

Meeting of the Revenue Scotland Board

MINUTE

10:30, 17 August 2016, Conference Room 8, VQ

Present:

Dr Keith Nicholson [Chair]

Lynn Bradley

Jane Ryder OBE

Ian Tait

John Whiting CBE

Attended:

Elaine Lorimer, Chief Executive, Revenue Scotland

Gareth Hill, Chief Accountant, Revenue Scotland (Items 1 to 5 only)

Andrew Fleming, Change Director, Revenue Scotland

Chris Myerscough, Operations Director, Revenue Scotland

Neil Ferguson, Programme Manager, Revenue Scotland

Alan Martin, Programme Design, Revenue Scotland

Stephen Crilly, Head of Legal Services, Revenue Scotland

Susan MacInnes, Head of Corporate Services and Finance, Revenue Scotland

Alistair Brown, SG: Director of Financial Strategy

Janet Dunsmuir, Corporate Services Manager, Revenue Scotland [Secretariat]

Brian Rigby, Corporate 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 15 June 2016 as a true record.

1.5 The Board reviewed the Action Log noting that 153 and 156 of 2015 were closed. In respect of 167 of 2015 the Board agreed that this should be closed as it was covered in 001 of 16 which they would discuss in private at a date to be confirmed. Numbers 005, 014, 015, 025 and 028 of 2016 were closed.

1.6 Report from Audit and Risk Committee (Paper RS(04/16)01).

The Chair of the Audit and Risk Committee updated the Board on the meeting that took place on 17 August 2016. The Chair summarised the process and timetable remaining once the Board had signed off the Annual Report and Accounts. The Chair then asked the Board if they were content with the Audit and Risk Committee Annual Report 2015-16 and the recommendations contained therein. The Board also took this opportunity to discuss what development opportunities were available to meet the needs of the Committee members.

The Chair of the Audit and Risk Committee recommended to the Board that the Terms of Reference for the Committee be approved for a further year. The Board confirmed their approval.

The Board were content to approve the Report and the Chair commended the Committee for their excellent work and gave his personal thanks to the Committee Chair. The Committee Chair in response thanked the Committee members and Revenue Scotland officials for their support.

Action (30/16): The Secretariat to research what development opportunities are available for Committee members.

2. Annual Report and Accounts Sign Off (Paper RS(04/16)02)

2.1 The Chief Accountant introduced this paper inviting the Board to review the annual reports and accounts, approve them and authorise the Chief Executive to sign these as Accountable Officer.

2.2 Revenue Scotland has received Accounts Directions from the Director General Finance on behalf of Scottish Ministers, to prepare accounts for the financial year ended 31 March 2016 in respect of the resources expended by Revenue Scotland and the devolved taxes collected by Revenue Scotland. The accounts must comply with accounting principles and disclosure requirements of the Government Financial Reporting Manual (FReM).

2.3 Drafts were presented to the Audit and Risk Committee in June for scrutiny and comment. A copy was also sent to Board members.

2.4 The Board were content and approved the annual report and accounts and for the CEO to sign them, subject to minor typographical amendments, and commended the Chief Accountant for his excellent work.

Action (31/16): Accounts to be amended and signed by Chief Executive in due course.

3. Chair update [Oral]

3.1 The Chair updated the Board on the work of the Cross Public Sector Cyber Resilience Group. The Chair found this Group involvement useful and would share anything substantive with the Board in the future.

3.2 The Chair and the CEO will be having an informal meeting with the Convener of the Finance and Constitution Committee on 1 September 2016.

3.3 The Chair confirmed that he and the CEO would be meeting with the Chair of the Scottish Fiscal Commission in November 2016.

4. Chief Executive Report (Paper RS(04/16)03)

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

4.2 The Board welcomed the update and noted the CEO's invitation to join a Parliamentary Working Group, which they endorsed. They also agreed to the basic MSP Survey at a cost of £1,000 + VAT, welcomed the good relations with the Welsh Tax Authority and the continued relations with other devolved tax authorities. They agreed that it would be beneficial to network annually with other government tax bodies. The Board were content with the recommendations in respect of the Spending Review.

Action (32/16): The Change Director to report on the results of the MSP survey early 2017.

5. Quarterly Finance Report (Paper RS(04/16)04)

5.1 The Chief Accountant introduced this paper which summarised the ledger position for the first quarter of 2016.

5.2 It was noted that the year to date operational costs of Revenue Scotland are within budget and will continue to be monitored closely during the year.

5.3 The Board discussed general points within the paper and noted a possible underspend by the end of 2016. They also highlighted the potential increase in Scottish Government HR costs.

5.4 The Board welcomed the report and were content with the current status of the organisation's financial position.

6. SG Finance Policy Update

6.1 The Scottish Government's Director of Financial Strategy provided an oral update to the Board on current policy matters affecting Revenue Scotland.

6.2 The Board thanked the Director for his report.

7. Tax update (including compliance yield update)(Papers RS(04/16)05A/B/C/D)

7.1 The Operations Director, who was also joined by the Head of Legal Services, introduced this paper which was in 4 parts.

A. Tax Update paper

The Board has delegated certain responsibilities for tax case management to the Chief Executive under Paragraph 7 of Schedule 1 of the Revenue Scotland and Tax Powers Act 2014. These are set out in the Revenue Scotland Board - Scheme of Internal Delegation. Section 4 of the Scheme requires the Chief Executive to report to the Board on a regular basis on decisions and actions taken, progress made and issues arising in respect of tax case management activities for which responsibility has been delegated to her. This report was to provide the Board with information to satisfy this requirement.

B. The Board was also provided with papers on an issue arising in relation to a specific LBTT Return, the interpretation of LBTT group relief legislation and to formalise a decision taken in a specific Revenue Scotland Opinion case which had previously been approved by the Board in teleconference.

7.2 After discussion, the Board requested that they be updated on any future changes to LBTT legislation relating to partial charities relief; approved the opening of an enquiry into a specific LBTT return; approved the RS operational policy decision for the interpretation of LBTT group relief legislation; and confirmed that the paper was an accurate record of the decision taken on 25 July to approve the formalisation of the tax decision. The Board were grateful for the update and content that tax operations were being carried out in accordance with the Scheme of Internal Delegation.

8. Business Plan update (Paper RS(04/16)06)

8.1 The Change Director introduced this paper inviting comments.

8.2 The Board discussed the report and agreed that the use of a dashboard combined with narrative satisfied their requirements. They were content with the top 10 projects listed and requested that a scale be inserted for the RAG status. The Board asked for a link with the delivery of the Business Plan to the Risk Register. The Board suggested that this report should be a standing item at every meeting but recognised the data was produced only quarterly. They also discussed the KPI call waiting times and the Head of Tax explained the new two tier call system which RS had just introduced. Early indications are that this is reducing call waiting times.

8.3 The Board welcomed the style of reporting and were content with the overall performance of the organisation.

Action (33/16): The Change Director to implement changes as described above.

9. APD Business Case (Paper RS(04/16)06)

9.1 The Programme Team Leader introduced this paper and gave a short presentation to the Board on the content of the business case.

9.2 At the June 2015 Board meeting, the Board had considered and approved RS's approach to the preparation of an outline business case for the replacement tax.

9.3 The outline business case provides an appraisal of alternative models of tax collection in accordance with the Treasury's Green Book guidance. The main purposes of the outline business case are to:

- identify the case for change and the preferred way forward for the introduction of a replacement tax for Air Passenger Duty (APD) in Scotland from April 2018;
- assess the benefits, risks and costs of each of the options for collecting the replacement tax;
- establish the preferred option for collecting the tax; and
- demonstrate that the proposed scheme is deliverable.

9.4 The development of the outline business case has been informed by a visit to HMRC's Uxbridge offices on 9 June by members of the Change Team and two workshops held with representatives of airlines in June. Economists in Transport Scotland provided the 'economic case' analysis in chapter 7 of the outline business case which provides an assessment of the costs associated with delivering the two 'short listed' options.

9.5 The Board discussed the paper and offered comments for improvement to the economic case.

9.6 The Board thanked the Programme Team Leader for a well written document and looked forward to seeing a revised draft with amendments as discussed.

Action (34/16): Programme Team Leader to supply a revised draft for the Board to sign off at the 14 September Board Meeting.

10. LBTT Submission to Finance Committee (Paper RS(04/16)08)

10.1 The Programme Team Leader introduced this paper.

10.2 The Finance Committee is undertaking an inquiry considering the operation of LBTT in its first full year, including forecast revenues in comparison to outturn figures. The Committee's call for evidence expressed interest in a number of particular issues:

- The impact on both the residential and commercial property market of the various rates and bands.
- The extent to which the rates and bands are consistent with the principles of "fairness, equity and the ability to pay";
- The level of receipts for residential and non-residential transactions in relation to the forecasts;
- The impact of forestalling and whether it is likely to have a short-term impact only or lead to longer-term changes in the market;
- Whether there should be any changes to the rates and bands in the draft budget for 2017-18;
- The performance of Revenue Scotland in administering and collecting the tax.

10.3 Much of the focus of the inquiry appears to be on the impact of the LBTT rates and bands on Scotland's property markets, which is a matter that is not core to Revenue Scotland's role. The draft written evidence in the paper therefore set out the statistics and narrative around Revenue Scotland's performance in administering and collecting LBTT in 2015-16.

10.4 The Board discussed this paper and commented that more narrative on how well the organisation has done should be added and suggested an annex should be considered with more statistical performance evidence. Additional text explaining what RS is doing to build on its good operational performance should also be included together with reference to the approach stakeholder engagement. Any other statistical figures or KPI should be included in the paper.

10.5 Board members were content to clear this paper subject to their suggested further amendments.

10.6 Board members should note that it is likely that Revenue Scotland will also be asked to provide oral evidence to the Committee. Although no date has yet been set, this is likely to take place in September or October.

Action (35/16): The Programme Team leader to make appropriate amendments as suggested.

Second Finance Committee inquiry – The Scottish approach to taxation

10.7 The Finance Committee has also issued a call for evidence on a separate enquiry, examining the Scottish approach to taxation. The deadline for the submission of written evidence for that inquiry is Friday 30 September. Officials will provide further details on this to the Board at its September meeting.

Action (36/16): The Programme Team Leader to present a paper to the next Board on 14 September for approval.

11. Health and Safety Policy (Paper RS(04/16)09)

11.1 The Head of Corporate Services and Finance introduced this paper.

11.2 At its May 2015 meeting, the Board discussed the HR Shared Services Agreement. The Board were made aware that under those Shared Service arrangements not all HR requirements were covered and that a notable omission was in the area of Health and Safety.

RS has a duty to its staff to provide policy and implement good practice in the area of health and safety. As part of the set-up of the organisation, the Tax Administration Programme (TAP) provided a suite of Health and Safety policies based on the current Scottish Government policies. The policies provided were reviewed and RS concluded that their scope and detail was on an inappropriate scale for a small organisation located in a Scottish Government building under a Shared Service Agreement. A new policy has therefore been prepared which is intended to match requirements more closely. The draft policy has been reviewed by Health and Safety experts from SEPA and their comments have been incorporated in the draft presented to the Board.

Arrangements have been put in place to ensure that RS is complying with its essential responsibilities to provide qualified Health and Safety staff trained in Health and Safety procedures. They have two qualified Health and Safety Liaison Officers (HSLOs) who carry out Quarterly Workplace Assessments which are reported to and actioned by senior management. In addition to the HSLOs, RS have other staff appointed as designated Fire Marshals and First Aiders and have provided appropriate training and equipment to allow them to fulfil their duties in these roles.

11.3 The Board discussed this paper and the CEO highlighted that the Trades Unions had expressed an interest in the report with a view to comment. Any suggested amendments would be presented back to the Board.

11.4 The Board were content to endorse the Health and Safety Policy subject to any further comments from the Trade Unions.

Action (37/16): The Head of Corporate Services and Finance to share the policy with the Trade Unions.

Action (38/16): Secretariat to add wellbeing and work life balance to future Staffing and Equality meeting agendas.

12. AOB

No other business was discussed.

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

End