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Meeting of the Revenue Scotland Board - 31 July 2019 - Minute

## Meeting of the Revenue Scotland Board MINUTE

13:00-17:00, 31 July 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:

Elaine Lorimer, Chief Executive, Revenue Scotland  
Andrew Fleming, Head of Strategy and 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 (and items 9 and 10)  
Donna Thomson, Board Secretariat, Revenue Scotland  
Alan Martin, LEAP Programme Manager, Revenue Scotland (for item 6 only)  
Paul Gilhooley, LBTT Team Leader, Revenue Scotland (for item 8 only)  
Avril Campbell, LBTT Team Leader, Revenue Scotland (for item 8 only)  
Gareth Hill, Head of Finance, Revenue Scotland (for item 9 only)

## 1. Meeting opening

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

1.2 There were no apologies tendered.

1.3 The Board accepted the draft minute of 1 May and 11 July 2019 as a true record of the meeting, subject to some minor amendments.

1.4 In relation to the Action Log, the Board were content to close the following actions: A090/18, A105/18, A106/18, A001/19, A002/19 and A004/19. All other actions remain open.

**Decision D002/19:** the Board agreed to close the following actions: A090/18, A105/18, A106/18, A001/19, A002/19 and A004/19.

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1.5 Martin McEwen declared a conflict of interest.

## **2. Chair update (Oral)**

2.1 The Chair opened the items by providing an overview of matters arising since the last Board meeting.

2.2 In particular, he welcomed the two new Board members, Jean Lindsay and Martin McEwen to their first meeting.

2.3 The Chair also mentioned that consideration will be given in due course to the resource requirements of the Board's Committees.

## **3. ARC update (Oral)**

3.1 The Chair provided an update to the Board on matters from the 8 May 2019 meeting.

## **4. SEC update (Oral)**

4.1 The Chair provided an update to the Board on matters from the 8 May 2019 meeting.

## **5. CEO report (Paper RS(03/19)04)**

5.1 The Chief Executive introduced her paper providing Board members with an update on Revenue Scotland's activities since the last meeting.

5.2 In particular, she spoke about the recent tribunal decision and the corresponding response from the organisation, stating that she will scrutinise closely what goes forward to ministers and update Board members accordingly thereafter.

5.3 She proceeded to provide an update on the Tax Policy Framework Consultation, highlighting that all responses have been submitted and are now being considered. She continued by also providing an overview of recent discussions with Tax Division colleagues on this matter, where it was confirmed that a comprehensive summary of the consultation analysis will be provided; supporting our considerations around stakeholder engagement opportunities.

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5.4 Members welcomed the update provided.

**Action A008/19: Summary analysis of the Devolved Taxes Policy Framework Consultation to be scheduled for the 30 October Board meeting.**

**Action A009/19: CEO to consider commissioning a peer review of Revenue Scotland by the OECD (Ian Tait to advise).**

**Action A010/19: Proposed changes to the RS Governance arrangements to be discussed by the Board at its 30 October Board meeting.**

## **6. LEAP update (Paper RS(03/19)05)**

6.1 The Head of Strategy and Corporate Functions introduced this paper to Board members.

6.2 He highlighted the successes and challenges with Phase 1 delivery and touched on the preparation for Phase 2, stating that there was a renewed focus on continued communications and engagement with key stakeholders.

6.3 The Chair highlighted that this project should also be considered for the various awards that are designed around IT systems due to its success.

6.4 The Board welcomed the update paper on the LEAP programme and congratulated the programme team and the wider Revenue Scotland staff on a highly successful delivery of a complex programme. All risks were mitigated and the system went live with no material issues, and was delivered on time and under budget.

**Action A011/19: LEAP team to explore further publicity options, in particular social media, and consider the programme for relevant awards.**

## **7. Tax update Q1 report (Paper RS(03/19)06)**

7.1 The Head of Tax introduced this report to Board members providing an update of Q1 performance.

7.2 In particular, he highlighted the trends in terms of the opinion service and the work ongoing to improve that process.

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7.3 The Board discussed the paper at length and are content that the Scheme of Internal Delegation (Soid) has been properly applied, and that the manner in which the revenues are being collected and analysed is correct. The Board also noted the further consideration on penalties and asked that this be brought to the Board on 30 October 2019 for in depth consideration.

**Action A012/19: An explanation of the significant increase in enquiries opened (table at 3.4.3) between 2017/18 and 2018/19 is to be provided in the Q2 Tax report.**

**Action A013/19: To provide the Board with assurance through the Q2 Tax report that the recommended periodic sampling detailed in the annexed paper is regularly undertaken.**

**Action A014/19: Head of Tax is to consider improvements to the presentation of the quarterly Tax report.**

## **8. Tax Cases (Paper RS(03/19)07/08/09)**

### Paper 07

8.1 The LBTT Team Leader introduced this paper and provided an overview of the consideration, recommending a decision.

**Decision D003/19: Board is content to approve the opinion as presented in the paper.**

### Paper 08

8.2 The LBTT Team Leader introduced this paper and provided an overview of the consideration, recommending a decision.

**Decision D004/19: Board is content to approve the opinion as presented in the paper.**

### Paper 09

8.3 The LBTT Team Leader introduced this paper and provided an overview of the consideration, recommending a decision.

**Decision D005/19: Board is content to approve the opinion as presented in the paper.**

## 9. Finance and Business Performance Q1 report (Paper RS(03/19)10 and 11)

### Finance report 10

9.1 The Head of Finance introduced the paper and provided an update on Q1 financial performance, highlighting the recent budget changes to the approved position which are increased pension provisions and the LEAP budget.

9.2 He continued to provide an overview of the LBTT and SLfT returns to date and relevant adjustments and considerations.

9.3 An update was given on the accounting treatment being adopted for the 2018-19 accounts where proposals have been agreed with Audit Scotland on the specific treatment of sums that relate to cases that are subject to Tribunal.

9.4 The Board noted the tax positions reported and recognise that the ARC will consider the revenue recognition.

**Action A015/19: FTE and relevant staff detail is to be provided in future reports against table at 3.3.**

**Decision D006/19: The Board approved the revised budget for 2019/20.**

### Business Performance 11

9.5 The Head of Governance introduced this Q1 update on Business Performance and provided an overview of performance in that period.

9.6 The Board proceeded to review the performance detail provided around the 2019-20 Key Priorities and KPIs. On the key priorities, it was felt that the assessment of the website project should move to red from amber at this stage. On the KPI performance, they scrutinised the performance in Q1 provided and asked that a more detailed explanation of the KPI 3 result should be provided following the meeting.

**Action A016/19: The strategic priorities report is to be changed to record the website project for 2019/20 as red not amber.**

**Action A017/19: An explanation of the performance against KPI3 is to be circulated to the board.**

**Action A018/19: A KPI owner is to be identified for KPI5.**

## 10. RISK update (Paper RS(03/19)12 and annexes)

10.1 The Head of Governance introduced the risk update papers.

10.2 He spoke of the continued work on embedding risk management across RS staff and reported that although there is still work to be done, improvement has been recorded.

10.3 The Board scrutinised the Risk Register and Risk Cards provided and asked that a review of Risk 1, Risk 3 and Risk 4 be undertaken to better reflect specific aspects of the risk. For Risk 1, that should include references to findings from litigation and cases more generally that promote changes to legislation. On Risk 3 and 4, which refer to digital and cyber security respectively, a review is to be undertaken given the importance of this issue. The review should reflect on the recent incidents with the website and recognise that in terms of cyber security, staff awareness is very important.

10.4 The Board approved the creation of the two new risks and to the changes to the definition of some risks outlined. In addition, as part of the general review of risk, it was suggested that an evaluation as to whether some risks are under prioritised should be done.

**Action A019/19: Head of Governance to consider with the risk management group the approach to scoring current risks.**

**Action A020/19: Risk 1 is to be revised to recognise the change to the detail that defines this risk including matters such as penalties.**

**Action A021/19: Risk 3 is to be revised to better represent specific risks around the website.**

**Action A022/19: Risk 4 is to be revised to ensure it appreciates better the specific role of staff in mitigating this risk.**

**Action A023/19: Head of Governance is to consider commissioning an audit through SG Internal Audit of RS's Risk Maturity Assessment.**

**Decision D007/19: The Board approved the new Risk 11 and the proposal for a new Risk 12 (Litigation).**

**Decision D008/19: The Board approved the Risk Maturity Assessment.**

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## 11. AOB

### Board Dates

11.1 Board members discussed dates briefly where the Chair took a decision to give members a deadline to respond to Secretariat.

**Action A024/19: Board Members to respond to the Governance Team on the proposed dates for Board and Committee meetings for 2020/21.**

### Conflicts of Interest

11.2 Board members discussed the wording within the policy and agreed the change.

**Action A025/19: The references to “close relative” highlighted at 3.7 are to be changed to “immediate family”.**

**Decision D009/19: The Board approved the revisions to the Conflicts of Interest Policy.**

End of Meeting

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