

Meeting of the Revenue Scotland Board

MINUTE

09:00, 26 August 2015, Conference Rooms 7 & 8, VQ, Edinburgh

Present:

Dr Keith Nicholson [Chair]

Lynn Bradley

Jane Ryder OBE

Ian Tait

John Whiting OBE

Attended:

Eleanor Emberson, Chief Executive, Revenue Scotland

Susan MacInnes, Head of Corporate Services and Finance, Revenue Scotland

Gareth Hill, Chief Accountant, Revenue Scotland

Janet Dunsmuir, Corporate Services Manager, Revenue Scotland

Donald Carvel, Head of Tax Policy, Revenue Scotland

Denise McCann, Corporate and Business Services Officer, Revenue Scotland [Secretariat]

James Thomson, Corporate Services Officer, Revenue Scotland [Secretariat]

Robert Buchan, Senior Tax Specialist, Revenue Scotland

Chris Myerscough, Senior Supplier - Tax Administration Programme, Revenue Scotland

Anne Marie-Hoey, Senior Tax Specialist, Revenue Scotland

1. Meeting opening

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

1.2 No apologies were received.

1.3 The Board accepted the Minute of 24 June 2015 as a true record.

1.4 The Board reviewed the Action Log.

1.5 Ian Tait declared an interest in item 6; no other interests in agenda items were declared.

Action (109): Secretariat to publish Minute on the Revenue Scotland website.

2. Chair update

2.1 The Chair reported that the invitation to tender procedure has completed and a recruitment agency has been contracted to assist with the recruitment of a new Chief Executive Officer for Revenue Scotland.

2.2 The Chair advised that he had attended a helpful and constructive meeting with Audit Scotland about the work of Revenue Scotland to date.

2.3 The Chair highlighted that Revenue Scotland's work around landfill tax, soils and water discount is now developing. With a view to engaging MSPs and Senior Civil Servants on these matters, the Chair suggested the CEO consider this as part of the Communications and Engagement plans for Revenue Scotland.

Action (110): CEO to consider how to engage MSPs and Senior Civil Servants regarding SLfT issues.

2.4 The Board discussed Revenue Scotland's approach to communications particularly around Revenue Scotland adopting a proactive approach to communications as business operations mature and due to the possible confusion around SRIT. The CEO noted that options were being explored to further develop Revenue Scotland's capability to provide both proactive and reactive communications.

Action (111): Chief Executive to commission a Communications Strategy with input and guidance from Jane Ryder.

3. Chief Executive Report

The Chief Executive provided an update to the Board on Revenue Scotland operations:

3.1 The CEO highlighted to the Board that Revenue Scotland will be presenting on the topic of devolved taxes and successful collaborative working, alongside Scottish Government and HMRC colleagues at three Civil Service Live events in the autumn.

3.2 Discussions with HMRC around Data Sharing are underway and a paper has been commissioned for the Board's consideration at the next meeting.

3.3 The Chief Executive noted that she has nominated Revenue Scotland for Civil Service Awards in two categories: operational excellence and programme and project management.

3.4 The Chief Executive advised that she had received a letter from Roseanna Cunningham MSP, Minister for Fair Work, Skills and Training, inviting Revenue Scotland to

participate in the Scottish Living Wage Accreditation programme. The Board welcomed the idea of pursuing Scottish Living Wage Accreditation. The Board suggested that Revenue Scotland should explore potential accreditations in other fields, recognising that this will need to be done in stages not least because of demands on RS staff, and that the Staffing and Equalities Committee could usefully look at priorities.

Action (112): CEO to investigate the different accreditation options that Revenue Scotland could work towards with a view to discussing at next Staffing Committee meetings.

3.5 The Chief Executive reported that Scottish Landfill Tax (SLfT) quarterly statistics will be published by Revenue Scotland on 28 August 2015.

3.6 The Board noted that it receives weekly summary statistics and copies of the monthly LBTT statistical bulletins. The Board discussed plans for publishing quarterly statistical bulletins for SLfT and Key Performance Indicators (KPIs) and confirmed that it would want to see quarterly statistics before publication.

Action (113): Board members to provide feedback on weekly statistics report with a view to RS continuing to refine its format.

Action (114): CEO to arrange for Board members to receive the quarterly statistics releases in advance of publication.

3.7 The Board noted that the Scottish Government Director of Financial Strategy is due to attend its next meeting. The Board would welcome more frequent opportunities for discussion with policy officials.

Action (115): Board to invite Director of Financial Strategy to attend meetings every few months to keep in touch on policy developments.

3.8 John Whiting reported on his meeting with the Welsh Government on 26 June and noted that they appreciated the opportunity to learn from Revenue Scotland's experiences.

3.9 The CEO noted that she has again been requested to give evidence to the Welsh Assembly Finance Committee on Scotland's devolved taxes and the set-up of Revenue Scotland. She will attend with the Director of Financial Strategy in Scottish Government.

4. Outstanding amounts and Overpayments

4.1 Gareth Hill gave a summary of his paper on outstanding amounts and overpayments of tax. Some payments of tax made to Revenue Scotland are for amounts which differ from

those declared in tax returns. Options for dealing with these underpayments and overpayments were proposed to the Board.

4.2 The Board agreed that the proposal for the process of handling overpayments was proportionate and should be adopted by Revenue Scotland.

4.3 The Board discussed the proposed processes for dealing with small underpayments of tax. The Board requested additional information in the form of a further paper on the subject outlining the process in more detail and including a method of monitoring for repeat underpayments and an annual reporting option.

Action (116): Gareth Hill to provide a more detailed report on outstanding tax amounts, including proposed measures and processes for addressing this.

5. Finance Report

5.1 Gareth Hill summarised his finance report for the period ending July 2015 on the operational finances of Revenue Scotland, on which he worked collaboratively with Scottish Government colleagues. The Board noted that the operational costs of Revenue Scotland are within budget.

5.2 Gareth advised that although Tax Administration Programme (TAP) staff were forecast to remain within the Revenue Scotland budget up to end September 2015, as the majority of these staff have now moved onto other positions this has resulted in resource savings.

5.3 The Board commended the clarity of the Finance Report paper and noted the content of the Report.

6. Scottish Landfill Tax – Pre-liability ruling update and new water discount agreement

NOTE: Due to a declared potential conflict of interest, Ian Tait left the meeting for the duration of this presentation and discussion.

6.1 Anne Marie-Hoey presented her paper on Liability Rulings to the Board. Work is in hand to review liability rulings for SLfT. All applications are currently being assessed and further information requested. To date, a total of 16 visits have taken place or have been arranged to waste producers and specific landfill sites.

6.2 Revenue Scotland will consider revisions to the published guidance on how to apply for each liability ruling, including examples of best practice. Revenue Scotland will also continue to work closely with HMRC.

6.3 The stakeholder engagement undertaken was commended. The Board very much welcomed the paper and endorsed the approach that has been taken to date.

7. Land and Buildings Transaction Tax Act Section 14 (1)(c)

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

8. Scottish Landfill Tax Consultation Response

8.1 On 25 March, the Board commissioned a public consultation on proposed changes to the SLfT guidance on determining the tax rate applicable to contaminated soils. This was published on 5 June 2015.

8.2 During the consultation period, 15 responses were received (6 from registered landfill operators, 4 from the wider waste management industry, 3 from trade and professional bodies and 2 from public bodies). These responses have been published on www.revenue.scot/scottish-landfill-tax/consultations and the results have been analysed by [Revenue Scotland](#).

8.3 The Board discussed the paper in detail and welcomed the wide response to the consultation. The Board endorsed the approach proposed in the paper.

8.4 Revised guidance will be published on 31 August on the Revenue Scotland website to take effect on 1 October 2015. It was noted that the methods endorsed are already being used by the majority of landfill site operators so this timeframe should be adequate.

Action (117): Chris Myerscough to arrange publication of the analysis and decision on the Revenue Scotland website and publication of the amended guidance as soon as possible.

9. Treasury Rules Presentation

9.1 The Chief Executive provided a short overview presentation to the Board on the public finance control arrangements and the operation of the Barnett formula. The Board found the information provided helpful.

10. Measuring Compliance Yield

10.1 A paper was introduced by Robert Buchan to propose options for measuring the future revenue benefit of Revenue Scotland's compliance work.

10.2 The Board agreed that it is important for Revenue Scotland to be able to provide a robust assessment of the tax collected as a result of all of its compliance work and the aim is to establish a sensible and pragmatic way for measuring compliance yield that does not take undue effort to track.

10.3 The Board discussed the paper and accepted the recommendation to keep track of future returns for a period of a year, record any additional tax payable in that period that becomes payable as a consequence of Revenue Scotland compliance activity and report that amount in the annual report. The Board wish to review the outcome of the compliance yield and reflect on the methodology on an annual basis.

Action (118): Secretariat to include in Board Planner a review of the compliance yield process endorsed and to reflect on the methodology (August 2016).

11. Tax Case Delegations and Decision Taking

The Chief Executive presented a paper on Tax Case Delegations to the Board:

11.1 It was proposed to amend the Tax Case Management section of the Scheme of Internal Delegation to raise thresholds for delegations to the Chief Executive. Minor amendments were also proposed to the Governance, Scrutiny and Risk and the Strategy, Planning and Performance sections to reflect the recent establishment of the Staffing and Equalities Committee.

11.2 The Chief Executive invited the Board to decide whether the proposed revisions to delegation thresholds in the Scheme of Internal Delegation strike the right balance between ensuring operational efficiency and enabling proper oversight by the Board.

11.3 The Board discussed the proposed revisions and concluded that it was content with the limit suggested for routine matters. However, the Board decided that regardless of the value of novel and contentious cases, they would like to be made aware of them in order to build up their tax knowledge of difficult areas.

Action (119): CEO to update the Scheme of Internal Delegation and to remove the lower limit for novel and contentious cases.

11.4 The Chair raised the idea of establishing a tax advisory committee as a sub-set of the Board for reviewing individual tax cases.

11.5 Board members expressed a preference for this to be reconsidered at a future time as they preferred to have the opportunity for the whole Board to gain an initial

understanding of tax cases. The Board agreed to defer the option of establishing a separate tax advisory committee for review at the end of the 2015-16 financial year.

12. Shared Services Agreements – Estates and Procurement

12.1 The Board reviewed the Shared Service Agreements for Estates and Procurement Services.

12.2 Board members indicated an interest in pursuing training opportunities to enhance their collective knowledge on procurement matters.

12.3 The Board agreed that they were content with the services provided and that both Shared Service Agreements represented good value for money. The Board indicated that these Agreements should be continued and reviewed annually along with the other Shared Service Agreements.

13. Risk Register

13.1 Susan MacInnes invited the Board to review the Corporate Risk Register for Revenue Scotland. The Board noted that risk management is evolving and requested more detail on changes and movement of risk to be included in both the cover paper and within the Risk Register itself.

13.2 Susan advised that a workshop will be held in September to ensure that Revenue Scotland senior staff are taking a common approach to risk management, in line with the Risk Framework document. A separate Board workshop on risk management is scheduled for November.

Action (120): Susan MacInnes to produce a Risk Register covering paper to include specific issues and highlight trends.

14. Staffing and Equalities Committee – Terms of Reference

14.1 The Board were invited to review the Revenue Scotland Staffing and Equalities Committee Terms of Reference.

14.2 The Board were content to approve these Terms of Reference subject to a minor amendment in section 3.1.

15. Board Commitments in 2016

Janet Dunsmuir presented a paper summarising Board commitments for 2016:

15.1 Board members explored different options for accommodating the wide breadth of commitments scheduled for the Board in 2016. The Board sought clarity on the period which the Board's time allowance applies to.

15.2 The Board are content with the structure for 2016 but may reduce the number of strategy session to four.

Action (121): CEO to provide clarification on whether the Board's allocated time allowance applies to the financial year or calendar year.

16. AOB

16.1 The Chair noted that it is a requirement on all public bodies in Scotland to develop a Digital Services Strategy. The Board suggested a discussion of this matter at a forthcoming Board meeting to inform the development of this strategy.

Action (122): Secretariat to add development of a Digital Services Strategy (in addition to the IT Strategy) to the Board Planner.