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Meeting of the Revenue Scotland Board - 30 October 2019 - Minute

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MINUTE

12:00 – 15:45 30th October 2019, Conference Room 3E-91, Victoria Quay, Edinburgh

Present:

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

In attendance:

Andrew Fleming, Head of Strategy & Corporate Functions, Revenue Scotland
Stephen Crilly, Head of Legal, Revenue Scotland
Mike Paterson, Head of Tax, Revenue Scotland
Gary Sharp, Head of Governance, Revenue Scotland
Veronica McAleaney, Governance & Policy Manager (Secretariat)
Louise Carlin, Head of Dispute Resolution, Revenue Scotland (for Item 4 only)
Louise Alonzi, Head of Tax Ops, Revenue Scotland (for Item 5 only)
Alex Greene, Analytical Team, Revenue Scotland (for Item 5 only)
Gareth Hill, Head of Finance, Revenue Scotland (for Item 7 only)
Tom Kelly, Governance Team, Revenue Scotland (for Item 8 only)
Alan Martin, LEAP Programme Manager, Revenue Scotland (for Item 9 only)
Leticia Martinez- Garcia, Governance Team, Revenue Scotland (for Item 10 only)
Lindsay Wells, SEPA (for Item 11 only)
Nigel Furness, Head of SLfT, Revenue Scotland (for Item 11 only)

1. Meeting opening

1.1 The Chair welcomed Board members and officials to the meeting and opened proceedings.

1.2 He informed members of several changes to the agenda, namely moving paper (RS(05/19)05) up the agenda to item 4 and paper (RS(05/19)04) to item 11. Paper (RS(05/19)12) will now be dealt with in correspondence.

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1.3 Apologies were received from Elaine Lorimer.

1.4 The Board discussed the draft minute of 19 September 2019 and requested some further changes to be made. The Board were content for the draft minute to be approved by Lynn Bradley once the changes have been made.

1.5 In relation to the Action Log, the Board agreed to close actions A098/18, A006/19, A007/19, A011/19, A012/19, A013/19, A014/19, A015/19, A026/19, A028/19 and A029/19. The Board requested that actions A008/19 and A010/19 which were 'proposed closed' should remain open until concluded fully.

Action - The Governance Team is to amend the action log to record that actions A008/19 and A010/19 should remain open.

1.6 There were no new declarations of interest.

2. Chair update (Oral)

2.1 The Chair began his update by recording his thanks to the Senior Leadership Team for their management of the various organisational issues that have arisen during Elaine's absence. In particular, he especially recognised the contribution of Andrew Fleming during this period.

2.2 In order to support the current review work into the Designated Officers issue, Keith proposed that Martin McEwen and Jean Lindsay join the project group that has been established by the executive team to coordinate the work as key advisors.

2.2 He then continued to inform the Board that the British Isles Tax Forum will be taking place next week in the Isle of Man. He gave his apologies for attendance but noted that Mike Paterson and Alan Martin were planning to attend. He asked if any Members would like to go in his place they should let Andrew know by the end of the week.

Action - Board Members should let Andrew know if they would like to go to the Forum by the end of the week.

Decision D018/19 – Martin and Jean to join Designated Officers Review project group.

3. CEO update RS(05/19)03

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3.1 Andrew introduced the Chief Executive update paper on Elaine's behalf. He gave an update on feedback from the Annual Report and Accounts event. Board Members all agreed that the event at Parliament was excellent and very worthwhile.

3.2 He mentioned that the People Survey is still open, but will close on 4 November. The response rate is currently down on last year's at this stage, but work was underway to promote participation with all staff. He reported that the outcome of the survey will be published on 12th December with the Board being presented with the summary findings soon after. This will also be discussed at the Staffing and Equalities Committee once available.

3.3 He provided an update on the progress of the subordinate legislation to address the penalties issues previously identified. He will provide the Board with more information once available.

3.4 He then proceeded to highlight that following a review of the Fiscal Commission by the OECD, a report has been produced. Andrew agreed to provide members with an extract in correspondence.

Action – Governance Team to add People Strategy Action Plan into Board Library.

Action - Andrew to provide members with an extract of the OECD Report.

4. RS Designated Officers (RS(05/19)05)

4.1 This paper was introduced by Andrew, providing an overview of progress since the last meeting on 21 October 2019, covering the progress of the assurance reviews, and the update on affected cases [REDACTED]

They also noted the work taken forward on the communications plan and next steps. It was noted that further analysis was still required to inform Board decision making on the remaining 2 categories of cases which should be available by the next Board meeting on 20th November.

4.2 The Board welcomed the Designated Officer update and the commitment given to provide the Board with more analysis on this matter at the meeting in November.

Action – Andrew to discuss this matter with Audit Scotland before the ARC meeting on 13th November.

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Decision D019/19 – The Board will take a final decision on the delivery of recommendations from this review at the December meeting and on revised governance arrangements in the new year.

5. Tax Update Q2 Report (RS(05/19)06)

5.1 Mike Paterson introduced this paper and summarised the performance to date across the tax functions, highlighting some of the key successes to date and challenges being faced.

The key highlights were:

- Daily penalties are currently not being issued for late lease returns, but it is planned that this will resume soon;
- New innovation has been introduced in relation to driving improved performance around 3-year lease review returns;
- In relation to opinions, although the numbers have dropped, meeting the KPI will be challenging;
- That email and telephone enquiries have recorded an increase in volume, but despite the increases, the team has managed to keep to their KPI target of answering within 10 seconds; and
- The transition from RoS to Revenue Scotland for paper returns was successful.

5.2 The Board welcomed the report and the level of detail, but recommend further consideration of the format and content for future reports.

5.3 The Board also recognised that teams are under great pressure due to transitions to the new SETS system and from staff absences and asked for proposals on workforce planning to be brought to the SEC meeting. The Board commended the work of teams in continuing to deliver good performance.

Action - Mike to consider further improvements to the presentation of the information provided at 3.1 of his Q2 Tax Update paper.

Action – Deirdre Watt to bring more detailed workforce planning proposals to the next SEC on 13th November.

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Action – Mike to consider streamlining the current report format and introduce a summary/ highlights section at the front of quarterly reports and offer more detailed explanations.

6. Tax Settlement Case (RS(05/19)07)

6.1 The Board reviewed the settlement case and congratulated the team on drawing this to such a successful conclusion and handling it in such a professional manner. Mike thanked the Board for their very quick response, which contributed to the success.

7. Finance Q2 Report (RS(05/19)08)

7.1 Gareth introduced this paper and highlighted some areas for discussion.

7.2 The Board welcomed the update and the level of detail presented. The Board then proceeded to agree that:

- The operational resource spend for the quarter ended September 2019 is within budget and project spend will be covered by the allocated capital budget;
- The tax declared to the end of September 2019 (as per section 4);
- The tax debt position at 30 September 2019 (as per section 5); and
- The current position on budget negotiations.

7.3. The Board suggested that the report may be improved in future with further detail in variances and the aged debt position which may require specific action.

Action – Gareth is to provide more detailed explanations of variances at the Q3 report.

Decision D020/19 – The Board approved each statement above.

8. Business Performance Q2 Report (RS(05/19)09)

8.1 Tom provided a summary of his paper and highlighted the key points around performance, in particular on KPIs. Andrew also flagged the emerging pressures on the organisation which had been mentioned in other papers - the tax update and LEAP.

8.2 The Board were content with the progress on performance provided and in particular the return to green on all the KPIs. However the Board noted the pressures emerging on the organisation from transition to the new system and other issues which may well affect the

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delivery of the key projects. That said, the Board would like a review of the website project, in terms of how this might be brought forward and concluded, given it is now two years later and is now more urgent.

Action – A discussion is to be planned for the SEC meeting in November regarding the way forward with the website

Action – On the planning for a new website, a brief and delivery plan is to be developed and brought to the December Board Meeting.

9. LEAP Update (RS(05/19)10)

9.1 Andrew introduced the above paper which provide a comprehensive report on LEAP in the 4 month period since the new system went live.

9.2 The Board enquired about the transition arrangements, the performance of the new contractor and the emerging benefits, including with regard to the new finance system. The Board noted the progress on LEAP and recognise that benefits are emerging, if slower than anticipated in some areas. A full review of the benefits will be undertaken as part of the OGC Gateway 5 review in early summer 2020.

9.3 The Board also noted the plans for delivery of the remaining programme, including the forthcoming OCIO checkpoint in December 2019.

Action – Alan is to provide the Board with a comprehensive statement of benefits realisation in summer 2020 (prov. 29th July).

10. Climate Change Report (RS(05/19)11)

10.1 Leticia introduced this item and provided the Board with an overview of the report content. The Board welcomed the report and requested that we signpost our intentions in terms of influencing green outcomes more broadly within the report before submission. This could usefully include raising the issue of whether and how we balance cost savings against green outcomes.

10.2 The Board have noted the link to the annual reporting cycle and will have a more detailed discussion at a future strategy session on how to improve our green strategy.

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Action – Leticia to add information about how the organisation are considering ways to become more ambitious in our greening strategy and ability influence green outcomes.

Action – A Greening Strategy Session to be held at a Board meeting early next year.

Decision D021/19 – The Board approved the report for submission following the changes above.

11. SLCF Mid-Year Performance Report (RS(05/19)04)

11.1 Lindsay Wells introduced this item and provided the Board with an overview of performance of the fund, at this mid-year point.

11.2 The Board welcomed the update and noted the successful resolution of the identified issue with one of the Approved Bodies. They noted the impact of the Bio-degradable Municipal Waste (BMW) delay and look forward to an update in February when the Board was due to set the annual subvention rate.

Action – Lindsay to let John know how much money we currently have unallocated.

Action – Lindsay is to return in February to provide the Board with a further update of the performance of the fund.

**End of Meeting
Revenue Scotland
October 2019**