

Official Sensitive
Meeting of the Revenue Scotland Board – 17 August 2022 – Minute

10:00 till 14:00, 17 August 2022

Present:

Aidan O’Carroll, Chair
Simon Cunningham
Jean Lindsay
Rt Hon Ken Macintosh
Professor Robert MacIntosh
Martin McEwen
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive
Shamyla Afzal, Governance and Compliance Manager
Pamela Bruce, People Services Manager (Item 8)
Gordon Buchan, Risk and Assurance Manager (Item 4)
Neil Ferguson, Head of Corporate Functions
Mairi Gibson, Head of Legal
Gareth Hill, Chief Accountant
Allan Macdonald, Strategy, Planning and Performance Manager (Item 7)
Callum MacInnes, Head of Governance
Michael Paterson, Head of Tax
Alyson Stafford, Director General, Scottish Government (Guest Speaker) (Item 9)
Nicola Walkinshaw, Business Governance Manager

1. Meeting Opening

The Chair welcomed everyone to the meeting, thanking the Board members who had participated in the Induction Programme for new Board Members and the staff who had facilitated these sessions.

Apologies

1.1 No apologies were tendered.

New Declarations of Interest

Aggregates Levy

1.2 The Chair declared an interest in Hill House Group in which he is a non-executive director. This could possibly raise a conflict of interest, as their business interests include those which may fall within the scope of the aggregates levy.

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1.3 While it is unlikely that the Revenue Scotland Board will be involved in discussing the policy or legislation for the devolved aggregates levy, the Chair had agreed that in order to deal with any perception of conflict, in addition to the usual declaration of interests at the start of each Board meeting, he will recuse himself from discussions concerning policy or application of it at any Board meeting should this arise.

1.4 It is recognised that as Chair, he will require to be assured that the Revenue Scotland programme to introduce the tax is running according to plan. Therefore, the approval of any business case for the administration and management of the tax by Revenue Scotland or the receiving of updates on the progress of the programme for the introduction of the tax are not items of business where the Chair is considered to have a conflict and would need to recuse himself.

1.5 In order to give the Executive and the Board a route to discussing matters which may relate to this potential conflict, the Chair has asked Martin McEwen (Deputy Chair) to be the point of contact for the Executive for matters relating to the policy concerning aggregates levy and to chair any Board discussion as a result from which the Chair is recused.

1.6 Thereafter in any future discussions regarding the management and administration of aggregates levy which are required to come to the Board under the scheme of internal delegation, the Chair will recuse himself from the discussion.

Register of Interests

1.7 The Board discussed whether or not there was a need to list their primary residence within the Register of Interests, as a varying approach had been taken across members. It was agreed that a member's main residence need not be declared. However, second homes and letting properties should be declared as these may attract Additional Dwelling Supplement (ADS).

1.8 The Chair advised that issues previously raised in respect of Shares and Securities had already been addressed.

Action – Board Members to remove their main residences from their declarations of interests.

Decision – The Board agreed that for consistency on the Register of Interests, only second homes and letting properties should be declared as they attract Additional Dwelling Supplement. A primary residence need not be declared.

Draft Minutes of 18 May 2022

1.9 The Board approved the minutes of 18 May 2022.

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Action and Decision Log

1.10 Head of Governance introduced the action log, noting open actions and providing an update where appropriate.

1.11 It was agreed that actions **A056/20, A052/21, A083/21, A086/21, A087/21, A088/21, A089/21, A092/21, A093/21, A095/21, A096/21 and A097/21** were to be closed. All other actions are to remain open.

1.12 It was noted that **A031/21** was to be discussed under agenda item 6 ‘Quarterly Tax and Legal report’ in relation to the budget for litigation expenses.

1.13 **A082/21** has been carried forward until the next Board meeting to allow the development of a timeline for the implementation period of Tax Settlement and litigation principles.

Action – Head of Tax to propose timeline for the implementation period of Tax Settlement and litigation principles then present to the Board at the next meeting.

Action – Secretariat to amend the action log as agreed.

Decision – Minutes of 17 May 2022 to be published on the website by the Secretariat.

Decision – Secretariat to present the Board with action log showing open actions only.

2. Chair Update

2.1 The Chair thanked new Board members for their early contributions and in particular, Idong Usoro for his input with the digital and data area.

3. Audit and Risk Committee (ARC) Update

3.1 The Chair of ARC updated the Board following the Committee’s meeting of Wednesday 15 June 2022.

3.2 They advised that preparation of the Annual Report and Accounts is progressing well and will be reviewed by ARC at their meeting on 24 August.

3.3 They confirmed that at the ARC strategy meeting, also on 24 August, the risk register would be discussed in depth.

3.4 They advised that Internal Audit (IA) has completed their capacity and capability review and had awarded a ‘reasonable’ assurance rating. It was noted that the report had been at the ‘upper end of reasonable’ and had already been shared with the Chair of the Staffing and Equalities Committee (SEC). IA were also in the process of conducting reviews

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focused on equality and diversity and tax litigation and the Board would be updated on the findings of these reviews in due course.

3.5 A 'substantial assurance' rating had been awarded in the Internal Audit's Audit Assurance Report. It was noted that this was the second consecutive year that such a rating had been obtained that this was a great achievement.

3.6 Audit Scotland will remain Revenue Scotland's external auditor for the next five years. There will, however, be changes to the team working with Revenue Scotland, with Mark Taylor stepping down.

3.7 The Chair of ARC extended an invitation to all Board members to attend the forthcoming ARC Strategy meeting.

Action – Secretariat to issue Board Members with an invitation to the ARC Strategy meeting.

4. SEC Update

4.1 The Chair of SEC updated Board members following the SEC meeting on 5 July 2022. They welcomed their new committee members: Idong Usoro and Ken Macintosh.

4.2 The Chair of SEC confirmed that there is a good first draft of the succession plan, and more work is now planned. They confirmed that both the skills matrix and talent management framework are currently in the development stage and good progress has been made.

4.3 Following an excellent piece of work, the Employee Passport has been launched.

4.4 Workforce planning indicated that Revenue Scotland is running below head count and that there are particular difficulties in recruiting candidates, specifically in specialist roles such as IT or Tax.

4.5 There has been good progress on Equalities. Internal Audit had attended the recent SEC meeting, as part of their work on the Equality and Diversity Audit and had highlighted that they were impressed with the level of challenge provided by the SEC committee members.

4.6 The Chair was pleased with the good level of progress and thanked all involved for their efforts.

SEC Annual Report

4.7 The SEC Annual Report, summarising the work that the committee had undertaken over the past year, was presented to the Board.

4.8 The Board discussed issues surrounding hybrid working and the effects on staff mental health. The CEO confirmed that measures were in place to assist staff, such as offering

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return to office, discussing wellbeing during monthly conversations and offering early occupational health assessments. These measures are reducing stress related absence.

4.9 The Chair of SEC had requested a trend analysis which was meant to be for June/September 2021, this is still outstanding.

4.10 The Board discussed Revenue Scotland's staff survey results in comparison with other organisations and were given assurance from CEO that Revenue Scotland's results were comparable or better than that of others in the Scottish Administration.

Action – Secretariat to correct typo on paragraph 2.1 and paragraph 3.2.1 of the SEC Annual Report.

Action – Head of People Services to provide trend data to Robert MacIntosh.

Action – Head of People Services to forward the trend analysis to SEC.

Decision – The Board accepted the SEC Annual Report subject to the amendments discussed.

Health and Safety Annual Report

4.11 The Risk and Assurance Manager confirmed that there have been no RIDDOR reportable incidents this year. They highlighted the increased challenges when staff were working from home. Guidance was being produced for staff which provides advice on both employer and employee responsibilities regarding Health and Safety. Arrangements are due to be made to ensure that electrical equipment supplied by Revenue Scotland is portable appliance tested (PAT).

4.12 A need for additional first aiders and fire marshals had been identified and addressed. In addition, discussions were taking place with Victoria Quay's building manager to: maximise the benefits of the shared estate with the Scottish Government; to improve office areas and to ensure where Revenue Scotland lacks Scottish Government cover it has provision internally to cover.

4.13 The Health and Safety Committee continue to convene quarterly, with input from two independent expert members and had closed 20 actions on the Health and Safety Action Plan.

4.14 It was raised that in the context of hybrid working managers may require access to staff addresses in case of an emergency. This is to be investigated.

4.15 The Board discussed the issue of the delay in agreeing the MoU with SEPA, as regards them carrying out the function of 'Competent Person' on behalf of Revenue Scotland where landfill site visits were taking place involving Revenue Scotland staff. The delay was acknowledged and the Board was assured that the MoU was now with SEPA's temporary CEO for signature. SEPA have a competent person so have started carrying out landfill visits using

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their own staff.

4.16 The Board agreed with the desire to allow Revenue Scotland staff to visit landfill sites in a safe manner.

4.17 The proposed Aggregates Levy was discussed and the need for the appointment of a Competent Person to be appointed in respect of this in due course. Officers assured the Board that this would be included in the delivery programme.

Action – Head of People Services to confirm whether staff addresses are known to line managers in case of an emergency.

Decision - The Board endorsed the Health and Safety Annual Report.

5. Chief Executives Report

5.1 The Chief Executive discussed Public Sector Reform and the need to consider what the Scottish Government may ask from Revenue Scotland.

5.2 Revenue Scotland is to host the British Isles Tax Authorities Forum on 15 September 2022. An invitation was extended for a small number of Board members to attend with details to be provided in due course.

5.3 Members queried whether Board Members had been invited to the all-staff conference held earlier this year. The CEO confirmed that the Chair had been in attendance but that wider Board attendance had not been requested, as this was the first in-person staff gathering since the COVID pandemic started, and the focus had been on bringing staff together again.

Decision - The Board endorsed the Chief Executive report and were satisfied that the report provides sufficient information on other issues not covered elsewhere on the agenda.

6. Q1 Tax and Legal Report

6.1 The Board discussed unauthorised disposals, as it has been identified that there may be a case for legal colleagues to investigate.

6.2 The Board discussed work in relation to managing the budgetary impacts of litigation expenses. The Head of Legal advised that it was a complex issue to address but that progress was being made and there was a desire along with the Scottish Government to resolve it. The Board agreed that Revenue Scotland should continue to build on the progress to date, as it was important to get clarity on how litigation expenses are managed.

6.3 The Head of Tax confirmed that good progress was being made with the appointment of a new Head of Compliance and Profession. The Head of Tax Design for the aggregates levy has started in post and the Programme Lead for aggregates levy is starting in

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post in mid-October.

Decision – The Board endorsed the Q1 Tax and Legal Report.

7. Q1 Performance Report

7.1 The Strategy, Planning and Performance Manager advised that work needed to be done to simplify data presented to the Board through the performance report.

7.2 The Head of Tax confirmed that straightforward lease reviews have been dealt with but work was ongoing to tackle more complex cases. These needed to be actioned in order to avoid a situation where clients are receiving penalties without understanding why they are receiving them.

7.3 The Board discussed the impact on the current budget of any pay rise to be awarded. The CEO confirmed that Revenue Scotland's pay is aligned with SG Core pay policy and the Chief Accountant had allowed for an assumed pay award in the outturn forecast for the year.

7.4 The Head of People Services noted that the average staff days lost had increased from 5.6 to 5.9 with a larger number of absences recorded. Revenue Scotland, however, continues to compare positively against the Scottish Government more widely.

7.5 The Board expressed concern that musculoskeletal absences had increased. The Head of People Services assured the Board that this was due to the figures being based on a small number of individuals, as such one or two new cases could cause a large rise in percentage terms. All supportive measures were being actioned and these type of absences were not believed to be related to the move to increased working from home.

7.6 The Chief Accountant advised that, as at 31 March, the gender pay gap was nil. This had been checked as part of the Annual Report and Accounts but would be checked again to ensure accuracy.

7.7 The Board discussed whether it was possible to identify Revenue Scotland's disability and ethnicity pay gaps. It was noted that this was more difficult to investigate, as the smaller numbers of staff involved meant that doing so could possibly identify individuals.

7.8 The Board was pleased with the positive trend within the people's matrix with half of staff on target to achieve their training goals. Scottish Electronic Tax System (SETS) shows 99% availability. Data from other key systems was not currently being collected and the Senior Leadership Team would consider this.

7.9 The Board requested an update on the Green Strategy at the next meeting.

Action – Strategy, Planning and Performance Manager to streamline Performance data into a dashboard for next Board Meeting.

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Action – Secretariat to add Revenue Scotland’s policy on Lease Reviews to the next Board Meeting agenda.

Action – Chief Accountant to recheck gender pay gap figure.

Action – Chief Accountant / Head of People Services to investigate how to report disability pay gap and remit to SEC. SEC to return to Board with any issues identified.

Action – Strategy, Planning and Performance Manager to present an update on the Green strategy at next Board meeting.

Action – SLT to consider the reporting of data relating to key ICT systems other than SETS.

Decision – The Board were satisfied with the Q1 2022-23 Performance Report.

8. Future’s Update & Hybrid Working - Evaluation

8.1 The Board noted the paper and agreed that they were content with how the future’s project was progressing.

Action – Update from the Future’s Project and Hybrid Working to be brought to the next Board meeting on 23 November.

Decision – The Board were content with the direction of travel and Revenue Scotland’s proposal’s to evaluate the Hybrid working model at the end of the pilot.

9. Governance Arrangements: Scheme of Internal Delegation (SOID)

9.1 The Chair summarised the additional work that had been undertaken to better align the SOID with the Accountable Officer role and reported that the revised SOID had been reviewed by members of ARC. The Chair of ARC confirmed that positive dialogue had taken place and that ARC was happy to approve the revised SOID.

Action – Secretariat to progress and publish this version of the Scheme of Internal Delegation.

Decision – The Board approved the Scheme of Internal Delegation and agreed to publish this version.

10. Guest Speaker – Alyson Stafford

10.1 The Chair extended a warm welcome to Alyson Stafford.

10.2 Alyson praised the work Revenue Scotland is doing and the revenue that is being generated. She gave an overview of the strategic context based on a PESTEL C framework facing the Scottish Government and Revenue Scotland. The Board posed questions to Alyson and discussed a number of the themes she had raised in more detail.

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10.3 The Chair thanked Alyson for her attendance.

Action – Secretariat to circulate the Grid from Chief Economist to the Board.

End of Meeting

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