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**Meeting of the Revenue Scotland Board – 28 October 2020 – Minute**

## **Meeting of the Revenue Scotland Board**

13:00-17:00, 28 October 2020

### **Present:**

Dr Keith Nicholson, Chair  
Jane Ryder OBE  
Jean Lindsay  
Ian Tait  
Martin McEwen  
Lynn Bradley  
John Whiting CBE

### **In attendance:**

Elaine Lorimer, Chief Executive, Revenue Scotland  
Michael Paterson, Head of Tax, Revenue Scotland  
Neil Ferguson, Head of Strategy and Corporate Functions, Revenue Scotland  
Mairi Gibson, Head of Legal, Revenue Scotland  
Gary Sharp, Head of Governance, Revenue Scotland  
Stuart McMahon, Finance Manager, Revenue Scotland (item 9)  
Nancy Burns, Assistant Statistician, Revenue Scotland (item 5)  
Lindsay Wells, SLCF Lead, SEPA (item 7)  
Beverley Kerr, SLfT Team Leader (acting), Revenue Scotland (item 7)  
Jennie Marshall, Head of Planning and Performance, Revenue Scotland (item 6 and 8)  
Lorraine Marlow, Risk and Continuity Manager, Revenue Scotland (item 6)  
Paul Gilhooley, LBTT Team Leader, Revenue Scotland (item 12)  
Jake Macdonald, Secretariat, Revenue Scotland

## **1. Meeting Opening**

- 1.1 The Chair welcomed everyone to the meeting and commenced proceedings and offered members the chance to add items under AOB. No items were added.

### **Apologies**

- 1.2 No apologies were tendered.

### **Minute of 29 July 2020**

- 1.3 The Board was content to approve the minute of the 29 July 2020 as an accurate record of proceedings, subject to some minor amendments.

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**Action and Decision Log**

- 1.4 The Head of Governance took the Board through the action log, noting any open actions and providing an update where appropriate.
- 1.5 It was agreed that actions A029/20, A030/20, A032/20, A045/20, A046/20, A047/20, A048/20, A050/20, A051/20, A052/20, A053/20, A056/20, A057/20, A058/20, A060/20, A061/20 should be closed. All other actions are to remain open.

**New Declarations of Interest**

- 1.6 There were no new declarations of interest.

**Action** – Secretariat to amend the action log as agreed.

**Action** – Head of Tax to inform the Board when the Huddle data migration is complete.

**2. Chair Update**

- 2.1 The Chair provided an update on the recent meeting between the Chief Executive, Chair, and Minister for Public Finance and Migration. The meeting was positive and further reinforced the constructive relationship between Revenue Scotland and the Scottish Government.
- 2.2 The Chair also noted that two Board members would soon be stepping down from their post and thanked them for their significant contribution over the years. A virtual send-off was proposed and members and Officials agreed that this would be a good idea.

**3. ARC Update**

- 3.1 The Chair of the ARC provided an update on the meeting which had taken place earlier in the day. She noted that the meeting had gone well and that it was the intention of the ARC and Officials to get the Annual Report and Accounts concluded as soon as possible.

**4. CEO Report**

- 4.1 The Chief executive introduced her report and highlighted the following key messages,
- (a) The importance of the 'Futures' work;
  - (b) The Corporate Plan;

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- (c) Ministerial engagement;
  - (d) Preparing for the upcoming budget; and
  - (e) The People Survey response rate.
- 4.2 The Board thanked the Chief Executive and provided comments, guidance, and questions on the following:
- (a) Strategic thinking in relation to the Corporate Plan;
  - (b) Ministerial engagement;
  - (c) Positive progress on the Support Desk; and
  - (d) The People Survey response rate and the validity of the findings.
- 4.3 The Board was content that the report helpfully covered matters not covered elsewhere on the agenda.

**5. Devolved Taxes Data Presentation**

- 5.1 The Head of Corporate Functions introduced the Assistant Statistician and thanked her for coming to present this item to the Board.
- 5.2 The Assistant Statistician took the Board and Officials through the slide deck which provided extensive analysis of data and consequent trends on the devolved taxes since the onset of the COVID-19 pandemic.
- 5.3 The Board thanked the Assistant Statistician for the helpful and informative presentation and asked supplementary questions on the following:
- (a) The prospect of using RS data to forecast for policymaking purposes;
  - (b) Further analysis of the data in relation to the number of LBTT returns;
  - (c) Additional Dwelling Supplement (ADS).

**6. Greening Strategy**

- 6.1 The Head of Planning and Performance introduced the paper and noted the key messages, notably in relation to staff behaviour and procurement in the context of our environmental obligations.
- 6.2 The Board thanked the Head of Planning and Performance for her helpful presentation and offered questions, comments, and guidance on the following

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issues:

(a) The extent to which the tax system could play in the promotion and development of the greening strategy, recognise that we can and will contribute to the debate in this area;

(b) The complexity of research in this field and the merit in making staff aware that simple things, such as reusable cups and commuting, do make a difference;

(c) The specific issues which need to be considered when developing and implementing a sustainable procurement policy;

(d) The Greening Strategy in relation to the Target Operating Model (TOM) and the extent to which RS should pursue a radical green shift in its operating model;

(e) The elements to be included in the strategy, namely: the operational model, the ethos in relation to staff (e.g. active travel), influencing taxpayer behaviour (e.g. digital first approach), and the constructive input to the debate surrounding the tax regime; and

(f) The importance of having targets and measurements so that success can be judged.

6.3 The Head of Planning and Performance noted that it is a legal requirement to undertake procurement in a sustainable way and that considerations will depend on the procurement exercise and can be enforced in different ways (e.g. sustainable timber or living wage contractor) so it is about setting out the standards of public procurement. She also agreed with the need to use targets, and more broadly with the points made. This would mean looking at the organisations current impact and designing any strategy on the basis of evidence.

6.4 The Chief Executive thanked Board members for their helpful comments and made linkages to the National Performance Framework. She also agreed the Board's articulation of the strategy (point 6.2 (e)) and the need to move the strategy into Corporate Plan and TOM field. Nevertheless, the organisation must continue to keep a sense of proportionality as it makes commitments in this area.

**Action** – Greening Strategy to be developed in line with the comments put forward by the Board, and in conjunction with the Corporate Plan and TOM. This will come back to the Board for sign off in the first half of next year.

## **7. Scottish Landfill Communities Fund (SLCF) Annual Report**

7.1 The SLCF Lead opened this item and noted that there are currently no surprises in relation to the fund; it is running well and is still well regarded by stakeholders.

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- 7.2 The Board thanked the SLCF Lead for the paper and sought clarity on the following:
- (a) The need to promote use of the fund to ensure the fund is running as financially efficient as possible;
  - (b) The relatively high administrative cost of the Fund; and
  - (c) The opportunity to focus on Green projects.
- 7.3 The SLCF noted these points but highlighted that projects were currently oversubscribed so there is more interest than there is money. The SLCF team are aware that as contributions decrease and costs increase there will be a need to review the financial model. A strategic discussion about the future of the fund would be brought to the Board in January 2021.

**Action** – Future of the Fund paper to be brought to the Board in January 2021.

## **8. Q2 Performance Report**

- 8.1 The Head of Governance presented this paper with the support of the Head of Planning, Performance and Risk. They noted that Annex A and B were most important in terms of the key messages and offered the Board the opportunity to scrutinise the paper.
- 8.2 The Board offered questions, comments, and guidance on the following:
- (a) The extent to which the organisations workload was appropriate and the need to avoid a ‘tipping point’ scenario;
  - (b) The importance of workforce planning to be able to forward plan effectively; and
  - (c) KPI performance, which was noted to be at a high level of achievement.
- 8.3 The Head of Corporate Functions noted the volume of performance reporting and papers for the attention of the Board and suggested that streamlining this would increase organisational capacity.
- 8.4 The Chief Executive recognised that homeworking was creating a sense of organisational weariness and that it was important to reprioritise strategic projects in this set of circumstances.
- 8.5 Members noted that it was difficult for the Board to provide guidance without having sight of the organisation’s workforce plan and that this had been discussed at the SEC.
- 8.6 The Chair concluded the discussion and suggested that the sharing of the workforce

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plan is remitted to the SEC.

**Action** – Staff workload, resilience, and reprioritisation issues to be taken forward as part of the SEC’s ongoing assurance work.

## **9. Q2 Finance Update**

- 9.1 The Finance Manager introduced this item and opened for questions, noting in particular the proactive planning work undertaken by the Chief Accountant in relation to the SG budget.
- 9.2 The Board sought clarity on the following issues:
- (a) Recruitment and financial support for this;
  - (b) Capital budget; and
  - (c) SG commitments to bearing the staffing costs for seconded COVID-19 posts.
- 9.3 The Board thanked the Finance Manager for the excellent paper and were content to approve points set out in the paper.

## **10. Q2 Tax Report**

- 10.1 The Head of Tax introduced this item and noted the refined format of the paper.
- 10.2 Members offered comments and sought clarity on the following issues:
- (a) Designated Officer issue;
  - (b) Cheques;
  - (c) Historic debt; and
  - (d) Printing project and issues of confidentiality.
- 10.3 The Board overall noted the report and were content that tax functions were being managed appropriately in line with the Scheme of Internal Delegation.

## **11. Litigation Expenses and Settlement Strategy**

- 11.1 The Head of Legal introduced this item and highlighted the key themes and rationale underpinning the proposal set out in the paper.
- 11.2 The Board offered guidance and questions on the following:
- (a) The benefit of having a written strategy endorsed by the Scottish Government;

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- (b) The difficulties associated with developing this approach in the current fiscal situation;
  - (c) The importance of including cost-benefit analysis in considerations; and
  - (d) The HMRC strategy and potential for alignment.
- 11.3 The Board endorsed the approach set out in the paper and thanked the Head of Legal for the update. The strategy will be further developed by the Legal Team in 2021-22.

**12. Resumption of Compliance Work**

- 12.1 The LBTT Team Leader set out the purpose of the paper and noted that the Board is being asked to endorse the resumption of compliance work.
- 12.2 The Board offered comments, questions, and guidance on the following:
- (a) Ministerial engagement in relation to this work;
  - (b) Communications strategy; and
  - (c) Recognising the effect of the pandemic.
- 12.3 The Board noted the update and proposal and agreed to the recommended approach set out in the paper.

**Decision** – the Board agreed to the resumption of compliance work as set out in the paper.

**13. AOB**

- 13.1 The Chair offered members another chance to add any items under AOB. No items were added.
- 13.2 The Chair also congratulated the Head of Governance who had been nominated for two Leadership Awards by his team. This was a great accolade and a reflection of the high regard in which he is held.

**14. Homologation of Actions and Decisions**

- 14.1 The following actions and decisions resulted from the Board Teleconference on 15 and 29 September 2020.

**15 September 2020**

**Action** – Workforce Planning update to be brought to the Staffing and Equalities Committee.

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**Decision** – the Board was content to approve the delegation of this operational decision subject to the Executive confirming that the effective date falls within the timescale as set out in the relevant LBTT legislation.

**Action** – the Head of Tax to confirm that the effective date of the return falls within the timescale as set out in the relevant LBTT legislation. This should be confirmed to the Board.

**Action** – Secretariat to check the link to the LBTT online guidance.

**Decision** – the Board was content to approve the recommendations set out in the paper subject to the resumption not being ‘with immediate effect’, recognising the importance of having informed Ministers and having a communications strategy in place before resuming this process.

**Action** – Secretariat to arrange for a session on the organisation’s communications strategy and plans.

**Action** – Martin McEwen to share details of ICAS’s consideration of the future of taxation, notably in relation to environmental taxation.

**29 September 2020**

**Action** – In advance of being provided with this data in the upcoming tax report, Head of Tax to circulate the most recent LBTT statistics in relation to the nil rate band that he had shared with the Chair, with the rest of the Board.

**Action** – Head of Tax to share the Scottish Fiscal Commission data underpinning the proposal.

**Decision** – the Board were content to agree to the recommendations proposed in the paper, permitting RS to reissue penalties when the communications actions and operational plans are ready. This policy will be reviewed every three months.

**Action** – Jean Lindsay to work with Head of Governance and CEO to add a paragraph to the Policy Statement which recognises COVID-19 achievements to date.

**Decision** – the Board were content to approve the Health and Safety Annual Report 2019-20 subject to a line being added recognising the COVID-19 pandemic.

**Decision** – the Board were content to approve the Health and Safety Policy Statement subject to a paragraph being added recognising the COVID-19 pandemic.

**End of Meeting**

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