

Meeting of the Revenue Scotland Board

DRAFT MINUTE

10:00, 19 October 2016, Conference Room 8, VQ

Present:

Dr Keith Nicholson [Chair]

Lynn Bradley

Jane Ryder OBE

John Whiting CBE

Ian Tait

Attended:

Elaine Lorimer, Chief Executive, Revenue Scotland

Chris Myerscough, Head of Tax, Revenue Scotland

Andrew Fleming, Head of Change and Strategy, Revenue Scotland

Gareth Hill, Chief Accountant, Revenue Scotland (item 4)

Erlend Barclay, Corporate Affairs Manager, Revenue Scotland (item 10)

Donna Thomson, Corporate and Business Services Officer, Revenue Scotland [Secretariat]

1. Meeting opening

1.1 The Chair welcomed the Board members and officials to the meeting.

1.2 No apologies were received.

1.3 There were no interests declared.

1.4 The Board accepted the Minute of 14 September 2016 as a true record.

1.5 The Board reviewed the Action Log noting that actions 027, 033, 039, 040, 041, 042, 043, 045, 046, 047, 048 and 049 were now closed. Action 161 remains suspended and action 165 has a deadline of December. Action 037 is now closed as it was reported to the Board that the Health and Safety Policy has been updated and submitted to the TUs on 12 October 2016.

2. Chair update [Oral]

2.1 The Chair noted the Chief Executive and Head of Tax attended the Finance and Constitution Committee of the Scottish Parliament to give evidence into their inquiry into

LBTT. The Chair noted that evidence provided was both informative and authoritative. On behalf of the Board, the Chair recorded their appreciation to Chief Executive and colleagues for the work which went in to achieving this good outcome on 5 October 2016. It was noted that Chief Executive and Head of Tax gave a commendable appearance in representing Revenue Scotland.

2.2 The Chair and the Chief Executive have an introductory meeting scheduled with the Finance Convener at the end of November.

2.3 The Chair's meeting with the Director General Finance in the Scottish Government has been put back. Also, the Chair will now not meet the Chair of the Scottish Fiscal Commission until the new year.

2.4 The Chair met recently with Erlend Barclay, Corporate Affairs Manager, and welcomed hearing about his initial reflections on his role within Revenue Scotland. It was noted that the Board would be receiving a regular update from the Corporate Affairs Manager in the future.

2.5 The Chair requested that an event be organised after the Board meeting on 14 December so that the Board could thank staff for their hard work over the year. It was also agreed that a strategy session between the Board and the Senior Leadership team in the new year be arranged.

Action 051/16: Board session with staff to be organised after the Board meeting on 14th December

Action 052/16: Strategy Session between the Board and SLT be organised for the new year

3. Chief Executive Report (Paper RS(06/16)01)

3.1 The CEO introduced her Report and invited feedback from Board members on its content.

3.2 The Board welcomed the update and noted the content.

3.3 The Board received an oral update on the Spending Review discussions and on progress taking forward the Revenue Scotland restructure. It endorsed the approach being taken on both.

3.4 The Board noted that Revenue Scotland would be submitting its first mandatory climate change report via the Sustainable Scotland Network (SSN) online reporting platform and made inquiries into the areas of data the organisation would be providing. The Board

requested sight of the extract of information the organisation would be providing to the SSN online platform.

3.5 The Board discussed the Scottish Approach to Taxation inquiry being undertaken by the Scottish Parliament and requested that the CEO send a summary of the written evidence received by the Parliament to date.

Action (053/16): Head of Strategy and Change to provide extract of information provided to the Sustainable Scotland Network.

Action (054/16): CEO to provide a summary of written evidence on the Scottish Approach to Taxation inquiry to the Board.

4. Quarterly Finance Report (Paper RS(01/16)02a) - Bank Mandate Update (Paper RS(06/16)02b)

4.1 The Chief Accountant introduced this paper which summarised the outturn position for the second quarter of 2016.

4.2 It was noted that the costs of Revenue Scotland remain under budget and the paper was forecasting a slight underspend position at the end of the financial year.

4.3 The Board welcomed a significant saving on the costs arising from the delegated functions carried out by Registers of Scotland

4.4 The Finance Report also showed an overspend in IT costs which was due to contractor costs. It was reported that the team were recruiting in-house resource which would bring about savings this financial year.

4.5 Enquiries were made about the underspend on legal costs. This was explained by the need to carry provision in case recourse to external legal advice was required for complex cases and/or tribunal work.

4.6 The Chief Accountant introduced the paper to amend the Bank Mandate. Following consideration of the paper and having heard the Chief Accountant, the Board approved the addition of a new signatory as recommended.

4.7 The Chair queried the protective marking of the paper given that it contained bank account information and details of named individuals. The Chief Accountant agreed to review this.

4.8 In future, the Board agreed that approval for bank account signatories should be associated with organisational role (eg Chief Accountant, Finance Manager etc) and that the Chief Executive should be free to allocate staff to these roles as appropriate.

4.9 The Board expressed an interest in meeting with the new Senior Finance Officer in the future.

Action (055/16): Chief Accountant to revise Schedule of Delegation so that approval for bank account signatories should relate to organisational role and that the Chief Executive should be allowed to allocate these roles to staff as appropriate.

Action (056/16): Chief Accountant to review the protective marking associated with Paper RS(06/16)02b.

5. Tax Update (Paper RS(06/16)03a)
- **Group Relief Opinion** (Paper RS(06/16)03b)
- **RS/HMRC ISA** (Paper RS(06/16)03c)

5.1 The Head of Tax, introduced this paper and invited the Board to comment.

5.2 After discussion, the Board welcomed the update and were satisfied, based on the information provided, that tax operations are being carried out in accordance with the Scheme of Internal Delegation.

5.3 The Board sought an update paper on the application of LBTT to windfarms.

5.4 The Board made inquiries into the application of penalties and sought assurance that the organisation was doing all it can to minimise the risk of taxpayers inadvertently falling foul of a penalty through good communication.

5.5 The Board noted the emerging position on Additional Dwelling Supplement and sought further information on the additional workload associated with this recent adjustment to LBTT.

5.6 The Board approved the proposed agreement to a LBTT opinion request as set out in paper RS(06/16)03b.

5.7 The Board approved the text of the new Information Sharing Agreement with HMRC as contained in the annex to the paper. It was noted that 5 of the 7 appendices still required finalisation. However, the Board were content that the Chief Executive should agree the core document with counterparts in HMRC on the basis that this would progress

conclusion of the 5 appendices and enable Revenue Scotland to secure the appropriate information it needed.

5.8 The Board noted the content of the LBTT Technical Update which was published on 14 October 2016. It looked forward to feedback on how this approach is received by stakeholders.

Action (057/16): Head of Tax to provide an update paper on LBTT and Windfarms

Action (058/16): Chief Executive to progress agreement of the Information Sharing Agreement with HMRC

Action (059/16): Head of Tax to provide information on the additional workload associated with this recent adjustment to LBTT (ADS)

6. SEPA MoU (Paper RS(06/16)04)

6.1 The Head of Tax introduced this paper.

6.2 The Board discussed the paper and made inquiries about a number of issues, including how the budget for this aspect of work was agreed. The Board was content to approve the MoU between Revenue Scotland and SEPA. It was noted that a meeting between the Boards of Revenue Scotland and SEPA is to be held in December.

Action (060/16): The Board to hold a discussion ahead of the Revenue Scotland/SEPA meeting.

Action (061/16): Chief Executive to sign the revised SEPA MOU.

Action (062/16): Head of Tax to provide information about the budget setting process for SEPA's work.

7. Business Plan Dashboard (Paper RS(06/16)06)

7.1 The Head of Change and Strategy introduced this paper which provided an update at Quarter 2 on the organisations progress delivering its Business Plan objectives and on its KPI performance.

7.2 The Board welcomed the paper, noting that delivery of Business Plan Objectives was assessed as green. The Board discussed the project ratings and performance outlined in the Quarterly Performance Report for quarter 2: the Key Projects Update; the Exception Report; and the KPI Report.

7.3 The Board requested small improvements in Annex A to improve the recording of outcomes and mitigations and asked that the priority associated with project 3 on Annex A be reviewed.

Action (063/16): Head of Change and Strategy to undertake improvement to the reporting in Annex A on key projects and review the priority associated with Project 3.

8. Standing Orders Review (Paper RS(06/16)07)

8.1 The Head of Change and Strategy introduced this paper.

8.2 The Board considered the six recommendations set out in the paper and were happy to approve the revisions proposed to the Standing Orders in the paper. In addition, the Board asked that the Standing Orders be adjusted at 5.4 so that Staffing and Equalities Committee also be required to submit oral and written updates to the Board in same manner as the Audit and Risk Committee. Subject to these changes the Board was content to sign off the Standing Orders but requested that the amended Standing Orders, including annexes, be tabled at the next Board meeting.

Action (064/16): Secretariat to submit the amended Standing Orders and annexes to the December Board.

9. Internal Audit Plan 2016-17 (Paper RS(06/16)08)

9.1 The Chair of the RS Audit and Risk Committee (ARC) updated the Board on the meeting which took place on 14 September 2016. She also explained that the proposed audit plan was informed by Revenue Scotland's corporate risk register and with the Chair's approval tabled ARC(4/16)02.

9.2 The ARC Chair reported that discussions had taken place with Internal Audit (IA) at the recent Audit and Risk Committee and she was assured that IA were on track to deliver.

9.3 The timing of the audit of the IT system work was queried given the likely trajectory of the SETS procurement. The ARC Chair welcome this input and reported that Annex C was an outline plan which was subject to change.

9.4 The Board, having noted the recommendation from the Audit and Risk Committee and following discussion, approved the Internal Audit Plan 2016/17.

Action (065/16): Head of Change and Strategy to advise Internal Audit that the audit plan is approved.

10. Comms Update (Paper RS(06/16)09)

10.1 The Corporate Affairs Manager introduced this paper.

10.2 The Board, having considered the information contained in the paper, welcomed the excellent progress and endorsed forward planning work proposed.

Action (066/16): Corporate Affairs Manager to attend meeting with CIOT on 16 November 2016.

11. AOB

Date of next meeting: 14 December 2016, Conference Rooms 8, VQ

End