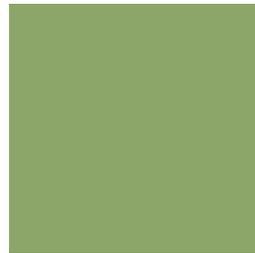


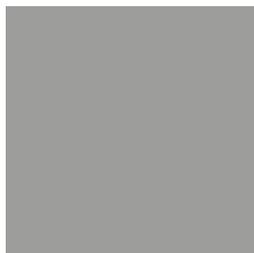
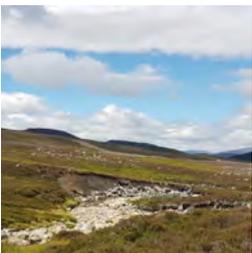


SCOTTISH LAND COMMISSION  
COIMISEAN FEARAINN NA H-ALBA

# ANNUAL REPORT & ACCOUNTS



2019  
2020



# Annual Report 2019-2020

Laid before the Scottish Parliament in pursuance of Section 20  
Schedule 2, paragraph C of the Land Reform (Scotland) Act 2016.

**To the Right Honourable Nicola Sturgeon**  
**Her Majesty's First Minister**

Dear First Minister

We have the honour to present the third Annual Report and Accounts  
of the Scottish Land Commission covering the year 2019-2020.

Yours sincerely

Andrew Thin, Chair



Hamish Trench, Chief Executive



SCOTTISH LAND COMMISSION  
COIMISEAN FEARAINN NA H-ALBA

Longman House, 28 Longman Road, Inverness, IV1 1SF

@ info@landcommission.gov.scot 01463 423 300 www.landcommission.gov.scot

## Contents

### PERFORMANCE REPORT 02

A review of the work of the Scottish Land Commission in 2019-20, including an analysis of our delivery and performance, and our position at the end of the year.

#### Overview 02

Foreword	02
Who we are	03
What we do	03
How we do it	04

#### Performance analysis 08

Financial Position	08
What we have achieved	10
Tenant Farming Commissioner	13
Our Organisation	15

### ACCOUNTABILITY REPORT 17

This report contains key statements and reports that enables the Scottish Land Commission to meet accountability requirements and demonstrate compliance with good corporate governance.

#### Corporate Governance Report 18

Directors' Report	18
Statement of Accountable Officer's Responsibilities	20
Governance Statement	21

#### Remuneration and Staff Report 28

#### Parliamentary Accountability Report 35

#### Independent Auditor's Report 36

#### Financial Statements 39

#### Accounts Direction 51

# OVERVIEW

## Foreword

From the Chief Executive and Chair of the Scottish Land Commission

Land is central to Scotland’s ambitions for its economy, climate change and tackling inequality. Over 2019-20 the Scottish Land Commission has engaged widely across Scotland with the public and stakeholders, informing our recommendations to the Scottish Government and our work to stimulate changes on the ground.



Hamish Trench speaking at the Commission’s Scottish Land & Economy conference

In October 2019 we held our second land reform conference, focused on the role of land in Scotland’s economy. The wide range of participants is a signal of the increasing awareness of the opportunities for land reform to unlock benefits for people in both urban and rural Scotland.

**Through the year we have delivered significant progress against our Strategic Plan, including:**

- Engaging on recommendations for measures to address concentration of land ownership
- Practical changes to transform the way Scotland tackles its legacy of vacant and derelict sites
- Reviewing significant land supply issues affecting delivery of housing
- Providing leadership in the expectations of land rights and responsibilities, through protocols, guidance and advice
- Publishing Tenant Farming Commissioner Codes of Practice and Guidance and undertaking associated casework.

For more details please see [page 10](#).

We continue to shape an empowered and fast-paced organisation, putting significant emphasis on being open, accessible and public-facing. This year we have also put increased emphasis on the actions we can take as a public body to help achieve Scotland’s ambitious climate targets.

As a result of COVID-19, Scotland now finds itself in a dynamic period of rapid change and adaptation. Scotland’s recovery and renewal, for our economy and society, will be a priority for all public bodies and the Commission will adjust our priorities to respond to the challenge. Reforms to the ownership and use of land will be even more significant in shaping an economic recovery that delivers productivity and wellbeing for the people of Scotland.

This will be our focus as we shape our next three-year Strategic Plan.



Andrew Thin  
Chair



Hamish Trench  
Chief Executive

## Who we are

The Scottish Land Commission is a non-departmental public body (NDPB) established on 1 April 2017 by the Land Reform (Scotland) Act 2016. The Commission has five Land Commissioners and one Tenant Farming Commissioner, all of whom are appointed by Scottish Ministers.

The organisation is based in Inverness and employs a team of 16 staff (as at 31 March 2020) led by Chief Executive, Hamish Trench. We are fully funded by the Scottish Government with a budget of £1.526m for 2019-20.



The Land Commissioners: (left to right) Megan MacInnes, Professor David Adams, Andrew Thin (Chair), Dr Bob McIntosh (Tenant Farming Commissioner), Dr Sally Reynolds and Lorne MacLeod

## What we do

The way that land is owned and used is central to some of the big ambitions in Scotland including tackling climate change and creating a fair economy. We are shaping and driving a coherent programme of land reform spanning both urban and rural land, to improve the productivity, diversity and accountability of the way Scotland’s land is owned and used. We are stimulating fresh thinking and change so that the way we own and use land in Scotland helps to make the most of our land for the benefit of everyone.

### Vision

**Our vision is a fair, inclusive and productive system of ownership, management and use of the land that delivers greater benefit for all the people of Scotland.**

Our role combines leadership and change on the ground with statutory functions to review and advise on legislation and policy change.

The Land Rights and Responsibilities Statement, published by the Scottish Government sets the vision for a strong and dynamic relationship

between Scotland’s land and its people. It underpins the work of the Scottish Land Commission, providing the legislative context in supporting change and clear expectations for the way our land is owned and used.

**Supporting this work and the operation of the Commission are our core values:**



### INTEGRITY

We work for and are accountable to the people of Scotland



### CHALLENGE

We challenge ourselves and others to lead change



### INNOVATION

We develop ambitious and progressive thinking



### EMPOWERMENT

We motivate ourselves and others to realise Scotland’s ambitions through land reform

# OVERVIEW

## Strategic Objectives

Our work is guided by three strategic objectives:

### PRODUCTIVITY

To drive increased economic, social and cultural value from our land.

### DIVERSITY

To encourage a more diverse pattern of land ownership with the benefits of land spread more inclusively.

### ACCOUNTABILITY

To ensure decision-making takes account of those affected and responsibilities are met.

## Strategic Priorities

The Commission's three-year Strategic Plan, published in 2017, outlines four key priority areas of work covering both urban and rural land:

### LAND FOR HOUSING AND DEVELOPMENT

Reduce constraints to redeveloping vacant and derelict land for housing and other productive uses, improve land supply for housing, and stimulate a more active approach to developing land in the public interest.

### LAND OWNERSHIP

Diversifying land ownership to create opportunities for a wider range of people to own and manage land.

### LAND USE DECISION-MAKING

Improve the quality and accountability of decision-making, and the practical implementation of Land Rights and Responsibilities.

### AGRICULTURAL HOLDINGS

Increase access to land for new and developing farm businesses and improve the relationships between agricultural landlords and tenants to support a vibrant agricultural sector.

## How we do it

We are delivering our objectives and priorities through:

- Engagement and communications: stimulating awareness, collaboration and change on the ground
- Research and evidence: commissioning and collating the research and evidence necessary
- Guidance and Codes: developing guidance and Codes of Practice to shape change on the ground
- Making recommendations for change in legislation, policy and practice.

We are coming to the final year of the Commission's Strategic Plan 2018-21. The objectives of the Strategic Plan are supported by a Programme of Work setting out the key areas of activity to contribute to the long term outcomes for land reform. This is delivered through an Annual Business Plan detailing the work and outputs for the year including resources and performance management.

The Commission has progressed and completed outputs contributing to the Annual Business Plan, strategic objectives and long-term outcomes (see table opposite for more detail).

### STRUCTURE OF DELIVERY



## Contributing to the National Outcomes

The Scottish Government's National Performance Framework sets out the high-level National Outcomes to make Scotland a better place to live and a more prosperous and successful country. The Land Commission's long-term outcomes for land reform contribute to four national outcomes:

Our long-term outcomes for land reform	Contributes to National Outcomes:		
Fewer land constraints to effective public interest-led development and place-making	Economy	Communities	
Supply of land for housing less constrained by land tenure and land values	Economy	Communities	
Net area of vacant and derelict land falling	Economy	Communities	Environment
Levels of concentration in land ownership pattern falling	Economy	Communities	Human Rights
Number of communities exercising ownership or control of land rising	Communities	Human Rights	
Level of community involvement in decisions about land rising	Communities	Human Rights	Environment
Number of agricultural units managed through lease or joint venture rising	Economy		
Relationships between agricultural landlords and tenants are improving	Economy		

### National Outcome Key



We value, enjoy, protect and enhance our environment



We have a globally competitive, entrepreneurial, inclusive and sustainable economy



We respect, protect and fulfil human rights and live free from discrimination



We live in communities that are inclusive, empowered, resilient and safe

# OVERVIEW

## Key issues and risks we face

Like all organisations the Commission had to manage the impact of the COVID-19 pandemic at the end of the financial year. It impacted not only the way we work and operational delivery but had a significant impact on staff wellbeing. From 17 March 2020 the Commission switched to all staff working at home and adjusted our systems,

delivery plans and ways of working. We will be operating in a highly disrupted environment for the foreseeable future and the implications for this need to be identified and managed. Adjusting to a 'new normal' in the year ahead, and to longer term recovery will carry risks, and opportunities, for the organisation and its governance.

**We consider the following issues to have the greatest influence over the way we deliver our work over the next year. They were all identified as increasing at the end of 2019-20:**

Key Risk	Risk Mitigation
Change in work priorities, competing expectations or insufficient prioritisation impacts on staff wellbeing.	Continue to embed values of integrity by being open and transparent keeping all staff informed of strategic direction and changes in priorities/focus. Current capacity under pressure due to COVID-19 response, the organisation maintains a strong focus on staff wellbeing. Staff skills and capacity review planned for 2020.
The Commission fails to deliver to its allocated budget, resulting in reputational, administrative and governance failures.	Set appropriate budget allocations to the Strategic Plan for long term planning and the Annual Business Plan. Rigorous authorisation procedures and delegated limits. 2020-21 Annual Business Plan agreed with over programming of budget and quarterly board monitoring in place. Monthly profiling to manage spend evenly through the financial year and to be kept under review as impact of COVID-19 to budget becomes clear.
Manage relationship across Scottish Government so that Commission's work is understood and recommendations are well received.	Close communication with Scottish Government to keep aware of the reprioritisation of work due to COVID-19 response. Regular sponsorship & policy team liaison in place, Strategic Plan to be aligned to the economic recovery plan. Engagement between the Commission and the Cabinet Secretary for Land Reform.

Key Risk	Risk Mitigation
Individual members of staff are absent due to illness, etc resulting in loss of capacity for critical elements of business systems and delivery.	Continuously seek to improve the working environment by monitoring and improving staff satisfaction and absence levels, in particular with managing the impact of COVID-19. Good internal communication and provision of desk instructions for business-critical functions. Reprioritisation of tasks where needed.
Over-reliance on a small number of sector consultants and researchers in securing the expertise to deliver high quality research/contracts resulting in delay or a gap in delivery. COVID-19 increases risks of contractor capacity and delivery.	Proactively build relationships with research institutions; ensure realistic budget provision for research; research quality framework in place. Annual National Student Award to stimulate interest.

The Commission has mitigated against these risks through the risk management framework, budget management, relationship management, horizon scanning and the organisational development strategy. We continue to have business continuity plans in place and keep the risks under review.

## COVID-19 response

In March 2020 we revised internal procedures to enable effective working from home, increased the frequency of management team meetings to monitor staff, governance and delivery implications of the COVID-19 response measures. The Board is keeping under review the governance implications, including risks and staff wellbeing.

An account of our risk management in 2019-20, alongside a description of the principal risks and uncertainties we face, is provided in the Governance Statement on [pages 21-27](#).

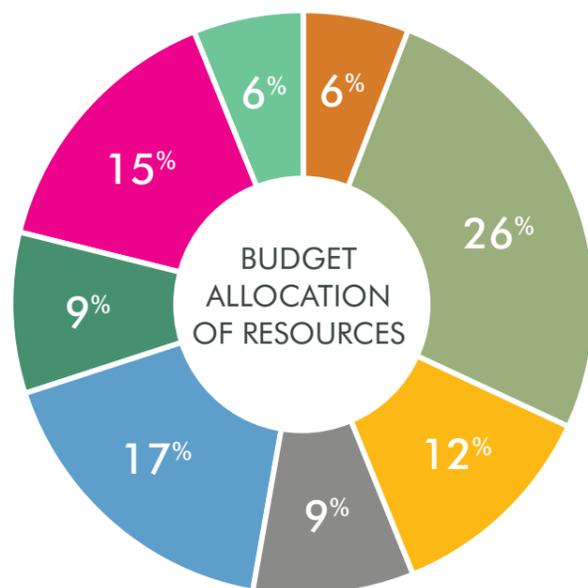
# PERFORMANCE ANALYSIS

## Financial Position

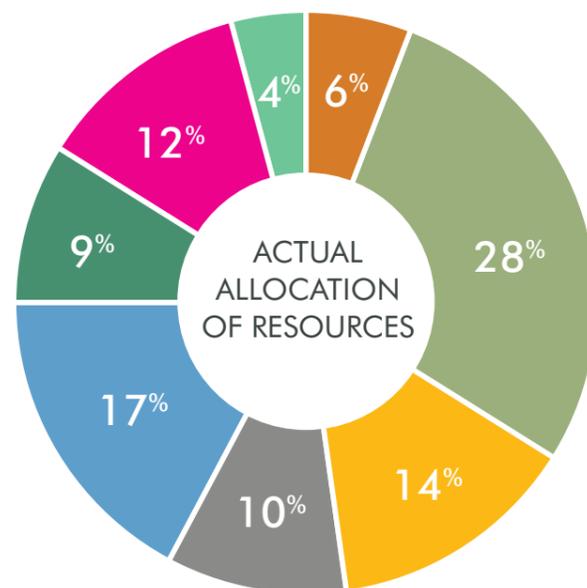
The Scottish Government allocated the Scottish Land Commission a budget (known as Departmental Expenditure Limit or DEL) of £1.526m. The Land Commission operated within its cash allocation for 2019-20 by drawing down £1.456m of the £1.526m allocation, out-turn against budget represented an underspend of £68k.

There was an increase in staff costs from budgeted to support our work on Regional Land Use Partnerships. There was an increase from budgeted to actual spend in Corporate Services due to additional IT equipment being purchased for Commissioners and new staff. The difference in the spend for land use decision-making was due to the restructure of the land rights and responsibilities reviews as a result of limited interest in the tender (see [page 10](#) for further detail).

Budget allocation of resources by priority area of work in 2019-20



Actual allocation of our resources by priority area of work in 2019-20



- Commissioners' costs
- Land for housing & development
- Staffing costs\*
- Land ownership
- Corporate Services
- Land use decision-making
- Communications & events
- Agricultural holdings

\*Staffing and project costs are allocated against Programme of Work priorities, this shows remaining core staffing costs.

## Financial Overview

Summary of out-turn	2019-20 £000	2018-19 £000
DEL Budget	1,526	1,400
Total Operating Expenditure	(1,458)	(1,281)
<b>Surplus/(Deficit) Against Budget</b>	<b>68</b>	<b>119</b>
Grant-in-Aid (GIA) drawn down	1,456	1,315
Other Income	0	0
Surplus/(Deficit) against GIA drawn down	(2)	34

On an income and expenditure accounting basis, the financial outcome for the year on normal business activities has resulted in an underspend against budget of £68k. Some of this underspend is attributed to planned contracts not proceeding due to a lack of bidders for the tenders. As a result of this, certain workstreams were redesigned to deliver the outputs in different ways including partnership working. There was also reduced

spend in the final quarter due to the impact of COVID-19 and a number of events being cancelled. This did not significantly impact the achievement of the Commission's objectives for this year. The Commission received £1.456m of its Grant-in-Aid allocation from Scottish Government, net expenditure against this was £1.458m, which resulted in a cash overspend of £2k against the Grant-in-Aid drawdown.



The Fannichs, Ross-shire

# PERFORMANCE ANALYSIS

## What we have achieved

The Annual Business Plan for 2019-20 identified the activity in each of the four priority areas of work spanning both urban and rural Scotland. Delivery of our Business Plan is monitored and reported throughout the year in our quarterly progress reports to the Board. Key Performance Indicators (KPIs) were agreed by the Board for the first time in December 2019. This is the first year the Commission has been working towards KPIs to monitor performance and achievement levels are reported to the Board.

The workstreams detail each area in turn and show how the actions in the Business Plan support the Strategic Plan's long-term outcomes. Our performance monitoring processes identify the medium-term outcomes and indicators that will allow us to track our progress and we will report against these across our Strategic Plan cycles.

The majority of 2019-20 KPIs have been achieved, illustrated opposite. One output in the Business Plan which has not been achieved involved looking at tax and fiscal options for land, due to in-year reprioritisation. This area of work has been moved into the 2020-21 Business Plan and does not impact the achievement of other activities.

This has been a successful year for the Commission, achieving its KPIs, and managing its spend in order to deliver across its key areas of work (see highlights [page 12](#)). There are a number of risks and uncertainty facing the Commission in achieving these KPIs; these are closely monitored and managed through the risk management framework, and reviewed by the Audit and Risk Committee and the Board (see [page 24](#)). Due to the specialist nature of some of the workstreams the risk of over-reliance on a small pool of specialist suppliers was realised when the Commission did not receive any bids for contracts tendered. This resulted in a change in approach, and although this led to some delays in outputs and reduction in budget spend, it ensured the work progressed. The delivery KPI for the Tenant Farming Commissioner is to be reviewed for 2020-21 due to the delay in the survey as noted in the table opposite. In the meantime, stakeholder responses to the Scottish Government Review provided a qualitative insight to the same area of delivery.

We expanded the Commission's team during 2019-20 to provide essential resource across the organisation and ensuring effective delivery of the Annual Business Plan and the Strategic Plan. The Commission has rigorous financial management controls, including budget profiling and monitoring to ensure any under or over spend is identified as early as possible so it can be addressed. Following its establishment year in 2017-18, the Commission has continued to improve its budget out-turn to within 5% underspend in 2019-20.

The Commission considers its medium-term financial planning in developing Annual Business Plans, and a three-year financial plan will be developed in the review of its next three-year Strategic Plan.

**The Commission held an extensive programme of engagement with stakeholders and the public to engage on the potential of land reform to help deliver ambitions for both urban and rural communities in Scotland:**



**18 public meetings** held across Scotland  
**427 people** attended



Continued **engagement with stakeholders** including holding and attending **regular stakeholder events**



Launched a campaign to **engage with young people** to find out what their **thoughts and aspirations are for our land** to help develop our next Strategic Plan



**Working with stakeholders to progress key areas of work and inform land reform debate**, such as strategic partnerships with Central Scotland Green Network and Development Trusts Association Scotland

### Key Performance Indicators

Business area	Key performance indicator	Measurement	Achieved
 Finance	End of year out-turn to be within 5% underspend of total allocated budget	Percentage level of year-end spend against budget allocated	✔ <b>4.4%</b> underspend in end of year accounts
 Staff wellbeing	Level of staff absence to be below national average (6.3 days)	Average number of days of sickness absence per employee	✔ Average number of days is 3.44
 Delivery	Delivered 90% of outputs identified in the Annual Business Plan	Percentage number of outputs delivered and completed as detailed in the Annual Business Plan	✔ <b>96%</b> of delivery outputs achieved
	Increased effectiveness of the Tenant Farming Commissioner (TFC) role in encouraging good relations between landlords and tenants of agricultural holdings	Achieve over 40% for very effective and extremely effective in annual Tenant Farming Advisory Forum (TFAF) survey	⋯ Not Available Due to Scottish Government's review of the functions of the TFC in 2020, it was decided to postpone the TFAF survey to 2021
 Communications	Increased profile of the Commission across workstreams	Year on year increase of:	✔ Increased by:
		Media coverage by 5%	<b>60% ↑</b>
		Social media followers by 25%	<b>52% ↑</b>
		Interactions by 10%	<b>8% ↑</b>
		Newsletter subscription by 20%	<b>60% ↑</b>

# PERFORMANCE ANALYSIS

Throughout 2019-20 we have delivered a substantial programme of research and engagement, providing recommendations to Government and guidance to a range of stakeholders and communities. Here are some of our highlights:

## LAND USE DECISION-MAKING

### LAND RIGHTS & RESPONSIBILITIES STATEMENT (LRRS)

The Good Practice Programme launched with a new website, protocols and guidance for land owners, managers and communities to strengthen realisation of land rights and responsibilities. Second LRRS protocol published looking at the transparency of information on land ownership and decision-making.

### REGIONAL LAND USE PARTNERSHIPS

Work begun to develop proposals for Scottish Government on the establishment of Regional Land Use Partnerships to maximise the potential of Scotland's land in taking action on climate change.

### COMMUNITY ENGAGEMENT

Baseline community engagement surveys show the need to promote greater communication and understanding between landowners and communities.

## LAND FOR HOUSING AND DEVELOPMENT

### TRANSFORMING SCOTLAND'S APPROACH TO VACANT AND DERELICT LAND

Taskforce Statement of Intent details actions needed at a national level to tackle vacant and derelict land. In-depth research and analysis to help understand the nature of derelict sites, the challenges of bringing them back into use and the harm they are causing to communities.

### LAND VALUE CAPTURE

Recommendations made to Scottish Government calling for a fundamental rethink of Scotland's speculative and market-driven approach to allocating land for development.

## MODERNISING LAND OWNERSHIP

### COMMUNITY OWNERSHIP

Report published on the different approaches to successfully fund community ownership and development.

### COMMON GOOD LAND

Research identified that Common Good assets in Scotland have the potential to deliver much greater public benefit than they do currently.

### SCALE AND CONCENTRATION OF OWNERSHIP

Engagement with stakeholders to progress the recommendations made to Scottish Ministers for legislative and practical measures to address the concentration of land ownership.

## AGRICULTURAL HOLDINGS

We are continuing to work to increase access to land for those who want to farm and reduce barriers to new entrants. Working as part of the Scottish Government's Farming Opportunities for New Entrants (FONE) group, the Commission supported the creation of a new, dedicated land matching service.

We also published a report looking at the role of business incubators for agriculture and exploring how they can be used to reinvigorate Scottish agriculture.

# Tenant Farming Commissioner

A thriving and prosperous tenant farming sector relies on a strong and constructive relationship between tenants and landlords and a positive and professional approach by intermediaries acting on behalf of landlord and/or tenant. Such relationships need to be based on mutual respect and shared values and a common approach to fairness and reasonableness. The Tenant Farming Commissioner (TFC) has made significant progress over the year in a number of areas for tenant farming.



### Six Codes of Practice have been published to date:

- Agreeing and Managing Agricultural Leases
- Amnesty of Tenants' Improvement
- Late Payment of Rent
- Planning the Future of Limited Partnerships
- Sporting Rights
- Maintenance of the Condition of Tenanted Agricultural Holdings.

They are intended to guide and shape the behaviours and procedures which accompany the interactions and negotiations between landlords and tenants, including agents and intermediaries acting for either party.

### Three Guides were published to provide information to both tenant farmers, land owners and agents:

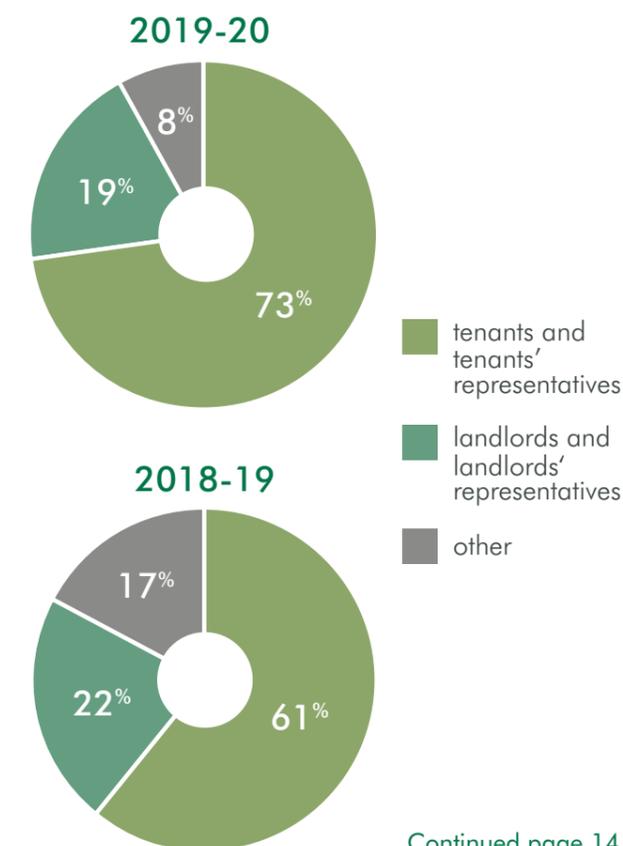
- A Guide to the Professional Conduct of Agents and How to make a Complaint
- A Guide to Transfer of Tenancies by Assignment & Succession
- A Guide to the Use of Tenanted Agricultural Holdings for Non-Agricultural Purposes (Diversification).

## Case Work

The TFC provides information to tenants and landlords regarding the Codes. The TFC received 112 enquiries over the year, an increase of 6% from 2018-19.



Most contacts have been made by tenant farmers and their representatives (73%), with enquiries from landlords, landlords' representatives and other professionals representing 19% of enquiries.



Continued page 14

# PERFORMANCE ANALYSIS

A wide range of enquiries has been received by the TFC over the last year with 40% of new enquiries about the amnesty on tenants' improvements. This was the last full year of the tenants' amnesty and the Commission, along with stakeholders, ran campaigns throughout the year reminding tenants to complete the process. Advice on repairs and maintenance obligations, end of tenancy, new tenancy, succession and assignation was also regularly sought.

## Type of enquiry 2019-20:

Amnesty	44
Repairs & maintenance	12
Other	12
End of tenancy	11
New tenancy	10
Succession/assignation	7
Rent review	4
Forestry	3
Waygo	3
Sporting	2
Landlord's obligations	2
Payment of rent	2

**40%**

about the amnesty on tenants' improvements

Three formal inquiries into alleged breaches of Codes of Practice were submitted to the TFC. Relating to the Codes of Practice on Late Payment of Rent, Maintenance of the Condition of Tenanted Agricultural Holdings, and a third not directly relating to a Code. The TFC cannot proceed with an alleged breach that doesn't relate specifically to a Code of Practice. Two of the alleged breaches related to a period of time before the Codes had been published. Under the procedures for an alleged breach as set out in the Land Reform Act (2016) the TFC was unable to proceed with the alleged breaches. They are being processed as cases.



Learning from international experience – produce growing on a French incubator farm

## Our Organisation

### Staff

The Commission has continued to build the staff team through a robust, fair and open recruitment process. The organisation has grown from a team of 13 staff in 2018-19 to 16 in 2019-20, which has enabled the organisation to increase its delivery in key areas such as land rights and responsibilities and land for housing and development.

The organisational development strategy has been implemented and is currently under review in the year ahead to ensure that the way we are working is effective in delivering our next Strategic Plan. To help link delivery across the organisation we have implemented a project team approach to working. Project teams have been established in key workstreams with representation from all teams.

As part of the organisational development strategy the Commission sought approval from Scottish Government to develop its own pay remit, enabling the organisation to have the flexibility, within public pay policy, to implement pay policy that better suits the evolving organisation. Governance procedures were developed to support this move and to ensure annual pay awards are costed, consulted, negotiated, agreed and implemented in a robust and transparent manner; this included the establishment of the Staffing and Remuneration Committee.

It is important for a young organisation to continuously review our processes and procedures to ensure they are effective, responsive, and provide value for money. The Commission carried out its first annual staff survey in 2019-20 resulting in a clear action plan for addressing areas for improvement.

### Sustainable, social and environmental overview

In line with the Scottish Government, the Commission is placing economic, social and cultural human rights at the heart of our work. It is embedded in our Strategic Plan and Programme of Work with a particular focus on the realisation of human rights through Scotland's framework for land reform.

The Scottish Government has ambitious carbon reduction targets for the public sector, and following the declaration by the government of a climate emergency, there has been a renewed focus on the public sector leading the way in reducing carbon emissions. The Commission committed to having a Climate Action Plan in place by April 2020 setting out our net direct emissions targets and a routemap to how we will achieve them.

The Commission is located in a Scottish Government building and we are actively involved in the building's user group looking at sustainable transport options and environmental improvements. Our focus is also on addressing internal factors such as greener travel, resources, procurement and awareness.

Community and charity work by staff can bring several benefits to the wider community. We support those who wish to undertake community or charity activities and commend our staff for their efforts, all staff took part in a local beach clean for the staff away day. Staff can also participate in a 'give as you earn' scheme and donate a proportion of their salaries to charities of their choice.



Scottish Land Commission staff away day – Fortrose beach clean

# PERFORMANCE ANALYSIS

## Best Value

The Commission's Board provides the vision and leadership to ensure that it is satisfied that the organisation is making the best use of public money. We are committed to delivering best value through clear governance and accountability, effective performance management, partnership and collaborative working, maximising efficiencies and building sustainability into how we operate.

In delivering best value we are committed to fairness and equality of opportunity and have policies and procedures in place to ensure this is achieved. We also fully recognise our legal responsibilities, particularly in respect of race relations, age, sex and disability discrimination.

The Commission has an Anti-Fraud Policy in place and there have been no reported incidents of corruption or fraud.

## Summary of Performance

This year has seen the Commission reach a number of significant milestones in the delivery of the Annual Business Plan and Strategic Plan. Operationally, the Commission has also developed significantly in terms of its culture, people and systems. New systems have been embedded into the organisation such as a new finance system and a case management system, to help build an innovative and dynamic organisation.

Overall it has been a successful year in which the Commission has made important progress in delivering our strategic priorities and a programme of land reform, positioning the Commission well to move in to the next phase for the organisation with our next Strategic Plan.

## Planning ahead

At the beginning of 2020, we engaged with our stakeholders and staff about the future of land reform in Scotland, considering what the priorities and opportunities for land reform are and who else should be involved. Findings from these workshops will help to shape the Commission's next Strategic Plan, due to be submitted to Ministers in September 2020. Land reform has a key part to play in Scotland's recovery and renewal post COVID-19, unlocking opportunities in land for greater economic, social and environmental wellbeing for people in both urban and rural Scotland. The Commission will be shaping its future work and organisational development to respond effectively to the post-COVID-19 challenges.

Hamish Trench



Chief Executive and Accountable Officer  
1 September 2020

## Contents

### ACCOUNTABILITY REPORT

This report contains key statements and reports that enables the Scottish Land Commission to meet accountability requirements and demonstrate compliance with good corporate governance.

<b>Corporate Governance Report</b>	<b>18</b>
Directors' Report	18
Statement of Accountable Officer's Responsibilities	20
Governance Statement	21
<b>Remuneration and Staff Report</b>	<b>28</b>
Remuneration Policy	28
Staff Report	33
<b>Parliamentary Accountability Report</b>	<b>35</b>
<b>Independent Auditor's Report</b>	<b>36</b>
<b>Financial Statements</b>	<b>39</b>
Statement of Comprehensive Net Expenditure	39
Statement of Financial Position	40
Statement of Cash Flows	41
Statement of Changes in Taxpayers' Equity	42
Notes to the Accounts	43
<b>Accounts Direction</b>	<b>51</b>

## CORPORATE GOVERNANCE REPORT

## Directors' Report

## Board of Commissioners



Left to right: Megan MacInnes, Professor David Adams, Andrew Thin (Chair), Dr Bob McIntosh (TFC), Dr Sally Reynolds and Lorne MacLeod

**Full details of the Commissioners' Register of Interests can be found on our website**

[www.landcommission.gov.scot/about-us/commissioners](http://www.landcommission.gov.scot/about-us/commissioners)

**Andrew Thin (Chair)**

Andrew has over thirty years of experience in leadership roles in the public, private and third sectors. He coordinated the work of the Agricultural Holdings Legislation Review in 2014. His previous public sector roles have included Crofters Commissioner, Chair of the Cairngorms National Park Authority, Chair of Scottish Natural Heritage and Andrew is currently Chair of Scottish Canals.

**Dr Bob McIntosh CBE (Tenant Farming Commissioner)**

Bob is a retired public servant with extensive experience in public policy, in particular in land management and forestry. Bob was the Scottish Government Director for Environment and Forestry between 2012 and 2015 and served as the Director of Forestry Commission Scotland. He was a partner in a 650-acre hill farm for 15 years. He is also currently a Board Member of Highlands and Islands Enterprise.

**Dr Sally Reynolds**

Sally is an Agricultural Consultant (with a PhD in mathematical ecology); she is currently working within the Community Land Sector as Development Officer with Carloway Estate Trust (Urras Oighreachd Chàrlabhaigh). An active crofter and livestock keeper, she contributes to a number of activities which benefit the community.

**Lorne MacLeod**

Lorne was a founding director, and latterly Chair, of Community Land Scotland, and has been a director of the community land buyout groups in Eriskay, South Uist & Benbecula, and the Isle of Gigha. He was Highlands & Islands Enterprise's first Director of Strengthening Communities. He is a chartered accountant, and director of a retail and distribution business in the Isle of Skye.

**Megan MacInnes**

Megan has over 15 years' experience working on land reform internationally, particularly throughout Southeast Asia, with community groups, NGOs, governments, international organisations and large agribusiness companies. She has considerable expertise in protecting land rights, land management, community empowerment, natural resource governance and human rights. She grew up on Skye and is now part of a crofting family in Applecross, and until May 2020 was the Land Advisor with the international NGO Global Witness.

**Professor David Adams**

David Adams is Emeritus Professor in Urban Studies at the University of Glasgow. A Fellow of the Royal Town Planning Institute and the Royal Institution of Chartered Surveyors, David was previously an adviser to the Land Reform Review Group and has researched and published widely on urban land problems.

## Management Team

**Hamish Trench  
Chief Executive and  
Accountable Officer**

Responsible for the strategic leadership and operational management of the organisation and supporting Commissioners in fulfilling their functions.

**Posy MacRae  
Head of Communications  
and Corporate Services**

Responsible for leading the Commission's communications and corporate services including corporate governance.

**Shona Glenn  
Head of Policy  
& Research – Land**

Responsible for leading the programme of research and policy on land for housing and development, land ownership and land use decision-making.

**Sarah Allen  
Head of Tenant Farming  
and Land Rights  
& Responsibilities**

Responsible for the Good Practice team supporting the principles of the Land Rights and Responsibilities Statement, and providing support to the Tenant Farming Commissioner.

## Pensions

Scottish Land Commission staff members are eligible to be members of the Principal Civil Service Pension Scheme. Details of the scheme and details of the pension entitlements of the Scottish Land Commission's senior managers are given in the Remuneration Report ([page 29](#)) and note 1.7 ([page 44](#)) to these accounts.

## Freedom of Information requests

The Scottish Land Commission received nine Freedom of Information requests during the year 2019-20. Details of these can be reviewed on the Scottish Information Commissioner's website [stats.itspubliknowledge.info/](http://stats.itspubliknowledge.info/).

## Data Protection

There were no data losses during the year.

## Payment Practice Code

In line with Scottish Government policy, the Scottish Land Commission requires that all suppliers' invoices not in dispute are paid within 10 working days of receipt. The Scottish Land Commission aims to pay 100% of invoices, including disputed invoices, once the dispute has been settled, on time in these terms. During the year ended 31 March 2020, the Scottish Land Commission paid 95% of its invoices within these terms.

## Non Audit Fees

The Auditor General for Scotland has appointed Audit Scotland as the external auditor. Details of the audit fee for the year to 31 March 2020 are disclosed in note 3 ([page 46](#)) to the accounts. Audit Scotland were not engaged or paid for any non-audit work during the year.

# CORPORATE GOVERNANCE REPORT

## Statement of Accountable Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and section 19 of the Land Reform (Scotland) Act 2016, Scottish Ministers have directed the Scottish Land Commission to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by the Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of the Scottish Land Commission's state of affairs at the period end and of its operating costs, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, the Accountable Officer is required to:

- Observe the Accounts Direction issued by Scottish Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis.

The Permanent Secretary and Principal Accountable Officer of the Scottish Government has appointed the Chief Executive of the Scottish Land Commission as Accountable Officer.

### Statement by Accountable Officer

As Accountable Officer, I am responsible for the regularity and propriety of the public finances for which I am answerable, for keeping proper records and for safeguarding the Scottish Land Commission's assets, as set out in the Memorandum to Accountable Officers for Parts of the Scottish Administration issued by Scottish Ministers.

### Disclosure of Information to the Auditors

As Accountable Officer, as far as I am aware, there is no relevant audit information of which the Scottish Land Commission's auditor is unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Scottish Land Commission's auditor is aware of the information.

### Accountable Officer Confirmation on the Annual Report and Accounts

As Accountable Officer I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## Governance Statement

### Background

The Governance Statement records the stewardship of the Scottish Land Commission and supplements the annual accounts. This statement also draws together statements and evidence on governance, risk management and control, to provide a coherent and consistent reporting mechanism.

### Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities set out in the Accountable Officer's Memorandum.

In the discharge of my personal responsibilities I ensure organisational compliance with the Scottish Public Finance Manual (SPFM). The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

## Governance Framework

### The Board

The Chair leads the Board of Commissioners and the Chief Executive leads the executive management of the Scottish Land Commission.

The Board comprises six Commissioners; five are Land Commissioners and one a Tenant Farming Commissioner, all of whom are appointed by Scottish Ministers.

More information on the Commissioners can be found on [page 18](#).

The role of the Board is to provide strategic leadership for the organisation, setting the policy direction including development of a Strategic Plan and Programme of Work to be agreed with Scottish Ministers. They also oversee the performance of the organisation and the Chief Executive is accountable to the Board for its performance.

During the 2019-20 year the Board focused on:

- Overseeing delivery of the Strategic Plan and Programme of Work
- Extensive public and stakeholder engagement including regular public meetings across Scotland
- Quarterly performance monitoring addressing delivery, financial, risk and governance performance
- Board member development and training.

The Board is supported by an Audit and Risk Committee to maintain oversight of internal and external audit, financial, risk and governance performance, and a Staffing and Remuneration Committee.

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful organisation.

The Board's standing orders can be obtained from the Commission's website [www.landcommission.gov.scot](http://www.landcommission.gov.scot).

### Audit and Risk Committee

A minimum of two Commissioners are appointed by the Board to serve on the Audit and Risk Committee. Given the relatively small size of the organisation and Board, an external member has been co-opted to the Audit and Risk Committee to ensure additional expertise and effective scrutiny. This Committee met four times during the 2019-20 year.

The external and internal auditors normally attend all Audit and Risk Committee meetings. They are given the opportunity to speak confidentially to the Committee members. The purpose of the Audit and Risk Committee is to monitor and review risk, control and corporate governance. It operates independently and reports to the Board.

The Audit and Risk Committee terms of reference can be obtained from the Commission's website [www.landcommission.gov.scot](http://www.landcommission.gov.scot).

### Staffing and Remuneration Committee

A Staffing and Remuneration Committee was established in May 2019 to oversee and monitor the remuneration systems put in place for the Commission, including the annual pay remits. The staffing and remuneration committee is a committee of the Commission. The members of the staffing and remuneration committee are the Board of Commissioners chaired by the Chair of the Land Commission. The Committee met three times during the 2019-20 year.

### Board of Commissioners during 2019-20

Commissioner	Board Position	Attendance at Board Meetings 2019-20
Andrew Thin	Chair	7/8
Megan MacInnes	Commissioner	8/8
Professor David Adams	Commissioner	7/8
Dr Bob McIntosh	Tenant Farming Commissioner	5/8
Dr Sally Reynolds	Commissioner	7/8
Lorne MacLeod	Commissioner	8/8

### Audit and Risk Committee Members during 2019-20

Committee Member	Audit and Risk Committee Position	Attendance at Committee Meetings 2019-20
Lorne MacLeod	Chair (Commissioner)	4/4
Megan MacInnes	Member (Commissioner)	4/4
Yvonne McIntosh*	Member (Co-opted)	4/4

\* Date of co-opted appointment 26 June 2017;  
Date when appointment is due to end/become eligible for renewal 26 June 2021.

### Staffing and Remuneration Committee Members during 2019-20

Commissioner	Committee Position	Attendance at Committee Meetings 2019-20
Andrew Thin	Chair	3/3
Megan MacInnes	Commissioner	3/3
Professor David Adams	Commissioner	3/3
Dr Bob McIntosh	Tenant Farming Commissioner	2/3
Dr Sally Reynolds	Commissioner	3/3
Lorne MacLeod	Commissioner	3/3

### Senior Management Team 2019-20

- Hamish Trench (Chief Executive and Accountable Officer)
- Shona Glenn (Head of Policy and Research)
- Sarah Allen (Head of Tenant Farming/Land Rights and Responsibilities)
- Posy MacRae (Head of Communications and Corporate Services)

More information on the Senior Management Team can be found on [page 19](#).

The Senior Management Team meets regularly to co-ordinate operational management. The Senior Management Team consists of the Chief Executive and the Heads of Service. The Senior Management Team is committed to high standards of corporate governance and provides the leadership, strategic oversight and the control environment required to deliver the Scottish Land Commission's key aims.

# CORPORATE GOVERNANCE REPORT

## Risk and Control Framework

All bodies subject to the requirements of the Scottish Public Finance Manual (SPFM) must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers.

The risk and control mechanism is based on an ongoing process designed to identify the principal risks to the achievement of the Scottish Land Commission's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Scottish Land Commission maintains a Strategic Risk Register which records internal and external risks and identifies the mitigating actions required to reduce the threat of these risks occurring and their impact. The Strategic Risk Register is regularly updated and reviewed as a standing item by both the Senior Management Team and the Audit and Risk Committee. Each individual risk is allocated an owner who ensures that mitigating action is carried out. The Risk Register is presented to the Board on a quarterly basis.

The principal risks identified during the year to 31 March 2020 can be categorised under four main headings:

### Delivery

- Risk that the Commission has an over-reliance on a small number of sector consultants and researchers in securing the expertise to deliver high quality research/ contracts resulting in delay or a gap in delivery
- Risk that the Commission is unable to demonstrate/measure change against agreed outcomes and objectives
- Risk of loss of systems resulting in the Commission not being able to operate as an organisation
- Risk that the Commission is unable to react quickly in matching resources to changes in priorities.

### Reputational

- Risk that emerging issues result in reactive policy making and relationship management
- Risk of inconsistency in joining up the Commission's outputs in clear narrative and linking to the wider land reform agenda
- Risk of ineffective management of strong relationships with key stakeholders in policy development and in identifying opportunities for collaboration, reducing the potential of relationships with a range of stakeholders
- Risk of ineffective management of relationships across Scottish Government and restricts the chance of the Commission's work being understood and recommendations well received.

### Compliance

- Risk that the Commission fails to have in place or adhere to statutory or non-statutory corporate governance policies or procedures
- Risk that the Commission fails to deliver to its allocated budget, resulting in reputational, administrative and governance failures.

### Staffing

- Risk that individual members of staff are absent due to illness, etc resulting in loss of capacity for critical elements of business systems and delivery
- Risk that changing work priorities, competing expectations or insufficient prioritisation impacts on staff wellbeing.

The Scottish Land Commission follows the Scottish Government policy on Information Security and has a Senior Information Risk Owner in place to manage information risk.

The risk and control processes applied within the Scottish Land Commission accord with guidance given in the SPFM and have been in place for the year ended 31 March 2020 and up to the date of the approval of the annual report and accounts.

During the year, and up to the date of signing the accounts, the following governance arrangements were in place:

- Whistle Blowing Policy
- Anti-Fraud Policy
- Updated Finance Desk Instructions

The Commission's risk management framework states that risk management training will be provided to all staff every three years. Risk management training which should have taken place in March 2020 had to be postponed due to lockdown restrictions of COVID-19. This training has been rescheduled and will take place in September 2020.

The system of internal control will continue to be reviewed to ensure effective assurances as the organisation matures and develops.

## Best Value

The Commission's Governance Framework ensures that by following best practice principals and guidance across the organisation we continue to secure best value in our operations and procurement of services and contracts. For example, the Commission has entered into shared service arrangements for effective and efficient provision of corporate services, including for 2019-20 provision of HR by Cairngorms National Park Authority. The Commission's Organisational Development Strategy includes review and further tailoring of shared service provision to meet the Commission's developing culture and business needs.

## Conflicts of Interest Procedures

The Scottish Land Commission operates strict and comprehensive procedures to deal with potential conflicts of interest. A register of interests, covering Commissioners and staff, is held and updated on an annual basis. This is available for examination by any member of the public wishing to do so, and Commissioner's information is published on the Scottish Land Commission's website.

Commissioners record any potential conflicts of interest at the start of every Commission meeting and where appropriate absent themselves from decisions on any matters in which they have an interest. These declarations are recorded in the minutes of the meeting.

## External Audit

The Auditor General for Scotland has appointed Audit Scotland as the Scottish Land Commission's external auditor for a four-year period from 1 April 2017.

## Internal Audit

The internal audit function is an integral part of the internal control system. The Scottish Land Commission's internal audit service for the financial year 2019-20 was provided by BDO LLP, who undertook work based on an analysis of the risk to which the Commission was exposed. During 2019-20 BDO LLP reviewed and evaluated the Scottish Land Commission's processes in the following areas:

- Corporate Governance
- Financial Planning
- Communications and Stakeholder Engagement
- Workforce Planning
- Follow-up of recommendations.

The findings are presented in the reports issued during the year to the Senior Management Team and the Audit and Risk Committee. These include an opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvements.

# CORPORATE GOVERNANCE REPORT

A total of 18 recommendations were made throughout the year which ranged from medium to low risk, with no high risk recommendations identified.

Each year the Internal Audit provider issues an annual report which includes an opinion on the system of internal control. The findings of the review of the Commission's risk management, governance and internal control processes provided the Commission with reasonable assurance that there are no major weaknesses in the internal control systems for the areas reviewed in 2019-20.

In their annual report, Internal Audit stated that they found a strong level of commitment and effort from the Commission in clearing as many outstanding recommendations as possible from previous audit reports. In particular they recognised the completion of the Agriculture Casework recommendations, such as the implementation of a casework management system. They followed up 10 recommendations from 2018-19 and five recommendations from 2019-20. Eight of the recommendations had been fully implemented, four had been partially implemented, and three had not been implemented due to changes in the project management approach and a delay in the budget profiling to the rescheduled Scottish budget.

## Data and Information Management

Procedures are in place to ensure compliance with data and information management obligations. The Commission has had no recorded or reported instances of data loss or breaches during the year. The Commission has taken steps to ensure compliance with GDPR obligations. The Commission has a dedicated Data Protection Officer, Information Asset Owners and Senior Information Risk Owner.

The Commission recognises the importance of ensuring cyber resilience and has continued to work with Scottish Government to ensure that our digital technologies are in line with the Scottish Public Sector Action Plan on Cyber Resilience. The Scottish Land Commission achieved Cyber Essentials certification in February 2020.

## Significant Governance Issues

During 2019-20 there were no significant governance issues to report.

## Governance Focus Looking Ahead

The key governance challenges going forward centre on delivery of outcomes in the context of Scotland's economic recovery from the COVID-19 pandemic and will involve:

- Achieving delivery of the Scottish Land Commission's Programme of Work and contributing to Scotland's recovery through a new Strategic Plan
- Shaping effective ways of working during the remaining phases of COVID-19 restrictions
- Maintaining oversight of changing risks and opportunities resulting from changes in ways of working due to COVID-19
- Full integration of tailored information and financial systems to support the efficient and effective achievement of corporate objectives
- Further developing the scheme of delegation as the Scottish Land Commission evolves to ensure it operates in an efficient and effective way
- Continued development of performance management information including key performance indicators
- Ongoing programme of training and development for Commissioners based on skills and development requirements
- The effective governance of the Staffing and Remuneration Committee overseeing and monitoring the remuneration systems put in place for the Commission, in particular the pay and grading system.

## Management Assurances

The Accountable Officer's review of the effectiveness of the system of internal control and risk management arrangements is informed by:

1. Letter of assurance supported by a completed internal control checklist, agreed by the Heads of Service identifying controls and if applicable stating areas of concern
2. The work of internal auditors, including in-year reports to the Scottish Land Commission's Audit and Risk Committee (this includes their independent and objective opinion on the adequacy and effectiveness of the Commission's systems of internal control together with recommendations for improvement)
3. Comments made by external audit in their reports
4. The annual report, and quarterly updates, provided by the Chair of the Audit and Risk Committee to the Board, detailing the work of that committee during the year
5. Quarterly reviews by the Audit and Risk Committee of the organisation's risk register and the work of internal audit in assessing effectiveness of risk management arrangements
6. Letters of assurance from the Cairngorms National Park Authority who provide a shared HR service to the Scottish Land Commission.

The Internal Auditor's annual assurance report finds that the controls framework in place provides a reasonable assurance regarding the effective and efficient delivery of the Commission's strategic objectives.

## Conclusion

Based on the sources of assurance identified above, and the continuous review of corporate governance practices in line with the SPFM best practice principals and guidance, I am satisfied that appropriate governance controls are in place and these are operating effectively. The framework of control will continue to be developed to ensure it is proportionate and effective as the organisation matures.

# REMUNERATION AND STAFF REPORT

The Remuneration and Staff Report is subject to audit except for the Remuneration Policy, Gender Note, Sickness Absence data, Staff policies with regards to Equal Opportunities, Disability and Diversity, Fairness at Work, and Learning and Development Policies, which are reviewed by Audit Scotland for consistency with the audited accounts.

## Remuneration Policy

### Board Members

The Scottish Land Commission Board comprises six Commissioners. Commissioners' remuneration is approved by Scottish Ministers and is determined according to the Public Sector Pay Policy for Senior Appointment (see [www.scotland.gov.uk/publications](http://www.scotland.gov.uk/publications) for further detail).

Current Board Member appointments are non-pensionable. All the current Board Members have been appointed from 19 December 2016. Four members have been appointed on five-year terms (Andrew Thin, Chair; Dr Bob McIntosh, Tenant Farming Commissioner; Dr Sally Reynolds, and Lorne Macleod, Land Commissioners) and two members have been appointed for four-year terms (Megan MacInnes and Professor David Adams, Land Commissioners).

### Staff

All permanent and fixed-term staff are employees of the Scottish Land Commission. For 2019-20 the Commission has adopted Scottish Government pay grading and policy to determine salary levels and review with the Staffing and Remuneration Committee approving the proposed annual pay remit in line with Scottish Government pay policy. Account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls. Performance of all staff is monitored through a performance appraisal system.

### Audit and Risk Committee

The Scottish Land Commission's Audit and Risk committee is comprised of two Commissioners and one co-opted member from an external organisation. The co-opted member is not in receipt of any remuneration and therefore is not included in the following report.

## Board Remuneration

### Commissioners were due remuneration as follows

Commissioners who held office during 2019-20	2019-20 (£)	2018-19 (£)
Andrew Thin (Chair)	12,624	12,384
Megan MacInnes (Land Commissioner)	7,028*	6,972
Professor David Adams (Land Commissioner)	5,040	4,944
Dr Bob McIntosh (Tenant Farming Commissioner)	20,160	19,776
Dr Sally Reynolds (Land Commissioner)	5,040	4,944
Lorne MacLeod (Land Commissioner)	5,040	4,944

Commissioners' appointments are non-pensionable.

\*Benefit in kind payments totalling £1,987 are included in the above remuneration for Megan MacInnes made during the year (2018-19: £2,028).

Scottish Land Commission Chair is committed to four days per month.

Tenant Farming Commissioner is committed to eight days per month.

Land Commissioners are committed to two days per month.

All Commissioners were appointed from 19 December 2016.

## Remuneration of Senior Staff

### The following section provides details of the remuneration and pension interests of the senior staff of the Scottish Land Commission

	Salary		Pension benefits		Total	
	£000		£000		£000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Chief Executive</b>						
Hamish Trench	70-75	70-75	33	41	105-110	110-115
<b>Senior Management Team</b>						
Posy MacRae* <sup>1</sup> Full-time equivalent	40-45 (55-60)	35-40 (45-50)	18	16	60-65	55-60
Sarah Allen* <sup>2</sup> Full-time equivalent	35-40 (55-60)	30-35 (50-55)	15	13	50-55	45-50
Shona Glenn	55-60	50-55	22	21	75-80	70-75

\*<sup>1</sup> Works 0.8 FTE    \*<sup>2</sup> Works 0.6 FTE (0.8 FTE from February to March 2020)

**Salary** – includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made within the year by the Scottish Land Commission.

**Benefits in kind** – There were no benefits in kind within 2019-20.

**Bonuses** – There were no bonuses within 2019-20.

# REMUNERATION AND STAFF REPORT

## Compensation for loss of office

This value was nil for 2019-20 (2018-19: nil).

## Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid staff member in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid staff member in the Scottish Land Commission in financial year 2019-20 was £70-£75k (2018-19: £70-75k). This was 2.22 times (2018-19: 2.45) the median remuneration of the workforce (excluding the Chief Executive) which was £32,644 (2018-19: £29,951.50).

In 2019-20 no employees received remuneration in excess of the Chief Executive. Remuneration ranged from £21,482 to £58,653 (excluding the Chief Executive) (2018-19: £19,562 to £53,965).

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80<sup>th</sup> of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be

## Pension Benefits

	Accrued pension at pension age as at 31/03/20 and related lump sum		Real increase in pension and related lump sum at pension age		CETV* at 31/03/20	CETV at 31/03/19	Real increase in CETV as funded by employer
	£000		£000		£000	£000	£000
	Pension	Lump Sum	Pension	Lump Sum			
<b>Chief Executive</b>							
Hamish Trench	20-25	-	0-2.5	-	259	230	15
<b>Senior Management Team</b>							
Posy MacRae	0-5	-	0-2.5	-	28	18	7
Sarah Allen	0-5	-	0-2.5	-	28	16	9
Shona Glenn	0-5	-	0-2.5	-	31	18	8

\*CETV stands for Cash Equivalent Transfer Value and more information can be found on [page 32](#).

# REMUNERATION AND STAFF REPORT

an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff Report

### Staff Costs and Numbers

	Permanent Staff	Board Members	Others	Total 2019-20	Total 2018-19
	£000	£000	£000	£000	£000
Salaries	403	55	76	534	419
Social security costs	45	2	7	54	36
Other pension costs	117	-	21	138	81
Inward secondment and agency staff	-	-	27	27	22
<b>TOTAL</b>	<b>565</b>	<b>57</b>	<b>131</b>	<b>753</b>	<b>558</b>

### Average Number of Employees

The average number of full-time equivalent (FTE) persons employed during the year

	Number 2019-20
Senior Management	3
Professional, Managerial, Administration and Support	10
<b>TOTAL</b>	<b>13</b>

Senior Management represents members of Management Team.

As at 31 March 2020, 75% of staff were on permanent contracts, comprising 12 permanent staff and four members of staff on a fixed-term contract.

The Commission had no consultancy remuneration or off payroll arrangements in the year ended 2019-20 (2018-19: nil).

### Gender Note

	Males 31 March 2020	Females 31 March 2020	Males 31 March 2019	Females 31 March 2019
Commissioners	4	2	4	2
Chief Executive	1	-	1	-
Employees	2	13	2	11

Employee numbers include part-time staff.

The figures above are the total numbers of staff as at 31 March 2020, not full-time equivalents.

## REMUNERATION AND STAFF REPORT

### Sickness Absence

Sickness absence during the year to 31 March 2020 was 55 days, representing 1.6% of the total number of available days. This equates to an average number of days' sickness per member of staff of 3.44 days.

### Exit Packages

There were no exit packages within 2019-20 (2018-19: nil).

### Equal Opportunities, Disability and Diversity Policies

The Scottish Land Commission adopts the Scottish Government policies on equal opportunities and diversity. The policy on equal opportunity states that all staff should be treated equally irrespective of their sex, marital/civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity (transgender), maternity or paternity status, caring responsibility or trade union membership. The Commission will seek to avoid unlawful discrimination in all aspects of employment including recruitment, promotion, opportunities for learning and development,

pay and benefits, discipline and selection for redundancy. In line with Scottish Government policy, the Scottish Land Commission is specifically required to increase the diversity of staff within the organisation. The Commission cannot directly discriminate in the selection of employees for recruitment or promotion, but the Commission may use appropriate lawful methods, including lawful positive action to address under-representation of any group that the Commission identifies as being under-represented in particular types of jobs. Employment and development of disabled persons is covered by our Equal Opportunities and Diversity Policy and as part of the organisation's commitment to the Disability Confident scheme: applications for employment received from any candidate who indicates that they have a disability will be automatically short-listed if they demonstrate that they meet all the essential short-listing criteria for the role. The Scottish Land Commission will make reasonable adjustments to its standard working practices to overcome barriers caused by disability. The Scottish Land Commission undertakes to develop all staff, positively values the different perspectives and skills each brings to our work, and has adopted a comprehensive learning and development policy and fairness at work policy. The Scottish Land Commission is committed to delivering its functions in a manner that encourages equal opportunities, aims to eliminate unlawful discrimination and other conduct prohibited by equality legislation.

## PARLIAMENTARY ACCOUNTABILITY REPORT

### Losses and special payments

There were no losses or special payments made during the year 2019-20 (2018-19: nil).

### Gifts and Charitable Donations

There were no gifts or charitable donations made during the year 2019-20 (2018-19: nil).

### Remote Contingent Liabilities

The Scottish Land Commission is required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability under IAS37. There are currently no remote contingent liabilities.

Hamish Trench



Chief Executive and Accountable Officer  
1 September 2020

# INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of the Scottish Land Commission, the Auditor General for Scotland and the Scottish Parliament.

## Report on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Land Commission for the year ended 31 March 2020 under the Land Reform (Scotland) Act 2016. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019-20 Government Financial Reporting Manual (the 2019-20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019-20 FReM; and
- have been prepared in accordance with the requirements of the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers.

### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26 January 2018. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the **Audit Scotland website**, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Report on other requirements

### Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers.

### Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Maggie Bruce*

Maggie Bruce  
Senior Audit Manager  
Audit Scotland  
The Green House  
Beechwood Business Park North  
Inverness, IV2 3BL

1 September 2020

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020

		2020	2019
	Note	£000	£000
Staff costs	2	770	576
Other operating expenditure	3	688	705
<b>Total operating expenditure</b>		<b>1,458</b>	<b>1,281</b>
<b>Net operating expenditure</b>		<b>1,458</b>	<b>1,281</b>

The notes on [pages 43 to 50](#) form part of these accounts.

## Statement of Financial Position

As at 31 March 2020

	Notes	2020 £000	2019 £000
<b>Non-current assets</b>			
Property, plant and equipment	4	4	6
Trade and other receivables	5	2	0
<b>Total non-current assets</b>		<b>6</b>	<b>6</b>
<b>Current assets</b>			
Trade and other receivables	5	18	16
Cash and cash equivalents	6	120	120
<b>Total current assets</b>		<b>138</b>	<b>136</b>
<b>Current liabilities</b>			
Trade and other payables	7	(102)	(98)
<b>Total current assets less current liabilities</b>		<b>36</b>	<b>38</b>
<b>Total assets less current liabilities</b>		<b>42</b>	<b>44</b>
<b>Taxpayers' equity</b>			
General reserve		<b>42</b>	<b>44</b>

The Accountable Officer authorised these financial statements for issue on 1 September 2020.

Only events up until the authorised for issue date are reflected in these accounts.

The notes on [pages 43 to 50](#) form part of these accounts.

Hamish Trench



Chief Executive and Accountable Officer  
1 September 2020

## Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(1,458)	(1,281)
Depreciation charge	4	2	1
		<b>(1,456)</b>	<b>(1,280)</b>
<b>Movements in working capital</b>			
Increase/(decrease) in trade and other payables	7	4	(25)
(Increase)/decrease in trade and other receivables	5	(4)	(16)
		<b>0</b>	<b>(41)</b>
<b>Net cash flow from operating activities</b>		<b>(1,456)</b>	<b>(1,321)</b>
<b>Financing activities</b>			
Grant-in-Aid		1,456	1,315
<b>Net cash flow from financing activities</b>		<b>1,456</b>	<b>1,315</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	4	(0)	(7)
<b>Net cash used in investing activities</b>		<b>(0)</b>	<b>(7)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-</b>	<b>13</b>
Cash and cash equivalents at beginning of year	6	120	133
Cash and cash equivalents at end of year	6	120	120

The notes on [pages 43 to 50](#) form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

General Reserve	£000
<b>Balance at 01 April 2018</b>	<b>10</b>
<b>Year ended 31 March 2019</b>	
Grant-in-Aid	1,315
Comprehensive net expenditure for the year	(1,281)
<b>Balance at 31 March 2019</b>	<b>44</b>
<b>Year ended 31 March 2020</b>	
Grant-in-Aid	1,456
Comprehensive net expenditure for the year	(1,458)
<b>Balance at 31 March 2020</b>	<b>42</b>

The notes on [pages 43 to 50](#) form part of these accounts.

## Notes to the Accounts

### 1 Accounting policies

The financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FRoM) issued by HM Treasury and the Accounts Direction ([page 51](#)) issued by Scottish Ministers.

The (FRoM) sets out the format of the annual accounts. Grant-in-Aid (GIA) is included in the General Reserve in the Statement of Changes in Taxpayers' Equity rather than included in the Statement of Comprehensive Net Expenditure. All other income and expenditure is included in the Statement of Comprehensive Net Expenditure.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Scottish Land Commission for the purposes of giving a true and fair view has been selected.

The particular policies adopted by the Scottish Land Commission are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

The financial statements included in this report have been prepared on a going concern basis. The Accountable Officer has considered the budget and associated grant-in-aid allocation for 2020-21 and considers the Scottish Land Commission to have adequate resources to continue in operational existence for the foreseeable future.

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets. Residual values are reviewed annually so that they are stated in the Statement of Financial Position at fair value.

### 1.2 Intangible Assets

Expenditure relating to IT software and software developments is capitalised if the asset has a cost of at least £5,000 or considered part of a collective group of interdependent assets with a total cost exceeding £5,000. General IT software project management costs are not capitalised. All assets are recorded at cost and the estimated useful lives and residual values are reviewed annually in line with the asset management policy. The Scottish Land Commission does not have any intangible assets that require to be capitalised within this financial year.

### 1.3 Property, Plant and Equipment

Expenditure on office refurbishments, office furniture and fittings, office equipment, IT equipment and infrastructure is capitalised if the asset has a value of at least £5,000 with a useful life of more than one year. Individual assets costing less than £5,000 are capitalised when considered part of a group if the total cost exceeds £5,000. General IT project management costs are not capitalised. The assets are recorded at cost and the estimated useful lives and residual values are reviewed annually in line with the asset management policy.

## 1.4 Depreciation

Capitalised assets will be depreciated/amortised on a straight-line historical cost basis as follows.

Property, plant and equipment:

Furniture and fittings:

- Office refurbishment – 10 years
- Furniture – 10 years
- Office equipment – 5 years

Information technology:

- IT equipment – 3 years
- IT infrastructure – 3 years

Intangible assets:

- Software licences – 3 years
- Developed software and website – 3 years

Office refurbishments and furniture is written off over the remaining life of the lease (the date of the first lease break) if below 10 years. IT software, including developed software, is written off over the expected life if less than three years. The estimated useful lives and residual values are reviewed annually.

## 1.5 Value Added Tax

Irrecoverable VAT is included with the relevant costs and charged to the Statement of Comprehensive Net Expenditure in the period in which it is incurred.

## 1.6 Employee Benefits

Salaries and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following year. A liability and an expense are recognised for accrued but unused annual leave and flexi leave balances at 31 March, in accordance with the underlying policy. These costs are shown in the Remuneration and Staff Report.

## 1.7 Pension Costs

Pension costs as reported in the Scottish Land Commission's accounts relate to the period during which it benefits from the employee's services. This includes amounts covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme, which are paid by the Scottish Land Commission to the PCSPS on an accruing basis. The Commission is unable to identify its share of the underlying assets and liabilities and therefore the liability for payment of future benefits is a charge on the PCSPS which prepares its own scheme statements.

## 1.8 Trade Receivables

All material amounts due as at 31 March 2020 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

## 1.9 Trade Payables

All material amounts due as at 31 March 2020 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

## 1.10 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash with the bank and on hand.

## 1.11 Grant-in-Aid

The Scottish Land Commission receives Grant-in-Aid from the Scottish Government to finance its net expenditure. Grant-in-Aid is credited to the general reserve in the period in which it is received. The net cost of the Scottish Land Commission is charged to this fund.

## 1.12 Adoption of New and Revised Standards

At the date of authorisation of these financial statements there were the following Accounting Standards issued, but not yet effective, which relate to the Scottish Land Commission:

- IFRS 16 Leases – effective for accounting periods beginning on or after 1 April 2021. This standard specifies how to recognise, measure, present and disclose leases. Application and disclosure details are to be provided and a full assessment will be undertaken at that point. The application of this standard is expected to increase total expenditure by less than £1k, Right of Use assets totalling £46k and will be brought onto the Statement of Financial Position, with an associated lease liability of £46k. The application of this standard will also lead to the Commission's budget allocation of Grant-in-Aid specifying a capital element for the first time.

## 1.13 Critical Accounting Judgements and Key Sources of Estimation

In the application of the Scottish Land Commission's accounting policies as described in Note 1, the Accountable Officer is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The Accountable Officer is required to make judgements, estimates and assumptions in relation to work in progress at the year end. The estimates and associated assumptions are based on historical experience and work to date statements. Other than the above, the Accountable Officer does not consider there to be any critical judgements or sources of estimation uncertainty requiring disclosure beyond application of the policies stated above.

## 1.14 Leases

Leases where most of the risks and rewards of ownership of the asset remain with the lessor are classified as operating leases. Operating lease payments are recognised in the statement of comprehensive net expenditure on a straight-line basis over the lease term. The effective date of IFRS 16 leases is now deferred to 1 April 2021.

## 2 Staff Costs

	Permanent Staff	Board Members	Others	Total 2019-20	Total 2018-19
	£000	£000	£000	£000	£000
Salaries	420	55	76	551	437
Social Security costs	45	2	7	54	36
Other pension costs	117	-	21	138	81
Inward secondment and agency staff	-	-	27	27	22
<b>TOTAL</b>	<b>582</b>	<b>57</b>	<b>131</b>	<b>770</b>	<b>576</b>

## 3 Other Operating Expenditure

	2020	2019
	£000	£000
Accommodation expenses	35	34
Research & Policy	278	337
Information systems & Telecommunications	21	18
Training	25	15
Public meetings and conference expenses	25	11
Travel & subsistence – Commissioners	21	19
Travel & subsistence – staff	35	32
Communications Activity	87	82
Human Resources Shared Services	13	13
IT Service	51	51
Legal and professional fees	35	20
External Auditor's remuneration	25	25
Internal Auditor's remuneration	18	19
Other running costs	17	28
Depreciation	2	1
<b>Total other operating expenditure</b>	<b>688</b>	<b>705</b>

## 4 Property, Plant and Equipment

### Information Technology 2018-19

Cost	£000
At 1 April 2018	0
Additions	7
<b>At 31 March 2019</b>	<b>7</b>
<b>Depreciation and impairment</b>	
At 1 April 2018	0
Depreciation charged in the year	1
<b>At 31 March 2019</b>	<b>1</b>
<b>Carrying amount</b>	
<b>At 31 March 2019</b>	<b>6</b>
At 31 March 2018	0

### Information Technology 2019-20

Cost	£000
At 1 April 2019	7
Additions	0
<b>At 31 March 2020</b>	<b>7</b>
<b>Depreciation and impairment</b>	
At 1 April 2019	1
Depreciation charged in the year	2
<b>At 31 March 2020</b>	<b>3</b>
<b>Carrying amount</b>	
<b>At 31 March 2020</b>	<b>4</b>
At 31 March 2019	6

## 5 Trade and Other Receivables

	2020	2019
	£000	£000
<b>Amounts falling due within one year</b>		
Other receivables	-	1
Prepayments and accrued income	18	15
<b>Amounts falling due after one year</b>	<b>£000</b>	<b>£000</b>
Prepayments and accrued income	2	0
<b>TOTAL</b>	<b>20</b>	<b>16</b>

## 6 Cash and Cash Equivalents

	£000
<b>Balance at 1 April 2019</b>	<b>120</b>
Net change in cash & cash equivalents	-
<b>Balance at 31 March 2020</b>	<b>120</b>
The following balances at 31 March were held with the Government Banking Service and cash in hand	120
<b>Balance at 31 March 2020</b>	<b>120</b>

## 7 Trade and Other Payables

	2020	2019
	£000	£000
Accruals	102	98
Other taxation and social security	-	-
<b>TOTAL</b>	<b>102</b>	<b>98</b>

## 8 Commitments Under Other Non-cancellable Agreements

Total minimum future payments under contracts entered into prior to 31 March 2020 are given in the table below for each of the following periods. Obligations under these contracts from 31 March 2020 comprise:

	2020	2019
	£000	£000
<b>Projects</b>		
Not later than one year	257	78
Later than one year and not later than five years	98	9
Later than five years	-	-

## 9 Related Party Transactions

The Scottish Land Commission is an NDPB sponsored by the Scottish Government and considers the following bodies to be related parties:

During 2019-20 the Scottish Land Commission's Sponsor Directorate changed from the Scottish Government's Environment and Forestry directorate to the Scottish Government's Sustainable Land Use and Rural Policy Directorate (the Sponsor Directorate) and the Scottish Land Commission had significant material transactions during the year with both. Financial transactions with the Directorates comprised Grant-in-Aid as

disclosed in the Changes in Taxpayers' Equity statement. In addition, a significant amount was paid to the Scottish Government for the provision of accommodation, and for the services of a seconded employee.

The Cairngorms National Park Authority is also an NDPB sponsored by the Scottish Government and provided the Commission with HR and payroll services during the year.

None of the Commission's members or key managerial staff have had any related party transactions during the year.

## 10 Financial Instruments

Due to the non-trading nature of the Scottish Land Commission's activities and the way in which Government departments are financed, the Scottish Land Commission was not exposed to the degree of financial risk faced by business entities. The Scottish Land Commission has no borrowings and relies on grants from Scottish Government for its cash requirements. The Scottish Land Commission is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Financial assets are recognised on the Statement of Financial Position when the Scottish Land Commission becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised

when the contractual rights have expired, or the asset has been transferred. The Scottish Land Commission has no financial assets other than cash and trade receivables. Trade receivables do not carry any interest and are stated at their nominal value less any provision for impairment.

Financial liabilities are recognised in the Statement of Financial Position when the Scottish Land Commission becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired. The Scottish Land Commission have no financial liabilities other than trade payables. Trade payables are not interest bearing and are stated at their nominal value.

## 11 Commitments Under Leases

**Total future minimum lease payments under operating leases are given in the table below for each of the following periods. Obligations under operating leases from 31 March 2020 comprise:**

	2020	2019
Buildings	£000	£000
Not later than one year	36	36
Later than one year and not later than five years	36	36
Later than five years	-	-

The Scottish Land Commission's Lease at Longman House is currently held until March 2022.

## 12 Subsequent Events

Events taking place after the date the financial statements were authorised for issue are not reflected in the financial statements or notes. Where events taking place before this date provided

information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

### THE SCOTTISH LAND COMMISSION DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with Section 19 of the Land Reform (Scotland) Act 2016, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2018, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers.

10 May 2018



SCOTTISH LAND COMMISSION  
COIMISEAN FEARAINN NA H-ALBA



Glasgow Commonwealth Games  
Athletes' Village © Tom Manley

## Contact us

Scottish Land Commission  
Longman House  
28 Longman Road  
Inverness  
IV1 1SF

@ [info@landcommission.gov.scot](mailto:info@landcommission.gov.scot)

☎ 01463 423 300

🌐 [www.landcommission.gov.scot](http://www.landcommission.gov.scot)

Find us on:

