

## Meeting of the Revenue Scotland Board

### MINUTE

11:00-15:00, 19 April 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 (for items 1 and 5 only)  
Andrew Fleming, Head of Strategy and Corporate Functions, Revenue Scotland  
Stephen Crilly, Solicitor, Revenue Scotland  
Stuart McMahon, Finance Manager, Revenue Scotland (for item 6 only)  
Robert Buchan, LBTT Team Leader, Revenue Scotland  
George Bisset, Tax Specialist, Revenue Scotland (for item 5d only)  
Erlend Barclay, Corporate Affairs Manager, Revenue Scotland (for item 12 only)  
Neil Ferguson, Strategy and Change Team Leader, Revenue Scotland (for item 7 only)  
Deirdre Watt, Change Consultant, Revenue Scotland (for item 9 only)  
Tom Kelly, Change Team Officer, Revenue Scotland (for item 8 only)  
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. He proposed changes to the running order of the agenda to accommodate staff availability and that the 4 tax update papers ((RS(01/17)02a, RS(01/17)02b) (RS(01/17)02c and RS(01/17)02d)) be taken immediately after item 1.

1.2 No apologies were received.

1.3 Minutes - The Board accepted the Minute of 22 February 2017 subject to some minor amendments.

1.4 Action Log - Actions 001, 044, 073, 075, 077, 078, 079, 080, 081, 083, 086, 088, 089, 090, 091 and 092 to be closed. Actions 082, 084, 085 and 087 to remain open.

1.5 The Chair advised that in relation to an item in the Chief Executive's report regarding the appointment of external legal advisers, he had instructed one of the firms in a personal capacity. The Board agreed this did not present a conflict of interest. No other declarations of interest were recorded.

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

2.1 The Chair advised the Board that since the last meeting of the Board he had had an introductory meeting with the Chair of the Scottish Fiscal Commission. He reported that this had been followed by a meeting involving Ian Tait, the CEO and RS officials to discuss key areas of interest, including a draft MoU covering the sharing of data.

2.2 The Chair also advised the Board that he had been in discussion with the Chief Executive of Welsh Revenue Authority regarding the setting up of the new body in Wales. He also reported that he had attended National Cyber Resilience Leaders Board.

## **3. Audit and Risk Update [Oral]**

3.1 John Whiting gave an update on the last Audit and Risk Committee meeting (1 March 2017) which discussed risk management, including a review of the corporate risk register; reports from Internal Audit and Audit Scotland; and a draft Assurance Framework. The Committee also reviewed its terms of reference and he noted that the ARC would be proposing some minor revisions to the Board at its June meeting.

3.2 The Chair of the Audit and Risk Committee also tabled a copy of the Internal Audit Plan for 2017-18 for the approval of the Board. She reported that ARC discussed the draft Plan at their last meeting and were content to recommend its approval to the Board.

3.3 The Board welcomed the update from the ARC meeting and were content to approve the Internal Audit Plan 2017/18.

**Decision (D001/17) The Board approved the Internal Audit Plan 2017/18.**

**Action (A001/17) The ARC to consider creating an audit universe.**

## **4. Chief Executive Report (Paper RS(01/17)01)**

4.1 The CEO introduced her report to Board which focused on a number of matters not covered elsewhere on the Agenda. These included engagement involving other bodies, including the Scottish Government, HMT, HMRC and the Scottish Parliament. In addition, an update was provided on active Tax Tribunal Cases and the progress made in the procurement of external legal advisers.

4.2 The CEO also provided an update on the Penalties project, noting good progress was being made, and advised that an update would go to the Audit and Risk Committee on 7 June 2017.

4.3 The Board was also informed of activity underway to build on the capability and capacity of RS in key areas through the recruitment of a number of key posts.

4.4 Finally the Board was informed that the Permanent Secretary was planning to visit Revenue Scotland on Monday 24 April 2017 to find out more about our work and to meet the staff.

4.5 The Chief Executive invited feedback from Board members of these issues.

4.6 The Board welcome the update provided and in particular noted the good progress being made on staffing issues and penalties and looked forward to hearing updates at future meetings.

#### **5a. Tax Update and Decisions ((RS(01/17)02a, RS(01/17)02b) (RS(01/17)02c and RS(01/17)02d))**

5.1 The Head of Tax introduced paper RS(01/17)02a which provided a detailed update on the key tax issues and decisions.

5.2 The Board welcomed the tax update report. They noted the increased level of compliance work and tax yield as a result on LBTT and the timeliness of opinions. The Board also noted the challenges faced by staff in operating key areas of the legislation (eg penalties). The Board were content to confirm that they were satisfied that the tax operations were being carried out in accordance with the Scheme of Internal Delegations.

5.3 Three decisions were also referred to the Board for approval at this meeting. Two related to LBTT Deferral Applications (RS(01/17)02b and RS(01/17)02c) and the other to a time to pay arrangement for a debt (RS(01/17)02d).

5.4 In respect of the two LBTT deferred applications, the Board were content with these but asked the Head of Tax to report back to them on how these cases were recorded and managed over time.

5.5 The Board had a detailed discussion on the time to pay arrangement and asked that, if possible, the arrangement be adjusted so that it included provision for penalties as well as the principal debt. Subject to this being considered, the Board were content to approve the time to pay arrangement.

**Decision (D002/17): The Board approved two LBTT deferred applications referred to in RS(01/17)02b and RS(01/17)02c.**

**Action (A002/17): The Head of Tax to report back on how deferred cases were recorded and managed over time.**

**Decision (D003/17): The Board approved the time to pay arrangement referred to in RS(01/17)02d, subject to the consideration of inclusion of provision for relevant penalties as well as the principal debt**

#### **6. Quarterly Finance Report (4<sup>th</sup> Quarter) (Paper RS(01/17)03)**

6.1 The Head of Strategy and Corporate Functions, with support from the Finance Manager, introduced the 4<sup>th</sup> quarter Finance Report providing both an outturn position on the resource accounts and the devolved tax accounts.

6.2 The outturn position on the resource accounts was discussed and a commentary on the major variances was provided. The Board sought clarification that the outturn position would inform the budget for 2017/18 which was provided.

6.3 The Board welcomed the update provided which gave assurance that the operational finances were being managed correctly. They asked that work be continued to finalise the organisation's capitalisation policy.

6.3 The Head of Strategy and Corporate Functions apprised the Board on the current outturn position in respect of the devolved taxes and the Finance Manager provided an update on the organisation's performance on debt management.

6.2 There was a detailed discussion on this aspect of the paper which ended with the Board noting that the paper highlighted a strong performance by Revenue Scotland in terms of the tax yield generated, the compliance activity undertaken, and the debt recovery work delivered in the face of the operational challenges of managing the penalties regime.

## **7. ADT Progress (Paper RS(01/17)04)**

7.1 The Strategy and Change Team Leader gave an update to the Board on the progress of ADT, which sought to provide assurance that necessary progress is being made on the ADT programme to achieve successful implementation of ADT from April 2018. A key element of this assurance referenced the outcome of the recent Gateway review.

7.2 There was a detailed discussion around the outcome of the Gateway review and on the Risk Register with particular focus on delivery of the required legislation.

7.3 The Board welcomed the update paper and noted the ADT programme's progress toward implementation of ADT for April 2018, congratulating the team on the outcome of the Gateway Review. The Board also noted the progress being made in respect of legislation and asked that the CEO write to the Scottish Government setting out the programme's current delivery assumptions at an appropriate point in the programme.

**Action (A003/17): The CEO to write to the SG colleagues setting out the programme's current delivery assumptions at an appropriate point in the programme.**

## **8. Business Plan 2016/17 and Outline draft for 2017/18 (Paper RS(01/17)05)**

8.1 The Head of Strategy and Corporate Functions introduced this paper which a) reported progress made by the organisation against the 2016-17 Business Plan and b) provided an outline draft of the 2017-18 Business Plan. Both aspects of the paper were discussed in detail by the Board.

8.2 The Board noted the strong performance made by the organisation against the 2016/17 Business Plan, the good progress made on the 10 key projects and the positive outturn on the KPIs. A request was made for a breakdown to be provided between SLfT and LBTT on KPI 2.

8.3 The Board also provided scrutiny and comment on the outline draft of the 2017-18 Business Plan which was broadly agreed and welcomed. Subject to comments being considered, the Board were content to approve the draft as providing the correct focus to guide delivery activity in the final year of the corporate plan. A revised draft paper would come to the Board at its June meeting for final approval.

**Action (A004/17) CEO to provide a split between LBTT and SLfT in respect of KPI no 2.**

**Action (A005/17) The Head of Strategy and Change Corporate Functions to provide a final draft 2017-18 Business Plan to the Board at its June meeting.**

## 9. People Strategy (Paper RS(01/17)06)

9.1 Jane Ryder with the support of the Organisational Development lead introduced an outline draft paper of Revenue Scotland's People Strategy. She invited the Board to note the progress being made and that detailed scrutiny of the document would take place at the next Staffing and Equalities Committee on 3 May 2017 with a view to sharing it at the Staff Conference on 6<sup>th</sup> June.

9.3 The Board noted the important role the People Strategy would play in the organisation's development and welcomed the work undertaken so far.

## 10. SETS Procurement (Paper RS(01/17)07)

10.1 The Head of Strategy and Corporate Functions sought the permission of the Chair to table a slightly revised paper (Paper RS(01/17)07a refers) to which he then spoke.

10.2 Building upon the Board's decision at its September meeting, the paper sought the Board's approval to a procurement approach for SETS, anticipating the end of the current contract.

10.2 The Board scrutinised the proposed approach to procurement of SETS which was recognised as operating against a challenging timetable, and agreement was given to progressing the work, subject to inclusion of a contingency arrangement and that a further paper should go to the Board meeting in June. This paper should include information of the Programme governance and resourcing and on the ADDS approach, including an early outline of the Procurement Commodity Strategy.

**Action (A006/17) The Head of Strategy and Corporate Functions to provide a revised paper on the SETS procurement to the June Board meeting as per para 10.2 of minutes**

## 11. Data Analysis Strategy (Paper RS(01/17)08)

11.1 Revenue Scotland's Head of Statistics introduced the above paper, seeking the Board's approval to the proposed approach to the development of Revenue Scotland's Data Analysis Strategy.

11.2 The Board discussed the proposal in detail and agreed the proposed approach. A more developed draft strategy would come to Board meeting in October 2017.

**Action (A007/17) The Head of Statistics to bring a more developed draft analysis strategy to the October 2017 Board meeting**

## 12. Comms Update (Paper RS(01/17)09)

12.1 The Corporate Affairs Manager provided an update on the delivery of the Revenue Scotland Communications Strategy and highlighted upcoming activity.

12.2 In addition, the paper set out proposals for Board outreach activity with key partners and stakeholder organisations based around its future meetings. These proposals were agreed with the SG who were due to be invited to the next Board Strategy meeting.

12.3 The Board sought information on progress finalising events with Scottish Parliament, including an event to be held in September to coincide with publication of the Annual Reports. The Corporate Affairs Manager set out the latest position and it was agreed that an event should be scoped out further and that if possible it should include colleagues from SEPA and RoS. It was important that the event should attract as many MSPs as possible to increase understanding about the work of Revenue Scotland. It was agreed that the Convenor of the Finance and Constitution Committee would be key in assisting with this and that he should be contacted as soon as possible.

12.4 The Board welcomed a helpful and detailed report and success in securing a date for event in September at Scottish Parliament to coincide with publication of the Annual Reports.

**Decision (D004/17): Proposals for Board outreach activity with key partners and stakeholder organisations based around its future Board meetings were agreed and should be scheduled into Board meetings**

**Action (A008/17): Corporate Affairs Manager to finalise a date/venue for the event and to provide update on the planning for the event at the next Board on 21 June 2017.**

## 13. Board Succession Planning (Paper RS(01/17)10)

13.1 The Chair of the Board introduced this paper which outlined the recently published Guidance on Succession Planning for Public Body Boards for information and led a discussion on succession planning for the Board.

13.2 There was a discussion on the whether there was a need for additional Board members and the view taken was there was no requirement for this at the moment. However. The option of co-opting people which specific skills was discussed as was the use of technical and advisory groups who could provide support on specific issues.

**Action (A009/17): Chair to work with CEO to develop proposals for appropriate Technical and Advisory groups to support Board.**

**Action (A010/17): Chair to contact SG to seek a discussion on Board appointments**

#### **14. AOB**

14.1 No issues raised.

#### **End of Meeting**

Revenue Scotland

April 2017

Approved at Board meeting of 21st June