see the Governance statement (page 14).

The Accounting Officer for RCDTS Ltd is responsible for safeguarding the public funds held by the company and for ensuring propriety, regularity, value for money and efficiency in the handling and use of public funds. The term regularity is used to convey the idea of probity and ethics in the use of public funds - that is, delivering public sector values in the round. Regularity specifically encompasses compliance with all relevant legislation, delegated authorities and the guidance set out in HM Treasury's Managing Public Money (MPM) publication.

In particular, the Accounting Officer must:

- take action as set out in MPM if the Board is contemplating a course of action involving a transaction which the Accounting Officer considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical;
- give evidence where required to the National Audit Office (NAO), the Public Accounts Committee or the Audit and Risk Committee on his oversight of the company's stewardship of public funds;
- ensure that proper records are kept relating to any financial data for consolidation in the Annual Report and Accounts and provide any necessary statement to that effect;
- sign a governance statement regarding the system of internal control, as support to the Annual Report and Accounts; and

- receive and act in accordance with a budget delegation each year from HMRC.

For the purposes of Whole of Government Accounts, the Accounting Officer is the Consolidation Officer for the company and will be personally responsible for complying with the requirements of the Consolidation Officer Memorandum.

The Accounting Officer confirms that this Annual Report and Accounts as a whole is fair, balanced and understandable. The Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Auditors

The Accounts are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The charge for the audit service is disclosed in the Accounts (see note 4, page 38). The NAO was not paid for any work of a non-audit nature during the period.

So far as I am aware, there is no relevant audit information of which the auditors are unaware. I have taken all steps that I ought to have to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.



Jim Harra
Accounting Officer
28 October 2021

5 Remuneration and staff report

Our people

The people employed by RCDTS Ltd are not civil servants; however, they deliver technical and digital services exclusively for HMRC.

Number of persons engaged

	Permanently employed staff	Contractors ¹	Total
Staff in post 31 March 2020	759	116	875
Joiners	76		
Leavers	49		
Staff in post 31 March 2021	786	163	949
Average	775	134	909

¹ Number of contractors represents contingent labour only.

The information in the table above has been subject to audit.

Locations of persons employed as at 31 March 2021

	Permanently employed staff
Telford	545
Newcastle	131
Worthing	83
Southend	9
London	7
Shipley	4
Bristol	6
Reading	1
Total	786

RCDTS Ltd include staff who have transferred in from previous suppliers and staff who have been recruited direct by the employer:

- staff who transferred to RCDTS Ltd from Capgemini and Fujitsu have different terms and conditions because under TUPE (Transfer of Undertakings Protection of Employment Regulations 2006) everyone has a right to retain their contractual terms and conditions, including salary
- staff who join RCDTS Ltd as new employees, are subject to RCDTS Ltd policies and terms and conditions.

RCDTS Ltd has responsibility for the recruitment, retention and management of its staff. In practice, the responsibilities of RCDTS Ltd toward its staff mean that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued, where appointment and advancement is based on merit, and discrimination is not tolerated

- the level and structure of its staffing is appropriate to its functions and the requirements of efficiency, effectiveness and economy
- the performance of its staff at all levels is satisfactorily appraised, employees are clear about what is expected of them and the performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the objectives of the company
- proper consultation with staff takes place on key issues affecting them
- appropriate grievance and disciplinary procedures are in place, whistle-blowing procedures are in place consistent with the Public Interest Disclosure Act 1998, and a code of conduct for staff is in place.

Diversity and inclusion

RCDTS Ltd wants a diverse workforce to deliver a high-quality service. The diversity data apart from gender is drawn from the voluntary declarations made by employees. By 31 March 2021, from a total of 786 permanently employed staff, 295 (38%) declared whether or not they were disabled, 303 (39%) had provided their ethnicity details and 270 (34%) stated their sexual orientation. As with previous years, the diversity data is incomplete and we are taking steps to improve declaration rates going forward by: working with the RCDTS Ltd Employee Forum, working with senior leadership teams, making declaration rates more visible and using HR site visits to explain the importance and benefits of fuller diversity information. This work is continuing.

Male and female employees

	Female	%	Male	%	Total	%
Permanently employed staff	150	19%	636	81%	786	100%

Declared disability status of employees

	Disabled	%	Non-disabled	%	Total	%
Permanently employed staff	25	3%	270	34%	295	38%

Declared ethnicity category of employees

	Black/Asian/ minority ethnic	%	White	%	Total	%
Permanently employed staff	38	5%	265	34%	303	39%

Declared sexual orientation category of employees

	Heterosexual/ straight	%	Lesbian/gay/ bisexual/other	%	Total	%
Permanently employed staff	255	32%	15	2%	270	34%

Sickness absence data

The average working days lost based on the number of full-time equivalent employees for 2020 to 2021 was 4.44 days (2019 to 2020: 5.59 days).

Remuneration Committee

The RCDTS Ltd Board acts as the Remuneration Committee for the company. The Board has responsibility for agreeing how the annual pay remit is distributed in the company.

The company has a responsibility to ensure its staff receive fair and equitable remuneration whilst also taking into account value for money and appropriate management of public money. The company will have an annual pay remit with a settlement date of June and will be guided by the annual pay remit guidance from HM Treasury. Cabinet Office controls on salaries and approval routes will apply to the company.

The company is a discrete unit and has its own non-consolidated pay budget. The company's Remuneration Committee govern the pay remit process and ensure that the principles of equity and value for money are achieved.

Staff costs

Details of staff costs are included in note 3 (page 37) of the financial statements.

Pensions

The HR Team provides assurance and oversight of the RCDTS Ltd pension scheme. RCDTS Ltd has a contract-based defined contribution pension scheme which is administered by Aviva plc. A number of staff in RCDTS Ltd have contractual rights to the Civil Service Pension Schemes under Fair Deal policy. Further details of these pension arrangements are included in note 3 (page 37).

Reporting of compensation schemes - exit packages

There were no exit packages in 2020 to 2021 or 2019 to 2020.

Remuneration

Remuneration details for the RCDTS Ltd Board of Directors are not included in these accounts as they are not paid by the company. These Directors are civil servants and their salaries and pensions are paid by HMRC.

Three of the Directors as at 31 March 2021 are also on the HMRC Executive Committee and their remuneration and pension details can be found in the HMRC Remuneration report within the HMRC Resource Accounts.

Government organisations are required to state their pay multiple which is the ratio between the median staff remuneration and the mid-point of the banded remuneration of the highest paid Director. This ratio has not been calculated for RCDTS Ltd as the company Directors are not remunerated by the company.

Gender pay gap analysis

The government introduced legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. RCDTS Ltd reported on these requirements on 15 December 2020 by publishing them via the government's gender pay gap service website and uploading the report on the gov.uk website.

The gender pay gap figures below, reported annually, show the difference in the average pay between all men and women in RCDTS Ltd, for both base pay 5 April 2020 and the bonuses received in the year 6 April 2019 to 5 April 2020. This is the most recent data available. The pay gaps are measured using both mean (total divided by employee numbers) and median (middle of the range) averages. The difference is expressed as a percentage of the average hourly rate of pay for employees.

Gender pay gap	2020	2019
Mean	8.8%	6.2%
Median	9.2%	0.9%

The distribution of our workforce drives our mean and median figures. Whilst we are striving to improve our diversity, including through our recruitment practices, RCDTS Ltd workforce comprised of only 19% women in April 2020.

When comparing the population with the previous year's report we observe an increase in the gender pay gap due to small growth in the male and reduction in the female headcount towards the more senior end of the organisation.

Due to the low number of female employees in RCDTS Ltd, any change to the composition of the population by pay grade can have a significant effect on the mean rate of pay and therefore the gender pay gap.

RCDTS Ltd strives to ensure the fair treatment and reward of all people irrespective of gender. Our pay policy and conditions of employment are consistent with this principle.

Read more:

[Gender Pay Gap service](#)

[RCDTS Ltd Gender Pay Gap report 2020](#)

People off-payroll

HMRC reports to HM Treasury about off-payroll appointments where individuals are paid more than £245 a day. RCDTS Ltd has off-payroll appointees and these individuals have been considered by HMRC as part of their disclosure, which is included in the HMRC Annual Report and Accounts (page 170).



Daljit Rehal
Chief Executive Officer
28 October 2021

6 THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF REVENUE AND CUSTOMS DIGITAL TECHNOLOGY SERVICES LIMITED

Opinion on financial statements

I certify that I have audited the financial statements of Revenue and Customs Digital Technology Services for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise the statement of comprehensive income, statement of financial position, statement of cashflows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards in conformity with the requirements of the Companies Act 2006.

I have also audited the information in the Remuneration and staff Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), and applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Revenue and Customs Digital Technology Services in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

In auditing the financial statements, I have concluded that the Revenue and Customs Digital Technology Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Revenue and Customs Digital Technology Services' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Revenue and Customs Digital Technology Services and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic report or the Directors' report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the parent company; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Accounting Officer and Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Revenue and Customs Digital Technology Services' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to certify, audit and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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 a 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Revenue and Customs Digital Technology Services' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Revenue and Customs Digital Technology Services policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Revenue and Customs Digital Technology Services controls relating to the Government Resources and Accounts Act 2000, Managing Public Money and the Companies Act 2006.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals.
- obtaining an understanding of Revenue and Customs Digital Technology Services' framework of authority as well as other legal and regulatory frameworks that the Revenue and Customs Digital Technology Services operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Revenue and Customs Digital Technology Services. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Companies Act 2006, Managing Public Money, Employment Law and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

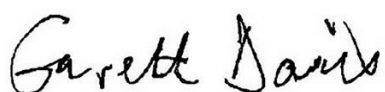
- enquiring of management, concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Gareth Davies
1 November 2021

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

7

Financial Statements

Revenue and Customs Digital Technology Services Limited
Statement of Comprehensive Income
for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Income			
Income from Managed IT Services	2	80,865	71,841
		80,865	71,841
Expenditure			
Staff costs	3	(41,093)	(38,917)
Running costs	4	(39,617)	(32,779)
Other expenditure	4	(155)	(145)
		(80,865)	(71,841)
Profit before taxation		-	-
Taxation	5	-	-
Profit after taxation		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		-	-

The notes on pages 32 to 45 form part of these accounts

Revenue and Customs Digital Technology Services Limited
Statement of Financial Position
as at 31 March

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	6	615	448
Total non-current assets		615	448
Current assets			
Trade and other receivables	7	10,361	10,474
Cash and cash equivalents	8	4,287	5,178
Total current assets		14,648	15,652
Total assets		15,263	16,100
Current liabilities			
Trade and other payables	9	(8,263)	(9,100)
Current tax liability	5	-	-
Total current liabilities		(8,263)	(9,100)
Total assets less current liabilities		7,000	7,000
Non-current liabilities			
Long term loan	10	(7,000)	(7,000)
Total non-current liabilities		(7,000)	(7,000)
Total assets less liabilities		-	-
Total Reserves		-	-

The notes on pages 32 to 45 form part of these accounts.

RCDTS Ltd is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements of Part 16 under Section 482 (non-profit-making companies subject to public sector audit) of that Act. There is no statement of changes in equity as the company is limited by guarantee and has no share capital and no reserves.



Daljit Rehal
Chief Executive Officer
Registered Company Number 9679225
28 October 2021

Revenue and Customs Digital Technology Services Limited
Statement of Cash Flows
for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Cash flows from operating activities			
Profit after taxation		-	-
Adjustments for non-cash transactions:			
Depreciation	6	156	142
(Profit)/Loss on disposals	4	(1)	3
(Increase)/decrease in trade and other receivables	7	113	2,823
Increase/(decrease) in trade payables	9	(837)	963
Increase/(decrease) in current tax liability	5	-	(25)
Increase/(decrease) in provisions		-	-
Net cash flows from operating activities		(569)	3,906
Cash flows from investing activities			
Proceeds of disposal of Plant and Equipment		2	4
Purchase of Plant and Equipment	6	(324)	(371)
Net cash in/(outflow) from investing activities		(322)	(367)
Cash flows from financing activities			
Increase/(decrease) in long term loan	10	-	(7,000)
Net financing		-	(7,000)
Net increase/(decrease) in cash in the period		(891)	(3,461)
Cash at the beginning of the period		5,178	8,639
Increase/(decrease) in cash		(891)	(3,461)
Cash at the end of the period	8	4,287	5,178

The notes on pages 32 to 45 form part of these accounts

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

Notes to the Statement of Accounts

1. Statement of accounting policies

1.1 Basis of accounting

Revenue and Customs Digital Technology Services Limited (RCDTS Ltd) is a company limited by guarantee and is incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. In addition, they have been prepared in accordance with the 2020 to 2021 Government Financial Reporting Manual (FReM) issued by HM Treasury, to the extent the FReM is consistent with the requirements of the Companies Act 2006.

The particular policies adopted by RCDTS Ltd are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention.

1.3 Going concern

The Directors expect that RCDTS Ltd will continue operations for the foreseeable future. The basis of this is continued ongoing support from HMRC in the form of a long-term loan (note 10, page 44). The going concern basis of preparation is further referenced in the Directors' Report (page 9).

1.4 Income and recharged costs

All income is generated directly from services to HMRC and is recognised in the Statement of Comprehensive Income on an accruals basis net of VAT.

Invoices for services are raised twice monthly in arrears and are retained as supporting documentation on the IT services delivered. HMRC pays the invoice within 3 working days from receipt of the invoice. Where the invoice has not been raised but service has been provided by the year end, an estimated charge will be included as accrued income. The company also invoices HMRC to recover pass-through charges which are not recorded as income by the company but are directly recharged to HMRC and netted off against expenditure. Since pass-through charges to HMRC are offset against associated expenditure, they do not impact the Statement of Comprehensive Income. They do impact the Statement of Financial Position as receivable and payable balances, if there are any outstanding amounts at the year end. These charges include the purchase of IT equipment, software licences and telephony equipment which are used by HMRC.

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

Any underlying contractual commitments relating to pass-through charges, such as those that arise from operating or finance leases are excluded from these financial statements.

1.5 Tangible assets - property, plant and equipment

On initial recognition, property, plant and equipment assets are measured at cost. This includes costs directly attributable to bringing them in to working condition, for example, the costs of installation. Property, plant and equipment are then stated at cost less accumulated depreciation and any impairment losses, in accordance with IAS16 Property, Plant and Equipment.

IT computer equipment is capitalised regardless of cost.

1.6 Intangible assets

RCDTS Ltd has no intangible assets. The company is developing IT software on behalf of HMRC. These intangible IT software assets are reported as assets under construction in HMRC's Resource Accounts.

1.7 Depreciation

Non-current assets are depreciated at rates calculated to write them down to estimated residual values on a straight-line basis over their estimated useful lives. The estimated useful life of computer equipment is 4 to 7 years.

1.8 Taxation

RCDTS Ltd has registered for Value Added Tax, Pay As You Earn and Corporation Tax (CT). CT is payable to the extent that income exceeds trading losses. Tax is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

1.9 Value Added Tax (VAT)

RCDTS Ltd provides IT services which are taxable at the standard rate of VAT at 20%. Expenditure in these statements is shown exclusive of VAT as RCDTS Ltd recovers input VAT in accordance with the VAT Act 1994.

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

1.10 Funding

RCDTS Ltd receives its funding by way of a long-term loan from HMRC and it is therefore accounted for as a long-term liability in the Statement of Financial Position. There is a funding facility agreement in place between HMRC and RCDTS Ltd which details the terms of the agreement. The funding is provided for general working capital and investment purposes, in relation to the provision of the information technology and security services. HMRC may, from time to time, agree funding for other purposes. This will be in writing and in each case in accordance with HM Treasury guidance document, Managing Public Money. RCDTS Ltd has not requested funding for any other purposes since incorporation.

1.11 Provisions

Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, RCDTS Ltd provides for probable legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation.

1.12 Contingent liabilities

Contingent liabilities are disclosed in accordance with IAS 37, the company discloses possible legal or constructive obligations of uncertain value or timing at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

1.13 Leases

IFRS 16 Leases is adopted for corporate entities on or after 1 January 2019 and replaces IAS 17. This standard has had no impact on the 2020 to 2021 Annual Report and Accounts. For applicable leased agreements, IFRS 16 requires the recognition of leased asset and liabilities, representing the right to use the leased item and the respective future lease payments. This applies to all relevant leases unless the term is less than 12 months or the underlying asset has a low value.

An expenditure review has been undertaken to assess the impact of IFRS 16 on RCDTS Ltd. This review, which covered the managed service expenditure reported in these accounts, found no right-of-use assets. Going forward, new contracts will be routinely reviewed for any IFRS 16 impacts.

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

1.14 Impending application of newly issued accounting standards not yet effective

There are currently no impending newly issued accounting standards which will impact RCDTS Ltd.

1.15 Critical accounting judgements and key sources of estimation

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

RCDTS Ltd undertakes a quarterly review of provisions and contingent liabilities to inform these judgments. There were no new key assumptions, or key sources of estimation uncertainty, at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

**Revenue and Customs Digital Technology Services Limited
for the year ended 31 March 2021**

2. Income

	2020-21 £'000	2019-20 £'000
Managed service income from HMRC	80,865	71,841
Total income	80,865	71,841

Passthrough charges

RCDTS Ltd income does not include pass-through charges recharged to HMRC.
These are netted off against expenditure in RCDTS Ltd.

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

3. Staff costs

	2020-21 £'000	2019-20 £'000
Wages and salaries	34,517	32,741
Social security costs ¹	3,818	3,636
Other pensions cost	2,758	2,540
Total staff costs	41,093	38,917

Average number of persons employed	2020-21	2019-20
Permanently employed staff	775	767

Pension costs

RCDTS Ltd has a contract-based defined contribution pension scheme which is administered by Aviva plc and overseen by the HR Team. Contributions into this scheme for 2020 to 2021 were £2,300,991 (2019 to 2020: £2,128,158).

A number of staff in RCDTS Ltd had contractual rights to the Civil Service Pension Arrangements (CSPA) under the 2013 New Fair Deal policy and RCDTS Ltd has Admitted Bodies status into the scheme which is managed by the Scheme Management Executive within Cabinet Office. These staff have taken the option to transfer their accrued benefits from their existing pension plans to the CSPA. Contributions into this scheme for 2020 to 2021 were £456,943 (2019 to 2020 £411,496).

¹ Social security costs include the Apprenticeship Levy which is £150,454 for 2020 to 2021 (2019 to 2020: £143,223).

Revenue and Customs Digital Technology Services Limited
for the year ended 31 March 2021

4. Running costs and other expenditure

	2020-21 £'000	2019-20 £'000
Running costs		
Contracted Out Services ¹	32,822	24,731
HMRC shared service charge	4,325	4,455
IT expenditure	1,625	2,138
General running expenditure ²	676	602
Travel, subsistence and hospitality	106	790
Audit fee	63	63
Total running costs	39,617	32,779
Non-cash expenditure		
Depreciation	156	142
Loss on disposals	(1)	3
Total non-cash expenditure	155	145
Total	39,772	32,924

¹ Number of contractors engaged is disclosed within the Remuneration and Staff report table on page 18.

² General running expenditure includes recruitment, training, company secretarial fees and insurance.

Revenue and Customs Digital Technology Services Limited
for the year ended 31 March 2021

5. Taxation

	2020-21 £'000	2019-20 £'000
Current tax charge	-	-
Deferred tax charge	-	-
Total tax charge	-	-
Profit before tax	-	-
Non-deductible expenses		
Depreciation	156	142
Loss on disposals	(1)	3
Adjusted profits before capital allowances	155	145
Less: capital allowances ¹	(155)	(145)
Total Taxable profits	-	-
Corporation Tax liability	-	-

¹ 2020 to 2021 and 2019 to 2020 capital allowances claimed have been limited to the amount of depreciation incurred, as RCDTS Ltd is a non-profit making company.

**Revenue and Customs Digital Technology Services Limited
as at 31 March 2021**

6. Property, plant and equipment

Office and computer equipment
£'000

Cost or valuation

At 1 April 2020	939
Additions	324
Disposals	(9)
Reclassifications	-
At 31 March 2021	1,254

Depreciation

At 1 April 2020	(491)
Charged in the year	(156)
Disposals	8
At 31 March 2021	(639)

Carrying amount at 31 March 2021 **615**

Prior Year

Cost or valuation

At 1 April 2019	597
Additions	371
Disposals	(29)
Reclassifications	-
At 31 March 2020	939

Depreciation

At 1 April 2019	(371)
Charged in the year	(142)
Disposals	22
At 31 March 2020	(491)

Carrying amount at 31 March 2020 **448**

All assets stated above are owned by RCDTS Ltd. There are no leased assets or private finance initiative contracts held by RCDTS Ltd.

**Revenue and Customs Digital Technology Services Limited
as at 31 March 2021**

7. Trade and other receivables

	2020-21	2019-20
	£'000	£'000
Amounts expected to be received within one year:		
Trade receivables (managed service only)	1	2
Other receivables	16	10
Accrued income and recharged costs (managed service)	9,370	6,614
Accrued income and recharged costs (pass-through)	639	3,649
Prepayments	335	199
	10,361	10,474

**Revenue and Customs Digital Technology Services Limited
as at 31 March 2021**

8. Cash and cash equivalents

	2020-21 £'000	2019-20 £'000
Balance at 1 April	5,178	8,639
Net change in cash and cash equivalent balances	(891)	(3,461)
Balance at 31 March	4,287	5,178
Of which balances were held at:		
Government Banking Service	4,287	5,178
Balance at 31 March	4,287	5,178

Revenue and Customs Digital Technology Services Limited as at 31 March 2021

9. Trade payables and other liabilities

	2020-21 £'000	2019-20 £'000
Amounts expected to be paid within one year:		
Other taxation and social security	1,261	1,012
Trade payables (pass-through only)	58	27
Trade payables (managed service only)	-	18
Other payables	324	299
Accruals (managed service)	4,876	4,368
Accruals (pass-through)	583	1,979
Value Added Tax	1,161	1,397
	8,263	9,100

Revenue and Customs Digital Technology Services Limited as at 31 March 2021

10. Long-term loan

	2020-21 £'000	2019-20 £'000
Balance at 31 March	7,000	7,000

RCDTS Ltd is a company limited by guarantee and is wholly controlled by HMRC. HMRC funds RCDTS Ltd and this is accounted for as a long-term loan within non-current liabilities in the company's Statement of Financial Position.

It is a revolving loan agreement and RCDTS Ltd has the facility to draw down, or repay, funding as required. The limit is £20 million and is subject to regular review and can be increased with prior approval. The agreement has been extended beyond 31 December 2021 (the Initial Term), in line with the extension of the Master Services Agreement (MSA), to 31 December 2024, at which point the loan will become due for repayment unless a further extension is agreed. Under the MSA, HMRC has a duty to pay any residual costs incurred by RCDTS Ltd in providing the services which are linked to the expiry and therefore specifically includes repayment of the loan.

10.1 Reconciliation of liabilities arising from financing activities

	2020-21 £'000	2019-20 £'000
Balance at 1 April	7,000	14,000
Net Loan Drawn / (Repaid)	-	(7,000)
Balance at 31 March	7,000	7,000

Loan repayment in future periods	£'000
Within one year	nil
Between two and five years	7,000
After five years	nil

Revenue and Customs Digital Technology Services Limited for the year ended 31 March 2021

The funding is provided by HMRC for general working capital and investment purposes in each case, in relation to information technology and security services provided by RCDTS Ltd to HMRC. Funding advances are in accordance with the agreement and HMT guidance Managing Public Money. RCDTS Ltd has the right to make voluntary early repayments and may repay the whole or any part of the funds outstanding from time to time from all or any of its available surplus funds. In July 2020, £3 million was drawn down under the loan agreement to meet working capital commitments and was repaid shortly thereafter in August 2020.

11. Related-party transactions

RCDTS Ltd provides a managed IT service to HMRC and funding is provided from HMRC to RCDTS Ltd.

HMRC provides corporate services to the company including finance, HR, estates, legal and communication in accordance with various Service Level Agreements.

No Board member, key manager or other related parties has undertaken any material transactions with the company during the year.

RCDTS Ltd Directors are also civil servants and their salaries and pensions are paid for by HMRC.

12. Events after the reporting period

There have been no reportable non-adjusting events after the reporting period.

The Annual Report and Accounts have been authorised for issue by RCDTS Ltd's Chief Executive Officer on the same date as the Comptroller and Auditor General's Audit Certificate.

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