

## REVENUE SCOTLAND BOARD MEETING

### MINUTE

Wednesday 20 May 2015, Conference Room 7, VQ, Edinburgh

#### **Present:**

Dr Keith Nicholson [Chair]  
Lynn Bradley  
Jane Ryder OBE  
Ian Tait  
John Whiting

#### **Attended:**

Eleanor Emberson, Chief Executive, Revenue Scotland  
Gareth Hill, Chief Accountant, Revenue Scotland  
Janet Dunsmuir, Corporate Services Manager, Revenue Scotland  
Murdoch Macleod, Tax Administration Programme Director, Revenue Scotland  
Alistair Wilson, Deputy Director – Development, Revenue Scotland  
Neil Ferguson, Local Tax Reform team, Scottish Government  
Donald Carvel, Head of Tax Policy, Revenue Scotland  
Colin McHardy, Head of Tax Operations and Compliance, Revenue Scotland  
Chris Myerscough, Senior Supplier Tax Processes Project, Revenue Scotland  
Robert Buchan, Principal Tax Specialist, Revenue Scotland  
Denise McCann, Corporate and Business Services Officer, Revenue Scotland [Secretariat]  
Julia Mabruk, External relations Manager, Revenue Scotland [Secretariat]

#### **1. Meeting Opening**

- 1.1 The Chair welcomed Board members and officials to the meeting.
- 1.2 No apologies were received.
- 1.3 Subject to some minor amendments the Board accepted the previous Minute as a true record.

#### **Action (91): Secretariat to publish Minute on Revenue Scotland website.**

- 1.4 The Board reviewed the Action Log.

#### **Action (92): Secretariat to put 'Forward Plan' on agenda for future meetings.**

## 2. Chair Update

The Chair updated the Board:

2.1 The celebration on 30 April, to mark the launch of Revenue Scotland, was very well attended by staff from Revenue Scotland, Scottish Government, Registers of Scotland (RoS), Scottish Environment Protection Agency (SEPA) and HM Revenue and Customs (HMRC). The Chair noted that HMRC colleagues are keen to meet the Revenue Scotland Board and hopefully a visit could be arranged at a future stage.

2.2 The Chair attended the recent SEPA Board meeting and met with the Scottish Landfill Tax team based at Eurocentral. He commented positively on the enthusiasm and commitment of the team. There are very good existing links between the Board and SEPA and the Chair would like to replicate this with RoS. It was noted that the December Revenue Scotland Board meeting will be held in the RoS building, Meadowbank House.

2.3 The Board noted the volume of work involved for officials in the preparation for meetings and commended the standard of papers. In 2016 the Board intends to have 6 ordinary Board meetings and 4 Strategy meetings which will involve mainly oral updates and will therefore be less resource intensive. An additional 2 meeting dates (January and July) should be organised as contingency.

**Action (93): Secretariat to arrange dates in diary for 6 Board meetings and 4 strategy meetings in 2016 (strategy meetings to be arranged to coincide with ARC/Staffing Committee meetings).**

2.4 The Chair informed the Board that he had received a paper on options for Distributed Denial of Service (DDoS) protection from the CLAS consultant, and a meeting was being arranged to explore the options in more detail.

**Action (94): Secretariat to ensure that arrangements for discussion of DDoS protection options are in hand.**

2.5 Ian Tait and Jane Ryder updated the group on their recent attendance at the Devolved Tax Collaborative (DTC). The DTC is a useful forum to both give and receive information and Revenue Scotland is lucky to have such a valuable, engaged community of stakeholders. The Board members in attendance found the meeting to be hugely constructive and it provided useful insight into direct user experience and commercial reality.

2.6 The DTC attendees indicated they are happy to continue with similar types of engagement meetings, however, it was noted that in future, with the potential for more devolved taxes, that the meetings might need to be rebranded (possibly as the Scottish Tax

Collaborative) and membership refreshed. It was also noted that a different communications and engagement strategy would be required for the new taxes.

### 3. Chief Executive Report

The Chief Executive talked through her report:

3.1 There has been recent interest from the press regarding attending a Board meeting. The Board values openness and transparency however, as Board meetings will routinely cover sensitive issues such as Taxpayer information, IT and security, they did not consider public meetings appropriate. All Board Minutes will be published on the Revenue Scotland website.

3.2 The first publication of monthly Revenue Scotland statistics would be on 21 May and this would be a standard format statistics release including a narrative to help with interpretation of the figures, including the issue of time lag. As returns for LBTT are required within 30 days of the transaction, Revenue Scotland will receive returns and payments in May for many transactions which took place in April, and HMRC will have continued to receive returns and payments for SDLT during April on transactions which took place in March.

3.3 Audit Scotland intend to include references to Revenue Scotland in the follow-up to their report on managing ICT contracts published in 2012. Revenue Scotland will not be used as a full case study as previously suggested. The CEO has provided full feedback on a clearance draft of the references to Revenue Scotland but will not see the full report until publication, currently expected in June.

3.4 The Gateway reviews requested under FOI were sent yesterday. The reviews which involve Revenue Scotland are two early Tax Administration Programme reports, both of which scored amber.

3.5 The group discussed the need to hold a Lessons Learned/Identified discussion and the Board decided that this should be added to the Forward Plan as a topic for future discussion.

**Action (95): Secretariat to add Lessons Learned discussion to Board Forward Planner.**

3.6 Support Desk calls are averaging 190 calls per week. These are now predominantly around interpretation of guidance. Revenue Scotland staff are now using feedback from callers to pre-empt calls i.e. publishing 'How to' guides on the website, or amending guidance to be less ambiguous.

3.7 The Board welcomed the CEO's report and indicated that they are content that satisfactory progress is being made.

#### 4. Tax Administration Programme Update

Murdoch Macleod updated the Board:

4.1 Work is progressing well to transfer knowledge from the Programme team to the Operations team with several transition workshops planned. The process of putting in place milestone plans - which will progress into action plans with action owners identified – has also begun.

4.2 Some important dates include the release of version 1C of the live environment on 25 May 2015, this is the final release delivered by the Programme. The final Tax Administration Programme Board will be held on 15 June 2015; there is an IT Gateway 5 Review scheduled in June 2015; and the SLfT go-live will take place on 1 July 2015.

4.3 Data sharing arrangements between Revenue Scotland and other bodies are now well in hand, with some discussions remaining with RoS on costs.

4.4 The procurement of the new call handling system is complete and the installation project has now been handed across to the operations team. The new system should be in place by July.

4.5 A process has been established to document any further requests for change to the IT system so that these can be prioritised and reviewed through the operational governance structure.

4.6 The Organisational Functions project is now closing and the Tax Processes project is in its final stages. There will be a full transfer of products across from programme to operations, and the team will support the organisation to receive and understand the final products.

**Action (96): The Board asked that the running total of products delivered be re-added to the Highlight Report.**

#### 5. Risk Register

The CEO presented the draft risk register to the Board:

5.1 The draft risk register contains only the 'top' risks, with the highest residual risk scores for the product of impact and likelihood, after the first pass by the Senior Management Team. More work is required on consistency of scoring and on documentation of controls and sources of assurance, and this is in hand.

5.2 The Board agreed with the approach of using risk cards which hold all the detail and allow the register to remain uncluttered. The Board noted that all corporate risks should link to the Corporate Plan key objectives and the Board should be involved in determining the higher level strategic risks from a top down perspective as well as the bottom up work already in hand. A workshop session with external facilitation would be a useful way of developing this top down view.

5.3 The Strategic Risk Register should be on the agenda for every Board meeting and risk will be discussed in more detail at each Audit and Risk Committee meeting, with perhaps a deeper review of one or two individual risk cards each time. There should be an annual review of the operation of the risk framework.

5.4 The Board received the risk register, recognised that it is a work in progress and noted they were happy with progress to date. The Board invited the Audit and Risk Committee to scrutinise risks in greater detail to be able to give the Board assurance that the risk management strategies are being exercised appropriately.

**Action (97): Secretariat to ensure the risk register is brought to every Board meeting.**

**Action (98): Keith Nicholson to approach SEPA to discuss facilitating a Risk Workshop.**

**Action (99): Secretariat to schedule a Risk workshop within a strategy meeting (after KN has arranged facilitation).**

## 6. Shared Service Agreement

6.1 The Board noted the strategic imperative for collaboration in corporate services for public sector organisations, and the significant advantage to Revenue Scotland as a very small public body in being part of shared service arrangements. Since Revenue Scotland is physically within a Scottish Government building it is practicable that most shared services are delivered by the Scottish Government. The Scottish Government already provides services for a range of public bodies however different areas are at different stages in their progression to be full shared services – therefore there are different styles of SLAs.

6.2 The Board expressed an interest in benchmarking data on shared services in future, if this is available. A key point would be ensuring that SLAs could be adjusted or renegotiated if Revenue Scotland's capacity has to grow to accommodate collection of other taxes in future. The Board agreed SLAs should be reviewed annually.

**Action (100): Board to review Service Level Agreements on an annual basis (Secretariat to add to Forward Plan).**

6.3 The Board noted that the IT shared services agreement covers only core working hours and discussed the possibility of asking for extended hours cover. It was noted that the cost of this would be prohibitive for a small organisation in isolation but it might be worth exploring in the longer term whether there would be appetite amongst other public bodies for a collaborative approach to ask for extended hours. This was not an immediate priority, however, as arrangements are in place to ensure that there is support for the public-facing portal out of standard working hours.

**Action (101): CEO to discuss out of hours ISIS support with other public bodies with a view to cost sharing.**

6.4 The Board asked for more information on the basis for the costs in the HR SLA, with a view to understanding scalability.

**Action (102): Gareth Hill to circulate costs regarding the HR SLA by correspondence.**

6.5 The Board considered and approved the HR, ISIS and SEAS Service Level Agreements.

**Action (103): SLAs approved so should be amended - remove draft status and update effective date.**

## 7. Corporate Plan

Alastair Wilson updated the Board on the progress of the Corporate Plan:

7.1 The Deputy First Minister (DFM) approved the Corporate Plan without any comments. The Communications team is now liaising with APS printers. APS will digitise text for download. There will be 25 hardcopies printed for key stakeholders and laying before parliament.

**Action (104): Updated version of the Corporate Plan to be shared via email.**

## 8. Further Tax Powers and Development of Revenue Scotland

This discussion is considered exempt under section 29 (Formulation of Scottish Administration Policy etc) of the Freedom of Information Act (Scotland) Act 2002.

## 9. Commission on Local Tax Reform

9.1 Neil Ferguson introduced the topic by providing the Board with key facts regarding the background and issues in respect of the current Council Tax regime. He provided an overview of the purpose, scope and work of the Commission on Local Tax Reform.

9.2 The Board discussed the key areas of change and issues around it. The Chair welcomed the opportunity to learn more about the topic and invited Neil Ferguson to return in the Autumn to give the Board a further update.

**Action (107): Neil Ferguson to be invited to a future Board meeting to give an update on Local Tax Reform (Secretariat to add to Forward Plan).**

## **10. Preparations for Scottish Landfill Tax Activities**

10.1 Two papers were introduced by Donald Carvel. The first paper concerned preparatory activities in relation to SLfT, including the registration processes, guidance, compliance and pre-disposal rulings. In relation to registration of operators, he explained that Revenue Scotland was provided with the list of landfill operators in Scotland by SEPA. This helped to coordinate the necessary communications activities. Donald Carvel also explained that Revenue Scotland was in the process of receiving and reviewing the existing agreements between HMRC and landfill operators in Scotland in respect of pre-disposal liability rulings. These agreements will be accepted by Revenue Scotland for the first 6 months of operations to allow time for review.

10.2 The Board acknowledged the need to address any SLfT concerns as early as possible and discussed current volumes of predisposal liability rulings applications received by Revenue Scotland. The Board welcomed the fact that Revenue Scotland was working collaboratively with SEPA, using SEPA's expertise in the review process. The Board also noted that it was important that Revenue Scotland had a robust communication process in place to inform landfill operators of the outcome of their applications.

10.3 The Board noted the importance of ensuring staff security. Donald Carvel explained that it is expected that Revenue Scotland staff will always be accompanied by SEPA's staff during compliance visits. The Board welcomed the co-operation with SEPA on this matter.

10.4 The second paper introduced by Donald Carvel concerned Scottish Landfill Communities Fund activities. He explained the key points in relation to the roles of Revenue Scotland and SEPA in the process and the funding arrangements.

10.5 The Board discussed the differences between the existing UK system and the new Scottish system and their implications on relevant stakeholders.

10.6 The Board was content to approve both papers with some minor suggestions for amendments with regards to forecasted figures.

## **11. Revenue Scotland Consultation Paper on SLfT Guidance**

11.1 Chris Myerscough introduced the consultation paper and invited feedback from the Board. The Board acknowledged that the Consultation raised important policy questions

and challenges. The Board noted that current concerns in relation to the SLfT system are short term, emphasising the importance of producing all relevant guidance as soon as possible. The Board welcomed the fact that the first SLfT forum date has been set.

11.2 The Board expressed its support for reducing the timeframe for consultation responses given current issues that are being faced. The Board also agreed that the guidance was operational and therefore it was appropriate for Revenue Scotland, rather than Scottish Government, to undertake the consultation.

11.3 The Board recognised the challenges of the consultation and approved the consultation paper, suggesting some amendments to shorten the document and to include a clear statement of the purpose of the consultation at the beginning.

**Action (108): Chris Myerscough to make suggested amendments to Consultation Paper**

## **12. Dispute Handling Procedure**

12.1 Donald Carvel introduced the paper, explaining the overall approach to dispute resolution to be applied by Revenue Scotland and progress on implementation. The distinction between disputes and complaints was noted. The Board were informed that Revenue Scotland dispute resolution and compliance staff will work separately in order to ensure the independence of the dispute resolution process, particularly where there are requests for internal review.

12.2 The Board noted that more detail should be provided in relation to mediation services and then discussed the need for regular reporting on live disputes to the Board. The Board will have overall responsibility for the principles to be applied in decision making on disputes but would not usually be expected to be involved directly in any dispute.

12.3 The Board was content to approve the paper.

## **13. Complaints Handling Procedure**

13.1 Eleanor Emberson introduced the paper and invited feedback. The Board noted that it was important that Revenue Scotland's frontline staff are appropriately trained and feel empowered to deal with complaints. The Board also noted that complaints about Revenue Scotland's senior managers should come to the Board for decision.

13.2 The Board noted that the frontline resolution process required more detail with regard to its practicalities and that staff should be trained appropriately to provide effective frontline resolution of complaints.



13.3 The Board was content to approve the paper with minor amendments in relation to the frontline resolution process, and invited the Staffing Committee to review training arrangements for frontline resolution of complaints.

**Action (109): The Staffing Committee to review the frontline resolution training plans for staff.**

#### **14. Update on Chief Executive Recruitment**

This discussion is considered exempt under section 30 (Prejudice to effective conduct of public affairs) of the Freedom of Information Act (Scotland) Act 2002.

#### **15. Board Diversity**

15.1 Eleanor Emberson introduced the First Minister's Board Diversity – 50:50 Pledge, a commitment to delivering gender equality on the boards of Scotland's public bodies.

15.2 The Chair noted, and the Board agreed, that they welcome a diverse workforce within Revenue Scotland which accurately reflects Scottish society.

15.3 The Board was content to endorse and support the pledge, and noted that Board appointments were formally made by the Minister.

#### **16. AOB**

16.1 No other business was discussed.