

## Meeting of the Revenue Scotland Board MINUTE

11:00-15:00, 16 August 2017, Conference Room 9, Victoria Quay, Edinburgh

### Present:

Dr Keith Nicholson  
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 Strategy and Corporate Functions, Revenue Scotland  
Stephen Crilly, Solicitor, Revenue Scotland  
Alison Howard, Scottish Landfill Senior Tax Specialist, Revenue Scotland (for item 3 only)  
John Kenny, SEPA (for item 5 only)  
Lindsay Wells, SEPA (for item 5 only)  
Stuart Gardner, ICT Team Leader, Revenue Scotland (for item 6 only)  
Laura Kidd, Service Design Lead, Revenue Scotland (for item 6 only)  
Gareth Hill, the Chief Accountant and the Finance Manager (for item 7 and 8 only)  
Erlend Barclay, Corporate Affairs Manager, Revenue Scotland (for item 8 and 9 only)  
Mary Young, Business Manager, Revenue Scotland (observing)  
Magdalena Demczak, Business Manager, Revenue Scotland (observing)  
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 and congratulated the Board members on their re-appointments and congratulated Donna Thomson on becoming a substantive member of Revenue Scotland.

1.2 No apologies were received.

1.3 Minutes - The Board accepted the minute of 21 June 2017 as a true record pending some minor amendments.

**Decision (D018/17):** The Board accepted the draft minute of 21 June 2017 as a true record of the meeting, subject to some minor amendments. It was agreed that para 5.3 would be redacted under Freedom of Information Act (S) Act (FoIS) 2002 (S30).

## **Special Meeting papers RS(S01/17) and RS(S02/17) and corresponding draft notes of meetings covering 20 July and 9 August 2017**

1.4 Informed by the above papers, the Board formally noted its decision regarding the Time to Pay negotiations for a contract settlement regarding an outstanding SLfT debt.

**Decision (D019/17):** The Board accepted the draft Minutes of the special meetings of 20 July and 9 August as a true record. It was agreed that these documents would be redacted under Freedom of Information Act (S) Act (FoIS) 2002 (S26).

1.4 Action Log - Actions 011, 014 and 019 of 2017 are to be closed. Action 085 of 2016 is to remain open along with actions 002, 007, 009, 012, 013, 015, 016, 017, 018 and 020 of 2017. Deadline dates have been added to some actions following discussion.

**Action (A021/17):** ToRs for ARC and SEC to be issued to Board Members.

1.5 No declarations of interested were recorded.

## **2. Chair update [Oral]**

2.1 The Chair thanked all Board members for completing the self-assessment survey and mentioned that there would be opportunity for discussion on this at the next strategy session meeting in January 2018.

2.2 The Chair met with the Deputy First Minister and Cabinet Secretary for Education and Skills to discuss cyber issues. It was also mentioned that he was delighted with the work that Revenue Scotland do and in the way that the organisation is running.

## **3. CEO Report**

3.1 The CEO introduced her report to the Board which focused on a number of matters not covered elsewhere on the Agenda, asking if the Board content with the level of information provided to give assurance as to the handling of on-going business within Revenue Scotland.

3.2 The Chief Executive updated the Board on the successful visit to Revenue Scotland from the Cabinet Secretary for Finance and the Constitution. It was an extremely informative session where the Cabinet Secretary took the opportunity to meet with all staff then engaged in a Q&A session afterwards. The Cabinet Secretary expressed an interest in meeting Revenue Scotland more regularly and a series of meetings has been set up starting in September.

3.4 The Chief Executive also updated the board on discussions with the Scottish Government on funding for 2018/19 and associated expenditure arising from the implementation of Air Departure Tax and SETS 2.

3.5 The Chief Executive updated the Board on the development of the new Corporate Plan and mentioned that internal staff workshops were currently ongoing and that there was good engagement with staff. A stakeholder event is also to be held on 22 August to which Board members were invited. The Board will be updated following the event.

3.6 The Board welcomed the report and were content.

**Action A022/17: Chief Executive to provide an updated staff Organogram to Board members.**

#### **4a. Tax Update**

4.1 The Head of Tax introduced this paper RS(03/17)02a which provided a detailed update on the key tax issues and decisions.

4.2 The Board discussed and sought clarity on the technical points on LBTT policy particularly on pension fund transfers. The Board commented on the level of penalties issued this year to date and recognised that due to the implementation of new operational processes there was increased efficiency on issuing penalties. The Board commented on the increased level of deferral applications received this year to date and asked for clarification of any identified reason for this. The Board commended the level of detail in the new approach to the tax update paper and its content.

**Decision (D020/17): The Board was satisfied that the tax operations were being carried out in line with the Scheme of Internal Delegation.**

**Action A023/17: Head of Tax to clarify the reason for the increase in deferral applications this year to date.**

#### **4b. LBTT Tax Settlement**

4.3 The Head of Tax along with LBTT Tax Enquiry Specialist, introduced this paper asking for Board approval for a tax settlement for which the amount of revenue at issue exceeds the limit delegated to the Chief Executive under Part 4.4 of the Revenue Scotland Scheme of Internal Delegations.

4.4 The Board welcomed the paper and its content and confirmed their approval of the tax settlement.

**Decision (D021/17): The Board agreed a tax settlement on LBTT Case. [REDACTED].**

## 5. Scottish Community Landfill Fund

5.1 The Head of Strategy and Corporate Functions introduced paper RS(02/17)03 supported by the Scottish Landfill Senior Tax Specialist and colleagues from SEPA. The Board were asked whether this paper provides the Board with assurance that the SLCF is being regulated appropriately.

5.2 The Board thanked SEPA for providing its report on the operation of the scheme. Following detailed discussion the Board were content to endorse the paper and made the following decisions and agreed the following actions.

**Action A024/17: SEPA to provide a list of projects and information on running costs for the Approved Bodies.**

**Decision (D022/17): The Board agreed that, based on the contents of the paper and discussion with SEPA staff, that SEPA are regulating the scheme appropriately.**

**Decision (D023/17): The Board agreed that a) the end of year summary infographic (Appendix 2 of the SLCF SEPA end of year report) and a more detailed narrative on the performance of the SLCF should be included in Revenue Scotland's Annual Reports and Accounts and b) SEPA should publish its SCLF end of year report following the publication of the Revenue Scotland Annual Report and Accounts. Both these actions would be sufficient to discharge the requirement to report to Parliament on the scheme.**

**Action (A025/17): Head of Strategy and Corporate Functions to work with SEPA to determine if a revision to the subvention percentage rate is required and report back to the Board at its February meeting.**

## 6. SETS Update

6.1 The Head of Strategy and Corporate Functions, the Head of ICT and the Service Design Lead introduced the paper which updated the Board on the progress of SETS since the last meeting. The papers focused on 3 issues:- the outline business case, the procurement route, and assurance.

### Outline Business Case

6.2 The Head of Strategy and Corporate Functions introduced the discussion on this issue by setting out the process and assessment which underpinned the recommendation in the Outline Business Case.

6.3 The Board discussed each option in detail and determined, under scrutiny, that option 3 would be the best option.

6.3 The Board discussed the next steps required to secure funding for option 3 and the Head of Strategy and Corporate Functions requested Board approval for formal discussions with Scottish Government to take place in order to secure funding.

**Decision (D024/17): Board agreed in principle the outline Business Case presented.**

**Decision (D025/17): Board agreed to the preferred delivery option – option 3 in the Outline Business Case.**

**Decision (D026/17): Board agreed that the CEO should enter into formal discussions with Scottish Government to secure additional funding requirements.**

**Action (A026/17): Following on from Decision D022 and D026/17, the CEO will present a proposed funding bid to the Board for formal approval, at the next Board meeting or via correspondence, prior to formal submission of request.**

#### **Procurement Recommendation**

6.4 The Head of Strategy and Corporate Functions introduced the paper on the Procurement recommendation to provide the update and requested comment prior to CEO endorsement.

6.5 The Board discussed the procurement route and contract length proposed and agreed the paper's recommendation.

6.6 The Board noted the extended timescales for the recommended route and the Service Design Lead explained that the approach includes aspects of contingency and opportunities for efficiency.

6.8 The Head of Strategy and Corporate Functions explained the contingency options that were being considered to the Board. The Board agreed that contingency arrangements are essential and requested further work be undertaken on this.

**Action (A027/17): A contingency approach to be developed and presented to the Board for approval via correspondence or conference call.**

## **Assurance Update**

6.10 A further Assurance Update paper was tabled at the Board meeting, as agreed by the Chair, to provide the Board with oversight of the assurance landscape set by Scottish Government.

6.11 The Head of Strategy and Corporate Functions provided an overview of the Scottish Government assurance processes that are being mandated and detailed the impact this may have.

6.12 The Head of Strategy and Corporate Functions advised that this process is relatively new in its current form and that some processes, especially around governance and escalation, are not fully known, which poses risk to the project. The CEO informed the Board of her intention to meet with the Chief Information Officer to discuss concerns and agree the role of these processes for Revenue Scotland.

6.13 The Board noted the challenges that are being faced and potential impact on delivery.

**Action (A028/17): CEO to keep the Board informed of developing assurance processes and impacts to this project and wider Revenue Scotland delivery.**

## **7. Quarterly Finance Report (1<sup>st</sup> quarter)**

7.1 The Chief Accountant introduced the quarter 1 Finance Report asking whether the report on Revenue Scotland's resource budget provided the Board with assurance that the operational finances of Revenue Scotland are being managed correctly.

7.2 The Board welcomed the Chief Accountant's financial report and discussed the paper in more detail.

7.3 In terms of the resource accounts, the Board noted that the organisation was anticipating an underspend in the current year and sought explanation for this. It further sought assurances that opportunities to redeploy against other pressures were being taken.

The Board was content with the financial management of the resource and devolved accounts.

**Decision (D027/17): Board agreed that based on the quarterly finance report that the operational finances were being correctly managed and tax and penalties were similarly being managed and controlled effectively.**

**Action A029/17: Chief Accountant to review the content and presentation of the paper for future use following suggestions from Board members.**

## 8. Annual Report(s) and Accounts (draft) inc Parliament Event

8.1 The Chief Accountant and the Corporate Affairs Manager introduced this paper giving a detailed report and asking if the Board were content with progress being made on the two draft Annual Reports and Accounts. They also asked if the Board were content with the progress on the arrangements for the Scottish Parliament event on 26 September and to decide on media arrangements.

8.2 The Chair invited the Chair of the Audit and Risk Committee to comment who commended the team on production of a much improved set of annual reports and accounts.

8.3 The Board noted progress on this work. It was also agreed that the Audit and Risk Committee members would meet via a teleconference to undertake a final review of the documents once Audit Scotland had considered the tabled drafts.

8.4 The Board were content to approve the Parliamentary Event and to adopt the embargo approach for the media options.

**Decision (D028/17): The Board were content with progress on the draft Annual Reports and Accounts and agreed that they could be shared with the Scottish Government once the ARC had had a final opportunity to review them at the teleconference (D029/17).**

**Action (D030/17): An ARC telecom to be set up within a week to allow ARC to undertake a final review of the draft Annual Reports and Accounts.**

**Decision (D029/17): Board noted progress on the Parliamentary Event for 26 September and approved the media handling approach.**

## 9. Comms Update

9.1 The Corporate Affairs Manager gave an update on the delivery of Revenue Scotland's Communications Strategy and other relevant activity since the last Board meeting on 21 June including upcoming activity for the Board to note.

9.2 The Board welcomed the update on the recent successful and productive SLfT forum that was held in Perth on 23 June 2017.

## 10. Business Plan Dashboard (1<sup>st</sup> quarter)

10.1 The Head of Strategy and Corporate Functions introduced this paper giving a detailed progress report on the Business Plan's quarter 1 period asking whether the Board consider the revised reporting documents provided gives sufficient assurance of the organisation's progress against the 2017-18 Business Plan.

10.2 The Board endorsed and welcomed the new format of the Business Plan and were content with progress and the approach taken.

**Decision (D030/17): The Board endorsed the revised reporting approach and was content with progress against the 2017/18 Business Plan.**

## 11. Board ICT

11.1 Revenue Scotland's ICT Manager and the ICT Operations Manager introduced this paper asking the Board to consider the alternative options for communicating with Revenue Scotland staff without SCOTS laptops.

11.2 The Board agreed that option 1 should be taken forward as a trial with a single Board member and that the existing ICT platform would continue to be used.

**Decision D031/17: Board agreed on option 1 as a pilot for a single Board member and the existing ICT platform would continue to be used for the remainder.**

## 12. AOB

12.1 John Whiting updated the Board on his engagement with the Welsh Revenue Authority (WRA). He noted that he had been asked to present on Scottish experiences at their Board members' induction event in September. He agreed to provide feedback on the event.

12.2 Ian Tait raised the topic of Cyber Security and noted other organisations were being asked to respond to a request for information from the Deputy First Minister. Stuart Gardner confirmed Revenue Scotland has also been asked and this response is currently being prepared.

**Action (A031/17): John Whiting to provide feedback on his session to the WRA talking about the Scottish Experience.**

**End of Meeting**

**Revenue Scotland**

**August 2017**

**To be tabled for approval at Board meeting of 13 Sept**