

Official Sensitive

Meeting of the Revenue Scotland Board - 3 November 2021 - Minute

10:00 till 14:00, 3 November 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
Mairi Gibson, Head of Legal, 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
Louise Alonzi, Head of Tax Operations, Revenue Scotland
Gareth Hill, Chief Accountant, Revenue Scotland (Item 8)
Andrew Macartney, Head Statistician, Revenue Scotland (Item 8)
Pamela Bruce, People Services Manager, Revenue Scotland (Item 8)

1. Meeting Opening

- 1.1 The Chair welcomed everyone to the meeting and offered members the opportunity to add items under AOB. A legal team update on current litigation cases and a SLfT Time to Pay Request were added. The Chair advised the Board that Martin McEwen would be recusing himself from the LBTT segment.

Apologies

- 1.2 No apologies were tendered.

Minutes of Meetings

- 1.3 The Board asked for an amendment to be made to the minute for the 15 September 2021 meeting before final sign off.

Action and Decision Log

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

- 1.5 It was agreed that **A042/21, A050/21, A051/21, A053/21, A055/21, A056/21, A057/21, A058/21, A062/21** actions should close.
- 1.6 Updates were provided on all open actions and it was agreed that actions were to remain open.

New Declarations of Interest

- 1.7 There were no new declarations of interest noted.

Action – Amendment required to the draft minute of the 15 September Board meeting. Revised draft to be circulated for final sign off.

Action – Secretariat to amend the action log as agreed.

2. Chair Update (Oral)

- 2.1 The Chair thanked Board Members for responding to the Board skills matrix exercise and advised that the Board recruitment process was progressing as a priority and at pace.
- 2.2 It was agreed to delay the Board Strategy meeting scheduled for December to January. The Executive's current focus is on the launch of the Corporate Plan, Board recruitment information sessions in December and the Annual Report & Accounts.
- 2.3 Delaying the strategy session until January will allow for reflection on the Scottish budget announcement and its impact on Revenue Scotland.

Action – Secretariat to confirm a date for the Board strategy session.

Action – Draft agenda for the strategy session to be circulated in advance to Board members for comment.

Action – Board and Committee dates to be set for 2022-23 and circulated.

Decision – Board Strategy session to be moved from December 2021 to January 2022.

3. ARC Update

- 3.1 Martin McEwen, acting chair of the ARC provided an update on the recent ARC meeting held on 27 October and thanked the Chair of the Board for attending.
- 3.2 The focus of the meeting was the annual accounts. The Chief Accountant confirmed that these were progressing well and Committee members had received an updated draft of the Annual Report & Accounts to consider. Post balance sheet events will need further consideration in light of litigation.
- 3.3 The Chief Executive in her capacity as Accountable Officer provided a comprehensive update on the SEPA cyber-attack and Revenue Scotland continued resilience. On the Governance statement, the Chief Executive was commended on the thoroughness

of the statement, soundness of her judgment and how matters will be treated.

- 3.4 The risk register was reviewed and a deep dive and SWOT analysis on resourcing presented by the Head of People Services Team with actions that would be considered by SEC.
- 3.5 The Committee agreed that the RS Assurance Framework was robust.
- 3.6 An update had been provided by both Internal Audit and Audit Scotland. Both had confirmed that work was progressing well with no concerns raised.
- 3.7 ARC intends to hold a Strategy meeting in 2022 to consider risk management arrangements.
- 3.8 The Chair of the Board concluded that Revenue Scotland's work was going well and thanked the team for their hard work.

4. SEC Update

- 4.1 The Chair of SEC provided an update from the last meeting of 13 October and the SEC Annual report.
- 4.2 The Chair informed Board members that a stress trend analysis had been requested to consider whether the mitigation actions are having a positive effect. The Head of People Services Team is undertaking work to understand and monitor the causes of stress.
- 4.3 A number of other issues were highlighted including:
 - i. People Survey – monitoring progress against the new action plan.
 - ii. People Strategy Action Plan – The Committee will work with Head of People Services to ensure the strategy is delivered over the 3-year period.
 - iii. Workforce Plan – 2 areas of concern were highlighted; resources within the Governance team and driving forward Equality and Diversity.
 - iv. Health and Safety Annual Report – The Committee noted that visits to landfill sites had been stopped by the Chief Executive until staff have the expertise to sign off risk assessments. An MOU with SEPA to provide advice and guidance is being developed.
 - v. It was recognised that the Health and Safety Committee was working well and will consider wider Health and Safety concerns. SEC members have offered to attend a meeting to support the work.
 - vi. Equality and Diversity – completion of actions in the published action plan has been challenging due to resource issues. The Committee recognised Revenue Scotland's commitment to progress this.

- vii. SEC Annual Report – The report highlights good progress in 2021-22 with a focus on getting resources in place and taking forward equality and diversity.
- 4.4 The Chief Executive confirmed that the Head of People Services was currently working with SG to understand Neurodiversity and the provisions required for staff.
- 4.5 The Chief Executive emphasised improving diversity as being one of her key objectives and one that she is committed to.
- 4.6 The Chair of the Board thanked the SEC Chair for her report.
- 4.7 The Head of Governance introduced the Health and Safety Annual Report 2020-21 and noted that the report highlights how the organisation matured from a position of having a new policy framework to delivery phase very quickly. Improvement actions not completed from the last report have been carried forward into this report.
- 4.8 The Chair of the Board congratulated the team in the quality of reporting and performing so well in prioritising the staff and their wellbeing. He asked whether there was still work to be done with Optima Health. The Chief Executive explained that Optima Health had provided an excellent service and were very responsive. There had been good feedback from the staff on sessions held.

Decision – The Board accepted the SEC’s Annual Report.

Decision – The Board endorsed and accepted the Health and Safety Annual Report and agreed to carry forward improvement actions from the last report into 2021-22.

5. CEO Update

- 5.1 The Chief Executive summarised key points in the report. It was agreed that the Spending Review would be discussed at the Board strategy event. The Chief Executive explained that discussions had commenced with SG Exchequer. She confirmed that the Board would consider final figures before they were submitted for approval.
- 5.2 Martin McEwen asked when the Board Recruitment Information sessions were taking place. The Chair confirmed that four events were planned with dates to be confirmed. A request for availability will be sent to ensure there is representation from the Board and Leadership Team.

Decision – The Board endorsed and accepted the Chief Executive report.

6. Governance Review

- 6.1 The Head of Governance explained that the whole suite of documents was last reviewed in 2018. The versions presented for this meeting reflected consideration of practices elsewhere.
- 6.2 The Head of Governance proposed to manage the work in two work streams:

- i. Review the Framework Document and Scheme of Internal Delegation and seek Ministerial approval in March 2022; and
- ii. Review the Standing Orders and Charter of Standards and Values.

6.3 For the first work stream, a working group considered the approach taken by other organisations. The updated documents have been shared with the Board and have since been taken to the Leadership Team.

Decision – The Board was satisfied with the proposed approach for the review of the Framework Document; Scheme of Internal Delegation (work stream one), Standing Orders and Charter of Standards and Values (work stream two).

Decision – The Board endorsed the draft Framework Document with caveats before final circulation to Scottish Government.

Action – Head of Governance and Shamyla Afzal to follow up with Board Members and revisit areas within the Framework Document as discussed.

6.4 The Head of Governance presented the Scheme of Internal Delegation explaining that the existing scheme has been in place (with some amendments) since 2015. The document has been reviewed to make it more useable for staff, to articulate novel and contentious areas and to highlight Board decisions may be required.

6.5 Tax Assurance Group offers assurance and the Tax Governance Framework sets out how tax decisions are taken. Assurances were provided to the Board that there are significant structures in place. The bulk of delegations are passed to the Chief Executive. It is assumed the Chief Executive will sub delegate as appropriate.

Decision – The Board approved the draft version of the Scheme of Internal Delegation (Soid), remitting final changes to the Senior Leadership Team.

7. Draft Tax Settlement and Litigation Principles

7.1 The Head of Tax and Head of Legal explained that the document was a draft version for consideration. The intention is to trial it and return it to the Board in mid-summer.

7.2 Having provided feedback on the proposed approach, the Board members agreed with it and to trial the principles, engage external stakeholders and prepare the document for Board approval and publication in due course.

Action – Draft Tax Settlement and Litigation Principles – Head of Tax to include negotiations to be initiated by both sides.

Action – Draft Tax Settlement and Litigation Principles - Head of Tax and Head of Legal to consider including a without prejudice clause.

Decision – The Board approved progressing the draft set of Revenue Scotland Tax Settlement and Litigation Principles to the next stage with a view to publishing it in due course.

8. Q2 Performance Report

- 8.1 The Head of Corporate Functions introduced this item with the Head Statistician, Chief Accountant and the Head of People Services.
- 8.2 The Head Statistician noted the highest number of 3 Year Lease Reviews submitted on time since 2018, due to restarting reminder letters, proactive work with stakeholders and a dedicated lease team to work in this area.
- 8.3 The level of aged debt has decreased. Positive actions have included reviewing 50 cases over £20k and calls/actions to 432 cases (£2.5m).
- 8.4 The Chief Executive acknowledged the focus that the Head of Tax and Tax Operations Team Leader have had on both debt and 3 Year lease reviews and highlighted auditors' recommended actions to improve these areas. ARC members will consider the Internal Audit report at its next meeting.
- 8.5 The Head Statistician confirmed that KPIs were on track, with two amber items being closely monitored. In addition, the Strategic Priorities were also all on track with the exception of Equalities which is currently at amber.
- 8.6 The Chief Accountant noted a resource budget underspend due to staff costs being lower than expected as a result delays in recruiting and on boarding staff, and some staff supporting COVID roles in SG. NEC and IT colleagues are considering proposals for improvements to SETS by end of financial year to make best use of the capital budget and minimise any underspend.
- 8.7 The Head of People Services noted that excess flexi and annual leave allowances were being addressed with line managers and noted a reduction in sickness absences. Martin McEwen asked how the organisation tracks recurring sickness and the triggers, as working from home does not allow the same visual prompts as working in the office. The Head of People Services assured the Board that this was being monitored via robust monthly conversations where workloads and priorities are discussed and having a good quality conversation to identify triggers of stress.
- 8.8 Jean Lindsay proposed a breakdown of the workforce data into permanent/FTA/on loan/secondment etc.
- 8.9 Simon Cunningham asked whether there was any correlation between staff

exceeding flexi/annual leave and not progressing training plans. The Head of People Services confirmed that there is no evidence of this.

8.10 The Chair thanked the Head Statistician for the clear report.

Action – Q2 Performance Report - Head Statistician to add in project start and end dates at PR3b tab.

Action – Q2 Performance Report - Head of People Services/Head Statistician to provide data on workforce broken down into permanent/FTA/on loan/secondment etc.

Decision – The Board were satisfied with the Q2 2021-22 Performance Report.

9. Q2 Tax/Legal Report

9.1 Lynn Bradley thanked the Head of Tax for the clear report and asked about the thinking behind the move from a random to a risk based compliance approach. The Head of Tax explained that selecting random cases was labour intensive with little reward, and that data analytics, controls or intelligence are used to identify new cases with better effect.

Decision – Board members were content that the updates provided in the Q2 Tax/Legal Report agreed that the compliance function was being carried out in accordance with the Revenue Scotland Scheme of Internal Delegation.

10. AOB

10.1 The Head of Legal provided the Board with summary of the current substantive and procedural position on two SLfT cases.

10.2 The Head of Tax outlined an application for time to pay.

Decision: The Board remitted negotiations in relation to the time to pay application to the Chief Executive.

10.3 Martin McEwen recused himself from the meeting.

10.4 On 2 LBTT cases, the Head of Legal provided a summary of the substantive and procedural position, to ensure the Board was aware of the implications.

Decision – The Board delegated authority to the Chief Executive for these cases, noting the need for adequate budgetary provision.

End of Meeting

3 November 2021