

Meeting of the Revenue Scotland Board – 22 November 2023 – Minute

10:00 – 14:40, 22 November 2023

Present:

Aidan O’Carroll, Chair Revenue Scotland
Martin McEwen
Simon Cunningham
Jean Lindsay
Robert MacIntosh
Ken Macintosh
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive (Via MS Teams)
Shamyla Afzal, Governance and Compliance Manager
Louise Alonzi, Head of Tax Operations (Items 8 & 9)
Gordon Buchan, Risk and Assurance Manager (Item 11, via MS Teams)
Nicki Evans, Continuous Improvement Manager (Item 8 & 9)
Neil Ferguson, Head of Corporate Functions
Mairi Gibson, Head of Legal
Gareth Hill, Chief Accountant (Item 5, via MS Teams)
Allan MacDonald, Strategy, Planning and Performance Manager, (Item 10)
Callum MacInnes, Head of Governance
Nicola McDonald, Tax Operations Manager (Item 8 & 9)
Nick Manton, Head of Data and Digital (Item 6)
Michael Paterson, Head of Tax
Stuart Vivers, IT Operations Manager, (IT Support left meeting at 11 am)
Naomi Watkins, Head of Strategy and Communications (Item 7)

1. Meeting Opening

1.1 The Chair welcomed everyone to the meeting.

Apologies

1.2 No apologies were received.

New Declarations of Interest

1.3 No new declarations of interest were recorded.

Draft Minutes

1.4 The Board approved the draft minutes of 16 August 2023 and 25 October 2023.

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Decision - Draft Minutes of the Board meeting held on 16 August 2023 were approved.

Decision - Draft Minutes of the Board meeting held on 25 October 2023 were approved.

Matters in correspondence:

1.5 The “Using a Non-SCOTs Device for Board and Committee Members Policy”, the Annual Report of the Audit and Risk Committee for 2022-23 and the Annual Report of the Staffing and Equalities Committee for 2022-23, circulated by correspondence were formally approved by the Board.

Decision – The Board approved the “Using a Non-SCOTs Device for Board and Committee Members Policy”.

Decision – The Board approved the Annual Report of the Audit and Risk Committee for 2022-23.

Decision – The Board approved the Annual Report of the Staffing and Equalities Committee for 2022-23.

Action and Decision Log

1.6 The Head of Governance introduced the action log, noting open actions and providing updates where appropriate.

1.7 It was agreed that actions A14/23, A15/23, A25/23, A26/23, A27/23, and A29/23 were to be closed. All other actions remain open.

Action: Deadline date for Action A024/23 to be amended from February 2023 to February 2024.

Decision – The Board approved all actions proposed for closure.

Action – Secretariat to share the link to the published Settlement and Litigation Principles with the Board.

2. Chair Update (Oral)

2.1 The Chair thanked all those who attended and were involved in organising the launch event for the Annual Report and Accounts held at the parliament on 21 November. He confirmed there had been good representation from stakeholders and MSPs.

2.2 Ken Macintosh highlighted that this was an important event for the organisation and an opportunity to follow up both with those who attended and those who were unable to attend.

2.3 The Chair also provided an update on the preparations underway for the Parliamentary Committee appearance on 5 December and thanked the team for the

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briefing papers.

Action - Head of Strategy and Communications to offer follow up meetings with the Chair and CEO to attendees at the Annual Report and Accounts event.

3. ARC Update (Oral)

- 3.1 The Chair of ARC updated the Board following the Committee's meeting of 25 October 2023. He confirmed the Committee had met twice since August, focusing on the Annual Report and Accounts which has since been signed and laid before Parliament.
- 3.2 At its September meeting the Committee had considered the certificates of assurance process and agreed that cyber security should be looked at separately as part of the certificates of assurance process next year. It had also undertaken a quarterly review of the corporate risk register and discussed emerging risks. He confirmed that the Committee would also conduct a full review of the corporate risks in line with the development of the new corporate plan.
- 3.3 The Chair provided an update in relation to Internal Audit confirming that they had completed their review of Knowledge Management with a rating of 'substantial' having been awarded. In addition to this, Internal Audit have awarded the organisation an overall substantial assurance rating for the past year. He reflected on how this was an excellent achievement for the organisation as out of the twenty five public sector bodies, only nine received a substantial assurance rating.
- 3.4 The Chair of the Board praised the work of the Committee, especially around cyber security, and thanked all involved for all of the work around the production of the Annual Report and Accounts.
- 3.5 The Board was reminded about the cyber security training offered by the Scottish Government. Jean Lindsay confirmed she had attended the training and encouraged other Board members take advantage of this opportunity.

4. SEC Update (Oral)

- 4.1 The Chair of SEC updated the Board following the SEC meeting on 8 November 2022, reflecting that the new format of the meetings was working well. The Committee had discussed a proposal to combine the People and EDI strategies, aimed at reducing duplication and overlap. Having discussed the issue, the Committee felt that doing so risked losing the dedicated focus on specific areas where the organisation wanted to make a difference. As such the proposal was rejected.
- 4.2 An update was provided on the Scottish Government pilot of a 'Four Day Working Week'. The Board was informed that the Committee had agreed that Revenue Scotland was, for now, not in a position to take part in the pilot but that this would

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be kept under review should circumstances change.

- 4.3 The People Dashboard had been reviewed by the Committee and was felt to be in a positive position overall. Stress, Anxiety and Emotional upset related absences had, however, increased from 32% to 40% of the total absences. The Committee were assured that the increase was not related to work related stress as this was captured in a separate category which for quarter 2 accounted for 2% of all absences. The committee were assured that support was being provided as appropriate to the individuals concerned.
- 4.4 The roll-out of a Skills Audit had been also been discussed and was well received by the Committee. This will help inform future work in terms of staff capability.
- 4.5 The Committee had also discussed the HR elements of the SG Corporate Transformation Project. The Chair of the Board noted that there were some concerns around the delivery of the project and asked for a briefing on progress, highlighting any potential risks for Revenue Scotland.

Action – Head of People Services to brief the Board on the impact of the SG Transformation Project on Revenue Scotland and to discuss this with the Board at a future Board call.

5. Chief Executive's Report

- 5.1 The Board was updated on issues relating to the SG Corporate Transformation project. The Chief Executive informed the Board that, as Accountable Officer, she was not yet satisfied that she had sufficient levels of assurance around the project. Progress was being monitored and the Board would be kept updated.
- 5.2 On the budget for 2023-24, the Chief Executive highlighted that she had implemented spending controls and had written to the DG Exchequer to inform her that Revenue Scotland may have a budgetary overspend this financial year. This is primarily due to the pay deal negotiated for 2022-23 being above that which had been projected at the start of the year. The Chief Executive informed the Board that this issue had also impacted a number of other delivery bodies, particularly those like Revenue Scotland whose staff costs made up the majority of their budgets. Discussions around budgets for 2024-25 were ongoing and more would be known following the publication of the Scottish Government's budget on the 19 December.
- 5.3 On the introduction of new taxes, the Board were informed that the Aggregates Bill had been introduced into Parliament and that Revenue Scotland was also engaged in discussions around other taxes, for example Building Safety Levy.
- 5.4 It was noted, however, that Revenue Scotland had not been invited to give evidence to the Local Government, Housing and Planning Committee on the Visitor Levy Bill, despite this being based on the legislation similar to the RSTPA. The Chief Executive

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highlighted that this was felt to be a missed opportunity, given the tax expertise that resides within Revenue Scotland. It was proposed that representations should be made to members of the committee, signalling Revenue Scotland’s desire to provide what support it could in respect of this Bill.

5.5 The Chair thanked the Chief Executive and the Chief Accountant for making the Board aware of the issues discussed.

5.6 The Chair also took the opportunity to thank the Chief Accountant for his contributions over the years and navigating the organisation through the budgetary challenges it had faced.

Action – Chief Executive to brief the Board on the outcome of the 2024-25 budget once known and any implications resulting from it.

Action – Chief Executive to contact members of the Local Government, Housing and Planning Committee for Visitors Levy to seek an endorsement for RS to give evidence.

Decision – The Board was satisfied that the Chief Executive’s report provided sufficient information not covered elsewhere on the agenda.

6. Data and Digital Strategy

6.1 Idong Usoro introduced this item, highlighting discussions he had been involved in around the composition of the strategy, ensuring it is aligned with the Corporate Plan and clarifying the principles the organisation wanted to follow in moving towards a more mature digital architecture.

6.2 The Head of Data and Digital confirmed that there was a good foundation in place to build on and that the organisation was going in broadly the right direction. He highlighted the need to amalgamate Revenue Scotland’s digital systems into a single end-to-end digital tax service.

6.3 He further confirmed the opportunities that would arise through upskilling the organisation to allow it to become more of an equal partner in the development of the SETS system, for example, enabling staff to better articulate and prioritise requested improvements. Board Members expressed an interest in having a demonstration of how SETS and other key digital systems work for insight.

6.4 The Board was content with the direction of travel and requested that a separate strategy and supporting operational plan were produced. The latter of which would include how the objectives will be delivered, resource requirements and timescales for delivery.

6.5 The Chief Executive confirmed that a key priority going moving into 2024, as articulated through the draft Corporate Plan, would be improving the organisation’s

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Data and Digital capacity.

Action – Head of Data and Digital to arrange a showcase of SETS and other key digital systems to the Board.

Decision – The Board was content with direction of the draft Data and Digital Strategy and requested to see the next version of the strategy along with an implementation plan at the next Board meeting.

Action – Head of Data and Digital to bring forward the next version of the DDAT strategy along with an implementation plan, setting out how objectives will be delivered over the next three years, for presentation at the next Board meeting.

7. Corporate Plan Update

- 7.1 Robert MacIntosh introduced this item and his approach in supporting the team in the drafting of the Corporate Plan. A steer was given on the structure of the themes, level of ambition, key measures and the framing of them.
- 7.2 The Board agreed that the draft met with the objectives set and also agreed with the approach. The Board discussed being more assertive with the language and the tone used. Members also suggested that Revenue Scotland could also be more bold around describing what the organisation was doing.
- 7.3 The Board emphasised the need to ensure a clear link between the corporate plan and the digital strategy, highlighting the implications of language used and the importance of considering both implicit and explicit messages.
- 7.4 The Board thanked the team for the positive progress made with the draft document and highlighted that the next iteration will help in terms of defining what the key measures will look like.

Action – Board members to feedback comments on the draft Corporate Plan to the Head of Strategy and Communications by Friday 30 November.

Decision – The Board was content with the draft Corporate Plan for 2024 – 27.

8. Three Yearly Review of Non-residential Leases

- 8.1 The Chair thanked the team for the work on the paper and recognised that the issues had the potential to grow further. Board members were updated on the efforts to date to increase the number of returns and discussed the issues highlighted within the paper.

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- 8.2 The Board offered further suggestions of ways to improve compliance rates, such as whether pre-completed tax forms with a written statement or an oral statement by phone would suffice as a tax return. It was agreed that these suggestions would be given further consideration.
- 8.3 The Chief Executive informed the Board that the Law Society had been engaged in this issue and that every effort was being made to increase levels of compliance. It was also noted, however, that this was a self-assessed tax and, as such, the ultimate responsibility sat with the taxpayer.
- 8.4 The Board agreed the proposed recommendations in the paper.

Action - Heads of Tax and Legal Services to reflect on the suggestions from the Board on whether pre-completed tax returns, with a written statement or an oral statement via a phone call from the taxpayer, could be accepted as a tax return.

Decision – The Board agreed with the proposed recommendations set out in section 6 of the report.

9. Lease Penalties Options and Recommendations

- 9.1 The Head of Tax Operations confirmed that the penalties team was currently issuing approximately 140 penalties a week, reducing the backlog.
- 9.2 She confirmed that Revenue Scotland did not have discretion around whether or not to issue a penalty. The Board discussed the options set out in the paper, including the preferred option which was to focus on those leases where no return had been received, and those where no tax was due.
- 9.3 Board members confirmed that they were content to support the proposed approach to reducing the backlog of lease review penalties and also for a letter to be issued to the Minister at the appropriate time making him aware of the issue and the approach being taken.
- 9.4 The Chief Executive highlighted importance of having mechanisms in place to engage with both the taxpayers and their agents as early as possible in the process and in taking this issue into consideration as new taxes were introduced.
- 9.5 The Board recognised the hard work that had gone into progressing this issue and thanked the team for their efforts.

Action – Tax Operations Manager to provide an update to the Board on progress in addressing the backlog of lease review penalties using the agreed approach (option 4).

Action - Tax Operations Manager to draft a letter to be issued to the Minister outlining the issues in respect of lease penalties and the approach being taken by Revenue Scotland.

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Decision – The Board agreed with the proposal to proceed with option 4, as set out in the Lease Penalties paper, and for a letter to issue to the Minister outlining the issues discussed.

10. Q2 Performance Report

- 10.1 The Strategy, Planning and Performance Manager confirmed that the organisation had performed well in Q2, albeit KPI 7, ‘User Satisfaction’ was red. This was, however, due to not being able to access the required data and not a drop in satisfaction levels. Work was ongoing to resolve this and to avoid any similar issue in future.
- 10.2 He highlighted that KPI 5, Learning and Development, had moved from red in Q1 to amber after an encouragement to staff to update the record.
- 10.3 On Tax compliance, the Head of Tax confirmed that the organisation was hoping to report an increase in activity by early next year.

Decision - The Board was satisfied with Revenue Scotland’s performance during Q2 for 2023-24.

11. Health, Safety and Wellbeing Update (Oral)

- 11.1 The Risk and Assurance Manager provided an update to the Board, confirming that the Health and Safety Committee had met in October. He also noted that the Competent Person had been onboarded and was working to review the organisation’s Health and Safety Policy Statement and associated Handbook. He further updated the Board that landfill site visits had resumed and that the appropriate health and safety arrangements were operational.
- 11.2 On Wellbeing, he confirmed that staff have the opportunity to take up volunteering days and that a rolling programme of events was planned to encourage staff to engage in volunteering to help the local community. The programme of wellbeing awareness raising activities continued and the next wellbeing campaign would focus on the importance of sleep.

Decision – The Board was content with the Health Safety and Wellbeing update provided.

12. AOB

- 12.1 The CEO updated the Board on plans for the Board Strategy session on 14 February 2024. She noted that there were a number of topics that could be covered at the event and invited the Board to provide a steer on how they would like to use the day.

Action: Head of Communications and Strategy to set out proposals to the Board during a Board call for topics of discussion for the February Board Strategy session.

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End of Meeting**

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