

Official Sensitive

Meeting of the Revenue Scotland Board – 04 August 2021

Meeting of the Revenue Scotland Board

10:00 till 12:45, 4 August 2021

Present:

Aidan O’Carroll, Chair

John Whiting CBE

Jean Lindsay

Martin McEwen

Simon Cunningham

In attendance:

Elaine Lorimer, Chief Executive, Revenue Scotland

Michael Paterson, Head of Tax, Revenue Scotland

Neil Ferguson, Head of Corporate Functions, Revenue Scotland

Mairi Gibson, Head of Legal, Revenue Scotland

Shamyla Afzal, Governance and Compliance Manager, Revenue Scotland

Amanda Hammond, Revenue Scotland (Secretariat)

Gareth Hill, Chief Accountant, Revenue Scotland (Items 5 and 9 Only)

Andrew Macartney, Head Statistician, Revenue Scotland (Items 9 Only)

Pamela Bruce, Head of People Services (Items 5 and 9 Only)

1. Meeting Opening

- 1.1 The Chair welcomed everyone to the meeting and offered members the opportunity to add items under AOB. No items were added.
- 1.2 The Chair thanked the Board members and the Executive Team for their insights over the last few weeks on how the organisation is working and aspirations for the future. The Chair noted a common sense of direction and commitment to build on what has already been done.

Apologies

- 1.3 Apologies were received for Lynn Bradley.

Minutes of Meetings

- 1.4 The Board asked for amendments to be made to the minute for the 23 June 2021 meeting before final sign off.

Action: Amendments to be added and a revised draft and circulated for final sign off.

Action and Decision Log

1.5 Shamyala Afzal took the Board through the action log, noting open actions and providing an update where appropriate.

1.6 It was agreed that actions **A056/20, A03/21 (subject to narrative being updated by Head of Tax), A028/21, A029/21, A030/21** should close. **A031/20, A049/20, A056/20, A01/21, A02/21, A05/21, A09/21** to remain open, following action points discussed and updated:

Action A09/21 –The Chair requested briefing on the WO procedures (new action added A036/21)

Action A028/21 – Updated, a draft Litigation and Settlement Strategy to be shared with John Whiting and Martin McEwen for review and comments.

Action A031/21 –The Chair to raise with Alyson Stafford to emphasise priority (new action added A037/21)

Action A034/21 – Updated, SLT to ascertain practice of other delivery bodies. To consider RS policy generally.

New Declarations of Interest

1.7 There were no new declarations of interest.

Action – Secretariat to amend the action log as agreed.

2. Chair Update (Oral)

2.1 The Chair confirmed all initial briefings with Board members had taken place, including several conversations with the Executive Team. He plans to meet other key members including Scottish Government Tax Colleagues.

2.2 The Chair thanked the Executive Team and noted the consistency in messages received. He also acknowledged the hard work to drive forward the Corporate Plan. The Chair emphasised the desire to have resource in place to allow the Executive Team the space to work more strategically.

2.3 The Chair recognised that the appointment of two new Board members with appropriate skill sets was a priority.

3. CEO Report

3.1 The Chief Executive provided an update on two key points:

(a) Imminent SG priorities:

The SG is discussing a potential partnership arrangement with the Scottish Greens, a spending review, a new Programme for Government. Revenue Scotland stands ready to respond to any changes that might arise.

(b) Tax Policy Framework:

The SG Tax Policy Team is holding a Tax Policy Framework conference on 31 August. Revenue Scotland has an opportunity to feedback in advance of the Framework being published.

3.2 The Chief Executive invited Board Members to provide comments on the Framework before drafting a Revenue Scotland response. Martin McEwen and the Chair confirmed they would be happy to contribute. John Whiting has been asked to have a separate conversation with the SG drafting team but would also contribute.

3.3 Discussion followed on the Framework and what it means for Revenue Scotland as a Tax Authority.

Action: Chief Executive to share Tax Policy Framework with the Chair, John Whiting and Martin McEwen.

Action: The Chair, Martin McEwen and the Executive Team to provide feedback on the Tax Policy Framework.

4. Corporate Plan 2021-24

4.1 The Board endorsed the draft for submission to Scottish Ministers for approval, subject to revisiting the opening remarks from the Chair and the Chief Executive and final proof reading for consistency of terminology.

Action: Head of Corporate Functions to ensure the language used within the Corporate Plan is consistent, e.g. page 3 refers to a Greening Strategy and page 11 refers to a Green Strategy.

Decision: Board members were content that the Corporate Plan 2021-24 is to be submitted to Scottish Ministers for approval in accordance with the requirements set out in the Revenue Scotland and Tax Powers Act subject to amendments as discussed.

5. Update on Futures Work

5.1 The Chief Executive introduced this item and explained that previous work to transition to remote working is now being revisited for a move to a hybrid pilot.

5.2 Further risk assessments will be carried out prior to the introduction of the hybrid model. Individual Teams have also been asked to feedback on what risks they envisage and how this is managed. The Head of Corporate Functions as SIRO will provide a risk assessment to SLT.

Official Sensitive

Meeting of the Revenue Scotland Board – 4 August 2021

- 5.3 Scottish Government has confirmed its plans in terms of practicalities as they open the building. Although restrictions are lifting, Revenue Scotland will be operating with 1 metre social distancing, and a maximum of 27 desks available.
- 5.4 The Project Team will be visiting both Victoria Quay and RoS offices in St Vincent Plaza in Glasgow to assess progress and readiness. Before commencing pilot, staff will be asked to clear out lockers/desks to allow for hot-desking. A small team will go to St Andrews House to clear out the space we occupied to allow Scottish Government colleagues to return to the room.
- 5.5 The Chief Executive highlighted the following two areas for the Board’s attention:
- (a) Evaluation criteria – The Head Statistician has started work on this and this will be shared with the Board shortly.
- (b) Readiness Criteria to confirm we are ready for the pilot to commence - Readiness Criteria to be used is one in the Ernst & Young report with more detail specific to Revenue Scotland. The Project Team will continue to revise and work through this for approval to return to Victoria Quay.
- 5.6 The Chief Accountant said that each individual member of staff’s preferences, team roles and individual roles had been taken into account in assessing the need for office use. This has been transferred to a matrix and used to assess how this will work with the current desk allocation.
- 5.7 The Chief Executive provided assurance that there will be a staggered approach to returning to the office, monitoring and checking performance and learning as we go.
- 5.8 Jean Lindsay asked about space requirements and rental costs. The Head of Finance clarified that Revenue Scotland pays rental on the square footage as this is not being reduced therefore there will be no reduction in costs.
- 5.9 The Chief Executive highlighted we will learn our footprint requirement going forward and will inform future decisions/model.
- 5.10 Board members thanked the Chief Executive and the Head of Finance for the update.

Action: SLT - Pilot Evaluation Criteria to be brought to the Board by correspondence.

Action: Chief Executive and Simon Cunningham on behalf of the Audit and Risk Committee to have a call to discuss any audit and risk sign off in terms of the project risk register and whether additional resources are required to run the project.

6. Q1 Tax Report (Includes Legal)

- 6.1 The Head of Tax introduced the paper and invited questions.
- 6.2 The Board had a productive discussion in regard to the following areas:
- (a) The format of the Tax and Legal Report, to show the compliance status and

compliance strategy by way of a more strategic report for future board meetings. Changes are required to be made to the legal report, to provide a “helicopter” view of cases and add thematic/strategic/cost overview of litigation insights.

- (b) Progress to date around Tax Compliance;
- (c) Particular challenges being experienced;
- (d) SEPA secondments;
- (e) Litigation costs and call off contracts, including options.

6.3 The Chair Invited the Head of Legal to provide an update on the legal part of this paper, which covered the following areas:

- (a) The timing of a Tribunal decision; and
- (b) Potential Legislative change, and the work being carried between both the Tax and Legal teams, following recent decisions.

6.4 The Chair asked if resources were in place to respond appropriately.

6.5 The Head of Tax responded explaining resourcing will be difficult due to time constraints and, if trends continue, RS will have to look at how to further resource teams especially LBTT teams.

Action: Changes to be made to the format of Tax and Legal report for future Board meetings to show compliance strands and compliance strategy at a more strategic level.

Action: Changes to be made to format of legal report. To enable a “helicopter” view of cases and add thematic/strategic/ cost overview of litigation to shape litigation strategy. Head of Legal to share customised graphs showing MI.

Decision: The Board was happy to adopt the reports submitted.

7. Q1 Performance Report (Tax/Finance/Business/People/IT)

7.1 The Head of Corporate Functions introduced this item alongside the Head Statistician, Chief Accountant and the Head of People Services.

7.2 The following were discussed in terms of Q1 performance:

- Data from Landfill Tax quarterly returns will be available on the next performance report.
- 3 yearly lease reviews actions have been put in place to improve on the data coming through, although resource constraints have slowed this down. The team is working on upstream compliance which has improved over the last few months, and more tax returns are being submitted on time.

7.3 Discussion took place on the following –

Official Sensitive
Meeting of the Revenue Scotland Board – 4 August 2021

- (a) The causes of low levels of returns
 - (b) Ongoing work and prioritisation
 - (c) Achieving behavioural change and testing
 - (d) Is the issue with taxpayers, agents or a combination?
- 7.4 The Chair opened the discussion on trends, focusing on market conditions through the remainder of 2021, and how projected revenue numbers could impact on the budget forecast and operations.
- 7.5 The Chief Executive explained the budget process where tax forecast figures are set by the Scottish Fiscal Commission, including an in-year forecast and its interaction with the next budget cycle.
- 7.6 Discussion then focused on People data where the Board sought clarification on the following key issues in the report:
- (a) PR5b the diversity of applicants – Head of People Services confirmed each panel was set up both internally and externally to be as fully diverse as possible. All panel members must complete their unconscious bias training and neurodiversity awareness beforehand.
 - (b) PR5c Stress levels and what steps have been taken to investigate when and what measures we have in place to reduce stress – The Head of People Services confirmed that in any such cases, the focus is on the cause of the stress and what can be done to support the individual.
- 7.7 Jean Lindsay asked about any pressures of the Future Work on staff and asked if this is contributing to staff becoming unwell. The Head of People Services confirmed that health and wellbeing and work priorities are routinely discussed as part of the monthly conversation. In addition to this, throughout the year, all staff complete a health, safety and wellbeing assessments. These assessments include review of work priorities and support required. If staff indicate early signs of work related stress then a stress reduction plan would be considered.
- 7.8 Jean Lindsay asked how annual days lost through stress are measured. It was agreed this would be taken to the Staffing and Equalities Committee to discuss and then, if required, to the Board.
- 7.9 Martin McEwen noted the unreliability of the PR5 data and asked whether anything could be done by staff to bring the correct data in. The Head of People Services responded that bringing HR in-house should improve this.

Action: SEC to pick up key points discussed during the meeting.

Decision: Board Members are satisfied with the performance of Revenue Scotland during Q1 of 2021-22.

8. Forward Strategic Discussion

- 8.1 The Chair opened this item up for discussion and highlighted that this would now appear as a standing item for future Board meetings.
- 8.2 Board members offered their thoughts. Simon Cunningham commented on Revenue Scotland staff moving on, the need to raise awareness of the opportunities within Revenue Scotland and need to raise awareness of RS with the general public. A new Head of Communications has been recruited and it was agreed there is a need and opportunity to raise the profile of the organisation.
- 8.3 The Chief Executive offered some thought beyond the three year window of the Corporate Plan and a potential expansion of remit. The Chief Executive also made reference to the retiral event the Deputy First Minister attended and that he spoke highly of Revenue Scotland.
- 8.4 The Chair ended the discussion by commenting on how an organisation as young as Revenue Scotland has created an entrepreneurial business model, which functions and operates differently. It can act as an exemplar for Scottish Government to build on what Revenue Scotland has already created.

9. AOB

- 9.1 John Whiting highlighted that the next official meeting of the Board was not until November and suggested a short interim meeting of the Board as there was a great deal happening at present.
- 9.2 The Chief Executive gave details of the scheduled meetings.

Action The Chair, Chief Executive and Head of Corporate Functions to consider whether a Board meeting is required prior to 03 November.

End of Meeting
04 August 2021