

Official Sensitive
Meeting of the Revenue Scotland Board – 23 November 2022

10:00 till 14:00, 23 November 2022

Present:

Aidan O’Carroll, Chair
Simon Cunningham
Jean Lindsay
Rt Hon Ken Macintosh
Professor Robert MacIntosh (Via Teams and left after item 11)
Martin McEwen
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive
Shamyla Afzal, Governance and Compliance Manager
Neil Ferguson, Head of Corporate Functions
Allan Macdonald, Strategy, Planning and Performance Manager (Items 7,6 & 10)
Callum MacInnes, Head of Governance
Nicola McDonald, Tax Operations Manager (Item 11)
Rhona McLean, Solicitor (Item 12)
Craig Morton, Head of ICT (IT Support/Observer)
Michael Paterson, Head of Tax
Theresa Valtin, Head of Strategy and Communications (Item 10)
Stuart Vivers, IT Operations Manager (Observer)

1. Meeting Opening

The Chair welcomed everyone to the meeting. Stuart Vivers was also welcomed to the meeting as an observer, noting that he would be providing IT support to Board meetings going forward.

Apologies

1.1 Apologies were received from the Head of Legal.

New Declarations of Interest

1.2 There were no new declarations of interest.

Draft Minutes

1.3 The Board was reminded that the draft minutes of 17 August 2022 had been circulated and approved in correspondence.

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- 1.4 The Board approved the draft minutes of 31 October 2022 subject to the comments received.

Decision – Board members approved the draft minutes of the 31 October 2022 subject to the comments received.

Action and Decision Log

- 1.5 Head of Governance introduced the action log, noting open actions and providing an update where appropriate.
- 1.6 It was agreed that **A082/21, A090/22, A091/22, A095/22, A097/22, A098/22, A099/22, A100/22, A101/22, A102/22, A103/22, A104/22, A105/22, A106/22, A107/22, A108/22, A109/22, A110/22, A111/22, A112/22, A113/22** and **A117/22** actions were to be closed. All other actions are to remain open.
- 1.7 In respect of A031/22, the Chief Executive noted that she would be writing to the DG Scottish Exchequer about financial risks related to litigation in the context of Revenue Scotland's 2023/24 financial allocation.

Action – Secretariat to amend the action log as agreed.

Decision – The Board approved all actions that were proposed for closure.

2. Chair Update

- 2.1 The Chair had no significant updates to share with the Board further to those shared at the 31 October 2022 Board meeting.

3. Audit and Risk Committee (ARC) Update

- 3.1 The Chair of ARC updated the Board following the Committee's meeting of Monday 31 October 2022. He confirmed the Committee had met twice since August focusing on the Annual Report and Accounts, that these had now been signed and laid before Parliament.
- 3.2 The Chair of ARC advised that at the September meeting the Committee had reviewed proposed changes to the assurance framework, recognising that the control document had become cumbersome; reviewed the risk register and risk scores; and considered and agreed changes to the committee's terms of reference.
- 3.3 An update was provided on the work being carried out by Internal Audit and it was confirmed that they were on track to complete all work in the current audit plan by

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the end of the financial year. The Equality, Diversity and Inclusion review had been completed with reasonable assurance provided, there was good progress with the reviews on tax litigation and hybrid working and the follow up work on capacity and capability was in progress.

- 3.4 The Chair of the Board was pleased with the areas of focus identified and the planned engagement with internal audit over the next 12 months.

4. Staffing and Equalities Committee (SEC) Update

- 4.1 The Chair of SEC updated Board members following the SEC meeting on 9 November 2022, stating that good progress being made on the People Strategy action plan and that all actions were on track for completion.
- 4.2 In terms of recruitment timelines, the Chair of SEC confirmed that analysis had shown that the majority of delays in the process were outwith Revenue Scotland's control. The People Services team was, however, exploring whether there were any opportunities to reduce timescales within our own internal processes.
- 4.3 The Chair of SEC confirmed that a succession plan was now in place for the Executive and the wider leadership team with clear plans in place. Recruitment activity was ongoing and assurance was provided to the Board that there were no major concerns in this regard.
- 4.4 SEC had also considered at the meeting: an update on the leadership development programme; health and safety; the unacceptable behaviour policy and the audit report on Equality, Diversity and Inclusion.
- 4.5 The Chair of the Board congratulated all those involved in the progress to date, emphasising the impact this has on the organisation's ability to strengthen its strategic capabilities.

5. Chief Executive's Report

- 5.1 The Chief Executive confirmed that there had been no feedback as yet from the Scottish Government on the budget proposals that had been submitted.
- 5.2 Roundtable discussions including both the Deputy First Minister and the Minister for Public Finance, Planning and Community Wealth were taking place and Revenue Scotland had representation at each of these events. The Chair of the Board confirmed that due to a potential conflict of interest he declined the invitation to attend these discussions.
- 5.3 An update was provided following the news of UK Cloud, which supply Revenue Scotland with website hosting facilities, going into liquidation. The Chief Executive reported that a recommendation to move supplier in order to ensure continuity of

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service had been accepted and work to complete the move was on track.

- 5.4 Regarding the upcoming industrial action proposed by PCS, the Board was provided with assurance that planning was underway to ensure continuity of service and that KPIs and legal obligations would continue to be met.

Decision - The Board endorsed the Chief Executive's report and was satisfied that the report provided sufficient information on other issues not covered elsewhere on the agenda.

6. Corporate Plan – Mid-Year Review

- 6.1 The Strategy, Planning and Performance Manager provided the Board with an update against delivery on the Corporate Plan for 2021-24. The Board noted that good progress had been made across all areas.
- 6.2 Understanding Revenue Scotland's capabilities and requirements around data/digital to support its ambitions in this area was noted as an area of focus going forwards, as was work around stakeholder engagement.
- 6.3 Assurance was given that the organisation was on track to deliver what had been set out in the Corporate Plan. The next assessment point would occur before end March 2023, ahead of the start of the next financial year.
- 6.4 The Board agreed that the update provided a good level of assurance on progress to date and had no concerns. Members noted that the Equalities objective was missing from section 5; it was confirmed that this was an editing error.

Action – Strategy, Planning and Performance Manager to include equalities objective in Section 5.

Decision - The Board was satisfied with progress to date on the delivery of performance of the Corporate Plan 2021-24 against all four strategic outcomes to date.

7. Green Strategy Update

- 7.1 The Strategy, Planning and Performance Manager reminded the Board that it had been agreed that there would be no green KPI but targets would be set instead. He confirmed that he had engaged with a number of organisations, Registers of Scotland in particular, to understand the approaches they were taking in this regard.
- 7.2 Whilst the importance of having targets in support of national ambitions was recognised, it was noted that measuring progress against emission targets was challenging.
- 7.3 The approach taken had been to inform decision making through a staff survey. This had involved looking at type of transport, frequency of travel to work, behaviours

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around working from home etc. Further work was required but the initial findings had identified that most emissions resulted from commuting behaviours. The Chief Executive confirmed that the environment was one of the drivers for the initial hybrid approach.

7.4 The Board recognised the difficulties in setting targets in this area and were satisfied with the approach being taken. Members noted that, as a tenant of the Scottish Government, Revenue Scotland had limited ability to set targets in respect of its facilities.

7.5 The Board agreed that this was difficult territory, as the areas being considered related to it is individuals' personal choices, which would be driven by a wide range of factors. Members supported the approach being taken of measuring basic self-reported compliance, supported with good advice and guidance to staff.

Decision – The Board was satisfied with the Green Strategy report and approach being proposed, with an emphasis on the need for sustainability training to be explored.

8. Settlement & Litigation Principles

8.1 The Chair of the Board introduced this item, confirming the desire to have a publicly stated policy on how Revenue Scotland deals with disputes in an open and transparent way. The Head of Tax confirmed that guidance has been developed with input from external Tax and Assurance Group members and was keen to hear from Board Members on the guidance developed.

8.2 The Board agreed that this was a good piece of work with a lot of positive material. Discussion was had around why the principles had not yet been published. It was explained that there was first a need to ensure that staff felt able to apply the principles and to test the principles with taxpayers for their views.

8.3 The Board endorsed publication of the principles as soon as it was possible. It was agreed to aim for this by the end of the financial year.

Action – Head of Tax to include a hyperlink to the values within the document.

Action – Head of Tax to amend Principle 2b as differs from page 54. Difference between 'defend our position' and 'represent our views'.

Action – Head of Tax to aim for publication by the end of the financial year. In the interim preparatory work in terms of external and internal engagement should be conducted.

Decision – The Board was satisfied with the progress being made to establish the Settlement and Litigation Principles for Revenue Scotland.

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9. Standing Orders

- 9.1 The Head of Governance introduced this item outlining the amendments to the Standing Orders document.
- 9.2 The Board discussed concerns related to the clause in the Standing Orders related to the use of social media. It was explained that this had been added in to future proof the document, as Board members were likely to increasingly make use of social media. It was noted that mindful use of social media was encouraged, such as sharing and ‘liking’ Revenue Scotland posts but that care needed to be taken to avoid situations which might inadvertently reflect negatively on the organisation.
- 9.3 Discussion continued on the use of personal IT devices to access data. The Board raised the need for guidance and training on information security and use of personal devices. The Executive accepted this and agreed to look at providing guidance and offering training in this area.
- 9.4 The Board considered the Terms of Reference for the Staffing and Equalities Committee. The Chair for the SEC explained that the organisation had matured since inception in 2015 with key strategies and policies in place. The Board were asked whether they felt a continued need to have a SEC in place and, if so, it was proposed that it needed to be reformed to become more strategic and less resource intensive.
- 9.5 The Board agreed that having SEC come back to the Board and report on issues was important, as it gave the Board the assurance and confidence that the recommendations presented by the Executive had received detailed scrutiny prior to coming to the Board.
- 9.6 The Board supported a move to a more strategically focused SEC and proposed that this was trialled for a period of 12 months. The Executive were asked to consider what the forward agendas for the committee might look like over that period.

Action – Head of Governance to amend the Standing Orders document. Section 3.2 requires re-wording. Section 4.14 to be amended to reduce the number of meetings to flag up lack of engagement earlier. Wording to be revised in respect of IT security and the use of personal IT devices by members.

Action - Head of Governance to identify suitable training for Board Members for Information/Data Security.

Action – Head of Governance to refer to Assurance Map when drafting ToR’s for SEC, to confirm what assurances the board requires from SEC.

Action - Board Members to reply directly to Head of Governance with any textual changes to the Standing Orders document.

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10. Q2 Performance Report

- 10.1 The Strategy, Planning and Performance Manager introduced this item and the report in its new format.
- 10.2 It was confirmed that the KPIs were all on track. KPI5 (L&D) was identified as an area of concern, due to partial/non-completion of the tracker by some staff. Work was, however, underway to identify those staff members and encourage completion. It was noted that KPI7 (Service User Feedback) was under development. It was agreed that the method for measuring KPI7 should be settled by the end of the financial year in order that reporting against it could commence in the next year.
- 10.3 Of the key strategic projects nine out of ten were progressing well, with the Aggregates Project given amber status. The procurement of the contact management system had been completed, the finance portal re-procurement was on track and the leadership development programme was shortly due to commence.
- 10.4 On LBTT the number of returns was consistent, with no down turn in the volume of transactions identified. SLfT Q2 data was still to be gathered but there was confidence that the Fiscal Commission target would be met.
- 10.5 Financial projections showed the impact of the agreed pay awards, whilst this was marginally over budget it was balanced out by savings in the non-staff operational costs. Legal costs were difficult to forecast and predict, however, it was confirmed that legal expenses were currently under budget with no legal cases in the pipeline within this financial year.
- 10.6 The Board was content with the Performance dashboard. It was agreed that the Chair of SEC and the Chief Executive would discuss the people dashboard to clarify what information should be reported respectively to SEC and the Board to avoid duplication.
- 10.7 On the Data/Technology dashboard, Board members confirmed they would like to see a focus on the key strategic priorities that we want to measure against informed by data/digital strategy.

Action - KPI7 to be settled by the end of the financial year so that reporting against it can commence.

Action - Strategy, Planning and Performance Manager to adjust the risk graph to show whether the increase on the dashboard is due to likelihood, impact or both.

Action - Chief Executive and Chair of SEC to discuss the People Dashboard within performance report and what information to include for SEC/Board.

Action – Strategy, Planning and Performance Manager to include a holding slide for

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technology to provide operational updates. This can then be updated once the Data and Digital Strategies are in place.

Decision - The Board approved the new format of the Performance Report.

Decision - The Board were satisfied with Revenue Scotland's performance during Q2 of the 2021-22 financial year.

11. Lease Review Update

11.1 The Head of Tax presented the lease review update, setting out the volume of work that was ongoing to solve the issue with Three Year Lease Reviews. The range of options had been considered, looking both at what will work in the short and longer term changes which can be made at the start of the process to improve it three years down the line. Resources were in place to oversee this. It was identified that one of the main issues was that tax payers did not always know that their leases were up for review.

11.2 Discussion continued on whether a lot of work could be getting done for small returns and what could be achieved instead if this activity was ceased. It was noted that some of the changes proposed could have a significant impact but would take time to implement.

11.3 The Chief Executive explained that the three year lease policy presented difficulties and that she would be encouraging this to be looked at again.

11.4 The Chair of the Board endorsed the work undertaken to get to this point, acknowledging that it was too early to see results.

Action - Training overview of leases to be delivered to Board Members.

Decision - Board to be kept informed of progress and engagement to commence with Scottish Government around the issues identified.

12. Q2 Tax and Legal Report

12.1 Robert MacIntosh left the meeting before this item was presented.

12.2 The Head of Tax introduced the quarterly tax report. The Chair of the Board confirmed that the report provided clarity on where the organisation was currently.

12.3 The Head of Tax noted that there had been a win on a significant litigation case for Revenue Scotland. However, there was still an opportunity for the taxpayer to appeal the decision.

12.4 Board members requested the opportunity for them and the staff to sit in on cases

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if deemed appropriate.

Decision - The Board was satisfied with the updates provided within the Q2 Tax report and the Legal update.

Decision - Inform the Board / staff of opportunities to attend tribunals as they arise.

13. AOB

13.1 There was no other business

End of Meeting

23 November 2022