

Meeting of the Revenue Scotland Board

MINUTE

12:00, 22 February 2017, Room 3E91, 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 Change, Revenue Scotland
Stephen Crilly, Solicitor, Revenue Scotland
Gareth Hill, Head of Finance, Revenue Scotland
Erlend Barclay, Corporate Affairs Manager, Revenue Scotland
Neil Ferguson, Strategy and Change Team Leader, Revenue Scotland
Alison Howard, Tax Professional, Revenue Scotland (Secretariat)
Martin Davidson, Tax Professional, Revenue Scotland
Anne Marie Hoey, Team Leader Complex Cases, Revenue Scotland

1. Meeting opening

1.1 Minutes - The Board asked that some amendments be made to the draft Minutes of 14 December 2016 as follows.

- Stephen Crilly to be marked as attending the meeting.
- Slight amendment to the text at para 4.1 and at paragraph 7.4; and.
- Revisions be made to the text at para 9.1 and action (075/16).

Subject to these changes the minutes were approved.

1.2 Action Log - Action 62, 63, 67, 68, 69, 71, 72, 74 and 76 to be closed. Action 70 to remain open until the paper comes to Board meeting.

1.3 No declarations of interest were recorded

2. Chair update [Oral]

2.1 The Chair advised the Board that he and the Chief Executive met with the Welsh Cabinet Secretary to talk about the work of Revenue Scotland.

2.3 Earlier that week, the Chair spoke at a Cyber Security Conference which was also attended by the Deputy First Minister.

3. Chief Executive Report (Paper RS(08/16)01)

3.1 The CEO introduced her report and invited feedback from Board members. She also provided an update to the Board on the outcome of the oral evidence session with the Finance and Constitution Committee of the Scottish Parliament which took place earlier that day.

3.2 The Board welcomed the update and discussed some of the issues covered. The Board noted the constraints that surround the staff recruitment processes and the impact that this was having on the organisation.

3.3 The Board also noted the recent accommodation move took place successfully, welcoming the fact that Revenue Scotland had remained operational throughout.

3.4 The Board also took the opportunity to comment on the quality and breadth of Board papers.

Action (077/16) Chief Executive to bring a draft of the 2017/18 business plan to the board meeting on 19 April 2017.

Action (078/16) Chief Executive to express the thanks of the Board to all staff who assisted in keeping RS operational throughout the recent move.

Action (079/16) Chief Executive to express the thanks of the Board to all staff involved

4a. Tax Update and Decisions (Paper RS(08/16)02a)

4.1 The Head of Tax introduced this paper providing a detailed update on the key tax issues and decisions.

4.2 The Board discussed a number of issues including the figures surrounding ADS payments, the growth in opinions work, the complexity of issues being handled, and the need to develop an understanding of how resources are being spent on key activities.

4.3 The Board welcomed the tax update, noting the additional revenue collected as a result of the compliance work. The Board was satisfied that the tax operations were being undertaken in accordance with the scheme of internal delegation.

Action (080/16) The Head of Tax to ensure appropriate comms arrangements are in place for cases involving diligence

4b. Tribunal Case (Paper RS(08/16)02b

4.4 The Chief Executive gave an update on a Tribunal case, the impact of the tribunal decision on other cases, and the work which is being taken forward to manage this.

4.5 The Chief Executive noted that the QA review team has commenced work today and that they would provide an oral progress report tomorrow morning with a final report due in early March.

4.6 She also updated the Board on the discussion she and the Head of Legal had with legal Counsel yesterday concerning appealing the decision of the recent tribunal case.

4.7 The Chief Executive invited the view of the board on the issues being raised and approach being taken.

4.8 The Board were content with proposed approach and that the steps to be taken were proportionate. The Board agreed that a paper should go to the Audit and Risk Committee once the matter has been finalised.

Action (081/16) The Chief Executive to keep the Board updated on the Tribunal Case.

Action (082/16) The Chief Executive to report to the Audit & Risk Committee once the QA review exercise has been completed.

4c. SLfT Case (decision) (Paper RS(08/16)02c

4.9 Head of Tax and the Team leader for Complex Enquiries introduced the paper where the Board were asked to approve the decision of SLfT tax applicable to waste fines as described in the paper on the basis that the additional tax is above the limits delegated to the Chief Executive.

4.10 The Board discussed in detail the specific case in question, and were content to agree the approach proposed. In addition the Board commended the level of detail and clarity of balance of expedition presented to the Board in the paper.

Action (083/16) Head of Tax to write to the relevant landfill operator as per para 5.

4d. LBTT Case (decision) (Paper RS(08/16)02d

4.11 The Head of the Tax and Martin Davidson, Tax Specialist, introduced the paper, providing a detailed overview of the key issues.

4.12 The Board discussed the paper in detail including making inquiries as the pension rules applicable to schemes of this nature, whether these transactions fall within the remit of the three yearly review of leases, and the efficacy of tax investigatory powers.

4.13 The Board commended the excellent paper and level of detail provided within by the contributors. The Board gave approval for an enquiry to be opened, and noted that where this sets a precedent, other similar enquiries can be opened.

Action (084/16) Head of Tax to open an inquiry into the LBTT returns submitted as per para 6.1. of the report.

Action (085/16) Chief Executive to develop a proposal for revising the Scheme of Delegation, that would delegate authority to the Chief Executive to open enquires in all similar cases, and to bring this proposal to the Board when the document is next reviewed.

5. Scottish Landfill Tax Community Fund Governance (Paper RS(08/16)03

5.1 The Head of Strategy and Change and Alison Howard, tax specialist, introduced a paper which set out the conclusions of a review undertaken on the governance arrangements for the Scottish Landfill Tax Community Fund (SLCF). SLCF is a tax credit scheme linked to SLfT, which allows SLfT payers to fund community and environmental project via an approved body structure. Revenue Scotland has approved SEPA as the regulator of the fund under statutory authority. The paper made proposals to clarify both governance and reporting arrangements for scheme reflecting the differing roles of SEPA and Revenue Scotland.

5.2 The Board discussed the paper and agreed that, despite ambiguity in the legislation, Revenue Scotland should have an overarching responsibility for the SLCF and that governance and assurance arrangements should reflect this. The board therefore endorsed the recommendations in para 5 of the paper with an additional requirement that the board should review information reports on the performance of the scheme twice a year.

Action (086/16): Head of Strategy & Change to ensure SLCF is incorporated into the risk register under risk number 10.

Action (087/16): Head of Strategy & Change to submit appropriate information reports on the performance of the Scottish Landfill Tax Fund to the Board twice a year.

6. Quarterly Finance Report (3rd Quarter) (Paper RS(08/16)04

6.1 The Chief Accountant introduced an enhanced finance report, providing information on the resource accounts and the devolved taxes.

6.2 The Board discussed the resource accounts seeking further information on significant variances, eg mediation costs, and requested that some changes to the reporting arrangements in future papers.

6.3 The Board also discussed the remaining paper reporting the position on the devolved taxes, including the devolved tax declared, outstanding tax and penalties, and debt management cases. The Chief Accountant provided the Board with an explanation of the outstanding tax and penalties, confirming the tables annexed to the paper were in support of the given figures. It was also confirmed that the figures given in relation to debt cases were counting all debt cases since 'Go Live'.

6.4 The views of the Board were sought on the reporting structure which the Board found helpful. The Board acknowledged it was good to have debt management figures and agreed this would need a longer amount of time to allow the recording of trends.

6.5 Chief Accountant confirmed that a paper is being produced to obtain approval from the Chief Executive on amounts where the debtor have been wound up. Chief Accountant confirmed he would report back to the board upon completion of this report.

6.6 The Board welcomed the detailed and clear reporting analysis. The Board also felt it presented a clear picture of Revenue Scotland's accounts and efficiency. It was also agreed that the finance report should be given a 30 minute time slot in future Board Meetings.

Action (088/16) The Chief Accountant to provide more detail on all variance in excess of £25,000.

Action (089/16) Secretariat to allow 30 minutes for the Quarterly Finance Report in future board meetings.

7. Business Plan Dashboard (3rd Quarter) (Paper RS(08/16)05

7.1 Neil Ferguson presented an update on delivery of the 2016/17 Business Plan as at quarter 3 covering the delivery of the 10 key projects, an exception report on other business plan activities and the key performance indicators.

7.2 The progress of the key projects was confirmed with 2 key projects already complete and 4 on course to complete in year. Six projects will carry forward into 2017-18. The Board made inquiries into the remaining 4 projects assessed at amber, and the following comments made:

- Project 7, the leases review project, was acknowledged as one project which had benefited from recent, additional project management support;
- Project 2 was also an important project not least to help develop the user requirement for the re procurement of SETS. As such it required careful planning and phasing which was the focus of work in the final quarter.

- Where appropriate the Board encouraged the Executive Team to explore creative external resourcing solutions eg project 9; and
- The Board noted that there are significant interdependencies and delivery challenges involved for all the remaining projects which would require careful scheduling and management as these projects continue delivery into next year.

7.3 The Board also noted the positive progress on KPIs made during the period.

7.4 Neil Ferguson also gave an update on the business planning sessions that had taken place to develop next year's business plan. There was also a discussion of the lessons learnt from this year's work and how improvements were planned.

7.5 The Board appreciated the clarity of the paper and business plan, the detail of the various key projects, and recognised the delivery challenges, but were assured that this were being well managed. The Board noted the progress being made in developing a 2017-2018 Business Plan.

Action (090/16) Head of Strategy & Change to consider improvements in the presentation of information in the annexes

8. Gender Representation for Boards (Paper RS(08/16)06)

8.1 Neil Ferguson presented a paper outlining a proposal for written response to the Scottish Government consultation on the provisions of the draft Gender Representation on Public Boards (Scotland) Bill.

8.2 The Board discussed the scope of the Bill and agreed that the draft bill provisions were not sufficiently ambitious enough and that this should be communicated to the Scottish Government.

8.3 The Board agreed that a response would be given only to question 1 of the consultation, on the basis that the draft Gender Representation on Public Boards (Scotland) Bill did not consider the wider issue of discrimination outside of the context of gender.

Action (091/16) Chief Executive to submit a revised consultation return indicating that the proposals were not ambitious enough.

9. Communications Update including MSP Survey Results (Paper RS(08/16)07)

9.1 Head of Communications introduced the paper, providing an update on on-going delivery of the communications strategy and specific proposals to increase Revenue Scotland's engagement with the Parliament. The Chief Executive also highlighted that the Permanent Secretary had asked to visit Revenue Scotland in April.

9.2 The Board noted progress and , endorsed the approach outlined in the paper.

Action (092/16) Head of Strategy & Change to repeat the MORI survey later this year

10. AOB

10.1 No issues raised.