

Meeting of the Revenue Scotland Board – 29 August 2024

10:00 – 14:00 29 August 2024

Present:

Aidan O’Carroll (Chair)
Simon Cunningham
Jean Lindsay (via MS Teams)
Robert MacIntosh
Ken Macintosh
Martin McEwan (via MS Teams)
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive
Amelia Brereton, Senior Assistant Statistician (item 9)
Pamela Bruce, Head of People Services (item 9)
Darren Coyle, Risk and Assurance Manager (Observer)
Neil Ferguson, Head of Corporate Functions
Mairi Gibson, Head of Legal Services
Amanda Hammond, Secretariat
Amanda Johnson, Tax Operations Performance and Service Manager (Observer)
Callum MacInnes, Head of Governance
Brendan Macrae, Head of Tax Compliance and Professionalism
Nick Manton, Head of Data and Digital
Craig Morton, Head of IT
Peter Tucker, Chief Commercial Officer, NEC (Guest Speaker)

1. Meeting Opening

1.1 The Chair welcomed everyone to the meeting, extending a welcome to Darren Coyle and Amanda Johnson who were observing the meeting and to Brendan Macrae who was attending in place of Mike Paterson.

Apologies

1.2 Apologies were received from Mike Paterson.

New Declarations of Interest

1.3 No new declaration of interests were recorded.

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Draft Minutes

1.4 The Board approved the draft minutes of 15 May 2024 as drafted.

Decision – Board members approved the draft minutes of the 15 May 2024.

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 A30/23, A42/23, A55/23, A58 /23, A73/23, A74/23, A75/23, A78/23, A79/23, A81/23, A82/23, A84/23, A85/23, A01/24, A02/24, A03/24, A04/24 and A05,24 were to be closed. All other actions were to remain open.

1.7 The Board asked that action A24/23 be kept open, as whilst some Board members had access to an RS device and were able to access the shared stakeholder engagement calendar this did not apply to all members.

1.8 In respect of action A82/23, the Board asked for sight of the final Terms of Reference for the Data and Digital Board.

Action – Secretariat to amend the action log as agreed.

Action – Head of Governance and Head of IT to discuss potential solutions to ensure that all Board members are able to access the shared stakeholder engagement calendar.

Action – Secretariat to circulate the ToRs for the Data and Digital Board to Board members.

Decision – The Board approved all actions that were proposed for closure other than A24/23, where further work was required to arrive at a solution that was available to all Board members.

2. Chair's Update

2.1 The Chair thanked all those who attended and were involved in organising the All Staff Gathering. He commented that Board members had been impressed with the positive, up-beat and participative tone of the event.

2.2 He also thanked those who has wished him well following his reappointment as Chair, stating that it was a great responsibility and privilege to be Chair of Revenue Scotland and that he looked forward to leading the Board over the next three years.

2.3 The Chair highlighted the recent statements from the Scottish Government about

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the current, challenging, fiscal environment and thanked the Chief Executive and Leadership team for their continued effective management of the organisation's finances in this context.

3. Audit and Risk Committee (ARC) update

- 3.1 The Chair of ARC updated the Board following the meetings of the 27 June, 06 August and 16 August 2024 confirming that it had been a busy period for the Committee.
- 3.2 At its June meeting the Committee had reviewed the first draft of the Annual Report and Accounts. The ARC Chair updated the Board on some interim audit issues raised by Audit Scotland. He advised the Board that the Committee had discussed the issues and the action taken to rectify them in detail. ARC had taken comfort that the issues had been properly addressed and that no evidence of any wider control issues had been identified.
- 3.3 Other items considered had included consideration of the annual ARC effectiveness review and a deep dive into the risks associated with the Scottish Aggregates Tax (SAT) programme. Members were assured that a thorough process was in place for SAT and that programme risk was being appropriately managed.
- 3.4 The ARC Chair advised the Board that Scottish Government Internal Audit and Assurance Directorate had awarded Revenue Scotland a “substantial assurance” rating for the fourth consecutive year, noting that this is testament to the hard work done by the Leadership Team and the wider organisation to achieve and maintain such a rating.
- 3.5 A special ARC meeting had taken place on the 6 August, to review the draft resource and devolved accounts. Members had reviewed the Annual Reports and Accounts in detail and fed back their comments for incorporation into the next draft. These had included discussions around how to best call out the organisation's key achievements and articulate future challenges.
- 3.6 An ARC Strategy Session had taken place on the 16 August. The Committee had reviewed the Corporate Risk Register and ensured that the risks contained within it aligned to the objectives set out in the new Corporate Plan. A new risk had been added, relating to the risks associated with the delivery of multiple taxes, and some current risks has been reframed. A revised version will be considered at the next ARC meeting and the Corporate Risk Register will then come to the Board.
- 3.7 The Board warmly welcomed the “Substantial Assurance” rating given to Revenue Scotland for the fourth consecutive year. The Board Chair also acknowledged the important work being carried out by the Audit and Risk Committee and thanked all involved for the work done by the Committee.

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4. Staffing and Equalities Committee (SEC) update /SEC Annual Report

- 4.1 The SEC Chair provided the Board with an update following the meeting on 31 July 2024, noting that there were no concerns to report.
- 4.2 SEC had discussed the SEC Effectiveness Review and the SEC Annual Report. The SEC Chair noted that the reports provide assurance that things are well managed and reported the new format of SEC was working well.
- 4.3 At the meeting SEC had discussed a number of current strategic issues, including: the move to a 35 hour working week; the introduction of the new Oracle system and its impacts on organisational capacity; the recent skills audit and the People Strategy. Other items discussed included: the SEC annual report, the SEC dashboard, work force planning, succession planning and the Health and Safety Policy and Policy Statement.
- 4.4 Board members approved the SEC annual report and asked about the impacts of Oracle on recruitment. Assurance was provided that action had been taken to mitigate the issues as far as possible and the People Services Team were commended for their excellent work in filling vacancies ahead of the recruitment freeze, which had ensured that almost all of the vacancies had been covered.
- 4.5 The Board also discussed the implementation of the 35 hour week and the approach being adopted by the Scottish Government on Hybrid working and the potential impacts of this on the approach taken by Revenue Scotland. The Board Chair noted the positive feedback received from RS staff on hybrid working approach and requested that SEC and the leadership team continue to collect evidence relating to the effectiveness of the approach being taken.
- 4.6 Members also discussed the cultural issues associated with hybrid working and encouraged the SLT to consider how to create opportunities for staff to build relationships outside of the all staff gatherings.

Action – SEC to review hybrid working arrangements after the next staff survey, then review it annually.

Action – SLT to consider opportunities for staff to build relationships outside of the all staff gatherings.

Decision – The Board approved the SEC Annual report for 2023-24.

5. Chief Executive's Report

- 5.1 The Chief Executive provided the Board with updates on a number of key issues, including: Public Service Reform and Revenue Scotland's participation in the various related initiatives; the progress of the new taxes; the organisation's state of

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readiness for the Corporate Transformation Programme; the review of the introduction of the organisation’s hybrid principles; and the budget challenges facing the Scottish Government.

- 5.2 The Chief Executive also informed the Board of a recent data breach, which had been reported to the Information Commissioner’s Office (ICO). It was noted that the issue had been due to human error and that appropriate steps had been taken to respond to the issue and avoid such an issue arising again. She also noted that the ICO had reviewed the case and had been assured by the steps that had been taken, and confirmed that they would not be taking any action in relation to the disclosure.
- 5.3 Board members welcomed the action taken to address the breach and took comfort in the professional way in which the issue had been handled.
- 5.4 Board members discussed the implications of the fiscal position and noted that Revenue Scotland was playing its part in identifying potential savings, where these would not impact the delivery of the organisation’s objectives.

Decision – The Board welcomed the Chief Executive’s report and the update provided on issues not covered elsewhere on the agenda.

6. Health and Safety Policy

- 6.1 The Head of Governance introduced the Health and Safety Policy and Policy Statement to the Board and Introduced the new Risk and Assurance Manager, who was observing the meeting.
- 6.2 The Head of Governance informed the Board that the Policy had been through a number of iterations and that input had been received from SEC, the Health, Safety and Wellbeing Committee and Revenue Scotland’s Competent Person. Having responded to their comments, the final version of the Policy and Policy Statement was now being presented to the Board for formal approval. Following which the Policy Statement would be signed by the Chief Executive and displayed within Revenue Scotland’s offices. He also outlined the next steps, including: embedding the policy across the organisation; scoping out training requirements; scoping out health and safety requirements for aggregates tax compliance visits; and the development of a staff handbook.
- 6.3 The Board discussed the risks related to landfill and quarry site visits and discussed occasions where a contractor may be asked to attend a site visit.
- 6.4 After discussion the Board approved both the Health and Safety Policy and Policy Statement. It was acknowledged that, although the policy itself was lengthier than the Board would ideally like, the policy met the organisational and other legal obligations and on that basis should be approved. The Board supported the

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development of a staff handbook to help staff engage with the Health and Safety Policy and understand their obligations in respect of health and safety.

- 6.5 The Board also welcomed the work being carried out to address the requirements for SAT compliance site visits and asked to be informed should any appropriate opportunities arise for Board members to participate in a site visit to a quarry.

Action – Head of Governance to make the minor amendments discussed to the Health and Safety Policy and submit the final version of the Policy to the Chief Executive for final approval.

Decision – The Board approved the Health and Safety Policy and Policy Statement, subject to minor changes, and delegated the final approval of the document to the Chief Executive.

7. Crown Status and Law Officer Relationship

- 7.1 The Head of Legal Service introduced a paper on two matters - Crown status and the Law Officers. Following work by the Legal Services Team, the paper, which contains legal advice, was discussed by the Board including the legal and practical implications relevant to both matters.

- 7.2 The Board welcomed the clarification, the fact that there was a broad consensus on the issues and Revenue Scotland's interaction with the Law Officers. In discussing health and safety as one of the spheres where Crown status has relevance, the Board re-emphasised their strong commitment to the health, safety and wellbeing of Revenue Scotland staff.

Decision – The Board welcomed the paper on Crown Status and Law Officer Relationship.

8. Digital Vision

- 8.1 The Head of Corporate Functions introduced a paper setting out the Digital Vision, which had been requested by the Board at a previous meeting. Following a recent workshop, which had included Board members, three digital vision statements had been produced and were presented to the Board for consideration.

- 8.2 Following a short discussion, the Board opted for vision statement three. Simon Cunningham asked for his comments relating to the vision statement to be shared with the Head of Data and Digital.

Action - Secretariat to circulate the ToR for the Data and Digital Board to Board members.

Action – Head of Governance to share Simon Cunningham's comments regarding the Data and Digital Vision Statement with the Head of Data and Digital.

Decision – The Board approved option three from within the paper as the preferred choice for the Data and Digital Vision Statement.

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9. Q1 Performance Report

10. The Head of Corporate Functions introduced the performance report noting that all KPIs were being met.
11. Work is being carried out on the seven missions supporting the digital strategy, with the first mission being recruitment to allow us to deliver the other missions. The team is forming and the next stage is to plan out the missions and deliverables in detail. The first Programme Board has now taken place.
12. The Senior Assistant Statistician updated the Board on the tax report, noting that tax declared was slightly higher than forecast for LBTT, however, SLfT had dropped below the forecast.
13. The Board sought clarification on the compliance rates in respect of leases and asked for a review of how this information is presented in the report. The Head of Corporate Services informed the Board that the team were on schedule to complete the backlog of lease review penalties by the turn of the year.
14. The Board sought clarification of KPI 1 and also the factors that have led to the drop in user satisfaction rates. The Head of Corporate Services undertook to come back to members on these points.
15. The Board welcomed the positive trend in respect of days lost as a result of absence and discussed how this had been achieved and how the organisation could keep the levels low. The Head of People Services noted that, due to the low numbers, one or two individuals could have a large impact on the figures. She also outlined the support available to help individuals back to work following absences.
16. Members noted the need to avoid discussions at the Board replicating those that had already taken place at SEC. It was agreed that the Chair and the respective Committee Chairs would discuss the matter.
17. The Chief Executive invited the Board to feedback comments on the reporting of Success Measures within the report, as this was the first time that the organisation had used these in this way.

Action - Secretariat to provide the Board with clarification around KPI 1 and the factors that have led to a drop in user satisfaction levels.

Action – Chair to meet with the SEC and ARC Chairs to discuss how best to avoid duplication of committee discussions at Board meetings.

Action – Board members to feedback comments on success measures reporting to the Secretariat ahead of the next Board meeting.

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Decision – The Board was satisfied with the report on Revenue Scotland’s performance during Q1 2024-25.

18. NEC “Looking to the future”

- 18.1 The Chair welcomed Peter Tucker, Chief Commercial Officer for NEC, to the meeting. He emphasised the Board’s desire to speak with NEC and to discuss future trends and other digital opportunities that may emerge for Revenue Scotland.
- 18.2 Peter thanked the Board for the invitation and delivered a presentation to the Board. The Board discussed with Peter the opportunities available to Revenue Scotland in respect of the current SETS system, future developments planned by NEC, cyber security, industry trends, Artificial Intelligence (AI) and how this is being used across industry, and how NEC have provided solutions to their partners.
- 18.3 The Board sought clarification from Peter on whether AI is being used for compliance activities in other organisations. Peter offered to look into that further and to come back to the Board on that point.
- 18.4 The Chair thanked Peter for his presentation and for giving the Board member the opportunity to ask questions.

Action – Peter Tucker (NEC) to provide clarification on the use of AI for compliance in other organisations.

19. AOB

- 19.1 The Chair informed the Board that a decision will be made shortly on the date for a collective discussion around the results of the Board effectiveness review.

Decision – Board Chair to decide on a date for the Board Effectiveness Review.

End of Meeting

29 August 2024