

Official Sensitive
Meeting of the Revenue Scotland Board – 17 May 2023

10:00 till 14:00, 17 May 2023

Present:

Martin McEwen (Deputy Chair)
Simon Cunningham
Jean Lindsay
Rt Hon Ken Macintosh (via Teams)
Professor Robert MacIntosh
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive
Shamyla Afzal, Governance and Compliance Manager
Louise Alonzi, Tax Operations Team Leader (Item 9)
Pamela Bruce, Head of People Services (Items 6, 9 & 12)
Gordon Buchan, Risk and Assurance Manager (Items 6 & 7)
Gareth Hill, Chief Accountant (Item 8)
Mollie Johnson, LBTT Team Leader
Allan Macdonald, Strategy, Planning and Performance Manager (Item 12)
Callum MacInnes, Head of Governance
Brendan Macrae, Head of Tax Compliance and Professionalism
Andrew Morgan, Head Statistician (Item 11)
Craig Morton, Head of ICT (Item 11)
Michael Paterson, Head of Tax
Nicola Walkinshaw, Governance Business Manager (Secretariat)

1. Meeting Opening

The Deputy Chair welcomed attendees to the meeting, noting that he had been asked to chair the meeting in The Chair's absence. He also welcomed Brendan and Mollie who were observing the meeting.

Apologies

Apologies were received from the Aidan O'Carroll (Chair), the Head of Legal Services and the Head of Corporate Services.

New Declarations of Interest

1.1 There were no new declarations of interest.

Draft Minutes

1.2 The Board approved the draft minutes of 15 February 2023 as drafted.

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Decision – Board members approved the draft minutes of the 15 February 2023 as drafted.

Action and Decision Log

- 1.3 The Head of Governance introduced the action log, noting open actions and providing an update where appropriate.
- 1.4 It was agreed that actions A114/22, A122/22, A123/22, A136/22, A138/22, A139/22, A140/22, A141/22, A142/22, A143/22, A144/22, A145/22, A146/22, A150/22 and A01/23 were to be closed. All other actions remain open.
- 1.5 The Board thanked staff for their good work in addressing the actions.
- 1.6 The Board discussed including a priority column within the action log and this was agreed.

Action – Secretariat to amend the action log as agreed.

Action – Secretariat to ensure all Board training and development is captured.

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

Decision – Priority column to be added into action log.

2. Chair Update

- 2.1 The Deputy Chair reminded Board members that the amended Whistleblowing policy had been circulated and approved by the Board out with this meeting.
- 2.2 The Deputy Chair added that SEPA Scottish Landfill Community Fund (SLCF) rates were agreed during the 14 March Board conference call.

Decision – Whistleblowing policy was circulated by correspondence and approved by the Board.

Decision – SEPA rates agreed on 14 March 2023 during Board call.

3. Audit and Risk Committee (ARC) Update

- 3.1 The Chair of ARC updated the Board following the Committee's meeting of 16 March 2023. The committee had: approved the closure of a long term action relating to Designated Officers; considered the quarterly risk review; approved a new format for the RS Assurance Map; considered an Internal Audit report on litigation decisions; and reviewed the internal and external audit plans for 2023/24.
- 3.2 The Chief Accountant had also updated ARC on the timetable for the Annual Report

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and Accounts. ARC had discussed the possibility of amending the timetable to pre-pandemic timescales and had asked for this to be explored with Audit Scotland.

4. Staffing and Equalities Committee (SEC) Update

- 4.1 The Chair of SEC updated Board members following the SEC meeting on 27 March 2023. This was the first meeting in the new format agreed by the Board. It was deemed too early to comment on how effective this format will be but the Committee was pleased the volume of material submitted to them had reduced significantly.
- 4.2 SEC had: reviewed the new People Dashboard and considered the tolerances to be applied; reviewed and endorsed the Annual Health and Safety Report; reviewed the very positive People Survey results at the request of the Board and considered in detail the evaluation of Revenue Scotland’s operating model.
- 4.3 The Chair of SEC welcomed the improvement to diversity data and thanked the Head of People services for her continued work with the Scottish Government on this. She also thanked all those involved for the very comprehensive piece of work surrounding the hybrid pilot.

5. Chief Executive's Report

- 5.1 The Chief Executive confirmed that the Deputy First Minister (“DFM”) now has responsibility for both public finance and public service reform. The economy responsibility had moved to a separate ministerial portfolio.
- 5.2 Scottish Ministers will shortly be publishing the Scottish Government Medium-Term Financial Strategy and the Scottish Fiscal Commission will also publish their public finance forecast. These are being published at the same time and may have implications for tax and tax policy. These will be shared with the Board once available.
- 5.3 An introductory meeting had been held between the Revenue Scotland Chair and CEO and the DFM, focusing on public sector reform. The intention was to have a regular cycle of meetings with the DFM and she will also be visiting Revenue Scotland’s offices on 7 June 2023.
- 5.4 A meeting had also taken place with the Minister for Community Wealth & Public Finance. His focus, from a Revenue Scotland perspective, would be in terms of the collection of the wholly devolved taxes. He will be the ministerial lead for the Aggregates Bill and any other taxes wholly devolved to Scottish Ministers.
- 5.5 Detailed technical work has commenced under the legal framework project to identify potential changes to RSTPA which would assist in clarifying aspects of the legislation and allow opportunities to be realised, such as around data sharing with

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other organisations. This had been submitted to the Scottish Government for their consideration.

5.6 The Chief Executive has been invited to provide evidence on public service reform at a round table event held by the Scottish Parliament’s Finance and Public Administration Committee.

5.7 An update was provided on budget allocations.

5.8 The Board discussed visibility and staff engagement options proposed within the Chief Executive’s report.

Action – Secretariat to share the Scottish Fiscal Commission’s review of Public Finances and SG’s Medium-term Financial Strategy with Board Members once published.

Action – Chief Executive and Ken Macintosh to meet ahead of the Finance and Public Administration Committee round table discussion.

Action – Board to review visibility/staff engagement opportunities highlighted within the Chief Executive report and confirm their preferred approach.

Decision - The Board were satisfied that the report provided sufficient information not covered elsewhere on the agenda.

6. Health and Safety Update

6.1 The Risk and Assurance Manager provided the Board with a verbal update on Health and Safety, confirming that there have been no reported accidents or near misses since the last Board meeting.

6.2 The Board discussed the MoU with SEPA regarding landfill site inspections. The CEO confirmed that she had a successful meeting with SEPA CEO Nicole Patterson and will follow up on the MoU.

6.3 The Board asked for the title of the agenda item to include ‘Wellbeing’.

Action – Agenda item “Health and Safety Update (oral)” item to be updated to include “Health, Safety and Wellbeing Update (oral)”

Decision – The Board were content with the update provided.

7. Health and Safety Annual Report

7.1 The Risk Manager and Assurance Manager introduced the Health and Safety annual Report for 2022-23.

7.2 The Board recognised the work and progress made on wellbeing and the introduction

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of the employee passport. A small amendment was requested to make clear that Revenue Scotland were the first non-core SG department to adopt the employee passport.

- 7.3 The Board discussed the arrangements for monitoring Health and Safety when staff were working from home. A description of the current arrangements, including DSE assessments for staff and discussions with line managers, was provided. It was recognised that other organisations undertake risk assessments for this purpose and it was suggested that this should be considered.
- 7.4 The Board advised that the report should be amended to include NEBOSH training completed historically by Board members and arrangements to be made for newer Board members to attend this or comparable training.
- 7.5 The Board discussed section 2 of the report and asked that further explanation was provided in around what the risk score meant, what controls were in place and what key action points were outstanding.
- 7.6 It was highlighted that within Section 4.1 of the cover paper, “by the end of the 2022/2023 financial year” should read “by the end of the 2023/24 financial year”.
- 7.7 The Board recognised the good work which had taken place to produce this report, however, would welcome the inclusion of further details surrounding mental health and stress and mention of the progress made in these areas.

Action – Section 1.6b to include “First non-core SG department to adopt the employee passport”.

Action – Include within the report that NEBOSH training has been completed historically by some Board members and focus on the requirement to provide training to those Board members who have still to undertake it.

Action – Report to be amended to provide further detail around the risk score, key controls and outstanding mitigating actions.

Action – Working from home risks to be captured within the Health and Safety Annual Report, as well as actions taken around mental health and stress.

Decision – The Board were satisfied with the 2022-23 Annual Health and Safety report, approving it subject to the suggested changes being made.

8. Financial Framework

- 8.1 The Chief Accountant introduced the Financial Framework, noting that the paper had already been reviewed by ARC. The Framework set out Revenue Scotland’s operating framework, it’s long-term financial plan and how its budget is set.

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8.2 The Chair of ARC confirmed that ARC had reviewed the document and endorsed it.

8.3 The Board approved the Framework.

Decision – The Board approved the Financial Framework.

9. Revenue Scotland’s Future Operating Model

9.1 The Head of People Services and the Tax Operations Team Leader introduced the paper on Revenue Scotland’s Operating Model.

9.2 The Board identified no barriers to moving from the pilot to hybrid becoming business as usual. Members were also pleased to note: the ‘substantial assurance’ rating provided by the internal auditors; that the EY report had stated that RS was meeting or outperforming comparators in respect of hybrid working; and the very positive scores reported though the pulse surveys and the staff survey. The Board requested further details around the actions that would be taken in response to the recommendations within the report from EY.

9.3 The Head of People Services advised that discussions were ongoing with the Scottish Government regarding office accommodation and that the team were investigating the possibility of using other Scottish Government offices to introduce a ‘hub’ model longer term.

9.4 Further engagement would take place with staff to clarify the expectations related to the move to permanent hybrid working.

9.5 The initial risks identified at the start of the pilot were reviewed as part of the evaluation and moving forward would be considered under the corporate risks relating to capacity and capability and the organisational approach.

9.6 Members discussed contracts of employment and the scope to amend these to incorporate business needs when considering hybrid working and the consideration of flexible working. The Head of People Services confirmed that this was not a move to full time home-working and that staff would retain a designated office base. This approach is in line with SG, contracts will be amended in the future to reference hybrid working. In addition, a hybrid policy will be developed which will set out clear guidance for staff as to the activities for which they would be expected to attend the office. The possibility of creating a fifth persona was discussed suggesting this could represent staff who wished to be full time homeworkers. Head of People Services confirmed that personas would be reviewed in the development of the hybrid policy.

9.7 The Deputy Chair congratulated the Futures Project Team on their excellent work and the evidence based approach to the evaluation.

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Action - The Future's Team to consider a fifth persona explicit to staff circumstances i.e., caring responsibilities, accommodation.

Action - A progress report will be provided to the Board via CEO report on actions required to implement Futures recommendations contained within the EY report.

Decision - The Board endorsed and agreed with the recommendations outlined in respect of Revenue Scotland's Future Hybrid Operating Model and the move to hybrid working.

10. Board Standing Orders

10.1 The Head of Governance introduced the revised Standing Orders. This version reflected Board members comments following the January meeting. A draft policy on the use of personal devices by Board members was also presented and arrangements for related training were underway.

10.2 The Board discussed what will be required in terms of behaviour and how this would work in practice and the need to be clear about the status of information provided to them. Further work was requested on the draft policy to clarify these points. Members also requested further details around the training that will be provided around the draft policy.

10.3 It was discussed that Board members should be able to attend meetings remotely through the hybrid working model. This should be amended in the Standing Orders under Section 8.

10.4 Members also agreed that amendments to the Standing Orders should be made to: extend the minimum attendance obligation to committee meetings; include an expectation of in person attendance at Board meetings where possible and to include deputy chairs for ARC and SEC.

Action – Provide Board members with an outline of the content of the RS training that was planned.

Action – BYOD Policy to be reviewed to ensure there is clarity on expectations and requirements being placed on Board Members and bring the revised draft Back to the Board.

Action – To amend the Standard Orders with the requested changes, including: reframing section 4.1 and replicating it in section 8 for both committees and including reference to ARC and SEC having nominated deputy chairs.

Action – ARC Chair and SEC Chair: Chairs of ARC and SEC to nominate a deputy.

Decision - Standing Orders endorsed subject to the requested amendments.

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11. Progress update on Data and Digital Strategies

- 11.1 The Head of IT and the Head of Statistics and Management Information provided the Board with an update on the progress the new Data and Digital Strategy.
- 11.2 It was noted that work has commenced on a combined strategy which will be developed in parallel with, and support, the new corporate plan that is being developed.
- 11.3 Meetings have taken place with a range of stakeholders to inform this work, including with representatives of the New Zealand and Estonian revenue functions, who are seen as leaders in the delivery of digital revenue functions, to understand their approaches.
- 11.4 A data maturity exercise has also been undertaken to benchmark Revenue Scotland's current position and identify areas for development. Revenue Scotland has come out slightly above the benchmark of other organisations in its cohort and has scored well in respect of organisational culture and interest in the use of data. Areas for improvement had been identified in respect of skills and data literacy across the wider organisation.
- 11.5 The Board requested further information on the data maturity exercise.
- 11.6 The Board were updated on the recruitment of a Head of Data and Digital Services. This was a new role intended to bring together the IT and Statistics and Management Information teams and to lead on the development and delivery of the Data and Digital Strategy.

Action – Head of Statistics and Management Information: To provide the Board with an analysis of the data maturity exercise.

Decision - The Board were satisfied with the progress to date on the Data and Digital Strategy, recognising that there was still progress to be made.

12. Q4 Performance Report

- 12.1 The Strategy, Planning and Performance Manager provided an update on the Q4 Performance Report.
- 12.2 All Q4 KPIs had a green rating by the year end, an improvement on Q3 when the L&D KPI had an amber rating.
- 12.3 Discussions were ongoing surrounding KPI7, service user feedback, and how to improve the user journey.
- 12.4 All strategic projects were on track apart from the Aggregates Levy due to issues impacting the timetable for implementation.

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- 12.5 There is a slight decrease to the stakeholder engagement risk. Good work has taken place to deliver educational webinars and arrangements have been made to attend Civil Service Live next month.
- 12.6 The Board acknowledged the additional tax revenue figure on tax compliance activity and commended all involved in the process.
- 12.7 Members also sought clarification regarding the financial figures on depreciation within the report.

Action – Clarify the variation on depreciation reported within the Q4 performance report.

Decision - The Board were satisfied with Revenue Scotland's performance during Q4 of the 2022-23 financial year.

13. AOB

- 13.1 The Board formally recognised and thanked SLT members for their efforts during the Chief Executive's absence.
- 13.2 The Deputy Chair thanked all participants for the quality of their papers and confirmed the next meeting will be on 16 August 2023.

End of Meeting

17 May 2023