Meeting of the Revenue Scotland Board – 15 May 2024

10:00 – 14:00 15 May 2024

Present:
Aidan O'Carroll (Chair)
Simon Cunningham
Jean Lindsay
Robert MacIntosh (via MS Teams)
Ken MacIntosh
Martin McEwen
Idong Usoro

In attendance:
Elaine Lorimer, Chief Executive
Jane Callaghan, Project Management Office Lead (item 7)
Neil Ferguson, Head of Corporate Functions (attended for items 6-12 only)
Mairi Gibson, Head of Legal Services
Amanda Hammond, Business Manager (Secretariat)
Allan MacDonald, Strategy, Planning and Performance Manager (items 6 &10)
Callum MacInnes, Head of Governance
Nick Manton, Head of Data and Digital (item 8)
Naomi Pal, Head of Strategy and Communications (item 9)
Michael Paterson, Head of Tax

1.   Meeting Opening

1.1   The Chair welcomed everyone to the meeting.

Apologies

1.2   Apologies were received from Neil Ferguson, who was unable to attend for the whole meeting and only took part in discussions relating to the strategic items.

New Declarations of Interest

1.3   No new declaration of interests were recorded.

Draft Minutes

1.4   The Board approved the draft minutes of 14 February 2024 as drafted.

1.5   The Board approved the draft minutes of the 14 February 2024 Board Strategy meeting as drafted.

1.6   The Board approved the draft minute of the SLCF Board Conference call of 23 April 2024, subject to minor amendments.

Decision – The Board approved the draft minutes of the 14 February 2024 Board meeting the 14 February 2024 Board Strategy meeting, and, subject to minor amendments as discussed the draft minute of the 23 April 2024 meeting.

Action - The secretariat to amend the draft minute of the 23 April 2024 meeting as discussed.

Action and Decision Log

1.7   The Head of Governance introduced the action log, noting open actions and providing an update where appropriate. It was agreed that actions: A36/23, A40/23, A41/23, A47/23, A53/23, A54/23, A56/23, A57/23, A59/23, A60/23, A61/23, A62/23, A63/23, A64/23, A65/23, A67/23 and A68/23 were to be closed. All other actions were to remain open.

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

Action – Secretariat to amend the action log.

Action – Meeting to be arranged for Aidan, Ken and Elaine to discuss engagement with the Local Government Committee.

2.	Chair Update

2.1   The Chair noted the recent political changes following the change in the First Minister and the potential implications of this for Revenue Scotland.

3.	ARC update

3.1   The Chair of the ARC updated the Board following the Committee meeting of 20 March.

3.2   The main focus of the meeting had been on cyber security. Paul Chapman from Scottish Government's Public Sector Cyber Resilience Team had delivered a presentation to the Committee on cyber security, emphasising that the main threats to public sector organisations were considered to be extortion and supply chain compromise.

3.3   The Committee had taken comfort from the presentation and positive feedback about the controls which Revenue Scotland currently have in place. The Committee had discussed how the organisation could ensure security through its supply chains and had asked for further work to be undertaken to investigate what more could be done to mitigate against potential threats. Board Members welcomed this

assurance and asked if it might be useful for the Board to hear from Paul, given the importance of cyber security to the organisation.

3.4   The Committee had also welcomed the positive results from the recent cyber security benchmarking exercise and discussed the desirability of bringing external support into this process as the exercise was self-assessed.

3.5   The Committee had met with the new Head of Internal Audit, Louise Carmichael. Internal Audit had presented their audit plan for 2024/25 and the plan was endorsed by the Committee. It was noted that the plan set out broad areas for investigation and that the Committee was, therefore, keen to see the proposed scope of the audits once these were available.

3.6   An updated was also received from Audit Scotland on the annual audit timetable and plan, which was all progressing well.

Action – Secretariat to invite Paul Chapman to speak to the Board.

4.	SEC Update

4.1   The Deputy Chair of SEC updated the Board following the meeting he had chaired on 06 March 2024.

4.2   He highlighted the strong assurance provided to SEC following a deep dive on People Survey results. He commended the Leadership Team and Staff for a great set of results and noted the challenge was now how to sustain these results.

4.3   The Committee had also received a presentation on the updated workforce plan. The Deputy Chair praised the excellent work being done by the People Services Team and highlighted further work that will come to the next SEC meeting.

4.4   The Deputy Chair also provided an update on Health, Safety and Wellbeing performance. He informed the Board that the Committee was pleased with the controls and processes which are in place and working well. SEC had considered the draft Health and Safety Policy and Policy Statement and provided comments which would inform the next iteration of the document.

4.5   The Deputy Chair shared some year-end reflections with the Board in respect of the changes to the format of SEC that had been piloted over the preceding year. Despite some initial teething issues, it was felt that the new format was working well. Meeting papers were more focused and of a better quality, leading to higher quality discussions. Looking forward, SEC plans to develop a forward plan for the year ahead to prioritise strategic areas for discussion and to review how it can best use horizon scanning to inform its considerations.

5.	CEO's Report

5.1   The Chief Executive introduced her report, updating the Board on recent changes following the appointment of a new First Minister and Deputy First Minister. Further detail was expected around ministerial portfolios and this would be shared with the Board once available.

5.2   A lot of recent external engagement activity had been carried out. This had included a seminar with COSLA for local Government officials on self-assessed taxes. The sessions were well received and more work in this area was planned.

5.3   Revenue Scotland had hosted the Welsh Revenue Authority and Welsh Treasury and facilitated meetings for them with colleagues from the Scottish Exchequer and other bodies. This was the first time all parties had met together and had provided lots of opportunities for mutual learning.

5.4   Engagement had also taken place with The Society of Local Authority Chief Executives (SOLAS) and at a recent CIOT event, which had included a well-received workshop on Artificial Intelligence. This session was attended by Steph Wright, Head of Scottish AI Alliance, who delivered a session on AI in Scotland. It was noted that it may be beneficial for the Board to hear more on this topic.

5.5   Revenue Scotland's revised hybrid principles had been approved by SEC. It was noted that there were interconnections between this and the SG Core Terms and Conditions that applied to staff. The Board was assured that Revenue Scotland had been involved in the process of reviewing these terms and conditions and were satisfied that the terms and conditions support the approach being taken.

5.6   The Board was invited to approve the Annual Health and Safety Report, which had been previously considered by SEC and the Health, Safety and Wellbeing Committee. Jean Lindsay informed Board Members that SEC had been pleased with the report and the good progress that had been made. Board Members approved the report.

5.7   The Board discussed HMRC consultations that were in progress, in particular the consultation on agent standards, and queried how RS views the proposed changes and what, if any, impacts they might have on other devolved taxes. Members were informed that the implications were still being reviewed and that an update would be shared with them once available.

5.8   Board members noted the Freedom of Information (FoI) statistics and were pleased that the organisation continued to be as transparent as possible in dealing with FoI requests.

Action – Secretariat to invite Steph Wright, Head of the Scottish AI Alliance, to speak with the Board.

Action – CEO to send a note to the Board setting out further reflections from the recent visit of colleagues from the Welsh Revenue Authority and the Welsh Treasury.

Action – SLT to provide an update to the Board on HMRC Consultation on agent standards, including details of the policy position RS would be promoting within the response.

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

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.	**Business Plan**

6.1   The Strategy Planning and Performance Manager introduced the 2024-2027 Business Plan. He outlined the work undertaken across the organisation to develop the plan, aligned with the Four Strategic Outcomes set out within the Corporate Plan.

6.2   The Board sought further detail on the controls planned to monitor progress against the plan. The Head of Corporate Functions informed the Board that key milestones have been built into each strand of work and these will be used to produce highlight reports for the Board. The Chief Executive also informed the Board about changes being made to enable the Senior Leadership Team (SLT) to maintain clear focus on the key deliverables within the plan. This approach would enable them to provide assurance to the Board against each of the delivery of the key programmes of work.

6.3   The Chair welcomed the comprehensive approach planned, including the changes planned to the Senior Leadership Team's ways of working.

Decision – The Board endorsed the 2024-2027 Business Plan.

7.	**SAT and SBSL Update**

7.1   The PMO Manager presented update reports to the Board on Scottish Aggregates Tax (SAT) and Scottish Building Safety Levy (SBSL) and explained how the reports were collated and used to report to SLT and the Board.

7.2   The Head of Tax updated the Board on a recent gateway review that had been undertaken, looking at the readiness of the project. He was pleased to report that an Amber/ Green status had been awarded, the highest level that could be expected at this point. The report had only just been received and would be considered by SLT. He also updated the Board on the progress of the different elements of the programme noting that draft secondary legislation was in place and requirements gathering was ongoing.

7.3   The Board welcomed the update and noted that the balance of information within the report was good overall. They asked that the team review the accessibility of information within the highlight report and include a guidance page to explain the elements of the report and key definitions.

7.4   The Chair of the Board stated that great progress was being made, driven by an effective Programme Management Office. Members were pleased to note that the ARC would be conducting a deep dive around the SAT programme and asked that the programme's full risk register was considered as part of this.

Action – SAT team to review the accessibility of information provided within the highlight reports and to include a guidance paper to explain the report and key definitions.

Action – Full SAT programme risk register to go to ARC as part of the planned SAT deep dive.

Decision – The Board welcomed the good progress that had been made in respect of SAT and SBSL and agreed the proposed content to be included in future highlight reports.

8.	Data and Digital Plan – Update

8.1   The Head of Digital and Data provided the Board with an update on the Data and Digital Strategy and accompanying implementation plan.

8.2   A new Programme Board would be established, building on the work of the Capital Investment Board, to oversee the programme of Data and Digital work outlined within the Corporate Plan. This would include external members to ensure that it could provide independent assurance and challenge.

8.3   The Board asked that the processes for escalation of issues from the Programme Board to the RS Board and its committees were detailed within its terms of reference, as investment in Data, Digital and Technology is an strategic area of importance for the Board and key to the delivery of the Corporate Plan. The Board welcomed the additional information provided, that addressed feedback they had provided previously and highlighted that the current draft would benefit from the inclusion of more strategic context and a clear vision setting out the aspiration over the period covered by the corporate plan. The Board offered their support in articulating this vision and suggested a meeting to take this forward.

8.4   Recruitment was also underway for additional roles within the Data and Digital teams.

8.5   The Board queried the capacity of the SG Procurement Team to support the planned procurement and contract management requirements, given the calls on their time from other public bodies. Assurance was given that Revenue Scotland had an agreement in place guaranteeing a set number of days of their time and that additional days could be purchased should they be required. In addition, the

Data and Digital Project Board, once established, would have a key role in monitoring forthcoming procurement and contract management activity with a view to ensuring that this could be taken forward with SG Procurement colleagues in a planned and agreed manner.

8.6   The Board thanked Nick for his update, which demonstrated the resource requirements to deliver the programme. They noted that the vision element of this work had not yet been completed and asked to be involved in further discussions around this.

Action – The Head of Data and Digital and the Head of Governance to review the ToRs for the Data and Digital Board to ensure they reflect processes for escalation to the Board and it's Committee's.

Action – The Head of Data and Digital to arrange a session with the Board Chair and other interested Board members, to look at revising the Digital and Data Strategy to incorporate more strategic context and to articulate a clear vision setting out the aspirations over the Corporate Plan period. This is to be presented at the August Board meeting.

Decision – The Board supported the approach being taken to the Data and Digital Strategy and implementation plan and noted the progress that had been made.

9.	Stakeholder Engagement Plan

9.1   The Head of strategy and Communications introduced the Stakeholder Engagement Plan. This built on existing work and sought to enhance stakeholder engagement to support the delivery the ambitions within the Corporate Plan. The approach being taken was to target stakeholders by audience group with an engagement plan for each. In addition a range of tools was being developed. This included a "Brand Story" to frame the way that the organisation talks to stakeholders itself and ensure the delivery of consistent key messages.

9.2   The Board provided suggestions to enhance the proposals, particularly around how the organisation can learn from others.

Decision - The Board welcomed the progress made and endorsed the proposals as set out in the Stakeholder Engagement Plan.

10.	Performance Report

10.1   The Strategy Planning and Performance Manager introduced the Q4 Performance Report, which summarised progress over the previous year. He informed the Board that all KPIs had ended the year at a Green rating. He highlighted the churn figure had exceeded the tolerance last quarter but this had been due to higher than usual retirement figures and was expected to return to levels within tolerance this

quarter.

10.2   The CEO updated the Board on the SG Corporate Transformation Project. Finance testing had taken place and no substantive concerns had been identified. The People Services team had, however, not been able to undertake any testing on the HR system and were having to rely on the SG testing. This led to some uncertainties around this element of the programme. Staff were continuing to engage with SG at all levels in respect of this programme.

10.3   The Board expressed an interest in continuing to receive progress updates in respect of lease penalties and asked that updates on this project continue.

10.4   The Chair commended RS for a great year and for its achievements which had resulted in a strong set of results.

Action – The Strategy Planning and Performance Manager to consider how best to report to the Board in respect of three yearly lease reviews.

Decision – The Board was satisfied with Revenue Scotland's performance during the 2023-2024 Financial year.

11.	AOB

11.1   The Head of Governance introduced proposed changes to the Standing Orders. These sought to clarify the process for raising performance concerns related to Board or Committee Members, which was a gap identified as part of the last round of committee effectiveness reviews.

11.2   The Board discussed the changes to the Standing Orders and was content with the proposed changes.

11.3   The Board discussed the potential to co-opt members onto the Board and its Committees to increase diversity of thought and experience around the table. It was noted that the RSTPA did not allow for Board Members to be co-opted but that it would be possible to co-opt members on to the Board's Committees and this had occurred previously. Members agreed to focus initially on co-opting members to the two Board committees and welcomed the need for an attraction strategy that encouraged applications from candidates from a broad range of backgrounds.

11.4   The Chair informed members that meeting invitations would shortly be issued to Members in respect of the annual Board effectiveness review.

Decision – The Board approved the proposed amendments to the Standing Orders.

Action – Secretariat to update the Standing Orders and publish the revised version on the RS Website.

Decision – The Board approved the co-opting of the member onto the Board Committees.

End of Meeting

15 May 2024