



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Annual Report & Accounts

2020 – 2021

Annual Report & Accounts 2020-2021

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 fourth Annual Report and Accounts
of the Scottish Land Commission covering the year 2020-2021.

Yours sincerely



Andrew Thin, Chair



Hamish Trench, Chief Executive



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

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Overview

The performance report provides a summary to understand the Scottish Land Commission, our purpose, objectives and performance over the year and also the impact of and management of key risks.

Foreword

From the Chief Executive and Chair of the Scottish Land Commission

This year has been one of great uncertainty, challenge and change – the biggest test for us as a nation in a generation. The pandemic has laid bare stark inequalities across our society. With over 50% of the UK's wealth held in land, the ways we own land are central to the kind of economy we shape. It is clearer than ever that land needs to be part of our economic thinking as we address recovery, renewal and climate action. Our new strategic plan, published in September 2020, has a particular focus on how we can reform land rights, land markets and embed responsible land ownership and use to support recovery and renewal.

Land reform means making changes to the framework of land rights, ownership and use, and the way land markets work. It is about changing laws and policy, as well as culture and practice so that everyone can influence and benefit from the way land is owned and used. Land reform is not a niche interest, but something that is central to driving the kind of economy Scotland wants. The way we own and use land influences many parts of our lives from the price and availability of housing, access to greenspace, effects of derelict sites on communities, our ability to meet climate targets, and whether people have the means and confidence to build businesses and communities.

The resilience of the Commission, our Board and staff has been tested this year and we have together successfully negotiated the changes and impacts the pandemic has had on us, as an organisation and as individuals. We have placed strong emphasis on staff wellbeing as a priority, backed by regular surveys and practical wellbeing support. We have reprioritised work throughout the year adapting to changing capacity and priorities, whilst still delivering key scheduled outputs.

Our work in 2020 saw us publish a series of Protocols setting out practical expectations for normal responsible practice in land ownership and use, putting into action the principles of Scotland's Land Rights and Responsibilities Statement. We published the significant recommendations from the Vacant and Derelict Land Taskforce on the re-use of land and provided advice to government on Regional Land Use Partnerships, both of which have the potential to shape our response to climate change and our economic recovery. We published a discussion paper exploring how statutory changes, such as the introduction of a public interest test for significant land transfers, could work in practice to address the impacts of monopoly power associated with concentrated land ownership.

The Tenant Farming Commissioner published a Code of Practice on Conducting Rent Reviews, a Guide to Relinquishment and Assignation of 1991 Act tenancies, and has established a new mediation scheme to promote mediation as a more effective and less costly approach to resolving many landlord/tenant disputes.

Our priorities in the coming year focus on measures that will support Scotland's economic recovery and the longer-term shift involved in rebuilding a more resilient and productive wellbeing economy so that the benefits from our nation's land can be shared more widely across the population.



Andrew Thin, Chair

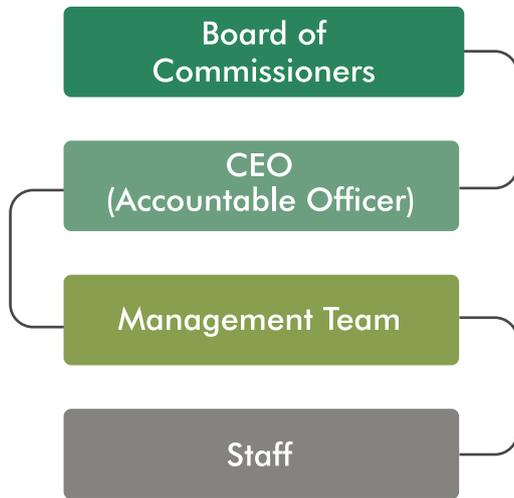


Hamish Trench, Chief Executive

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 2021) led by Chief Executive, Hamish Trench. We are fully funded by the Scottish Government with a budget of £1.526m for 2020-21.

Organisational structure



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 role of the Scottish Land Commission is to stimulate fresh thinking and change in how Scotland owns and uses land and advise Scottish Government on an ongoing programme of land reform. As well as providing advice and recommendations for law and policy, we provide leadership for change in culture and practice.

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.

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, providing the framework to guide the programme of land reform.

Our core values support what we do and how we work:



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

Strategic outcomes

We work to achieve the following outcomes:

1

Scotland's land is owned and used in ways that are fair, responsible and productive

2

More of Scotland's people are able to influence and benefit from decisions about land

3

The way we own and use Scotland's land creates public value and economic wellbeing

The Commission published its second strategic plan in September 2020. It outlines three priority areas of work:



Reforming land rights and ownership – to encourage a more diverse and productive pattern of land ownership, facilitating new models of control to widen the range of people who can benefit from land rights

Embedding responsible land ownership and use – to drive change on the ground in how land is owned, managed and used, helping people and organisations to implement in practice the principles of the Land Rights and Responsibilities Statement

Reforming land markets – to include potential changes to the tax system to support recovery and renewal, reviewing how land is valued and identifying practical options to ensure land is better used in the public interest.

How we do it

We are delivering our strategic plan and outcomes through:

- **Research and review** – providing evidence and analysis informing advice and recommendations to Scottish Ministers and Parliament
- **Leading change in practice** – providing clear expectations and support to help people and organisations implement the Land Rights and Responsibilities Statement principles
- **Involving others and forming strategic partnerships** – involving the public and stakeholders in our work to build strategic partnerships to increase the impact of our work
- **Supporting the Tenant Farming Commissioner** – delivering the Tenant Farming Commissioner's statutory functions.

This year saw the transition from our first strategic plan 2018-21 to our second strategic plan covering 2020-23. Our first strategic plan was approved in 2017, and under the requirements of the Land Reform Act we must publish the subsequent plan within three years. During the last three years the Commission has delivered a substantial programme of research and public engagement, making recommendations for significant changes in law and policy, and promoting more immediate changes in culture and practice.

The focus of the new strategic plan is guided by our work and findings to date, together with stakeholder and public engagement.

The programme of work sets out the work we will do to deliver the strategic plan over the three-year period. Our annual business plans set out how we use our resources in each financial year to deliver the programme of work and strategic plan. The 2020-21 business plan was developed in line with the ongoing strategic priorities with a number of areas of work continuing in to the 2020-23 strategic plan allowing for a seamless transition.

Our structure of delivery



The annual business plan for 2020-21 saw the transition from our first strategic plan to the second with a number of significant pieces of work concluded, some long-term projects continued into the new strategic plan and new areas of work begin. The progression and completion of the outputs contributed to the delivery of the annual business plan, strategic outcomes and Scottish Government national performance framework 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:

We contribute to

The outcomes set out on [page 4](#) contribute to the following Scottish Government national performance framework outcomes and United Nations sustainable development goals.

Scottish Government national performance framework outcomes:



Economy



Environment



Communities



Human rights

United Nations sustainable development goals:



Sustainable Cities & Communities



Reduced Inequalities



Climate Action



Life on Land



Decent Work & Economic Growth

Like every organisation, business and sector, the Commission has been impacted by the Covid-19 pandemic throughout the year, with the lockdowns having significant effect on the capacity of the organisation to deliver its annual business plan. The Commission has kept priorities under review over the year and adjusted and managed activity in line with capacity. This resulted in four outputs being postponed and taken forward to the 2021-22 business plan. The Commission has been able to maintain flexibility in planning and managing activity to ensure key outputs were delivered and progress made towards its strategic outcomes. Overall, 65% of planned outputs in the annual business plan were fully delivered, with a further 15% partially delivered. The financial impact of the four outputs being postponed was not overly significant and the Commission delivered its business plan within 1.7% of its annual budget.

Key issues and risks we face

The continuing uncertainty around the pandemic and managing the effect of the second national lockdown had a significant impact on how we work, operational delivery and staff wellbeing. The Commission has worked from home throughout the year, with its office in Longman House remaining closed. We continue to operate in a highly disrupted environment as we change and adapt to the impact of Covid-19 for the foreseeable future. The implications of this need to be identified and managed as the longer-term recovery will carry risks, and opportunities, for the organisation and its governance.

The key risks identified as increasing in 2020-21 have been managed through a number of mitigations and controls as we learn to live with the pandemic. We consider the following issues to have the greatest influence over the way we deliver our work over the next year. They were identified as having a medium risk level at the end of 2020-21.

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	Ensure good internal communication and provision of desk instructions for business-critical functions. Reprioritisation of tasks where needed. Continuously seek to improve the working environment by monitoring and improving staff satisfaction and absence levels. Strong focus on wellbeing for internal communications.
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. Strong internal communications and leadership required from managers to ensure wellbeing of staff during Covid-19 response period. Continuous review of capacity with a strong focus on staff wellbeing which is monitored by regular staff surveys.

The Commission has mitigated these risks through the risk management framework, budget management, relationship management, horizon scanning and the organisational development programme and keeps the risks under active review. An emerging risk which we will closely monitor in 2021-22 is the potential disruption to delivery and business systems as a result of offering staff more permanent options of home working. We are anticipating this risk and preparing new policies, ways of working and adapting internal processes to ensure staff remain well connected across teams and the organisation.

Further detail on our risk management in 2020-21 can be found in the Performance Analysis ([page 16](#)) and the Governance Statement ([page 24](#)).

Performance analysis

The performance analysis reviews the work of the Commission in 2020-21 including our delivery, performance and our financial position at the end of the year.

What we have achieved

The annual business plan sets out for each financial year the way in which the Commission will deploy its resources against priorities. This was kept under close review as staff managed a number of responsibilities in addition to their roles, as a result of the pandemic.

The business plan for 2020-21 is the third and final annual plan in delivering our first strategic plan and transitioning to the new strategic plan. The plan continues the established workstreams, setting out the focus and outputs for the year.

As a consequence of managing the impact of Covid-19 on organisational capacity and staff wellbeing, regular review of prioritisation was required during the year. In doing this, we ensured that we delivered our statutory obligation to support the Tenant Farming Commissioner's functions and the relevant Ministerial commitments which were:

- Advising on Regional Land Use Partnerships
- Advising on measures to address scale and concentration of land ownership
- Participating in the community ownership leadership group to implement our recommendations of 2018
- Supporting implementation of the Land Rights and Responsibilities Statement and the Guidance on Engaging Communities in Decisions About Land
- Stimulating the productive re-use of vacant and derelict land.

Delivery of our business plan is monitored and reported throughout the year in our quarterly progress reports to the Board including performance against the Key Performance Indicators (KPIs).

The workstreams detail each area in turn and show how the actions in the business plan support the strategic plan's long-term outcomes. Over the year we have developed an organisational-wide evaluation model to effectively measure the impact of our work and the contribution to the long-term outcomes to track our progress against the strategic plan.

The majority of 2020-21 KPIs have been achieved (see table on [page 09](#)). 65% of the planned outputs have been fully delivered against the KPI of 90%, with a further 15% partially delivered. This is due to the reprioritisation of activities as a result of the impact of the pandemic on organisational capacity, as well as the capacity of stakeholders. 15% of the outputs have been partially delivered with the final outputs postponed to 2021-22. This includes a programme of 'Land Reuse' events to support public agencies to embed a focus on productive land reuse and an awareness raising marketing campaign. 20% of the outputs have been restructured and rescheduled to take place as part of the 2021-22 business plan activity, this includes work on policy interventions to support diversifying the pattern of land ownership.

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. The Commission has made good progress in managing its spend in order to deliver across its key areas of work (see highlights on [page 11](#)) and exceeded its KPI in this area to achieve an end of year outturn within 1.7% underspend of the total budget.

The Commission considers its medium-term financial planning in developing annual business plans, and specific consideration was given this year to the medium-term financial strategy alongside the new three-year strategic plan.

There are a number of risks and uncertainties facing the commission in achieving these KPIs, that are closely monitored and managed through the risk management framework and reviewed by the Audit and Risk Committee and the board (see [page 24](#) Governance Statement – Risk and Control Framework).

Key performance indicators

Business area	Key performance indicator 2020-21 target	Measurement	2019-20 Achievement	2020-21 Achievement
 Finance	End of year out-turn to be within 5% underspend of total allocated budget	Percentage level of year-end spend against budget allocated	4.4%	1.7%
 Staff wellbeing	Level of staff absence to be below national average (6.3 days)	Average number of days of sickness absence per employee	3.44 average number of days	2.12 average number of days
	Increase of 5% of staff feeling valued and recognised for their work	Satisfaction ratings in the staff survey	54%	80% of staff gave a positive or neutral response representing an increase of 26%
 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	96% of delivery outputs achieved	65% of planned outputs fully delivered; 15% partially delivered
	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 the TFAF survey	Survey not available	100% of respondents rated the TFC's role in promoting and encouraging good relations between landlords and tenants of agricultural holdings as very or extremely effective

Business area	Key performance indicator 2020-21 target	Measurement	2019-20 Achievement	2020-21 Achievement
 Communication	Increased profile of the Commission	Year on year increase of:	Increased by % against previous year:	
		Media coverage by 5%	60% ↑	34% ↑
		Social media followers 48%	52% ↑	70% ↑
		Social media engagement by 5%	8% ↑	9% ↑
		Newsletter subscription by 15%	60% ↑	12% ↑*

*Due to capacity restraints the newsletter has not been a focus for the communications team in 2020-21.

The Commission has continued with a programme of activity with stakeholders and the public to engage on the potential of land reform to help deliver a greener and fairer recovery for Scotland:

Spoke at and participated in

48 

events

held by partners and stakeholders across a wide range of sectors

Over **3,500** people attended these events from across the UK

Hosted

16 

webinars and workshops

relating to Land Rights and Responsibilities

570 people attended from local communities, stakeholders, local authorities, and more

Held

5 

virtual public meetings

250 people attended from across Scotland

Working with



stakeholders

to progress key areas of work and inform land reform debate, such as strategic partnership with Development Trusts Association Scotland and the establishment of the expert advisory group on tax on land and property.

Throughout 2020-21 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 ownership

Published the discussion paper 'Legislative proposals to address the impact of Scotland's concentration of land ownership'. This looks at three specific proposals for new legislative mechanisms and how they could work in practice and follows our 2019 report into the impact of concentrated land ownership.

Report published on international experience of community, communal and municipal ownership of land looking at governance/ownership structures, local democracy and control, land use planning, and the lessons that could be learned for Scotland.

Land Rights and Responsibilities

Published a suite of Land Rights and Responsibilities Protocols to support practical implementation of Scottish Government's Land Rights and Responsibilities Statement (LRRS). Hosted webinars and workshops for landowners, managers and communities, and coordinated a pilot of 23 landowner and manager self-assessments to embed the LRRS as a cornerstone of land ownership in Scotland.

We have supported 150 landowners and communities to improve practices in line with land rights and responsibilities through our casework and stakeholder engagement.

Vacant and Derelict Land

The Vacant and Derelict Land Taskforce established by the Commission made a series of recommendations to Scottish Government to transform Scotland's approach to tackling the legacy of derelict land and ensure that it is no longer acceptable to allow land to fall into long term disrepair.

Regional Land Use Partnerships

Recommendations to Scottish Government published on the establishment of new Regional Land Use Partnerships with proposals about how the Partnerships might function to deliver on Scotland's big ambitions on climate action and support green economic recovery.

Review of Land for Housing

A series of six research papers published examining Scotland's existing approach to land for housing, new housing supply in rural Scotland, and looking at evidence from across the UK and Europe. We are bringing the findings together as a set of recommendations to be published later in 2021.

Tax

An expert advisory group on tax on land and property set up to advise the Commission and shape recommendations to Ministers on reforms to taxes on land and property, due in late 2021 in order to help Scotland develop a robust, resilient wellbeing economy. Published a report on land and property taxation in Scotland scoping initial options for reforms.

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.

Seven Codes of Practice have been published to date. 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.

During the year, the TFC published the Code of Practice on Conducting Rent Reviews and the Guide to the Relinquishment and Assignment of 1991 Act Tenancies, and in line with the legislation for relinquishment and assignment set up a panel of experienced valuers.

Following a successful two-day mock mediation event with the Agricultural Law Association which showcased how mediation works using a real-life scenario, a new mediation scheme was launched to promote mediation as an effective alternative to litigation.

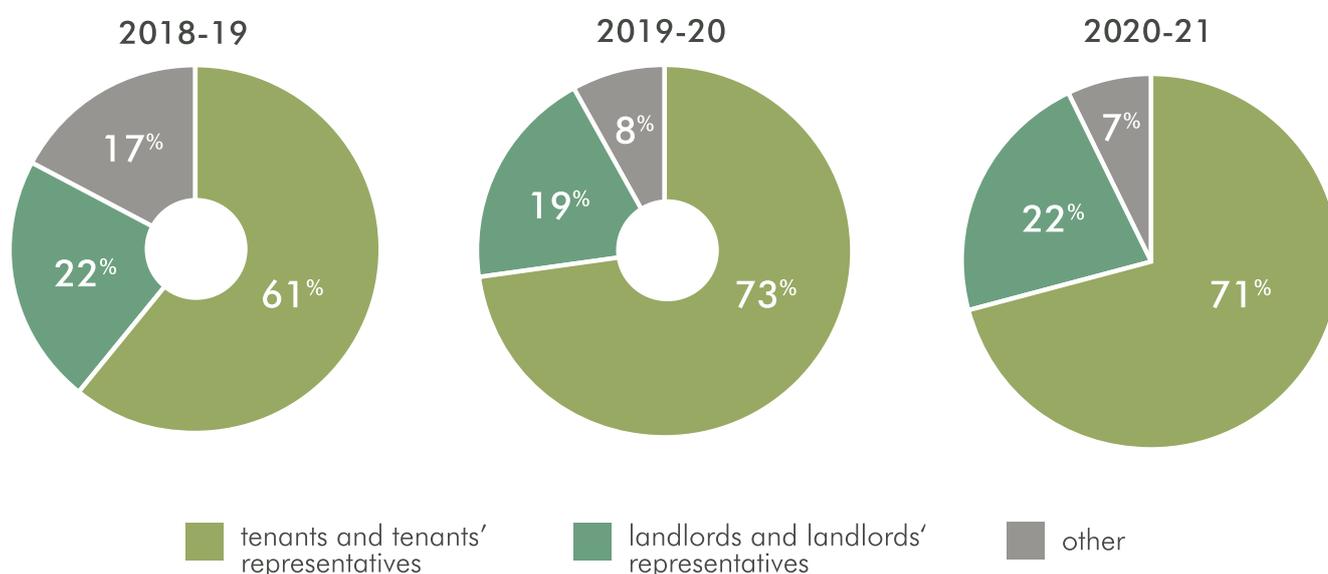
Case work

The TFC provides information to tenants and landlords regarding the Codes. The TFC received 127 enquiries over the year, an increase of 13% from 2019-20.

127 
enquiries over the year

13% 
increase from 2019-20

Most contacts have been made by tenant farmers and their representatives (71%), with enquiries from landlords, landlords' representatives and other professionals representing 29% of enquiries.



A wide range of enquiries has been received by the TFC over the last year with a majority (52%) about the amnesty, along with a broad range of advice sought from the TFC including relinquishment, rent reviews, repairs and maintenance obligations and new tenancies. The amnesty was originally scheduled to close on 12 June 2020; however, due to the Covid-19 pandemic, the Scottish Parliament passed regulations to extend the amnesty on tenant’s improvements for a further six months to 12 December 2020. As in previous years, enquiries have been received from throughout Scotland.

Type of enquiry	2020-21
Amnesty	66
Rent review	10
Relinquishment	8
End of tenancy	8
New tenancy/renewal	5
Other	14
Sporting	3
Repairs & maintenance	3
Lease terms	3
Assignment/succession	3
Waygo	2
Multiple	2

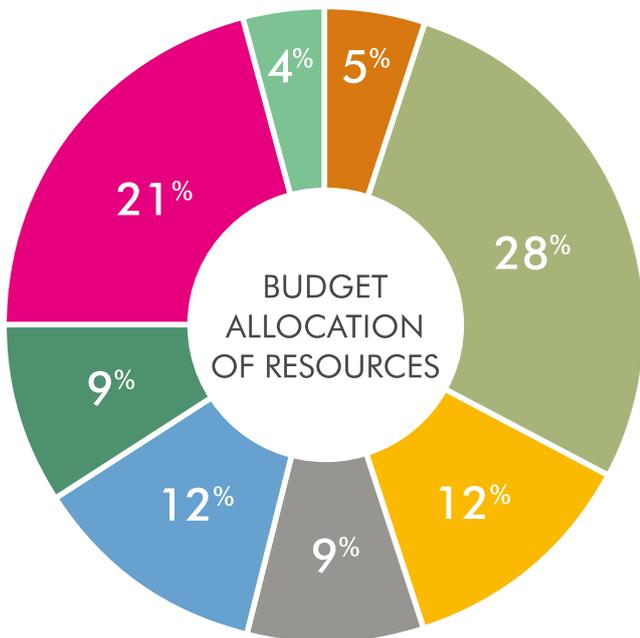
There have been no alleged breaches reported this year.

Financial position

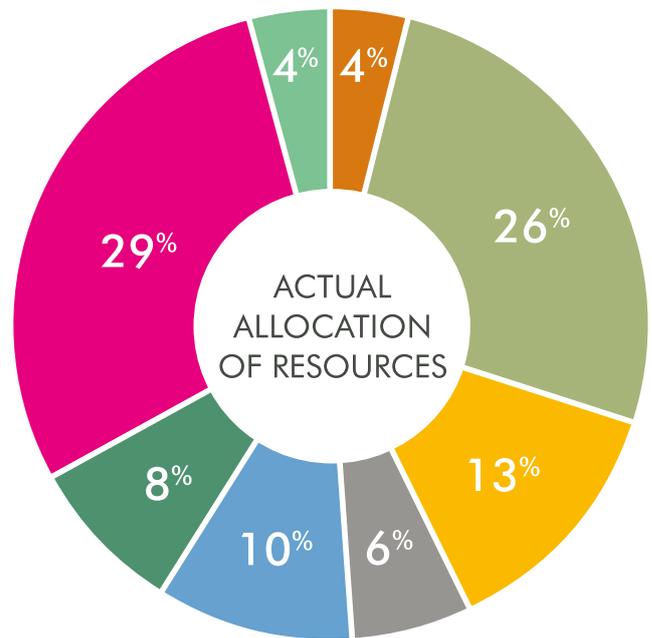
The Scottish Government allocated the Scottish Land Commission a budget (known as Departmental Expenditure Limit or DEL) of £1.526m. The Land Commission operated within its cash allocation for 2020-21 by drawing down £1.526m of the £1.526m allocation, out-turn against budget represented an underspend of £26k.

The budget was deliberately over-programmed by 8% for the business plan based on experience over the previous two years. The potential for overspend was managed and reduced as the year progressed to ensure the final out-turn was within the Grant-in-Aid allocation.

Budget allocation of resources by priority area of work in 2020-21



Actual allocation of our resources by priority area of work in 2020-21



- 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.

There was an increase in land use decision-making costs from budgeted to support our work on the pilot land rights and responsibilities self-assessments and regional land use partnerships. There was a slight increase from budgeted to actual spend in corporate services due to a focus on staff wellbeing and ensuring staff had the necessary equipment for long term working from home. The difference in the spend for communications and events was due to the postponement of the public awareness campaign as a result of the second lockdown.

Financial overview

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 £26k. Some of this underspend is attributed to the postponement of work such as the marketing campaign and the land reuse events. There was increased spend in land use decision-making which absorbed some of this underspend. The Commission received £1.526m of its Grant-in-Aid allocation from Scottish Government, net expenditure against this was £1.500m, which resulted in cash underspend of £26k against the Grant-in-Aid drawdown.

Summary of out-turn	2020-21 £000	2019-20 £000	2018-19 £000
DEL budget	1,526	1,526	1,400
Total operating expenditure	(1,500)	(1,458)	(1,281)
Surplus/(deficit) against budget	26	68	119
Grant-in-Aid (GIA) drawn down	1,526	1,456	1,315
Other income	0	0	0
Surplus/(deficit) against GIA drawn down	26	(2)	34

Our organisation

Coming into our fourth year of operation, the Commission is maturing as an organisation. Our first strategic plan and organisational development strategy was about building a new organisation. The focus for the new strategy is to continue to improve our effectiveness and impact.

Organisational development

It is important for an organisation to continuously review processes and procedures to ensure they are effective, responsive, and provide value for money. The Commission undertook a consultation with staff at the end of 2020 to ensure our ways of working, pay and grading framework, and structure are creating the organisation we want to be. Positive and constructive engagement with staff provided clear actions to take forward.

Immediate changes made were:

- Moving to a smaller management team comprising the CEO, Head of Policy & Research, Head of Land Rights & Responsibilities, and Head of Communications and Corporate Services
- Permanent contracts offered to four staff that were on fixed term contracts set to end in 2021.

The Commission committed to:

- Review and update all job descriptions
- Seek approval from Scottish Government on the principle of moving to a tailored pay and grading framework and to further consult with staff
- Develop and implement with staff an organisational development programme that takes forward together improvements to our ways of working.

Staff wellbeing has been a primary focus for the Commission over the last year. The Commission has had a flexible approach to working during the lockdown periods to ensure that staff who are juggling a range of personal situations are supported whilst still being able to deliver as an organisation. We have carefully monitored overall staff wellbeing through regular contact with line managers and teams and through staff wellbeing surveys. Three surveys have taken place since the initial lockdown in March 2020 to monitor how people are coping, where the Commission can provide more support and suggestions of things that can be improved. An internal campaign focussed on wellbeing was run throughout the winter to connect people, provide and signpost support and to encourage everyone to look after their own wellbeing.

This year the Commission has maintained its core staff of 16. With the continued focus on embedding land rights and responsibilities, a Head of Land Rights and Responsibilities was appointed to lead the Good Practice Team.

Risk profile – Summary 2020-21

The Commission's risk profile has changed and evolved throughout the year to respond to the impact of the pandemic, the increasing risk to cyber security, and potential change in government and parliamentary priorities.

Risks are identified, monitored and managed through our risk management framework (see [page 24](#)). Throughout 2020-21 the most significant change in risks was as a result of the increased restrictions due to Covid-19 and managing the additional caring responsibilities of staff and uncertainty around organisational capacity.

These included:

- The Commission fails to deliver to its allocated budget
- Individual members of staff are absent due to illness resulting in loss of capacity for critical elements of business delivery
- Change in work priorities, competing expectations or insufficient prioritisation impacts on staff wellbeing.

A number of controls and mitigations were put in place throughout the year to help manage these risks, such as the increased focus on staff wellbeing, reprioritisation of business plan outputs and budget monitoring, which resulted in the risks stabilising towards the end of 2020. Looking ahead two of these risks were identified as key risks for the next financial year (see [page 07](#) Key issues and risks we face).

The Commission maintains close controls over its cyber security and has put in place a number of measures as a result of an increase in attacks on public sector organisations.

Planning ahead

As we plan our work for 2021-22 we remain in a challenging time, responding to the public health, economic and wellbeing impacts of the pandemic. The ability to be flexible and adapt how we operate remains key to both staff wellbeing and to our delivery.

We have a clear focus on our role, and the role of land, in Scotland's economic recovery and renewal providing a central purpose to organise our work in the year ahead. Our [strategic plan](#)¹, published in September 2020, sets out why land is fundamental to Scotland's recovery. How we own and use land will help drive action on Scotland's big challenges and ambitions, specifically on the economy, inequalities, human rights and climate change. Land needs to be at the heart of Scotland's economic thinking and our priorities this year focus on measures that will support the longer-term shift involved in rebuilding a more resilient and productive wellbeing economy.

¹ Our strategic plan can be found at www.landcommission.gov.scot/all-publications in Gaelic and English.

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 progressive realisation of human rights through Scotland's framework for land reform. We are committed to equality of opportunity and have policies and procedures in place to ensure this is achieved. We fully recognise our legal responsibilities, particularly in respect of race relations, age, sex, and disability discrimination and comply with all Scottish Government policies in relation to human rights and equality.

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's Climate Action Plan sets out our commitment to achieve net zero emissions by 2025 and zero direct emissions by 2030 and a route map to how we will achieve that. The Commission has seen a considerable reduction in its emissions from 58 tonnes in 2019 to 16 tonnes in 2020. This is due to limited travel and commuting by staff as a result of the pandemic. Our focus is on addressing internal factors such as greener travel, resources, procurement and awareness. We are reviewing our home working and travel policies to ensure learnings over the last year on how we work are captured and the benefits realised in the long term.

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. Staff can participate in a 'give as you earn' scheme and donate a proportion of their salaries to charities of their choice.

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.

The Commission is committed to achieving efficiency savings and realised considerable cost savings in travel, accommodation and events in 2020-21 (2020-21 0.1% of budget, 2019-20 5.5% of budget). A focus for the year ahead will be reviewing our office accommodation requirements following an offer to staff to move to home working.

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 is committed to the highest standards of ethical conduct and integrity and to the prevention of bribery and corruption. We have an anti-fraud policy in place and there have been no reported incidents of corruption or fraud.

Hamish Trench



Chief Executive and Accountable Officer

7 September 2021

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

Corporate Governance Report

Directors' Report

Board of Commissioners

Full details of the Commissioners' Register of Interest can be found on our website: www.landcommission.gov.scot

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 and Benbecula, and the Isle of Gigha. He was Highlands and 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 and Research)

Responsible for leading the Commission's programme of research and policy on land rights, ownership and markets.

Sarah Allen

(Head of Tenant Farming)

Member of management team to 3 February 2021. Responsible for leading delivery of tenant farming functions and, for part of the year, the good practice team supporting the principles of the Land Rights and Responsibilities Statement.

Emma Cooper

(Head of Land Rights and Responsibilities)

Joined 11 May 2020. Responsible for leading the programme of work supporting the practical implementation of the Scottish Government's Land Rights and Responsibilities Statement (LRRS), responsible land ownership and use.

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 2 ([Page 48](#)) to these accounts.

Freedom of Information Requests

The Scottish Land Commission received five Freedom of Information requests during the year 2020-21. Details of these can be reviewed on the Scottish Information Commissioner's website: stats.itspublicknowledge.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 2021, the Scottish Land Commission paid 98.62% 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 2021 are disclosed in note 3 ([page 48](#)) to the accounts. Audit Scotland were not engaged or paid for any non-audit work during the year.

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](#).

Board of Commissioners during 2020-21

Commissioner	Board Position	Attendance at Board Meetings during 2020-21
Andrew Thin	Chair	9/9
Megan MacInnes	Commissioner	9/9
Professor David Adams	Commissioner	9/9
Dr Bob McIntosh	Tenant Farming Commissioner	9/9
Dr Sally Reynolds	Commissioner	9/9
Lorne MacLeod	Commissioner	9/9

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 2020-21 year the Board focused on:

- Overseeing delivery of the strategic plan and programme of work and the development and transition to the new strategic plan
- Extensive public and stakeholder engagement including regular virtual 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.

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 2020-21 year.

Audit and Risk Committee Members during 2020-21

Committee Member	Committee Position	Attendance at Committee Meetings during 2020-21
Lorne MacLeod	Chair (Commissioner)	4/4
Megan MacInnes	Member (Commissioner)	4/4
Yvonne McIntosh*	Member (Co-opted)	4/4

* Date of co-opted appointment 26/06/2017. Date when the appointment is due to end/become eligible for renewal 26/06/2022.

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.

Staffing and Remuneration Committee

A Staffing and Remuneration Committee oversees and monitors the remuneration systems put in place for the Commission, including the annual pay remits, as well as senior appointments. 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 2020-21 year.

Staffing and Remuneration Committee Members during 2020-21

Committee Member	Committee Position	Attendance at Committee Meetings during 2020-21
Andrew Thin	Chair	3/3
Megan MacInnes	Commissioner	3/3
Professor David Adams	Commissioner	3/3
Dr Bob McIntosh	Tenant Farming Commissioner	3/3
Dr Sally Reynolds	Commissioner	3/3
Lorne MacLeod	Commissioner	3/3

Senior Management Team 2020-21

- Hamish Trench (Chief Executive and Accountable Officer)
- Shona Glenn (Head of Policy and Research)
- Sarah Allen (Head of Tenant Farming) – member of Senior Management Team to 03/02/21
- Posy MacRae (Head of Communications and Corporate Services)
- Emma Cooper (Head of Land Rights and Responsibilities).

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.

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 2021 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 catastrophic 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 relationship 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 2021 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. The risk management training which was postponed from March 2020 due to lockdown restrictions of Covid-19 took 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 principles 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 2020-21 provision of HR by the Cairngorms National Park Authority.

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 Commissioners' information is published on the Scottish Land Commission's website.

Commissioners record any potential conflicts of interest at the start of every Commission Board 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. Due to the significant disruption of the Covid-19 pandemic for public bodies and their capacity for financial reporting, and to auditors of the public sector, the Auditor General for Scotland and the Accounts Commission for Scotland have extended the current audit appointments by one year to the audit of the 2021-22 year.

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 2020-21 was provided by BDO LLP, who undertook work based on an analysis of the risk to which the Commission was exposed. During 2020-21 BDO LLP reviewed and evaluated the Scottish Land Commission's processes in the following areas:

- Business Performance Management
- Financial Processes
- Staff Recruitment and Induction
- IT General Controls Review
- 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.

A total of ten 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 2020-21.

In their annual report, Internal Audit stated that the Scottish Land Commission has made good progress in implementing the recommendations made and recognised the strong level of commitment and effort in implementing recommendations from previous audit reports. Of the 25 recommendations due to be implemented, 20 recommendations (80%) have been categorised as fully implemented, and 5 (20%) have been categorised as partially implemented. There are 6 further recommendations that are not yet due for implementation.

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.

There has been an increased risk in cyber security, particularly associated with home working and a disrupted environment, with examples of high-profile attacks on the public sector. 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 renewed its Cyber Essentials certification and is working to achieve Cyber Essentials Plus. The Commission has also undertaken training of staff and simulated exercises on the importance of remaining vigilant to phishing attacks and scenario planning for potential breaches.

Anti-corruption and Anti-bribery Matters

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

Significant Governance Issues

During 2020-21 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 strategic plan and programme of work and contributing to Scotland's recovery and renewal
- Embedding new ways of working learning from the previous year to help deliver climate action commitments and create a flexible working environment for staff
- Engaging with staff to deliver a programme of organisational development to shape the type of organisation we want to be focusing on ways of working, pay and grading framework and training and development
- 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 the project management approach including delivery reporting, evaluation model and performance management information including key performance indicators
- Ongoing programme of training and development for Commissioners based on skills and development requirements
- Ensuring the effective operation and governance of the Staff Engagement Forum and the Staffing and Remuneration Committee in helping to shape organisational development.

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 Cairngorms National Park Authority who provide a shared HR service to the Scottish Land Commission.

The Internal Auditors' 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 controls will continue to develop as the organisation matures to ensure it is proportionate and effective.

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 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). Megan MacInnes and Professor David Adams were reappointed from 19 December 2020 by Scottish Government for a further three years.

Staff

All permanent and fixed-term staff are employees of the Scottish Land Commission. For 2020-21 the Commission has adopted the Scottish Government pay grading and policy to determine salary levels, 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 2020-21	2020-21 (£)	2019-20 (£)
Andrew Thin (Chair)	13,003	12,624
Megan MacInnes (Land Commissioner)	6,084*	7,028
Professor David Adams (Land Commissioner)	5,191	5,040
Dr Bob McIntosh (Tenant Farming Commissioner)	20,765	20,160
Dr Sally Reynolds (Land Commissioner)	5,191	5,040
Lorne MacLeod (Land Commissioner)	5,191	5,040

Commissioners' appointments are non-pensionable.

*Benefit in kind payments totalling £893 are included in the above remuneration amount for Megan MacInnes made during the year (2019-20: £1,987).

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 the 19 December 2016 (Megan MacInnes and Professor David Adams were reappointed on 14 September 2020).

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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Chief Executive						
Hamish Trench	75-80	70-75	38	33	110-115	105-110
Senior Management Team						
Posy MacRae* ¹ Full-Year equivalent	45-50 (60-65)	40-45 (55-60)	20	18	65-70	60-65
Sarah Allen* ² Full-Year equivalent	30-35 (60-65)	35-40 (55-60)	15	15	50-55	50-55
Shona Glenn	60-65	55-60	24	22	80-85	75-80
Emma Cooper* ³ Full-Year equivalent	40-45 (45-50)	-	18	-	60-65	

*¹Works 0.8 FYE *² Works 0.6 FYE, involvement in the Senior Management Team ended 3/2/2021, employment with the Commission as Head of Tenant Farming continues *³ Joined Commission May 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 2020-21.

Bonuses – there were no bonuses within 2020-21.

Compensation for Loss of Office

This value was nil for 2020-21 (2019-20: 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 2020-21 was £75k-£80k (2019-20: £70-75k). This was 2.12 times (2019-20: 2.22) the median remuneration of the workforce (excluding the Chief Executive) which was £35,110 (2019-20: £32,644).

In 2020-21 no employees received remuneration in excess of the Chief Executive. Remuneration ranged from £22,232 to £60,413 (excluding the Chief Executive) (2019-20: £21,482 to £58,653).

Pension Benefits

	Accrued pension at pension age as at 31/03/21 and related lump sum		Real increase in pension and related lump sum at pension age		CETV* at 31/03/21	CETV at 31/03/20	Real increase in CETV as funded by employer
	£000		£000		£000	£000	£000
	Pension	Lump sum	Pension	Lump sum			
Chief Executive							
Hamish Trench	20-25	-	0-2.5	-	291	259	19
Senior Management Team							
Posy MacRae	0-5	-	0-2.5	-	39	28	8
Sarah Allen	0-5	-	0-2.5	-	40	28	9
Shona Glenn	0-5	-	0-2.5	-	45	31	9
Emma Cooper	0-5	-	0-2.5	-	9	0	7

*CETV stands for Cash Equivalent Transfer Value and more information can be found on [page 33](#).

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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) 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 1/80th 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 1/60th 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 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.

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 2020-21	Total 2019-20
	£000	£000	£000	£000	£000
Salaries	594	56	-	650	551
Social security costs	63	2	-	65	54
Other pension costs	163	-	-	163	138
Inward secondment and agency staff	-	-	52	52	27
Total	820	58	52	930	770

Average Number of Employees

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

	Number 2020-21
Senior management	4.2
Professional, managerial, administration and support	11.02
Total	15.22

Senior management represents members of Management Team.

As at 31 March 2021, 100% of staff were on permanent contracts.

The Commission had no consultancy remuneration or off payroll arrangements in the year ended 2020-21 (2019-20: nil).

Gender Note

	Males 31 March 2021	Females 31 March 2021	Males 31 March 2020	Females 31 March 2020
Commissioners	4	2	4	2
Chief Executive	1	-	1	-
Employees	2	13	2	13

Employee numbers include part-time staff.

The figures above are the total numbers of staff as at 31 March 2021 not full-time equivalents.

Sickness Absence

Sickness absence during the year to 31 March 2021 was 36 days, representing 0.9% of the total number of available days. This equates to an average number of days sickness per member of staff of 2.12 days.

Exit Packages

There were no exit packages within 2020-21 (2019-20: nil).

Staff Turnover

During 2020-21 the Scottish Land Commission had one fixed term seconded member of staff leave at their planned end of contract date, this represents a staff turnover figure of 6.25%.

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.

Over the year, the Scottish Land Commission has been engaging with staff to offer more flexible working and building on the learnings of working from home due to the pandemic. 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 2020-21 (2019-20: nil).

Gifts and Charitable Donations

There were no gifts or charitable donations made during the year 2020-21 (2019-20: 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.

Fees and Charges Income

The Scottish Land Commission received no fees or charges income within the year 2020-21 (2019-20: nil).

Hamish Trench



Chief Executive and Accountable Officer

7 September 2021

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.

Reporting 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 2021 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 financial statements, 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 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 for 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 four 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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. This description forms part of my auditor's report.

Reporting 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. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

7 September 2021

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

		2021	2020
	Note	£000	£000
Staff costs	2	933	770
Other operating expenses	3	567	688
Total operating expenditure		1,500	1,458
Net operating expenditure		1,500	1,458

The notes on pages 45 to 52 form part of these accounts.

Statement of Financial Position

As at 31 March 2021

		2021	2020
	Note	£000	£000
Non-current assets			
Property, plant and equipment	4	2	4
Trade and other receivables	5	2	2
Total non-current assets		4	6
Current assets			
Trade and other receivables	5	18	18
Cash and cash equivalents	6	103	120
Total non-current assets		121	138
Current liabilities			
Trade and other payables	7	(57)	(102)
Total current assets less current liabilities		64	36
Total assets less current liabilities		68	42
Taxpayers' equity			
General reserve		68	42

The Accountable Officer authorised these financial statements for issue on 7 September 2021.

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

The notes on pages 45 to 52 form part of these accounts.

Hamish Trench



Chief Executive and Accountable Officer
7 September 2021

Statement of Cash Flows

For the year ended 31 March 2021

		2021	2020
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure		(1,500)	(1,458)
Depreciation charge	4	2	2
		(1,498)	(1,456)
Movements in working capital			
Increase/(decrease) in trade and other payables	7	(45)	4
(Increase)/decrease in trade and other receivables	5	0	(4)
		(45)	0
Net cash flow from operating activities		(1,543)	(1,456)
Financing activities			
Grant-in-Aid		1,526	1,456
Net cash flow from financing activities		1,526	(1,456)
Investing activities			
Purchase of property, plant and equipment	4	0	0
Net cash used in investing activities		0	0
Net (decrease)/increase in cash and cash equivalents		(17)	0
Cash and cash equivalents at beginning of year	6	120	120
Cash and cash equivalents at end of year	6	103	120

The notes on pages 45 to 52 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

General Reserve	£000
Balance at 01 April 2019	44
Year ended 31 March 2020	
Grant-in-Aid	1,456
Comprehensive net expenditure for the year	(1,458)
Balance at 31 March 2020	42
Year ended 31 March 2021	
Grant-in-Aid	1,526
Comprehensive net expenditure for the year	(1,500)
Balance at 31 March 2021	68

The notes on pages 45 to 52 form part of these accounts.

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction ([page 53](#)) issued by Scottish Ministers.

The (FReM) 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 FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM 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 2021-22 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

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

Property, plant and equipment:

- 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 the 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 2021 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 2021 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 in 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 2022. 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.

Given the nature of the Scottish Land Commissions work the main areas where the Accountable officer is required to make judgements, estimates and assumptions are in relation to future budget allocation of Grant-in-Aid and work in progress at the year end.

Judgements, estimates and associated assumptions are based on experience and other factors that are considered to be relevant and 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.

In relation to the 2020-21 financial year there were no critical judgments or any significant estimates made.

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 2022.

2 Staff Costs

	Permanent Staff	Board Members	Others	Total 2020-21	Total 2019-20
	£000	£000	£000	£000	£000
Salaries	591	56	-	647	551
Social security costs	65	2	-	67	54
Other pension costs	167	-	-	167	138
Inward secondment and agency staff	-	-	52	52	27
Total	823	58	52	933	770

3 Other Operating Expenses

	2021	2020
	£000	£000
Accommodation expenses	35	35
Research & policy	223	278
Information systems & telecommunications	18	21
Training	31	25
Public meetings and conference expenses	-	25
Travel & subsistence – Commissioners	-	21
Travel & subsistence – staff	-	35
Communications activity	91	87
Human resources shared services	14	13
IT service	51	51
Legal and professional fees	53	35
External Auditor's remuneration	26	25
Internal Auditor's remuneration	18	18
Other running costs	5	17
Depreciation	2	2
Total other operating expenditure	567	688

4 Property, Plant and Equipment

Information Technology 2019-20

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

Information Technology 2020-21

Cost	£000
At 1 April 2020	7
Additions	-
At 31 March 2021	7
Depreciation and impairment	
At 1 April 2020	3
Depreciation charged in the year	2
At 31 March 2021	5
Carrying amount	
At 31 March 2021	2
At 31 March 2020	4

5 Trade and Other Receivables

	2021	2020
	£000	£000
Amounts falling due within one year		
Other receivables	-	-
Prepayments and accrued income	18	18
Amounts falling due after one year	£000	£000
Prepayments and accrued income	2	2
Total	20	20

6 Cash and Cash Equivalents

	£000
Balance at 01 April 2020	120
Net change in cash & cash equivalents	(17)
Balance at 31 March 2021	103
The following balances at 31 March were held with the government banking service and cash in hand	103
Balance at 31 March 2021	103

7 Trade and Other Payables

	2021	2020
	£000	£000
Trade payables	0	-
Accruals	57	102
Total	57	102

8 Commitments Under Other Non-cancellable Agreements

Total minimum future payments under contracts entered into prior to 31 March 2021 are given in the table below for each of the following periods. Obligations under these contracts from 31 March 2021 comprise:

	2021	2020
Projects	£000	£000
Not later than one year	132	257
Later than one year and not later than five years	23	98
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:

The Scottish Land Commission's Sponsor Directorate is the Scottish Government's Sustainable Land Use and Rural Policy Directorate (the Sponsor Directorate) and the Scottish Land Commission had significant material transactions with the Sponsor Directorate during the financial year. Financial transactions with the Directorate 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.

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 is 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 comprises only of prepayments this year. Prepayments do not meet the definition of a financial instrument. The financial instrument is therefore only cash and cash equivalents, details of which are in Note 6. 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 has 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 2021 comprise:

	2021	2020
Buildings	£000	£000
Not later than one year	37	36
Later than one year and not later than five years	37	36
Later than five years	-	-

The Scottish Land Commission's Lease at Longman House is currently held until March 2023.

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 2021, 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
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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

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