



SCOTTISH LAND COMMISSION  
COIMISEAN FEARAINN NA H-ALBA

## Meeting of the Commissioners

Tuesday 7<sup>th</sup> December 2021, 9:30am  
Meeting held online

# AGENDA

Item no	Item	Paper no	Action	Lead
	Welcome/Apologies			Andrew Thin
	Declarations of Interest			Andrew Thin
1.	Minutes of previous meeting 2 <sup>nd</sup> November 2021	1	For agreement	Andrew Thin
2.	Tax Advice	2	For agreement	Hamish Trench
3.	Land Rights and Responsibilities Statement Review	3	For discussion	Emma Cooper
4.	Natural Capital and the Land Market	4	For discussion	Hamish Trench
5.	Medium Term Financial Strategy	5	For discussion	Hamish Trench
6.	Programme of Work and Business Plan priorities	6	For agreement	Hamish Trench
7.	Staffing and Remuneration Committee Term of Reference	7	For agreement	Posy MacRae
8.	ARC Annual Report 2021/21	8	For information	Megan MacInnes
9.	AOB			

### Actions from Board Meetings - Update of actions to date

Action number	Date Raised	Context	Action Detail	Responsible	Date Required	Date Closed	Comments
21090701	07/09/2021	Annual Audit Report and Accounts	The Commission will review the financial strategy by the end of December 2021	Hamish Trench	Dec-21		For discussion at December board meeting
21110201	02/11/2021	Audit	Circulate Audit Scotland report on Crofting Commission to all Commissioners	Hamish Trench			Circulated 30/11/21
21110202	02/11/2021	Board Meeting	Arrange an additional meeting mid-December for this report to be signed off.	Hamish Trench			Now included on agenda for 7/12/21



SCOTTISH LAND COMMISSION  
COIMISEAN FEARAINN NA H-ALBA

## **Minutes of the meeting of the Scottish Land Commissioners held on Tuesday 2<sup>nd</sup> November 2021**

**Commissioners Present:** Andrew Thin (Chair), Sally Reynolds, Lorne MacLeod, Megan MacInnes, and David Adams (Land Commissioners)

**In Attendance:** Hamish Trench, Emma Cooper, Shona Glenn, Caron Munro, Kathie Pollard (Scottish Land Commission), Fiona Taylor (Scottish Government), Karlene Doherty (DTAS)

**Apologies:** Bob McIntosh (Tenant Farming Commissioner), Posy MacRae (Scottish Land Commission)

**Declarations of Interest:** Sally Reynolds declared an interest in the report on the partnership as DTAS as she works for Carloway Estate Trust who are members of DTAS.

The Chair welcomed Fiona Taylor, from the Scottish Government Sponsor Team to the meeting and highlighted the benefits of this relationship.

### **1. Minutes of previous meeting 7<sup>th</sup> September 2021**

The minutes were agreed as a true and accurate reflection of the discussion and all actions have been discharged.

The board discussed action 21090702 (Hamish to check the requirement for publishing management remuneration information) and Hamish advised that the presumption is this information is reported and there are no applicable exemptions.

### **2. Report on partnership with DTAS to support community-led regeneration of vacant and derelict sites**

The Chair welcomed Karlene Doherty from DTAS to the meeting. Shona provided the Commissioners with an overview of the project to date. Hamish advised that the Commissioners are asked to discuss the progress and considerations set out in the paper to inform next steps, but are not being asked to make a decision.

Karlene gave a presentation to the Commissioners on the work that has been carried out to date and the impact that the work has had on communities and the sites. In response to questions from Commissioners she highlighted that the interim evaluation was undertaken by someone not involved in the project to ensure it was impartial, and

it provided positive feedback on the project. She advised that all groups that have received help under to project in the first year have progressed towards use or ownership of the sites in agreement with the landlords. She highlighted that the project currently offers support for two years and is limited in the number of groups that can be helped due to capacity so she would like to be able to offer expanded support in the long-term. She noted that the project can look to prioritise sites which are having a negative impact on the local area and those that aim to provide a carbon beneficial impact. It was also suggested that she would hope to be able to commission those who have already taken part in the project to support future sites in order to build capacity and expertise in the sector.

Shona highlighted the potential benefits of the work that has been done under this project to community ownership as a whole, although it is focussed on vacant and derelict sites. She noted that the project is a highly resource intensive method of providing the support required.

The Commissioners discussed the project and potential next steps. They agreed that the work done to date is a big achievement and demonstrates the potential of this kind of support. David queried if the communities involved show a representative example of what might be found across Scotland or if they are exceptions to the norm. Karlene advised that a variety of different types of communities have been involved over the past year and the challenges are largely representative of others.

The Commissioners highlighted the value of finding a way to mainstream/ build on this experience beyond the current Land Commission funded project. Commissioners asked that careful consideration is given to who is best placed to drive this approach, provide the support and how a funding package might be put together. Commissioners noted the opportunity to look to major charitable funds as well as public funding. Shona noted that within this, the Commission has a unique role in having an overview of the system, and particularly the opportunity to connect increasing community capacity with the opportunity to build capacity within local authorities and public bodies.

Commissioners welcomed these connections being made and noted the opportunity, though also that the Commission will need to consider carefully in its business planning whether and how to pursue some of these opportunities given its own prioritisation and resourcing available. Commissioners supported engagement with Scottish Government and other stakeholders to consider future delivery options beyond the current funded project.

**Note:** Karlene Doherty left the meeting at this point.

### **3. Quarterly Progress Report**

#### Delivery

Hamish advised that the majority of workstream delivery is on track as shown in Annex A. He noted that the amber rating for the work on engaging stakeholders in implementation of PILD, VDL and housing land supply reflects the decision to scale back work on some of the emerging opportunities from our previous reports, to allow the Commission to focus on the Natural Capital workstream. He also noted that the

work to conduct a review of land valuation has an amber status as this workstream has been reshaped to focus on the natural capital work which is developing rapidly.

### Finance

Hamish advised the Commissioners that the Commission has spent 45% of its budget at the mid-year point with 11% currently uncommitted. He advised that the Audit and Risk Committee discussed the budget on 1<sup>st</sup> November and the Commission is looking to bring forward spend where appropriate into this financial year to ensure expenditure is within the budget KPI where possible.

The Commissioners queried how confident Hamish is that the spend will be on target following management team discussions and noted a degree of anxiety around the current predicted underspend. Hamish advised that there is still work to be done but some appropriate additional spend has already been identified and the management team is focused on further opportunities that can be delivered by end of year.

Megan noted that the ARC raised a degree of concern around the amount currently uncommitted and that the Commission will be looking into lessons learned from 2020-21 on overprogramming to help with future budgeting.

### Risk

Hamish advised that there is a current increased cyber risk for all public bodies due to COP26. He assured the Commissioners that IT have put steps in place to help reduce this risk and make phishing attempts more identifiable. Commissioners queried why this is a threat for the Commission. Hamish advised it is due to opportunistic attacks as the Land Commission uses at gov.scot email addresses and there is no specific threat being targeted at the Commission that they are aware of.

He advised that the risk regarding staff capacity is still high as the two good practice advisers started on 1<sup>st</sup> November so are still in the induction stage, but he anticipates this risk will reduce over the next quarter.

David suggested that he would expect planning to be mentioned under risk 7 and asked for an update on the relationship with the Scottish Government planning team. Hamish advised that the Commission has a strong relationship with the regeneration team and engaged with the planning team on the housing land review. Shona added that the planning team are currently fully focussed on implementation of the Planning Act, and that we are able to make connections where necessary.

### Communications

Hamish advised that natural capital and the report on housing land have been high areas of communications focus over the past quarter. He noted that there is an increase in media coverage that is not generated by the Commission. Commissioners were advised that the main areas for communications focus over the next few weeks is the MyLand campaign taking part over COP26 and the Natural Capital workstream.

Hamish also advised that as a result of the staff survey responses in October 2021 the Commission will be focussing on improving internal communications. He advised that the survey results will be tabled at the next Staffing and Remuneration Committee.

Lorne requested that the Commissioners receive a detailed analysis of the conference and any learning points identified. Hamish advised that this is currently being pulled together and will be shared when finalised.

#### **4. Audit and Risk Committee Update**

Megan provided the Commissioners with an update following the ARC meeting on 1<sup>st</sup> November. She noted that she took over chairing of the Committee from Lorne as agreed at the Commissioners' Meeting in September 2021.

The Terms of Reference for the ARC state that members can remain on the Committee for 5 years, but this can be extended at the discretion of the Commission. Therefore it was proposed that Commissioners agree to extend the nominations of Megan and Lorne until the end of their contractual terms as Commissioners. The board agreed this proposal.

Megan advised that the Committee received an update on the Commission's Climate Action Plan. She noted that the current challenge for the Commission is to maintain the benefits that the Commission has had of a reduction in commuting and business travel as a result of the pandemic.

She advised that the Committee took the opportunity to reflect on the learnings from the Audit Scotland annual audit report on the Crofting Commission. She advised that Hamish has already identified points for the Commission to take forward and that internal and external audit both noted it was positive to see the Committee proactively discussing the report and taking findings into account. Hamish noted that the three key points he has taken from this report are:

- Importance of actively maintaining effective relationships between the board and staff;
- An opportunity to bring together a single statement of the Commission's governance;
- Commissioners and staff both have training budgets which can be made use, including for training on governance.

The Commissioners noted it is reassuring to know the Committee is considering reports like this and reporting findings back to the board. The Chair reminded Commissioners that the ARC is there to challenge the board when necessary.

<b>Action 21110201</b>	Circulate Audit Scotland report on Crofting Commission to all Commissioners
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#### **5. Tax Reforms: Advice to Ministers**

Hamish noted the significant work that Shona and Kathie have put into developing this report further, and the value of the government's recently published tax framework as context.

The Commissioners welcomed the substance of the report in terms of the analysis and options identified. They also agreed a need for caution and careful thought on the presentation of the advice, given the complexity of the issues involved and the degree of political and public interest in tax. Commissioners felt that further work is needed to represent the advice in a way that will be effective and that will communicate key messages.

Shona highlighted the importance of the journey to reach this point including both the expert advisory group and liaison with Scottish Government tax team. She noted positive feedback from Scottish Government colleagues on the value of the proposed advice in relation to the Scottish Government's tax framework.

Commissioners discussed the report. The main points of discussion were:

- A need to improve clarity on the narrative about why these options are considered in relation to land reform;
- The importance of noting reserved and devolved powers and therefore where our advice focuses;
- The balance of whether this should be a short strategic piece of advice or whether a more detailed report is actually required, noting that there is significant work required in taking forward any of the options under discussion;
- A need to refer back to the core ask of Ministers for this work, and the focus of the Land Commission in this work;
- It was suggested that as there is a long history of similar reports which have been commissioned it may be beneficial for the Commission to refer to these reports in the points made;
- Concern was raised over the term 'undeveloped land' when referring to rural land as the land may be un multiple uses;
- That there is value in stating if and where we conclude tax is not likely to be an effective lever;
- There is a need to address explicitly the interaction with agriculture and the risks of tax reform in relation to family farm holdings;

The board agreed that the advice should be further developed into a short, public facing strategic report that sets the consideration of options in the land reform context. Commissioners agreed to hold an additional board meeting in December so that all Commissioners have the opportunity to see and discuss the final report and sign-off at that point.

<b>Action 21110202</b>	Arrange an additional meeting mid-December for this report to be signed off.
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## 6. Scottish Government update

Fiona provided the Commissioners with an update from the Scottish Government. She advised that arrangements are in hand for a meeting of the board with Ms McAllan,

most likely in the new year. David suggested the possibility of the Commissioners also meeting with other Ministers, particularly Mr Arthur, in due course. Fiona noted that depending on the work programme this could be beneficial at an appropriate time.

## **7. Any Other Business**

### Natural capital and the Land Market

Hamish advised that work is underway including a tender on the land transactions analysis and development of initial guidance on responsible practice. He noted that this continues to be a rapidly developing area of work and would welcome any feedback or observations from Commissioners as it progresses.

Sally queried if the role of others is becoming clearer in this. Hamish advised that it is and that the Commission is now part of a group set up by Scottish Government working with other public bodies to co-ordinate activity.

Commissioners identified high value in moving quickly to develop a good practice publication on this area of work.

### Board Observers

Sally advised that she has recently participated in a Women in Agriculture group and there has been interest from members to undertake a board observer role. She asked if the Commission would look to offering this. The Chair noted that the board has had an observer before and support the opportunity of doing so again. All Commissioners supported this.

### Human Rights advisory group

Megan provided the Commissioners with an update on the Human Rights advisory group. She advised that the next meeting is in the new year and suggested that it would be beneficial for the Commissioners to meet with Malcolm after this date. Hamish noted that this will be scheduled in the Commissioners' meeting programme.

### Staffing and Remuneration Committee (SRC)

Hamish advised that following good practice audit advice he intends to propose to the board that this committee is set up in a similar way to the ARC with a Commissioner other than the Chair as the Chair of the committee. He will bring forward a formal proposal to the board for consideration.

David queried if this could mean that the SRC has a co-opted member. Hamish advised that this would be an option for the board to consider in the terms of reference of the committee.

### December Meeting

It was agreed that the December meeting will be held online. Hamish advised that we will continue a hybrid approach for the 2022 programme of Commissioners' meetings.

Public Meeting

It was noted that the next virtual public meeting covers the Falkirk area and Sally, Lorne and Andrew will be attending.

**Date of Next Meeting: 7<sup>th</sup> December 2021**

**Scottish Land Commission  
November 2021**



**Commissioners' Meeting  
7<sup>th</sup> December 2021**

**Land reform and taxation: advice to Ministers**

**PAPER 2**

<b>Purpose:</b>	To approve the draft advice to Ministers
<b>Business Plan context:</b>	Reforming Land Markets - tax
<b>Previous board papers:</b>	Paper 4, 2 <sup>nd</sup> November 2021, Draft Advice Paper 5 , 7 <sup>th</sup> September 2021, Draft Advice Paper 3, 1 <sup>st</sup> June 2021, Tax interim report and next steps Paper 6, 7 <sup>th</sup> July 2020, Tax Scoping Report and Next Steps
<b>Action required:</b>	Agree a revised format of advice to Ministers

**Background**

The Land Commission's current business plan includes a commitment to "*conduct a Review of potential tax reforms to support economic recovery, re-use of vacant land and a more diverse and productive pattern of land ownership*". The Review has now been completed, the emerging findings and initial drafts of the advice to Ministers were discussed at the September and November board meetings.

**Revised advice**

The format of advice has been revised following the November board meeting in line with that discussion in order to:

- Present strategic advice rather than detailed proposals and modelling;
- Make clear the respective reserved and devolved competencies;
- Link clearly to the government's land reform objectives;
- Make reference to previous relevant reports that provide wider strategic context.

Once approved we intend to submit the advice to Ministers before the end of December and publish it early in the new year. A communications plan for publication and key messages is being developed. The supporting report commissioned from Alma Economics will also be published.

The board is asked to agree the advice for submission to Ministers.

**Hamish Trench  
December 2021**



## Commissioners Meeting 7<sup>th</sup> December 2021

### PAPER 3

#### Review of the Scottish Government's Land Rights and Responsibilities Statement (LRRS)

<b>Purpose:</b>	Inform the development of our response to the Scottish Government's consultation on the LRRS.
<b>Business Plan context:</b>	Embedding responsible land ownership and use - Advise on review of the LRRS
<b>Previous board papers:</b>	N/A
<b>Action required:</b>	Consider the consultation and key issues we should address in our response.

#### 1. Background

The Scottish Government are required by the Land Reform (Scotland) Act 2016 to review the Land Rights & Responsibilities Statement (LRRS) every five years. The current review must be concluded and either a revised LRRS, or a statement setting out why the LRRS is not being revised, should be published by September 2022.

The public consultation on the LRRS opened on the 5<sup>th</sup> November and closes after 12 weeks on 28<sup>th</sup> January 2022. A review of the submissions will likely be published around April or May 2022 and Ministers will approve any revisions to the LRRS in the summer.

The consultation focuses on:

1. Updating the vision to include natural capital alongside land and emphasising a just transition;
2. Content and usefulness of the principles; and
3. Implementation of the LRRS, including monitoring, evaluation and options for strengthening implementation.

#### 2. Our role

The LRRS sets out and communicates the Scottish Government's vision for land ownership, use and management. We have played a key role in supporting stakeholders and land owners and managers to put the LRRS into practice, setting out practical expectations for how land owners and managers can take forward the LRRS through our protocols and supporting guidance, training and self-assessment programme. As the key organisation in Scotland leading the practical implementation of the LRRS we need to provide advice and support to Scottish Government in undertaking the review.

We have already provided advice and guidance on the content of the consultation on the LRRS. We have an ongoing role in disseminating the consultation and encouraging responses from stakeholders and the public. This includes engagement with Good Practice Advisory Group members and other stakeholders, public webinars and a social media campaign.

We will provide formal, public advice on the LRRS in response to the consultation informed by our ongoing work to embed the LRRS in policy and practice by end January 2022. This



will be in the form of a response following the template provided by Scottish Government, supported by an appendix on summarising the Commission's relevant evidence and findings to date.

### **3. Evidence and findings to date**

A fuller review of SLC evidence and findings to date will be included as an appendix to our response to the consultation on the LRRS.

#### **3.1 Good Practice Programme**

- We have made considerable progress in implementing the LRRS through voluntary approaches with support from key stakeholder organisations. We have identified several actions to further encourage and support voluntary uptake. There is more demand for our services than we can currently meet.
- Protocols can be written through consensus and are effective ways of influencing practice. We have more to do to raise awareness of the protocols in some sectors and understand how they apply in different contexts. Many, but not all, landowners are willing to engage in consideration of the protocols and how they apply to their landholding.
- Landowners can assess their practice against the LRRS through a voluntary self-assessment process. Most landowners find this a useful and positive process. There is no one way in which a landowner should conduct a self-assessment as different approaches work better in different contexts. We will continue to develop this approach.
- Case work has been successful in resolving issues between landowners and communities in some circumstances. Most, but not all, landowners will engage with us on a voluntary basis to discuss concerns and find a mutually acceptable solution. Case work often leads to deeper discussions with landowners about their wider practice. A substantial amount of case work relates to practice in the public sector.
- There is increasing interest from landowners who want to be proactive in developing good practice and applying the protocols. To support this we have delivered webinars, training sessions and provided personalised support for landowners. We are frequently unable to meet the demand for this service.
- There is greater awareness of the LRRS and subsequent adoption of the principles in private rural, farm, NGO, and community ownership sectors where SLC and supportive stakeholders have concentrated efforts to date. A focus on encouraging voluntary adoption of the LRRS in particular sectors is effective in ensuring landowners understand the relevance and applicability of the LRRS in their context. The recent focus of SLC, in partnership with stakeholders, has been on the public sector where awareness has increased significantly in the last year.

#### **3.2 Further research and findings**

- Collaboration between relevant parties plays an important role in effective land use decision-making and can ensure the delivery of wider benefits. The public sector can and does play a key role in brokering collaboration. Regional Land Use Partnerships could support further collaboration on the landscape scale changes needed to reach net zero.



- Proactive estate management is an essential part of responsible landownership, enabling landowners to address existing and future vacant and derelict land and in the strategic transfer of land and buildings to communities. A regular review of land and buildings allows landowners to understand where there are opportunities to diversify ownership, use and management of assets and where there are risks to the future condition and use of assets. Engaging communities in this review enables opportunities for collaboration and community ownership to be identified.
- Landowners are more likely to follow the principles in the LRRS when they understand the benefits to themselves and others and the practical actions they can take within their specific context. Research and work on vacant and derelict land and community wealth building which sets out the benefits of action within the context of the public sector and actions they can take has been an effective way of supporting implementation of the LRRS.
- There is still limited transparency over the ownership and transfers of land, particularly regarding conditional contracts, options agreements and off-market sales. These inhibit opportunities for communities and local authorities to have a full say in land use. It would improve the functioning of the housing market and provide transparency on where development might take place if in future all conditional contracts and options agreements should be made publicly available on a register.
- There is a need for landowners/developers to engage as early as possible when considering developing a site and for that engagement to be genuinely open and in-depth. Our research on the benefits of early engagement found that in depth engagement and collaboration led to better results for all – including better places/outcomes and speeding up processes.

## **4. Key messages for response to the consultation**

### **4.1 Vision**

- The LRRS takes a human rights approach to the ownership, use and management of land. This has proven to be an important and useful framing. In-line with this approach and in pursuit of balanced decision-making about land, it is important to recognise the value of all ‘capitals’ (‘The Four Capitals’ - natural, social, human and economic) and the role they play in achieving a just transition. To maintain this balance, the value of natural capital would be more appropriately recognised through the principles rather than in the vision.

### **4.2 Principles and other content**

- The LRRS is applicable to and achievable by all landowners, to the extent that SLC have tested it with different sectors and in different contexts. The principles are broadly correct and require minimal changes. It is important to retain consistency over the principles to aid ongoing efforts to embed them in policy and practice.
- Collaboration between landowners and those in the public, private and third sectors is critical in seeing progress against the LRRS. The LRRS currently emphasises the importance of collaboration between communities and landowners, which we are supportive of, but could do more to recognise the value of wider collaboration between interested parties. This would bring greater alignment with other policy such as Regional Land Use Partnerships and the Land Use Strategy.



- Community ownership of land should be a normal, designed part of community planning, development and regeneration. There should be a clear articulation of the outcomes that community ownership delivers, recognising that it is not an end but a means to delivering wider development and regeneration outcomes, including community sustainability. There should be a presumption for negotiated transactions between a willing seller and willing buyer being the norm, with statutory rights to buy or asset transfer being used only where this is not possible.
- Landowners need to be 'active stewards' of their land, taking a proactive approach to managing their holdings to avoid harm and achieve wider benefits and going beyond the concept of 'good stewardship'.

## 4.2 Implementation

- Many landowners and managers have enthusiastically adopted the LRRS and the SLC Protocols. Consensus over reasonable expectations for responsible practice was reached with stakeholders, replicating the experience of the TFC. Landowners can use the protocols to assess their practice against the LRRS and identify actions to improving practice, where necessary. The aligned programme of training, guidance and support for landowners, with support of stakeholders, has been effective in developing good practice and implementing the LRRS.
- There is an increasing demand for support to implement the LRRS on a voluntary basis both in practice and through embedding the LRRS in policy. The SLC is well placed to deliver this support with a view to embedding good practice in the long-term, but is currently unable to meet existing demand and would require further resource to extend the current service offering.
- There are ongoing concerns about the actions of a minority of landowners which continues to have a detrimental impact on the sustainability and wellbeing of communities. Despite progress made by SLC and membership organisations, a small number of landowners are not willing to adopt the protocols or engage with SLC or others, even where there are concerns raised by communities. The Scottish Government should explore legislative options to further encourage implementation of the LRRS, including but not limited to, previous SLC proposals.
- The public sector plays an important role in delivering the LRRS. Many public bodies are significant landowners, able to demonstrate leadership and move forward cultural change in the ways that they act. The sector can further play a pivotal role in delivering land reform by acting as a catalyst for further action and collaboration, playing the role of broker, aligning policy and legislation and supplying useful data. This is a mutually beneficial role as, for example, the LRRS can be seen as a solution to get the Place Principle, community wealth building, community empowerment and other approaches working more effectively and consistently.
- Public policy is not yet fully aligned with the LRRS. Traction for the Statement would be gained by further building in the LRRS to public policy and conditionality of public support.
- There are currently limited monitoring and reporting requirements in place for the LRRS and our understanding of the impact of the LRRS is therefore limited. Monitoring and reporting requirements could strengthen implementation by improving accountability as well as improving our understanding of the impact of the Statement.
- There remain misconceptions that the principles don't apply to all landowners and there is disparity between sectors in awareness of the LRRS. The LRRS itself could better address these sectors through explanatory notes and appropriate case studies



but we need to go further than this and have a clear and proactive approach to raising awareness and embedding LRR. Again, SLC is well placed to do this but at the limit of its current resource availability.

## **5. Next steps**

- a. Continue to support Scottish Government in disseminating the consultation and encouraging responses through a communications package including public webinars and stakeholder workshops in January.
- b. Publish a report on the self-assessment pilot project in January to support the review of the LRRS.
- c. Complete an evaluation of the Good Practice programme to understand how best to support the ongoing voluntary implementation of the LRRS by end of March to inform both Scottish Government and the Commission's own work planning.
- d. Submit a formal response to the LRRS consultation by the end of January.

**The board is asked to consider the consultation and key issues we should address in our response.**



**Commissioners Meeting**  
**7<sup>th</sup> December 2021**  
**PAPER 4**  
**Natural capital & the land market**

<b>Purpose:</b>	To update the board on progress and discuss the proposed interim statement
<b>Business Plan context:</b>	Reforming Land Markets – natural capital and the land market
<b>Previous board papers:</b>	7 <sup>th</sup> September 2021 Paper 6
<b>Action required:</b>	Discuss progress and the proposed interim statement

## **1. Background**

From September 2021 the Commission began a new work stream addressing the implications of carbon and natural capital values in the land market, and ways to secure community benefit from this emerging value. This has been a rapidly developing area of work during the current quarter. Ministers are seeking advice from the Commission on ways to balance the need for private investment in natural capital with ensuring community benefit and a just transition. This paper reports on progress of the key elements of work underway.

## **2. Progress**

### **2.1 Analysis and reporting of land market transactions**

We have commissioned a team led by SRUC with Savills and Strutt & Parker to undertake this work. The brief set two objectives:

1. analyse and report on the current pattern of activity within Scotland's rural land market to provide an accurate picture of landowner, buyer, and seller motivations, with a specific focus on understanding how increased demand for natural capital investment is driving activity in the land market.
2. develop a replicable methodology for gathering robust quantitative and qualitative data about land market activity in the future.

By end March they will provide a market analysis report;

By end June they will complete the baseline dataset and methodology for future reporting.

This work has active support from stakeholders including RICS which will help build trust and buy-in to ensure as full a set of information as possible. We are also working closely with Registers of Scotland to make best use of their data on transactions.

The outputs of this work will:

- provide evidence on the number, type and value of transactions, giving insight into the scale of influence in the land market of carbon and natural capital value;
- provide insight into motivations and market behaviours;
- establish improved reporting of land transactions, creating improved transparency and information in the longer term.



## **2.2 Interim Statement of Principles**

We are working with Scottish Government colleagues in the investment and environment portfolios to support development of a statement by Ministers on their expectations for markets in carbon and natural capital. We are working to have a submission to Ministers in December, with an expectation of publication early in the new year. Given the urgent need to create a public policy framework around these developing markets, the intention is to set out an interim statement of expectations, fully acknowledging that these will be imperfect and develop further as the full UK and Scottish market frameworks come into place.

Ministers have set out in the last month a headline expectation for ‘values-led, high integrity’ markets in carbon and natural capital. The statement of principles will start to set out what that looks like in practice, for responsible investment and land ownership.

Annex A sets out the draft scope of the statement of principles. This is currently in development and Commissioners are invited to discuss the scope to inform its drafting.

We intend to follow this in the new year by developing an LRRS Protocol, which can develop further these expectations through engagement with stakeholders. This can also reflect feedback received by government through the review of the Land Rights and Responsibilities Statement. This may need to be supplemented by more specific guidance, for example on tenant farming.

## **2.3 Briefing Publication**

We are preparing a Scottish Land Commission briefing publication which will set out more about the key issues, and the risks and opportunities we see. It won’t at this stage be able to provide answers to all the key questions, but it is intended to be a way of acknowledging and articulating the key public interest issues that need to be considered and addressed. We intend to publish this in the new year, timing to be co-ordinated with publication of the statement discussed above.

## **2.4 Case studies and Community Benefit**

We are currently seeking case studies of responsible practice, particularly in relation to community benefit, so that we can share emerging practice.

We also intend to contract additional fixed-term resource starting in quarter 4 so that we are able to review existing approaches to community benefit and work with land owners and investors who are considering and developing community benefit mechanisms, to help shape new approaches and learn from this to inform guidance and future policy options. This work will be developed in collaboration with the Enterprise Agencies.

## **2.5 Reviewing international and historic experience**

We plan to commission in the new year a study to review previous practice and lessons learned from handling financial gains from natural resources, including community benefit mechanisms. This will include reviewing experience and lessons learned from renewables community benefit mechanisms.

This will inform our advice to government on medium term policy options.

## **2.6 Communications and messaging**

There has been considerable coverage in the media around the impact of natural capital and ‘green lairds’ on Scotland’s land markets and rural communities. We are positioning the



Commission to be a leading voice in the discussion with the message that this is an opportunity for Scotland and it has to be shaped in the public interest. There have been two releases in September and October which received wide pick up, and a number of placed opinion pieces in the Scotsman, Times and Press & Journal. The natural capital session at Land Connection also brought this into clear focus and it was the most popular panel session of the conference.

We will build on this momentum with another two releases in December to ensure the Commission's voice remains strong in the debate and also to support the land market work and encourage participation. There will again be a renewed focus in the New Year with the package of work supporting the principles.

### **3. Wider considerations – diversity of ownership**

The implications of new value and buyers in the land market has prompted renewed discussions among stakeholders of practical ways to diversify ownership and control.

There are a range of different emerging and potential approaches that could support this, including for example:

- targeted land acquisition by existing public landowning bodies with the intention of transfer to community control;
- collaborations among NGOs and other investors to acquire land directly;
- new and emerging ownership models drawing on private natural capital finance;
- joint ventures and partnerships with communities;

We intend to contract additional fixed-term resource starting within the current financial year to work with land owners to support and understand existing approaches to diversification, support development of new approaches and case studies. We will also be publishing practical guidance on governance models within our good practice programme, which will be relevant to natural capital opportunities. We will have in the new year the commissioned report on options to complement the Land Fund in financing community ownership, which can further inform some of the opportunities noted above.

We see significant value in exploring these opportunities further with stakeholders, drawing on our work to date on ownership, governance and finance, in order to encourage and support practical opportunities and advise on future policy. This should be a consideration for our 22/23 business planning.

**Hamish Trench**

**Chief Executive**

## **ANNEX A**

### **Interim Principles for responsible practice: natural capital investment & land ownership**

Key elements for inclusion

1. Headline of 'values-led, high integrity markets' – restated from Ministerial statement
  - Framework for responsible investment
  - Values-led = values-led investment, Just Transition, LRRS (human rights underpinning)
  - High integrity = assurance of responsible approach (not greenwashing)



2. Expectation of public and private benefit
  - Investment in and use of Scotland's natural capital should create public as well as private benefit. ref to LRRS principle 1 & Just Transition
3. Expectation of multiple benefits – use natural capital approach (ref to guidance) not silo carbon focus but nature positive and social impact;
  - 4 capitals approach
  - Place-based – eg acknowledge where there is a primary land use (eg good agricultural land)
  - Landowners considering the sale of carbon credits should consider their current and future carbon offsetting needs before doing so.
4. Integrity and assurance – use established codes and reputable brokers
  - ref to sources of guidance & developing Finance for Nature accreditation
  - off-setting should be last option used where emissions cannot be removed
5. Land acquisition
  - If seeking to secure carbon units or natural capital value, consider whether ownership of land is necessary – opportunities for collaboration/partnerships with communities
  - Wider obligations of land ownership – ref to LRRS and Protocols
6. Community engagement and benefit
  - Ref to community engagement expectations & protocol
  - Expectation that investment and emerging value should benefit local communities – use engagement to identify how, include consideration of financial benefit, and how value is reinvested to support community wealth building
7. Transparency re transfers of carbon rights
  - Where rights or control are transferred to a third party, this info should be available in an open and transparent way (*NB trades must be registered on UK Carbon Registry*)
8. Tenure
  - Consider and engage respective parties' in responsibilities and benefit in agricultural tenancies and crofting tenure (*may be need for separate TFC guidance*)



**Commissioners Meeting**  
**7<sup>th</sup> December 2021**  
**PAPER 5**  
**MEDIUM-TERM FINANCIAL STRATEGY**

<b>Purpose:</b>	To review our medium-term financial strategy
<b>Business Plan context:</b>	Ensuring sound governance supported by continuous improvement
<b>Previous board papers:</b>	Annual Business Planning March 2021
<b>Action required:</b>	To consider any changes impacting our medium-term financial strategy

### ***Background***

The purpose of this paper is to consider and, if necessary refresh, our medium-term financial planning, ahead of considering our annual 22/23 business plan. The ARC considered our medium-term financial strategy in November 2020 and the Board considered it again in March 2021 when considering the current year’s business plan.

It is good practice to keep our approach under review, and to consider any changes in the pressures or likely scenarios that the organisation faces in a 3-5 year time horizon.

### ***Our approach***

Our approach has been based on maintaining an appropriate balance of fixed vs flexible costs, in order to retain the ability to respond to future budget changes. The ARC set out the ambition to retain a ratio of approximately 70/30 fixed/flexible costs. It also recognised that our remit requires a significant part of our resource to be invested in people, to provide the skills and capacity to deliver our functions, while also being able to deploy sufficient spend flexibly to commission research, evidence and additional focused expertise.

### ***Changes in context and pressures***

Looking ahead to future grant-in-aid settlements, we do not expect an increase in grant-in-aid unless there is a change to our functions or specific work sought by government. The Scottish budget for 22/23 will be published on 9<sup>th</sup> December and we anticipate the Commission’s budget is likely to remain at around the same level. The Scottish budget may this time give an indication of future years to aid business planning.

Business planning on an annual basis continues to consider scenarios of budget reductions of 5% and 10%. A reduction beyond 10% would significantly impact the core functions of the Commission – given the small size of organisation there is a point at which reductions would put at risk sound governance and delivery.

The most significant cost pressure within the Commission is increases in staffing costs through annual pay settlements against a static grant-in-aid. The regrading associated with reviewing job descriptions during 21/22 added just under 1% to pay costs. In 2020 our staffing costs comprised



53% of total budget. In 2021 they currently comprise 56% of total budget and a projection for 22/23 takes them to approximately 59%.

The allocation of spend against fixed vs flexible costs is currently as follows:

<b>Current spend allocation</b>	
<b>Cost heading</b>	<b>% of total budget</b>
Staffing payroll	56
Commissioners fees	4
Office Accommodation	3
Corporate fixed costs	9
<b>Total fixed costs</b>	<b>72%</b>
<b>Flexible operating spend</b>	<b>28%</b>

### **Strategy ahead**

We propose our strategy ahead should continue to seek to retain sufficient flexibility by aiming for a 70/30 ratio for fixed/flexible costs. We are currently sitting at approximately 72% fixed costs, so with further increases in staffing costs anticipated through annual pay remits we should seek ways to reduce our fixed costs.

This means that where we need additional capacity beyond current staffing we seek fixed term options that retain future flexibility. In March 2021 we noted that over the coming two years we will review our accommodation provision and seek to reduce fixed accommodation costs. The intention remains to review our office needs as we move to a new pattern of blended home and office working. Given the ongoing Covid-19 restrictions on working pattern, it is not yet clear what our office space requirement will be long-term but we anticipate we will not require the same amount or type of space. This year we have engaged with Scottish Government to request we reduce our footprint in Longman House with an associated reduction in cost, though they are not currently willing to agree this.

We will also continue to engage closely with our sponsor team on future priorities and associated resource implications, so that as best we can, we anticipate new or additional areas of work for the Commission and can therefore plan any changes in resourcing required.

### **Recommendation:**

**Commissioners are asked to consider our medium-term financial strategy and any changes likely to impact our approach.**

**Hamish Trench**

**Chief Executive**



**Commissioners Meeting**  
**7<sup>th</sup> December 2021**  
**PAPER 6**  
**Programme of Work and Annual Business Planning 22/23**

<b>Purpose:</b>	To discuss and agree the Commission's priorities for the coming 18 months, to inform a refreshed Programme of Work and resource prioritisation in our 2022/23 Business Plan.
<b>Business Plan context:</b>	22/23 Business Plan development
<b>Previous board papers:</b>	N/A
<b>Action required:</b>	Agree priorities to inform a refreshed Programme of Work and Annual Business Plan 22/23

### **1. Refreshing our Programme of Work**

Our Strategic Plan was approved in September 2020, for a three year period to September 2023. As we look ahead to the new financial year starting in March 2022, we are moving into the second half of this strategic plan period. Within the next financial year we will need to begin work on our next strategic plan for September 2023 onwards.

The Land Reform (Scotland) Act also requires us to publish a Programme of Work, which we did as part of the strategic plan in 2020. At this point, half-way through that period, we propose it is timely to publish an updated Programme of Work that addresses the next 18 months.

The Programme of Work is a helpful way to set out our priorities and ensure our work remains relevant. Even within the last 18 months the context for our work has evolved rapidly, including a new government programme following the election and co-operation agreement and increased pace required in addressing the land implications of net zero and a just transition.

Over the first 18 months of this strategic plan we will have completed major outputs in a number of significant policy workstreams, including interventions on concentrated ownership, the housing land market, taxation; the Good Practice Programme is also now well-established. It is therefore a natural point at which to refresh our priorities and focus for the coming 18 months. Annex A sets out our delivery to date against the high level commitments of our current Strategic Plan.

### **2. Our focus ahead**

Commissioners are invited to discuss and agree where our focus and priorities should lie, looking to the 18 months from March 2022. Key considerations are:

#### **2.1 External drivers**

There are a number of clear drivers in relation to Parliament, government priorities and the wider context on the ground:

- Land Reform Bill (and opportunities to inform other relevant Bills including Community Wealth Building, Human Rights, Agriculture, Wellbeing). The likely



timescale of the Bill means the next 18 months will be focused on informing its development. Any changes to the role or work of the Commission resulting from the Bill will be for consideration in the next strategic plan period.

- Just Transition to net zero, specifically the interaction of carbon and natural capital markets with the land market, and implications for land ownership and communities. We expect this to remain a major focus.
- Economic recovery – a strong emphasis in the Programme for Government on place-based economic recovery that delivers benefits for communities.
- The Government’s review of the Land Rights and Responsibilities Statement is likely to lead to a refreshed emphasis on LRRS and strengthening its implementation in practice.

## **2.2 Organisational capacity**

We remain a small organisation of 14.5 FTE. The areas of potential and relevant work will always extend beyond what we are able to deliver so we need to be clear about priorities and where our focus will lie.

We do have the capacity within the team to adapt and respond to providing advice on new topics. However, we do not have the capacity to also follow up on all the opportunities or recommendations that emerge from our reviews, nor is it necessarily our role to do so.

In some reviews, for example vacant and derelict land, we have identified specific areas in which the Commission can add value by continuing to advise and support on implementation and changes in practice. As time goes on, we need to be careful not to accumulate expectations that we will do this in multiple areas at the same time. Our primary role is to provide advice, not to become a delivery agency. However, this is not always a simple distinction - to have influence and impact we should engage in supporting and shaping changes in practice beyond simply publishing recommendations.

## **2.3 Impact**

We should consider where and how we can have most impact. This is likely to continue to be by combining policy advice on a small number of key issues with guidance and support to strengthen implementation of land rights and responsibilities in practice. If we spread ourselves too thinly, we will reduce our impact

## **3. Priorities**

There are some priorities that seem clear, driven principally by external factors and our functions:

- Supporting the land reform bill;
- Supporting and strengthening implementation of the LRRS following its review;
- Advising on policy and practice in relation to carbon, natural capital and the land market;
- Continuing delivery of TFC functions.

There are other areas of opportunity in which we have more flexibility to consider priorities:

- a) Diversification of ownership** – there remains a Scottish Government objective to diversify land ownership and this is likely to see renewed emphasis in the context of a just transition as well as the land reform bill. Our work so far points to significant



opportunities to promote and develop a wider mix of governance models that would help diversify ownership and control. There is further policy advice that we could be providing and potential for significant work supporting new approaches in practice which are likely to be led by stakeholders, as much as by government. This has good synergy with the focus on natural capital and the land market.

- b) Supporting implementation of VDL recommendations** – our work on VDL has had significant impact and led to a number of follow-on opportunities. The board agreed a two-year partnership with DTAS to support community-led regeneration of VDL sites, which will conclude in May 2023 and we are working with DTAS and Scottish Government to consider the learning from this. We also participate in the assessment panel for the Scottish Government’s £50M Vacant and Derelict Land Investment Programme and provide leadership for the vacant and derelict land ‘mission’ in the Clyde Mission. We propose these remain our priorities in supporting implementation.

We cannot follow up directly all aspects of the VDL recommendations, and it is now for Scottish Government to co-ordinate, but there remains a valuable role for the Commission in advising on implementation and providing leadership in the implementation of land rights and responsibilities through VDL action.

- c) Housing and Place** – following our review of the housing land market we have engaged with government and stakeholders on the recommendations. Unless asked by Scottish Government, we do not plan to take forward further work to follow up the recommendations at this point.

There is however significant traction to the wider ‘Place’ agenda across government and public bodies, in which our focus on land ownership, markets, and land rights and responsibilities has a particular role to play. The recent publication of National Planning Framework 4 shows the relevance of land reform to delivering on many of the policy ambitions. We propose to continue engagement with the Key Agencies Group as a means to connect our work in this agenda and be guided by where we can add value through our core focus in relation to land rights, markets and responsible land ownership.

## Recommendation

That our priorities for the coming 18 months should focus on:

- Continued delivery of the Tenant Farming Commissioner functions;
- Supporting the development of the Land Reform Bill;
- Strengthening implementation of the Land Rights & Responsibilities Statement through our good practice programme and supporting the outcome of the Government’s Review of the LRRS;
- Advising on policy and practice in relation to carbon, natural capital and the land market;
- Advising on policy and practice to support diversification of land ownership;
- Advising on implementation of VDL recommendations and opportunities for land reform to support implementation of the ‘place principle’.



Following agreement of priorities, the management team will develop a draft Programme of Work and Annual Business Plan for consideration at the February board meeting, with the intention of agreeing a final plan at the March board meeting.

**Hamish Trench**  
**Chief Executive**



## ANNEX A

<b>3 yr Strategic Plan commitment</b>	<b>Delivery by end 21/22</b>
Encourage a more diverse and productive pattern of land ownership	Report on benefits of diverse ownership models; Paper on legislative options to address concentration of land ownership;
Identify new governance models that widen the range of people who will benefit from land rights and lead to greater productivity	Commissioned report on options to complement Scottish Land Fund to support community ownership; Early discussions on implications of natural capital agenda for different governance models;
Address the human rights relationship between property rights and achieving economic, social and cultural rights	Human Rights Advisory Forum established; Expert advice sought re concentrated ownership proposals;
Help people and organisations to adopt the LRRS by supporting good practice	Good Practice Programme incl. protocols, guidance, training, advice, self-assessments pilot; Supporting SE in LRRS Review;
Look at ways to further include LRRS in public policy and in responsible business conduct across relevant sectors	Community Wealth Building Guidance; Public body engagement;
Support a better functioning system of agricultural tenure through the work of the TFC	TFC Programme incl codes, guidance, advice, casework, mediation, sector engagement;
Identify changes to the tax system to support recovery and renewal, in relation to town centre regeneration, active land use and diverse ownership	Completed - 2 commissioned reports and expert advisory group leading to advice to Ministers
Review approaches to land valuation including factors likely to influence land values as we move towards a net zero economy	Natural capital & the land market workstream underway; Commissioned land market analysis; Briefing and Guidance;
Identify practical options for reforming land markets to ensure land is better used in the public interest	Housing Land review completed with multiple publications and advice to Ministers; Supporting VDL implementation including Investment Fund and Clyde Mission



## Commissioners' Meeting 7<sup>th</sup> December 2021

### PAPER 7

<b>Purpose:</b>	To consider and approve changes to the Commission's Staffing and Remuneration Committee Terms of Reference
<b>Business Plan context:</b>	Deliver sound governance supported by a culture of improvement
<b>Previous board papers:</b>	Paper 7 Staffing & Remuneration Committee – 4 June 2019
<b>Action required:</b>	For approval

#### Background

The establishment of committees allows for specialist areas relating to the Board's role to be debated in detail by members with the appropriate knowledge or skills. Committees can deal with particular areas of interest outside main Board meetings and are required to report back to summarise issues, debates and advice with key points and areas for decision presented to the full Board.

The Staffing and Remuneration Committee was established in June 2019 to fulfil the Board's responsibilities in this area, as set out in [On Board](#). Its remit includes the pay and grading system, negotiation of annual pay awards and staffing matters and appointment of senior staff.

This committee has an important function within the Commission, including remuneration, staffing matters and staff wellbeing, to the extent that these are within the board's functions.

The committee was originally established by the Board with all Commissioners being members of the committee and chaired by the Chair of the Land Commission. It is proposed to update the committee's terms of reference to reflect good governance practice and bring it in line with the governance structures of the Audit and Risk Committee.

It is best practice for a committee to be fully a committee of the board, rather than the whole board sitting in a different context. This should include it being chaired by a member other than the Chair of the board.

There is the opportunity to co-opt a member to the committee who holds specific skills and/or expertise. Co-opted members do not hold Board member status and must not constitute a majority of the membership of the committee.

#### Recommendation

##### Commissioners are asked to :

- Consider and approve updated terms of reference for the staffing and remuneration committee to bring it in line with the same framework and principles as the audit and risk committee;
- Consider membership of the committee;
- Agree whether to seek a co-opted member to join the committee.

**Posy MacRae**  
**24 November 2021**



## **Staffing and Remuneration Committee**

### **Terms of Reference**

**December 2021**

**The Scottish Land Commission has established a staffing and remuneration committee to consider and advise the Board on those matters relating to staffing and remuneration in accordance with the role of the Board. The staffing and remuneration committee is a committee of the Board.**

**The members of the Staffing and Remuneration Committee are:**

Non-executive directors: XXXX and XXXX

Independent external members: XXXX (if relevant)

The Staffing and Remuneration Committee will be chaired by: XXXX

Only members of the Staffing and Remuneration Committee have the right to attend committee meetings. Other individuals such as the Chief Executive, the Head of Communications and Corporate Governance and the Human Resources Adviser may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Committee will be provided with a secretariat function by a member of the Chief Executive's office.

### **Contents**

1. Conditions of membership
2. Quorum
3. Frequency of meetings
4. Attendance at meetings
5. Minutes of meetings
6. Information requirements
7. Access
8. Duties and responsibilities
9. Reporting responsibilities
10. Conflicts of interest



## 1. Conditions of Membership

- 1.1 The Staffing and Remuneration Committee (S&RC) will have no fewer than two members of the Board of Commissioners and **one external co-opted S&RC member (to be decided)**.
- 1.2 The members of the S&RC will be appointed by the members of the Board who will also designate one of these members to chair the S&RC.
- 1.3 The Chair of the Commission may not be a member of the Staffing & Remuneration Committee.
- 1.4 All appointments shall be made with regard to the need to understand the Commission's objectives, structure and culture, and other legislative and accountability contexts within which it operates. S&RC members will collectively possess knowledge and skills in staffing, remuneration and governance of the Scottish Land Commission.
- 1.5 The term of service for S&RC members can be up to but not exceeding a period of 5 years, but can be extendable at the discretion of the Board of Commissioners. S&RC members who are members of the Board may stand down with the consent of the Board and their service will discontinue if they no longer serve as members of the Commission.
- 1.6 The S&RC shall be entitled to co-opt additional members for a period not exceeding three years, to provide specialist skills, knowledge and experience, with approval of the majority of the Board of Commissioners. At the discretion of the Board this appointment is renewable after the three years, on a yearly rolling basis.
- 1.7 The members of the S&RC who are Commissioners must always be in the majority on the S&RC.

## 2. Quorum

- 2.1 The quorum for a S&RC meeting shall be a minimum of the chair plus two S&RC members. No business shall be dealt with at any S&RC meeting unless a quorum is present
- 2.2 In the case that only the chair and one S&RC member attends a meeting, the chair may decide to carry on with the S&RC meeting and hold a homologous event with the missing member post meeting to make the meeting quorate.

## 3. Frequency of meetings

- 3.1 The S&RC will meet at least once a year at appropriate times in the reporting and financial cycle. The chair of the S&RC may convene additional meetings, as he/she deems necessary. A meeting will usually take place expressly for the purpose of considering the annual pay awards and remuneration.
- 3.2 The Board or Accountable Officer may ask the S&RC to convene further meetings to discuss particular issues on which they want the Committee's advice.
- 3.3 No less than ten working days' notice shall be given of every S&RC meeting to each member.



#### **4. Attendance at meetings**

- 4.1 In addition to the quorum being present, the Scottish Land Commission's Accountable Officer, the Chair and any of the Commissioners not on the S&RC can be invited to be present.
- 4.2 The S&RC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- 4.3 The S&RC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
- 4.4 Those attending an S&RC meeting who are not S&RC members, are not entitled to a vote should the situation arise where a vote is required. If invited to by the S&RC members they are able to contribute to discussions.
- 4.5 Members of the S&RC are expected to attend no less than 100% of S&RC meetings throughout one year. If attendance does not meet the expected requirements membership of the S&RC will be reviewed by the chair.

#### **5. Minutes of meetings**

- 5.1 A secretary shall be appointed at each meeting of the S&RC by the chair, and the secretary shall arrange for a record of the proceedings and decisions of each meeting to be made, including the names of those present and in attendance and any declarations of conflict of interest.
- 5.2 Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the members of the S&RC, the chair of the SLC and the Commissioners.

#### **6. Information requirements**

- 6.1 For each meeting the Committee will normally be provided with:
  - A report from the Accountable Officer summarising any key issues relating to the board's functions in staffing and remuneration.

#### **8. Duties and responsibilities**

8.1 The remit of the S&RC is to advise the board on staffing and recruitment matters reserved to the Board in accordance with Scottish Government's On Board guidance, and to advise on any other matter referred to the committee by the Board or Chief Executive including:

- Review the proposed annual pay remit in line with Scottish Government pay policy
- Consider the remuneration package of the Chief Executive, taking into account all factors which it deems necessary in line with the Scottish Government pay policy remit
- Oversee the recruitment of senior staff (Management Team and Chief Executive) including agreeing the job descriptions, adverts and salary; to take responsibility for



interviewing and selecting the successful candidates for approval by the Board which is then to seek the endorsement of Scottish Ministers in the case of the Chief Executive.

8.2 The Committee shall also:

- Be authorised by the Board to investigate any activity within its terms of reference and seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- Be authorised by the Board to obtain outside legal or other independent professional advice including where appropriate from remuneration consultants and to obtain reliable, up-to-date information about remuneration in other organisations.

8.3 The S&RC will periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer. All members of the S&RC are issued with a 'self-assessment' questionnaire, which upon return are evaluated and tabled into Board meeting papers for discussion.

## **9. Reporting responsibilities**

9.1 The chair of the S&RC will formally report in writing to the Commission after each meeting. This will usually be done by submitting a copy of the draft minutes with the S&RC highlighting any decisions required or significant matters which the Committee considers relevant to draw to the Board's attention.

## **10. Conflicts of interest**

10.1 The S&RC members are obliged to inform the other members of any conflicts of interest at the start of all meetings. Declarations such as this should be recorded in the minutes.

## **2020/21 Annual Report from the Chair of the Audit and Risk Committee**

The Audit and Risk Committee met four times during 2020/21 in June, August, November 2020 and February 2021, with full attendance at each meeting.

In 2020/21 the Committee focused its work on:

- Scrutiny of financial management and budget monitoring;
- Internal Audit reviews of business performance management, financial processes, staff recruitment, an ICT General Controls Review and a follow up on previous audit reports;
- Arrangements for external audit and scrutiny of year-end accounts;
- Review of risk register and scrutiny of risk management, and undertaking a process of additional risk interrogation of individual risks at each meeting. The risks interrogated during this reporting period were:
  - Risk 12 - Change in work priorities, competing expectations or insufficient prioritisation impacts on staff wellbeing
  - Risk 10 - The Commission fails to deliver to its allocated budget, resulting in reputational, administrative and governance failures
  - Risk 8 - Manage relationships across Scottish Government so that Commission's work is understood and recommendations are well received;
- Reviewed the Commissions approach and policies relating to IT Policy and Cyber Resilience, including agreeing the Cyber Incident Response Plan;
- Reviewed the staff register of interests;
- Reviewed key performance indicators across the key business areas of finance, staff wellbeing, delivery and communications;
- Reviewed the long-term financial strategy for the Commission;
- Discussed an update on the processes and preventions in place to strengthen the Commission's organisational resilience;
- Business and financial planning.

Internal and external auditors were present at all meetings. Each meeting considered scrutiny of financial management and budget monitoring, risk review and the outputs of planned internal audit reviews.

The Committee operated in line with the Terms of Reference for the ARC originally approved by the Board in November 2017 and updated and approved by the Board in February 2020. At each quarterly board business meeting, the Chair of the ARC provided a written report to the board.

The Committee can confirm that there were no instances of actual, suspected or alleged fraud found in 2020/21 and hence there is no need for a full fraud report.

Committee members held a closed session meeting (without staff present) with internal auditors in August 2020. Committee members also undertook a self-assessment of performance in February 2021.

The Committee has agreed priorities for the internal audit plan for 2021/22, being business continuity planning, quality management, financial processes and staff well-being.

Megan MacInnes  
Chair, ARC  
15<sup>th</sup> November 2021