

**Official Sensitive**  
**Meeting of the Revenue Scotland Board – 15 September 2021**

## **Meeting of the Revenue Scotland Board**

15:00 till 17:00, 15 September 2021

### **Present:**

Aidan O’Carroll, Chair  
John Whiting CBE  
Jean Lindsay  
Lynn Bradley  
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  
Gary Sharp, Head of Governance, Revenue Scotland  
Shamyla Afzal, Governance and Compliance Manager, Revenue Scotland (secretariat)  
Lisa Walker, Head of Tax Compliance and Professionalism, Revenue Scotland  
Gareth Hill, Chief Accountant, Revenue Scotland (Item 3)  
Andrew Macartney, Head Statistician, Revenue Scotland (Item 3)  
Pamela Bruce, People Services Manager, Revenue Scotland (Item 3)

## **1. Meeting Opening**

- 1.1 The Chair welcomed everyone to the meeting and offered members the opportunity to add items under AOB. An update from the Special Audit and Risk Committee (ARC) meeting held on 15 August was added to the agenda by Lynn Bradley.
- 1.2 The Chair welcomed Lisa Walker as the new Head of Tax Compliance and Professionalism for Revenue Scotland.

### **Apologies**

- 1.3 Apologies were received for Head of Legal.

### **Minutes of Meetings**

- 1.4 The Board asked for amendments to be made to the minute for the 4 August 2021 meeting before final sign off.

### **Action and Decision Log**

- 1.5 The Head of Governance discussed the action log, noting open actions and providing an update where appropriate.

- 1.6 It was agreed that actions **A001/21, A008/21, A031/21 A035/21, A036/21, A037/21, A038/21, A030/21, A040/21, A041/21, A043/21, A044/21, A045/21, A046/21, A048/21 and A049/21** should close.
- 1.7 It was agreed that actions **A031/20, A049/20, A056/20, A005/21, A009/21, A028/21, A042/21** were to remain open.
- 1.8 It was agreed that actions **A002/21** and **A037/21** would transfer to the Executive and **A047/21** would transfer to SEC.

### **New Declarations of Interest**

- 1.9 There were no new declarations of interest.

**Action** – Further amendments to be made to the draft minute of the 4 August meeting a revised draft and circulated for final sign off.

**Action** – Head of Governance to report back to Chair on progress with the Climate Change Report and Green Strategy and whether the Board can see a draft prior to COP26 conference.

**Action** – Secretariat to amend the action log as agreed.

**Action** – Report on progress of litigation expenses and position of debt write off (A031/21) at 3 November Board meeting.

## **2. Chair Update (Oral)**

- 2.1 The Chair confirmed initial meetings with both the Director of Tax Policy and Director General Scottish Exchequer had taken place with regular quarterly meetings now in place.
- 2.2 A number of issues were discussed including: resourcing, ensuring we have a good succession policy in place, ensuring support from other parts of the Civil Service is available when required; the need for effective legislation and appropriate drafting.
- 2.3 The Chair informed the group that work around Board recruitment is progressing as a priority and a further update would be provided at the end of the meeting.

## **3. Strategic Matters – Update (Chief Executive Report)**

- 3.1 The Chief Executive opened this item making reference to the CEO report.
- 3.2 She updated Board members on her and the Chair's recent meetings with Mr Arthur, Minister for Public Finance, Planning and Community Wealth and Ms Forbes, Cabinet Secretary for Finance and the Economy.
- 3.3 Both were extremely productive meetings with a continued commitment to regular dialogue being reaffirmed. Ms Forbes showed a particular interest in exploring how Revenue Scotland might support the delivery of the recently published Programme for Government.
- 3.4 Following this, Board members agreed that they should have a workshop to discuss

## Official Sensitive

### Meeting of the Revenue Scotland Board – 15 September 2021

the ambition of Revenue Scotland and building this capability into the organisation with a view to going back to the Cabinet Secretary. The Chair suggested holding the workshop as early as feasible.

- 3.5 The Board congratulated the Chief Executive and the team on continuing to raise the profile of the organisation with Ministers.

**Action** – Arrangements are to be put in place for the Board and the Executive Team to come together in a workshop to explore opportunities to grow the ambition of Revenue Scotland as articulated in the Corporate Plan 2021-24, enhance the capability and capacity and to explore possible new responsibilities.

#### Government Update

- 3.6 The Chief Executive updated Board members on the Programme for Government and the Co-operation Agreement with the Green Party.

- 3.7 As part of planning, the Chief Executive asked for a steer from the Board on what the Executive Team should focus its efforts towards in terms of supporting the Programme for Government.

- 3.8 The Chair confirmed the need to concentrate on key areas including Aggregates Levy, monitoring developments with Air Departure Tax and continuing to explore where the capability and capacity of Revenue Scotland could add value.

- 3.9 The Chief Executive welcomed the response from the Board.

**Action** – The Chair and Chief Executive to consider arranging meeting senior politicians as part of outreach to support the Corporate Plan and PFG outcomes.

#### Corporate Update

- 3.10 The Head of Corporate Functions updated the Board members and confirmed that the Corporate Plan was awaiting Ministerial approval.

#### Tax Policy Update

- 3.11 The Head of Tax updated Board members on progress around legislative changes.

#### Litigation and Legal Updates

- 3.12 The Head of Tax confirmed that a decision was still awaited for the SLfT tribunal case and that the Board would be advised of the decision as soon as it was issued.

#### Futures Project

- 3.13 This item was introduced by the Chief Executive where she explained that the highest risk to Revenue Scotland meeting the timetable outlined was the impact of any changes to Scottish Government guidance in the light of COVID-19. If restrictions were to be increased, causing delays to the return to the office, the mitigation would be staff continue to work from home and the office remain closed.

- 3.14 The Chief Executive explained that Revenue Scotland is following the approach taken by Scottish Government in relation to core SG staff, with the opening up of Victoria Quay on a limited basis where their staff are only able to access the office for Health and Wellbeing reasons or essential business need. For Revenue Scotland this is around 10% of the staff.
- 3.15 The Chief Executive confirmed that Revenue Scotland will be following a 3-phase approach, the first phase being that staff who need to return to the office for a Health and Wellbeing reason as informed by the recent staff preference exercise and discussion with their line manager. Staff have been updated and advised on the specifics of this plan.
- 3.16 Jean Lindsay asked if consultation was required with the Trade Unions. The Chief Executive explained the approach that had been taken in sharing the plans with the Trade Unions and that as Terms and Conditions of staff contracts were not changing, there was no requirement for formal consultation.
- 3.17 The Chief Executive further explained that from a Health and Safety perspective, trade unions will visit the office so that they could satisfy themselves that all reasonable safe working and appropriate measures have been taken.
- 3.18 The Chief Executive then highlighted the criteria for evaluating the pilot and introduced the Futures Hybrid Working Pilot Evaluation Framework and Futures Highlight Report. She explained that the basis of the evaluation criteria was the Ernst Young (EY) report which had then been further developed by staff. The purpose of the pilot was to provide evidence to test the assumptions that had been made in arriving at the conclusion that the best option for a future operating model was a hybrid model of working.
- 3.19 Martin McEwen confirmed that the proposal provided was considered and well balanced.
- 3.20 Lynn Bradley also commented on it being an excellent document and very clear in explaining the measures taken, however she felt it was missing was the measure of impact on the Board and home working.
- 3.21 Jean Lyndsay also found this to be a thorough piece of work and in order to be as comprehensive as possible, asked that the following points should be considered for inclusion to Annex B; namely:
- To further demonstrate that staff wellbeing is being supported, add data on sickness absences;
  - In order to demonstrate that staff have a healthy work life balance, it would be worth confirming that all staff operated on flexi;
  - To support the statement on inclusive organisation, include exit interview feedback and also appropriate details of any grievances raised; and

- On workforce diversity, provide workforce diversity data.

3.22 The Chief Executive explained that all teams have had in-depth conversations about optimal working and following from that what tasks should be performed at the office and what can best be done from home. This information has informed the planning for the pilot and the evaluation criteria. She suggested that the Board should consider having a similar structured conversation about how they want to operate through the pilot. This can be facilitated so that their feedback can be included within the evaluation.

3.23 Simon Cunningham asked about the arrangements for reporting progress to the Board. The Chief Executive clarified that given she has delegation from the Board to act on this, she will keep the Board informed and if risks emerge, then they will be highlighted accordingly.

3.24 The Chair welcomed the overview provided and endorsed all comments made by Board members that this had been a thorough excellent piece of work.

**Action** – Andrew Macartney to review the evaluation criteria in the light of the discussion and include the Board feedback within it.

**Decision** – The Board approved the proposal presented and the evaluation criteria and asked the Executive Team to progress this as planned.

#### **4. Significant Litigation Case (Oral Update)**

4.1 The Head of Tax explained that a decision is awaited and as soon as this was received, the Board would be notified.

4.2 He proceeded to provide a brief outline of the future cases in the pipeline.

#### **5. Update from Special ARC meeting**

5.1 Lynn Bradley updated Board members on a special meeting of the ARC which took place on 15 August 2021 to discuss the Annual Report and Accounts. She commented on how the Report has continued to improve over time albeit key parts of the document were not available at the time.

5.2 It was noted that the outcome of the significant tribunal case will be critical to the Report and how we treat such a critical case in relation to accounts.

5.3 The Board discussed the layout of the Report and the Head of Governance confirmed he would be engaging with Martin McEwen on the design of the publication as agreed.

**Action** – Meeting to be arranged between Head of Governance and Martin McEwen to discuss the design opportunities for the draft Annual Report and Accounts.

## 6. Tax Policy Framework

- 6.1 The Chair introduced this item explaining that contributions have been made to the Tax Policy Framework both as a group and individually by John Whiting. The Chief Executive explained that the Tax Policy Framework has now been published by Scottish Government for consultation. Mr Arthur has written out to a number of organisations inviting feedback. She asked the Board for views on whether and how Revenue Scotland should respond to the consultation.
- 6.2 The Board discussed the feedback which had been provided previously on the document and it was agreed it was important to continue the positive dialogue with Scottish Government.
- 6.3 John Whiting explained that he had also had a discussion with the drafting team in a private capacity.
- 6.4 It was agreed that that Revenue Scotland had an important role to play in helping to inform the framework and to be positively collaborating through each stage of the process. **Action** – CEO to follow up discussion with Scottish Government policy officials and in the light of this, determine with Board members the content of any consultation response.

## 7. AOB

- 7.1 The Chair updated Board members on the Public Appointment Recruitment Campaign to appoint three new Board members.
- 7.2 The Chair confirmed that a timeline has been established over which the recruitment process will take place; established the representatives for the recruitment panel; and the process of selecting a search agency had commenced.
- 7.3 The earliest Board members can be appointed is March 2022, which would give the current Board a governance challenge in terms of operating within quorum. The Chair explained that he would shortly have a proposal to bring to the Board offering a solution.
- 7.4 With regards to the skills set of the Board, an analysis exercise will be undertaken as a separately, informed by best practice. This would assist in identifying the skills the Board are looking for.

## 8. Homologation of Actions and Decisions from 12 October Teleconference

- 8.1 The following action and decision resulted from the 12 October Teleconference.
- 8.2 On the review of delegations to the CEO previously agreed in May 2021 in relation to the ongoing litigation case, the Board agreed to:
- (a) Delegate to the CEO the decision making authority in relation to the management of the litigation; and

**Official Sensitive**

**Meeting of the Revenue Scotland Board – 15 September 2021**

(b) Delegate to the CEO the decision-making authority around the ongoing management of the wider issues that will come from this case (engagement and information sharing etc.).

**Decision** – The Board agreed to the renewed delegation of authority to the Chief Executive in relation to the management of litigation, and the ongoing management of the wider associated issues, with regular updates to the Board provided as required.

**Action** – The CEO is to inform the Board of any media attention in relation to the ongoing litigation case.

8.3 On the proposed stakeholder event for the launch of the Corporate Plan and Annual Report and Accounts, the Board agreed:

**Action** – Board to confirm availability for 30 November (pm) and provide suggestions on format and approach to the virtual event.

**Action** – The CEO is to consider including a key note speaker as part of the plan.

**End of Meeting**

**15 September 2021**