

Official Sensitive
Meeting of the Revenue Scotland Board – 16 August 2023 – Minutes

10:00 – 14:00, 16 August 2023

Present:

Aidan O’Carroll, Chair Revenue Scotland
Martin McEwen
Simon Cunningham
Robert MacIntosh
Ken Macintosh
Idong Usoro (Joined meeting at 11.07am)

In attendance:

Elaine Lorimer, Chief Executive
Shamyla Afzal, Governance and Compliance Manager
Pamela Bruce, Head of People Services (Items 6, 10 & AoB)
Gordon Buchan, Risk and Assurance Manager (Items 7 & 8)
Neil Ferguson, Head of Corporate Functions
Mairi Gibson, Head of Legal
Gemma Grant, Deputy Head of Legal Services (Observer)
Allan MacDonald, Strategy, Planning and Performance Manager, (Item 8)
Callum MacInnes, Head of Governance
John McVey, Programme Lead (Aggregates Levy), (Item 9)
Michael Paterson, Head of Tax
Professor Graeme Roy, Scottish Fiscal Commission (Item 12)
Nicola Walkinshaw, Business Manager (Secretariat), (via MS Teams)
Naomi Watkins, Head of Strategy and Communications

1. Meeting Opening

1.1 The Chair welcomed everyone to the meeting, extending a warm welcome to Gemma Grant who was observing the meeting.

Apologies

1.2 Jean Lindsay had tendered her apologies.

New Declarations of Interest

1.3 No new declarations of interest were recorded.

Draft Minutes

1.4 The Board approved the draft minutes of 17 May 2023 subject to minor amendments.

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Decision – Draft minutes of the 17 May 2023 approved subject to minor amendments.

Action and Decision Log

- 1.5 The Head of Governance introduced the action log, noting open actions and providing an update where appropriate.
- 1.6 It was agreed that actions A121/22, A137/22, A02/23, A03/23, A04/23, A05/23, A06/23, A07/23, A08/23, A09/23, A10/23, A11/23, A12/23, A13/23, A16/23, A17/23, A18/23, A20/23, A21/23, A22/23 and A23/23 were to be closed. All other actions remain open.
- 1.7 The Use of External Devices Policy for Non-Executive Board and Committee members, Counter Fraud Policy & Response Procedures and Standing Order were circulated by correspondence to Board members.

Action – Secretariat to amend the action log as agreed.

Decision – The Board approved all actions proposed for closure and also approved action A18/23, on the findings from the data maturity exercise.

2. Chair's Update (Oral)

- 2.1 The Chair thanked Board members for their participation in the Board self-assessment process. A face-to-face meeting of Board members would be held to discuss the results in further detail.
- 2.2 The Chair invited feedback on Board effectiveness from SLT.

Action – Secretariat to arrange a meeting for Board Members to discuss the findings from the Board effectiveness review and to collate comments/scores from both SLT and Board Members ahead of this meeting.

3. ARC Update (Oral)

- 3.1 The Chair of ARC updated the Board following the Committee's meeting of 14 June 2023, confirming the appointment of Simon Cunningham as the deputy ARC Chair.
- 3.2 The ARC's annual effectiveness review had been undertaken and it had been determined that the ARC is operating effectively. Two areas for improvement had been identified through the process and would be taken forward. These were to ensure that new Board members assigned to ARC received an ARC specific induction and that there should be a routine debrief meeting between the ARC Chair and CEO after each ARC meeting.

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- 3.3 ARC had discussed the timeline for producing the 2022/23 Annual Report and Accounts. Whilst there was no scope to amend the schedule for this year, it had been agreed that a shorter timeline would be implemented next year. This would bring forward approval of the Annual Report and Accounts from October to September.
- 3.4 The ARC Chair advised the Board that the Scottish Government Internal Audit and Assurance Directorate had completed their annual audit of Revenue Scotland and had awarded a “substantial assurance” rating for the third consecutive year. The Board Chair congratulated everyone involved in attaining this assurance level and consistent approach, noting the hard work from across the organisation that had contributed to this outcome.
- 3.5 ARC had considered the quarterly review of risk. The risk related to ‘ways of working’ had been reduced in likelihood from 2 to 1, following positive feedback from the review conducted by external consultants, the positive staff survey results and the internal review of hybrid working. The Committee discussed removing hybrid working from the strategic risk register and invited the Board to consider the point at which the hybrid working approach became ‘business as usual’ and the risk could be de-escalated from the Corporate Risk Register. Members discussed that whilst Revenue Scotland had reached a position on hybrid working, this could be impacted by wider environmental factors, such as any implications arising from the Scottish Government changing its approach or changes to staff terms and conditions arising as a result of pay negotiations. It was, therefore, agreed that the risk should remain on the register at the current time.

Decision - The Board agreed to keep hybrid working on the strategic risk register as environmental uncertainties remain.

4. SEC Update (Oral)

- 4.1 Ken Macintosh updated the Board following the Committee’s meeting of 11 August 2023. The Committee had approved the nomination of Idong Usoro as Deputy Chair of SEC.
- 4.2 SEC had discussed a number of interrelated strategic issues. These included: 4 day working week, wellbeing hour, hybrid policy review and the corporate transformation programme. Members had endorsed the approaches being pursued by officials in respect of these. Questions were raised around the impact on Revenue Scotland of decisions related to these matters taken at a corporate level within SG, for example through the pay negotiation process. The need to remain closely engaged with SG was emphasised, as was the need to consider possible exit strategies where new initiatives were being piloted.
- 4.3 Members had considered the impact of delays to the Scottish Government’s corporate transformation project, which would replace IT systems used by Revenue

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Scotland for HR and some Finance services. Officials had provided assurances that they were across the issues.

- 4.4 The new SEC dashboard was working well, although work was on-going to review the tolerances.
- 4.5 The Committee acknowledged the good progress which has been achieved in respect of the people action plan, EDI action plan and Health & Safety actions. They also welcomed the resolution of the MoU with SEPA which had allowed landfill site visits to recommence.
- 4.6 Both the SEC Annual review and SEC effectiveness review were discussed, with actions noted regarding induction and how to receive feedback.

5. Chief Executive's Report

- 5.1 The CEO introduced her report highlighting three key themes.
- (a) Fostering better working relationships with SG colleagues and COSLA – The impacts of work to enhance working relationships were beginning to show, with Revenue Scotland being invited to meetings around tax development that it may not otherwise have been engaged in. This had allowed Revenue Scotland to bring its expertise to the discussions alongside that of colleagues in SG and COSLA.
 - (b) Tax development work – Revenue Scotland was pleased to have been engaged at an early stage in policy discussions around potential new taxes.
 - (c) Budget - One commission had been issued in respect of budgets and another related one was expected shortly around public sector reform. It was noted that a flat cash settlement could not be met by Revenue Scotland without impacting on services and the ability to successfully deliver the Scottish Aggregates Tax. Discussions regarding the budget were ongoing.
- 5.2 The Board discussed the budget implications and was informed that the Chief Executive, as Chair of SDBG, would be writing to the Scottish Government around the interaction between the budget commissions and the wider Public Service Reform agenda.
- 5.3 The Board discussed concerns regarding delivery of HR and finance IT systems and the need to have contingency plans in place ahead of the go live dates.

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

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6. Health, Safety and Wellbeing Update (Oral)

- 6.1 The Risk and Assurance Manager provided an update to the Board, advising the MoU with SEPA in respect of landfill site visits is now in place and site visits have recommenced. SEPA are responsible for completing risk assessments which are then reviewed by Revenue Scotland. Once the ‘Competent Person’ has been appointed there will be a full review of Revenue Scotland’s health and safety processes.
- 6.2 The Head of People Services advised that the calendar of events is now in place for health and wellbeing events. Events related to pride and stress awareness had taken place and others were planned for later in the year.
- 6.3 A review of both homeworking and office equipment is taking place to ensure that individuals have the right equipment to meet their needs.
- 6.4 The Wellbeing Hour had been introduced and had been very well received by staff with 96% of people engaged and 85% using it weekly.
- 6.5 A pay deal for 2023/2024 and 2024/2025 has been announced. This included proposals to replace the wellbeing hour with a 35 hour working week.
- 6.6 An all staff conference is taking place on 29 August 2023. Board members have been invited to participate.

Decision – The Board were content with the update provided.

7. Risk Framework

- 7.1 The Risk and Assurance Manager advised the Board that the Risk Management Framework had been revised. It had been considered by ARC, who were content with the final draft.
- 7.2 ARC had requested some amendments to the section on risk appetite, which had been incorporated. It was noted that the ARC strategy session on the 23 August 2023 would be looking at risk appetite and further changes to this section could be made should it be felt to be required.
- 7.3 A minor amendment to the diagram at 9.1 was requested to better show the relationship between the Board and ARC. The Board approved the document subject to this change.

Action – Risk and Assurance Manager to amend the diagram at 9.1 to better illustrate the position of ARC relative to the Board.

Decision – The Board agreed to adopt the Risk Framework subject to minor amendment.

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8. Corporate Plan: 2024 - 27

- 8.1 The Head of Strategy and Communications presented the corporate plan and progress to date. She highlighted that much of the previous corporate plan was still relevant, however, the vision statement in particular required consideration in order to ensure that it accurately reflected where the organisation is now.
- 8.2 The Board discussed potential content for the vision statement and how they wanted other organisations to view Revenue Scotland. These comments would be used to inform subsequent iterations of the draft plan.
- 8.3 The Head of Strategy and Communications asked the Board if there would be interest in becoming a Board buddy for the corporate plan. It was agreed that Robert MacIntosh would take on the role.

Action - Head of Strategy and Communications to revisit the purpose and vision statement in light of the comments from Board members.

Decision – Board Member Robert MacIntosh to become the Board buddy for the development of the Corporate Plan 2024-27.

9. Scottish Aggregates Tax

- 9.1 The Chair acknowledged his conflict of interest in respect of Scottish Aggregates Tax.
- 9.2 Programme Lead (Aggregates Levy) introduced an overview on the progress of Scottish Aggregates Tax, highlighting big ticket items on the horizon. This included an initial gateway review and engagement with SG digital review team.
- 9.3 The first programme board meeting had taken place, chaired by the Head of Tax as the SRO. The next meeting would take place in September and would be the first formal meeting.
- 9.4 Secondary legislation is in the process of being drafted, to assist in ensuring that the timetable is kept on track. Recruitment plans are in development together with readiness and IT plans.

Decision - The Board were content with progress made on the Scottish Aggregates Tax.

10. Performance Report

- 10.1 The Strategy, Planning and Performance Manager provided the Board with the key points from the Performance Report. He highlighted the learning and Development KPI. He advised that the KPI had not been met as a result of colleagues omitting to complete their L&D trackers and not due to learning and development not having taken place. The People Services team had put measures in place to remind

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colleagues of the importance of updating their trackers and work was ongoing to improve the tracking process.

- 10.2 The Chief Accountant informed the Board that the recent pay award would need to be factored into the budget and that this would then feed through into the forecast outcome figures.
- 10.3 The Board discussed the forecast for LBTT in the context of current market conditions and the consequential impacts this will have on revenue collected and the associated KPI.

Decision - The Board were satisfied with Revenue Scotland's performance during Q1 of 2023-24 financial year.

11. Litigation Reflections

- 11.1 The Head of Legal Services gave a presentation to the Board on lessons learned from recent legal cases. She reflected that in bringing on any new taxes there was a need for industry awareness and effective engagement with HMRC to support a good handover.
- 11.2 A learning point was around the need to keep track with comparable legislation in the rest of the UK, as there had been instances where legislation had been introduced to address issues but these issues were not addressed in Scotland until a later point.
- 11.3 The Head of Legal Services advised that she would deliver further findings at the next Board conference call.

Action – Secretariat to add Board Litigation Reflections to next Board call agenda.

12. Scottish Economic and Fiscal Forecast

- 12.1 The Chair extended a warm welcome to Professor Graeme Roy, who delivered a presentation on the role of the SFC.
- 12.2 The presentation generated a lot of discussion around Scotland's future financial position and the role that tax could play in supporting public services. The Board also discussed opportunities to further develop links between both organisations.
- 12.3 The Chair thanked Professor Roy for his attendance.

13. AOB

- 13.1 Head of People Services provided Board members with an overview of the forthcoming staff conference and Board members' involvement in the event.

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End of Meeting
16 August 2023