

Meeting of the Revenue Scotland Board DRAFT MINUTE

13:00-17:00, 27 June 2018, Conference Room 12, Victoria Quay, Edinburgh

Present:

Dr Keith Nicholson
Lynn Bradley
Jane Ryder
John Whiting CBE (on phone)
Ian Tait

In attendance:

Elaine Lorimer, Chief Executive, Revenue Scotland
Andrew Fleming, Head of Strategy and Corporate Functions, Revenue Scotland
Stephen Crilly, Solicitor, Revenue Scotland
Chris Myerscough, Head of Tax, Revenue Scotland
Gary Sharp, Governance Team Leader, Revenue Scotland
Donna Thomson, Policy Officer – Board Secretariat, Revenue Scotland
Martin Davidson, LBTT Tax Specialist, Revenue Scotland (for item 5 only)
Laura Kidd, Service Design Lead, Revenue Scotland (for item 6 only)

1. Meeting opening

1.1 The Chair welcomed the Board members and officials to the meeting, welcoming John Whiting who was dialling in.

1.2 The Board approved the minutes of 25 April, and asked that the decisions and actions from meetings of 23 and 30 May be added to the minute of this meeting.

1.3 In relation to the Actions Log, the Board were content to close all 'propose closed' actions: these were 018, 020, 028, 029 - 034, 036, 038 – 048. In addition, it was agreed to close actions 009 and 010 - with the Head of Strategy and Corporate Functions taking these items forward separately – and actions 035 and 037 now have a revised date of 25 July 2018.

1.4 Actions 022, 024, 035 and 037 remain open.

Decision: (D027/18): The Board approved the draft minute from 25 April 2018 meeting subject to further amendment.

Decision: (D028/18): The Board agreed to include the actions and decisions from the 23 May and 30 May meetings in the minute of 27 June 2018 meeting.

Decision: D029/18: Board agreed to close the negotiation period in relation to the SETS2 procurement.

Decision: (D030/18): Action A009 will be closed following the issuing of the relevant information with the action note.

Decision: (D031/18): Action A010 will be closed on the basis that this information would be included in a broader item on SLCF (covering performance report, funding assessment and the recent SLCF incident). A new action would be opened on this basis.

Action: (A049/18): SLCF to be included as an Agenda item for July's Board meeting.

Decision: (D032/18): Actions A035 and A037 are to remain open with revised deadlines of 25 July 2018.

Decision: (D033/18): The Board were content to approve all other proposed close actions.

1.5 There were no new declarations of interest.

1.6 The Chair of the Audit and Risk Committee was invited to update Board members on the meeting held on 20 June 2018. This was the first meeting with the new co-opted Committee member. She informed the Board members that the draft Annual Report and Accounts are in good shape and that work continues to refine the documents before being submitted for approval to the Board in September and she then proceeded to provide members with an overview of the update provided by Internal Audit, highlighting that they are still to complete the work on Scottish Government assurances. The Chair also spoke of the Counter Fraud team in NHS Scotland explaining they have the ability to now support other public bodies – particularly helpful when considering the development of a tax compliance strategy.

Action: (A050/18): ARC chair to share presentations and a key contact from the Holyrood Fraud Conference held on Tuesday 26 June with Board members and SLT.

2. Chair update (Oral)

2.1 The Chair provided an overview to Board members on recent events.

2.2 He spoke of the meeting that was scheduled with the Cabinet Secretary and informed members that this has now been delayed until after summer recess.



2.3 The Chair also thanked Board members for their completed self-assessments and confirmed that these would now be passed to the Head of Governance to produce a single, consolidated report for consideration.

2.4 It was announced that Kate Forbes is the new minister for Public Finance and Digital Economy. The CEO confirmed that we have not been informed of any changes as yet for Revenue Scotland.

3. CEO Report (Paper RS(04/18)05)

3.1 The Chief Executive introduced her paper providing Board members with an overview on Revenue Scotland business.

3.2 She updated members on a range of issues highlighting the cabinet reshuffle. Derek Mackay's title is now Cabinet Secretary for Finance and the Economy moving the Constitution element of his portfolio to Mike Russell MSP. She also highlighted the Scottish Government's published Financial Strategies stating that these will be shared with Board members in due course.

3.3 Royal Assent was received on Friday 25 June relating to the ADS changes and the website had been updated to reflect this information. She also updated officials on the First Time Buyers Group Relief and Share Pledges, stating that share pledges should be resolved soon and in place for when this comes into force on Saturday 30 June. Again, all guidance and information relating to this will be updated on the Revenue Scotland website.

3.4 The CEO continued by updating Board members on the leases returns, informing them that at this stage there was concern with the rate of returns received and therefore confirmed that more work has been commissioned to further promote this and get the message across to taxpayers and possibly preventing further penalties.

3.5 The CEO recently attended a Tax Authorities Forum in Jersey which went well and was most informative and that the next event will be held in Croydon at the HMRC offices.

3.6 Following this, she continued to update the Board on the People Strategy, informing Board members that the recruitment campaign has now concluded. She also thanked staff and Board members who attended a very successful annual staff conference held at Jupiter Artland.

3.7 The Board welcomed the CEO update and progress that had been made on several matters. In particular they congratulated the CEO on the success of the Staff Conference, recognising the success of Elaine's leadership of the external engagement programmes. It was agreed that Alyson Stafford, Director General of the Scottish Exchequer would be invited

to attend a future Board meeting so officials could receive an update on how things are shaping up on the Scottish Government long term financial planning.

Action: (A051/18): CEO to circulate to Board members the mid-term Financial Strategies and revised economic forecast published by Scottish Fiscal Commission.

Action: (A052/18): Secretariat to invite Alyson Stafford to attend a Board meeting.

4. Tax Update (RS(04/18)06)

4.1 The Head of Tax updated Board members on recent tax matters.

4.3 Martin Davidson the LBTT Senior Tax Specialist supported the update by outlining the recent work of his team around engaging with local agents to drive improvements around mailbox traffic. He highlighted the analysis he had recently undertaken to look for specific trends in an attempt to support Revenue Scotland's learning on how the guidance is being received, and how it can be improved. An analysis of the impact will be undertaken.

4.4 The Board were content with the update and progress around tax and highlighted particular interest around the mailbox enquiries and how the guidance is being applied and possibly employing new practices. Some difficulties with particular cases and the leases work were also highlighted.

Action: (A053/18): Head of Tax to provide further analysis to Board members in July on the work undertaken to date around leases, what efforts have been made to contact taxpayers, and future plans.

5. Tax Decisions (Papers RS(04/18)07a, 07b & 07c)

5.1 Martin then introduced the two LBTT Deferral papers and the one LBTT Opinion paper to Board members giving assurance that sensible arrangements are in place and are commercially sound, particularly the monthly return practice.

5.2 The Board welcomed the information and were content to approve all recommendations with the caveat to the opinion paper that further assurance should be offered as to whether this relates to any off shore activity.

Decision: (D034/18): The Board approved the two deferral recommendations CMS/42094 and CMS43472 and the opinion recommendation CMS/44454 (the latter contingent on some additional assurance).

6. LEAP (RS(04/18)08)

6.1 The Head of Strategy and Corporate Functions provided the introduction to the paper and the proposal provided in two parts – LEAP and on SEAS. The paper seeks to bring the LEAP procurement to an end and proposes a ‘recommendation to appoint’.

6.2 The Board have now been consulted on all major stages of the procurement decision making process and on the assurances that were requested by the Board, these have been provided in the final stage of the process helping shape the outcome.

6.3 There was discussion around affordability and what bearing that has on the overall decision. The Head of Strategy and Corporate Functions confirmed that in procurement terms, these costs are taken into account, although with that said, the full life costs show that the front runners were very similar.

6.4 The Board scrutinised and discussed the recommendation to proceed to appoint the preferred bidder based on the assurance received from external assessment (AAB and Harper McLeod) and internal scrutiny services. All concerns raised by Board members were addressed and therefore they were content to approve the recommendation. More specifically, approval was given pending guarantees on financial health prior to signing the contract and additional delegations in readiness for legal challenges were also given by the Board to the CEO. Immediate notification will go to the Board if this does happen.

6.5 In relation to the Financial Management System, the Board were asked to recognise the limitations of the interface with SEAS, therefore the organisation is seeking the Board’s approval to proceed to consider options around any solution.

6.6 Board members scrutinised the proposal and sought clarification on specific issues such as moving away from the established practice. The CEO confirmed that this proposal only relates to the tax transactions and that SEAS would remain the primary Resource Accounting system and that SG Finance colleagues have been involved in the consideration of appropriate solutions – now favouring that which is being discussed.

6.8 Having discussed and deliberated at length, the Board are content to proceed with the case to come to the July Board to outline the options.

Decision: (D035/18): The Board approved the recommendation to appoint the preferred bidder and gave approval to the Accountable Officer to sign the contract once guarantees on financial health are received. This authority included any decision making during the standstill period.

Decision: (D036/18): The Board gave 'in principle' agreement to take toward a financial management application to nest within the SETS 2 system and to undertake a financial and delivery assessment to inform this outcome.

Action: (A054/18): Head of Strategy & Corporate Functions to bring a paper on decision (D036/18) to the July Board.

Action: (A055/18): Service Design Lead to confirm integration requirements for the agreed procurement solution at Decision (D036/18).

Action: (A056/18): As per the Framework Document, the CEO to meet with Alyson Stafford to outline the consequential adjustment to the Shared service agreement proposed by Decision (D036/18).

7. RISK – Full review (RS(04/18)09a, 09b, 09c & 09d)

7.1 The Head of Strategy and Corporate Functions introduced this paper to the Board.

7.2 The Board scrutinised the Risk Register and Profile Cards. The Governance Team Leader spoke about the new Risk Framework that has been introduced to Scottish Government. He is to speak with SG colleagues and take a similar approach forward in way of a workshop with SLT and Board members on testing the risk profile for the organisation.

7.3 The Board welcomed this clear and comprehensive report and were content that this full review will continue biannually and look forward to hearing more about the planned workshop.

Action: (A057/18): Head of Strategy & Corporate Functions to provide an update to the Board on Cyber Essentials Certification.

Action: (A058/18): Head of Governance to add a strategic Board session to the Board forward look where SLT and Board members can review the Corporate Risk Register and discuss the proposed changes to the organisation's risk profile.

8. Board Self-Assessment - discussion (Private discussion)

8.1 The Chief Executive opened the discussion around Board Self-Assessment with Board members highlighting various topics that she would like the Board to consider.

8.2 Officials left the meeting for private discussion to take place.



Action: (A059/18): The Head of Governance is to create a consolidated self-assessment from individual contributions from Board members.

Action: (A060/18): Officials to develop the proposal to SG Public Appointments for 2 additional Board members.

9. AOB

9.1 There was no AOB to discuss.

End of Meeting

**Revenue Scotland
4 July 2018**