



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Annual Report & Accounts

2021 – 2022



Annual Report & Accounts 2021-2022

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
His Majesty's First Minister**

Dear First Minister

We have the honour to present the fifth Annual Report and Accounts
of the Scottish Land Commission covering the year 2021-2022.

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 of 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

How we own and use Scotland's land is central to driving action on some of Scotland's big public policy challenges. It matters to economic renewal, tackling inequalities, realising human rights and to making a just transition to net zero. This year remained a challenging time, responding to the public health, economic and wellbeing impacts of the pandemic.

The Scottish Land Commission is working to make more of Scotland's land by stimulating fresh thinking and change in how land is owned and used, so that the benefits can be shared more widely.

Last year saw us publish reports and proposals on major areas of work including concentrated land ownership and housing land supply, as well as continued development of our practical support for implementing Scotland's land rights and responsibilities principles. It also saw the start of a major new focus on the implications of emerging carbon and natural capital value in Scotland's land.

What Scotland's land rights and responsibilities and the public interest mean in practice are put in sharp focus by the growing values in land associated with carbon and natural capital. This theme is a priority for the Commission's work as we move into 2022-23. In making a just transition to a net zero economy, the question of who benefits and how is central. We are looking at the ways to ensure that emerging and potential future value from carbon and natural capital benefits local communities and economies.

The Land Rights and Responsibilities Statement provides a helpful framework setting out expectations to create a values-led, high-integrity market for responsible investment in natural capital.

It is an important time for land reform with the proposed Land Reform Bill and a focus from Parliament on big shifts including the net zero economy, community wealth building, human rights, and post-Brexit agricultural support. How we own and use land has a big part to play in driving delivery of these ambitions. Our third land reform conference, Land Connection 2021, held online in October 2021 brought experts together to look at the role of land in helping to achieve some of Scotland's big ambitions. With over 1,400 people attending it demonstrated the vital role land can play in Scotland's success.

As the Commission this year marked its fifth anniversary, it is good to reflect on how far we have come over the last five years. The organisation has evolved considerably; as we come out of the pandemic we are putting into place new and more flexible ways of working creating an organisation with the wellbeing of its staff at the heart. More widely we can also see the significant progress made in relationships within the agricultural tenanted sector and the ways Scotland's land rights and responsibilities principles are increasingly embedded in practice. Land reform is not just about legislative change but also culture change in helping to create a Scotland where everyone benefits from the nation's land.



Andrew Thin, Chair

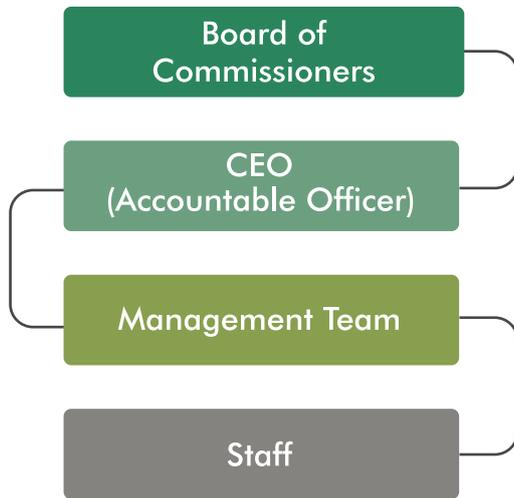


Hamish Trench, Chief Executive

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 17 staff (as at 31 March 2022) led by Chief Executive, Hamish Trench. We are fully funded by the Scottish Government with a budget of £1.526m for 2021-22.

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's strategic plan 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

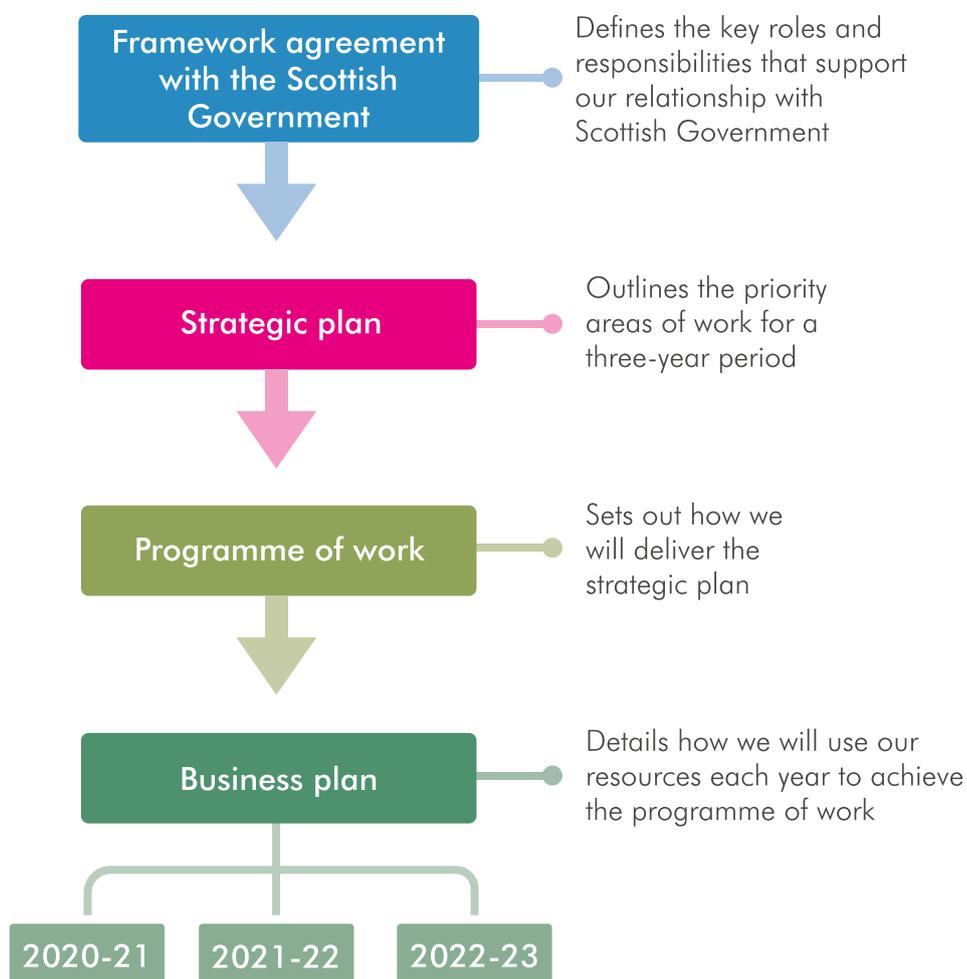
We are delivering our strategic plan and outcomes through:

- **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 we moved into the second year of our three-year strategic plan covering 2020-23. During the year 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 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 2021-22 business plan was developed in line with the ongoing strategic priorities.

Our structure of delivery



The annual business plan for 2021-22 saw a number of significant pieces of work conclude and new areas of work begin. The progression and completion of the outputs contributed to 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

This year, like every organisation, business and sector, the Commission continued to be affected by the Covid-19 pandemic, with the increased prevalence of the illness, the associated isolation rules and caring responsibilities having an impact on the organisation. The Commission kept capacity and priorities under review through regular management meetings and by adjusting timescales and work planning was able to ensure key outputs were delivered in line with the business plan and strategic plan. As a result, 100% of planned outputs in the annual business plan were fully delivered. The Commission delivered its business plan within 0.07% of its annual budget.

Key issues and risks we face

The continuing uncertainty around the pandemic had a significant impact on how we work and staff wellbeing. Like many organisations, as a result of the ‘stay at home’ order at the beginning of the pandemic, how we work as an organisation has fundamentally changed. We have a more flexible approach and autonomy for staff to choose the pattern of how and where they work. This brings with it a number of advantages to the organisation, however there are also some risks around inclusivity, communication and cohesion. The Commission has actively moved to a hotdesking system and implemented a hybrid approach to working. The potential disruption to delivery this may have and the implications need to be identified and managed. The longer-term recovery from the pandemic and roll-out of new ways of working will carry risks, and opportunities, for the organisation and its governance.

The key risks identified as increasing in 2021-22 have been managed through a number of mitigations and controls. 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 2021-22.

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	New fixed term posts recruited to help ease capacity and resource issues. Provision of desk instructions for business-critical functions. Continuously seek to improve the working environment by monitoring and improving staff satisfaction and absence levels. Strong focus on internal communications promoting wellbeing and organisational development.
Change in work priorities, competing expectations or insufficient prioritisation impacts on staff wellbeing	Embed organisational values in how we work and underpinning the organisational development programme. Open and transparent communication keeping all staff informed of strategic direction and priorities. Strong internal communications and leadership in new ways of working to ensure wellbeing of staff and effective delivery of business plan. Continuous review of capacity and resources 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. A new risk added to the register in 2021-22 is the potential disruption to delivery and business systems as a result of moving to new ways of blended office and home working. To mitigate this risk we have developed new policies and adapted internal processes to ensure staff remain well connected across teams and the organisation.

Further detail on our risk management in 2021-22 can be found in the Performance Analysis [\(page 18\)](#) and the Governance Statement [\(page 26\)](#).

Performance analysis

The performance analysis reviews the work of the Commission in 2021-22 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 number of changes were made to the staff team and structure over the year.

The business plan for 2021-22 is the first full year plan in delivering our 2020-23 strategic plan. The plan continues the established workstreams, setting out the focus and outputs for the year.

We delivered our statutory obligation to support the Tenant Farming Commissioner's functions and the relevant Ministerial commitments which were:

- Supporting Scottish Government on the consultation for the review of the Land Rights and Responsibilities Statement
- Advising on reforms to the way land is brought forward for housing and development
- Advising on how Scotland's land could be taxed better through changes to existing land and property taxation
- Supporting Scottish Government in better understanding the implications of investment in natural capital on the land market
- 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. An organisational-wide evaluation model effectively measures the impact of our work and the contribution to the long-term outcomes to track our progress against the strategic plan.

The majority of 2021-22 KPIs have been achieved (see table on [page 09](#)). 100% of the planned outputs have been fully delivered against the KPI of 95%. This includes outputs that were restructured and rescheduled from the 2020-21 business plan including the series of 'Land Reuse' events to the public sector to embed a focus on productive land reuse and an awareness raising marketing campaign.

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 continues to make good progress in managing its spend in order to deliver across its key areas of work (see highlights on [page 11-12](#)) and exceeded its KPI in this area to achieve an end of year out-turn within 0.07% underspend of the total budget. Medium-term financial planning was considered in the development of the annual business plan.

There are a number of risks and uncertainty 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 26](#) Governance Statement – Risk and Control Framework).

Key performance indicators

Business area	Key performance indicator 2021-22 target	Measurement	2020-21 Achievement	2021-22 Achievement
 Finance	End of year out-turn to be within 2% underspend of total allocated budget	Percentage level of year-end spend against budget allocated	1.7%	0.07%
 Staff wellbeing	Level of staff absence to be below national average (6.3 days pre-pandemic figures)	Average number of days of sickness absence per employee	2.12 average number of days	6.23 average number of days
	Increase of 5% of staff feeling valued and recognised for their work	Satisfaction ratings in the staff survey with a baseline of 54% 'fully agreed' or 'mostly agreed'	33% of 'agreed' with 47% neutral response	48% 'agreed' with 23% neutral response 15% increase through 2021-22 for agreed responses
 Delivery	Delivered 95% of outputs identified in the annual business plan	Percentage number of outputs delivered and completed as detailed in the annual business plan	65% of planned outputs fully delivered; 15% partially delivered	100%
	Project evaluations identify impact and change in approach by stakeholders as a direct result of the Commission's work	Project evaluation surveys identify over 60% of respondents as acting on what they have learnt through event/engagement or able to identify a positive impact arising as a result of our work	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	79% of an average in the evaluation of the Vacant and Derelict Land Taskforce recommendations, Tenant Farming Commissioner and Land Connection 2021 conference evaluation

Business area	Key performance indicator 2021-22 target	Measurement	2020-21 Achievement	2021-22 Achievement
 Communication	Increased profile of the Commission	Year on year increase of:	Increased by % against previous year:	
		Media coverage by 5%	34% ↑	13% ↓
		Social media followers 48%	70% ↑	56% ↑
		Newsletter subscription by 10%	12% ↑	19% ↑*

*Communications activity focused on new channels and media through the MyLand campaign. New metrics will be developed for 2022-23 to monitor activity throughout the year.

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

132 

events

held by partners and stakeholders across a wide range of sectors

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

Hosted

35 

webinars and workshops

relating to Land Rights and Responsibilities

Over **1,500** people attended from local communities, stakeholders, local authorities, and more

Held

8 

virtual public meetings

267 people attended from across Scotland

Working with



stakeholders

to progress key areas of work and inform land reform debate, such as the establishment of the Land and Human Rights Advisory Forum.

Throughout 2021-22 we have published reports and proposals on major areas of work including concentrated land ownership and housing land supply, as well as continued development of our practical support for implementing Scotland's land rights and responsibilities principles. It also saw the start of a major new focus on the implications of emerging carbon and natural capital value in Scotland's land. Here are some of our highlights from the year:

Reforming land rights

A new expert advisory forum on land and human rights was set up through a partnership between the Scottish Land Commission and the University of Strathclyde to explore how land reforms can help realise human rights in Scotland, discussing the relationship between property rights and wider economic, social, and cultural rights.

Embedding responsible land ownership and use

We continued to support land owners, land managers and communities across the public, private and third sector providing practical advice on responsible land ownership and use. We concluded our self-assessment pilot project, working with three membership bodies and 35 land owners and land managers. Participants considered the good practices they already engage in and identified their aspirations to engage in further responsible land ownership and use.

Land Reuse Month, held in March 2022, explored how to support delivery of land reform in the public sector with a specific focus on tackling vacant and derelict land. Building on the Vacant and Derelict Land Taskforce recommendations, a programme of webinars and online events supported leadership by the public sector to help bring land back into use, transforming Scotland's approach to tackling the legacy of derelict land, and ensuring that it is no longer acceptable to allow land to fall into long term disrepair. Twelve sessions were held across the month attracting over 250 attendees. As part of the month of events we published guidance for the public sector on how land can be used and managed in the public interest to support a community wealth building approach.

Reforming land markets

Natural Capital and Land

We started a programme of work to inform our advice to Ministers on shaping the land market in the public interest, beginning with research on the implications of natural capital in the rural land market and developing practical guidance to support the Scottish Government's ambition for a high integrity, values-led market including a Land Rights and Responsibilities Protocol on responsible practice for natural capital investment and ownership.

Land for Housing

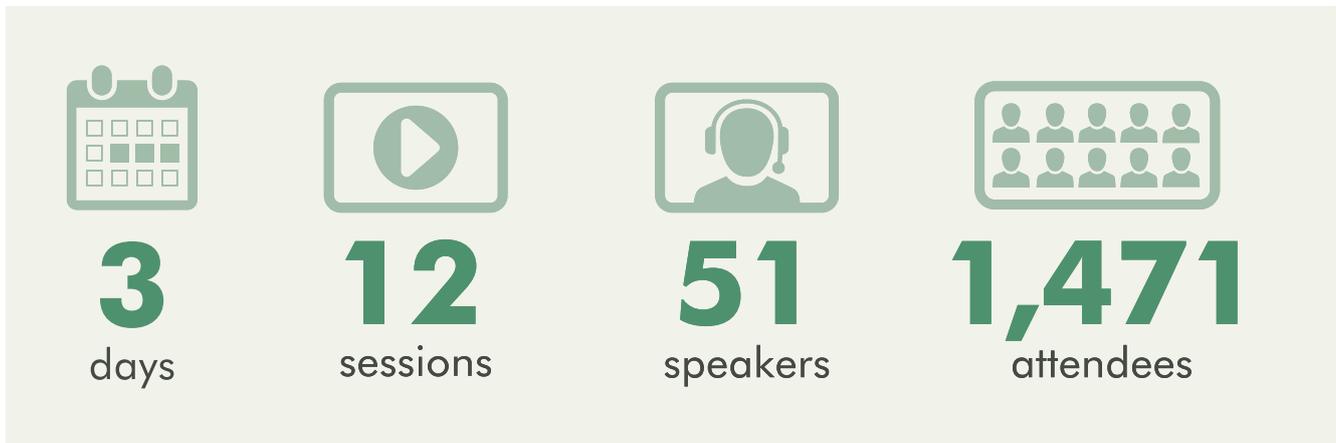
The Commission made five practical recommendations to Scottish Ministers for reforming the way land is brought forward for housing and development, drawing on Scotland's long history of bringing together planning, land ownership, design and infrastructure to deliver great places.

Land Reform and Taxation

Increasing the role land plays in Scotland's tax base and a local authority power targeted at newly derelict property are among the recommendations we put to Scottish Ministers in our report on how Scotland's land could be taxed better. The recommendations look at how changes to existing land and property taxation could support Scotland's economic recovery and land reform objectives.

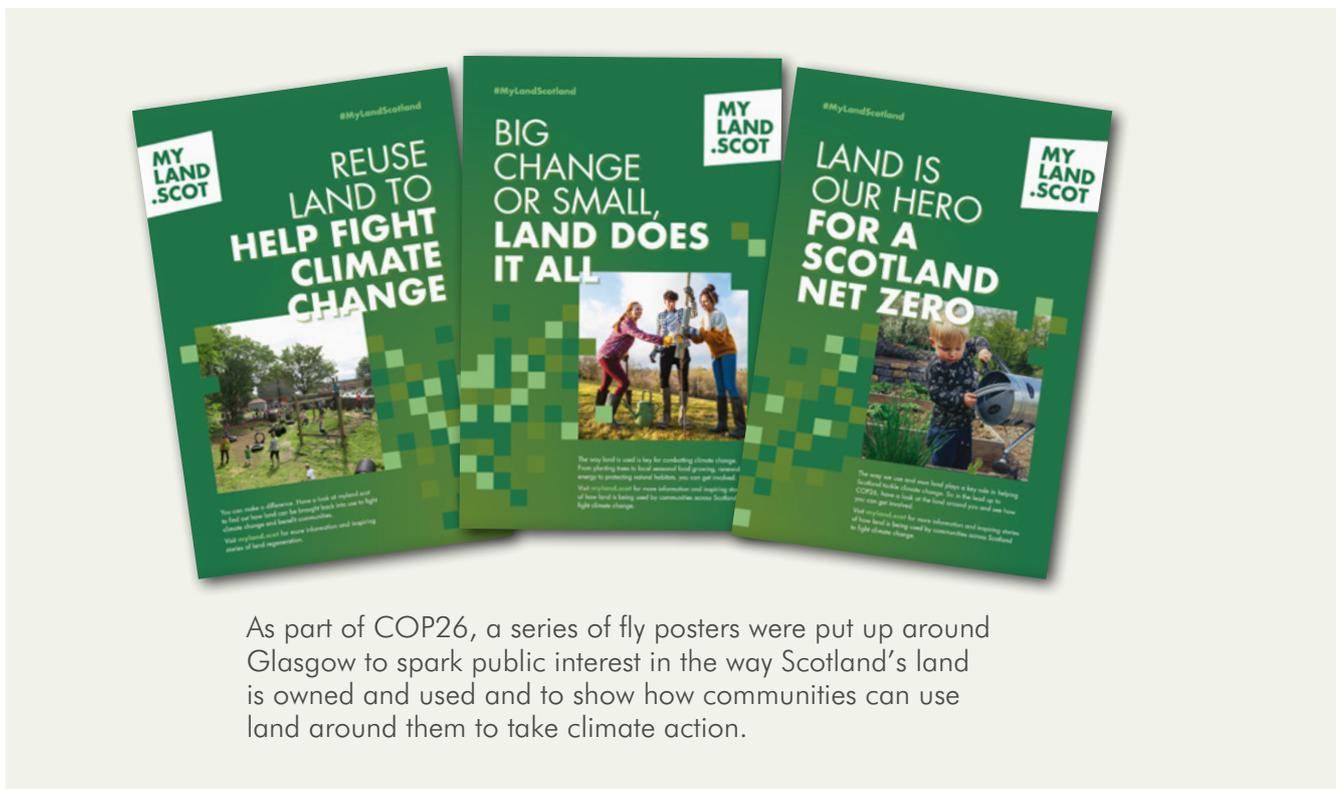
Land Connection 2021

In October 2021 we held our third land reform conference. The headline topic at the virtual three-day 'Land Connection' conference brought experts together to look at the role of land in helping to achieve some of Scotland's big ambitions for the economy, climate and communities.



MyLand campaign

In June 2021 we launched our new campaign, centred around a brand-new content hub, [MyLand.scot](https://myland.scot), to connect people to the land around them, using inspiring stories to show how Scotland's land is owned, used and managed impacts everyday life. The hub also has a brand-new [online tool](#) to help communities bring unloved places in their area back into use, developed in partnership with Development Trusts Association Scotland.



As part of COP26, a series of fly posters were put up around Glasgow to spark public interest in the way Scotland's land is owned and used and to show how communities can use land around them to take climate action.

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 guidance on Relinquishment and Assignment of 1991 Act Tenancies, including a separate guide on information required for a notice of intention to relinquish, guidance on general statutory compliance, fixed equipment and securing tradeable carbon credits in an agricultural holdings situation.

The TFC submitted a paper to the Agriculture Reform Implementation Oversight Board (ARIOB) in November 2021 regarding the development of the Agriculture Bill in relation to tenanted holdings offering a suggested framework for developing support and legislation appropriate for the tenanted sector.

Case work

The TFC provides information to tenants and landlords regarding the Codes. The TFC received 78 enquiries over the year, a reduction of 39% from 2020-21. This reduction is mainly attributed to the conclusion of the amnesty on tenant's improvements.

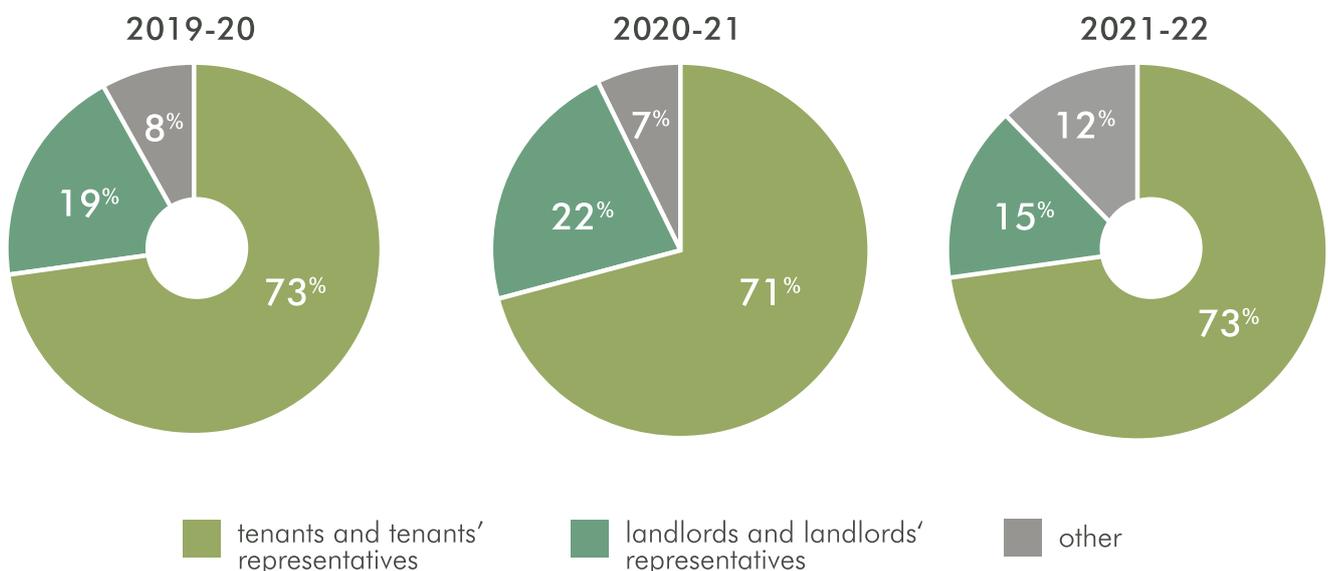
78 

enquiries over the year

39% 

decrease from 2020-21

Most contacts have been made by tenant farmers and their representatives (73%), with enquiries from landlords, landlords' representatives and other professionals representing 27% of enquiries.



A wide range of enquiries has been received by the TFC over the last year with a majority about advice on repairs and maintenance, relinquishment, the amnesty, rent reviews, sporting issues and end of tenancies. As in previous years, enquiries have been received from throughout Scotland, with Aberdeenshire and Perth and Kinross having the greatest number of new contacts.

Type of enquiry	2021-22
Repairs & maintenance	10
Other	8
Amnesty	7
Relinquishment	6
Sporting	6
Rent review	5
Lease terms	5
End of tenancy	5
Assignment/succession	5
New tenancy	4
Forestry	3
Tenant's improvements	3
New entrant	3
Limited partnership	2
Resumption	2
Multiple	2
Late payment of rent	1
Fixed equipment	1

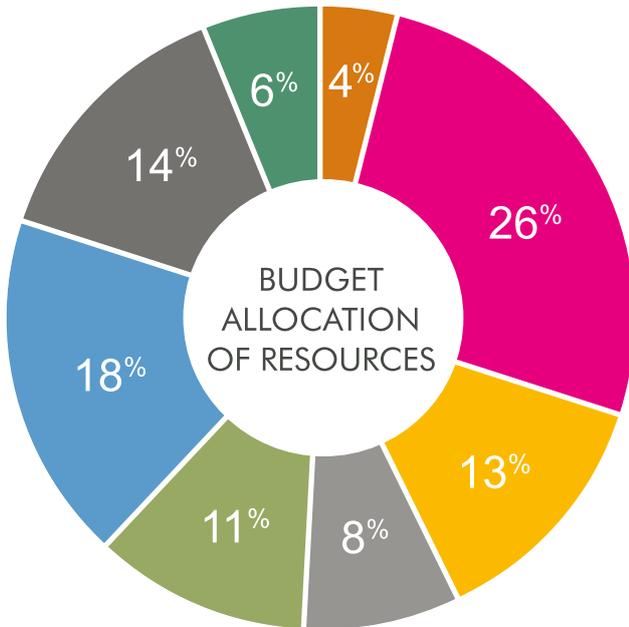


There have been no alleged breaches reported this year.

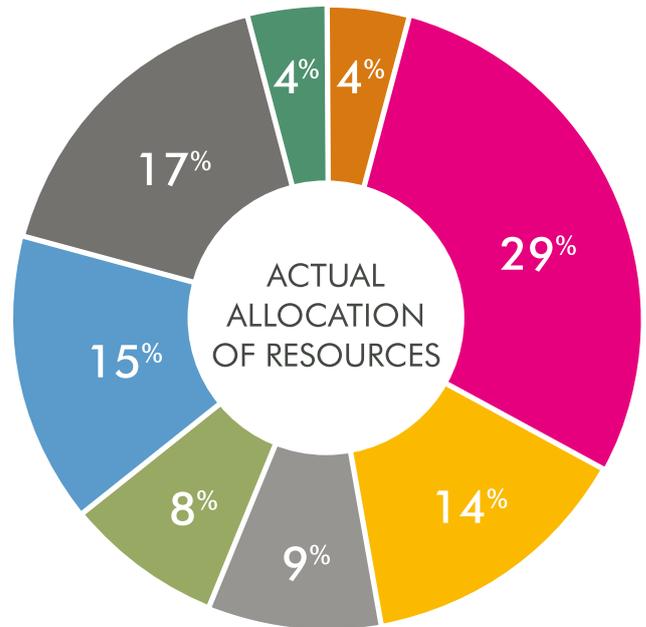
Financial position

The Scottish Government allocated the Scottish Land Commission a budget (known as Departmental Expenditure Limit or DEL) of £1.526m. The Commission operated within its cash allocation for 2021-22 by drawing down £1.47m of the £1.526m allocation, out-turn against budget represented an underspend of £1k.

Budget allocation of resources by priority area of work in 2021-22



Actual allocation of our resources by priority area of work in 2021-22



- | | |
|--|---|
|  Commissioners' costs |  Reforming land rights |
|  Core staffing and other costs* |  Responsible land ownership |
|  Corporate Services |  Reforming land markets |
|  Communications and events |  Tenant Farming Commissioner |

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

Flexibility was deliberately kept in the programming of the budget to allow for changing in priorities, reaction to the pandemic and adjustment to resources. 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.

There was an increase in the reforming land markets spend due to an intensified focus on our work on the impact of natural capital to Scotland's rural land market. There was a slight increase from budgeted to actual spend in Staffing Costs due to additional recruitment and focus on staff wellbeing, training and development. There was also a slight increase in communications and events with the roll-out of the public awareness campaign and making the most of the opportunities this highlighted, in particular around COP26.

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 £1k. During the year the commission faced a potential underspend due to change in staffing and organisational structure, particularly in the management team. However, there was increased spend in communications and natural capital which absorbed some of this underspend. The commission also took the decision to increase its spend on IT and replaced the majority of staff laptops to ensure it could continue to operate effectively within a more virtual working environment. The Commission received £1.470m of its Grant-in-Aid allocation from Scottish Government, net expenditure against this was £1.525m, which resulted in a deliberate cash overspend of £55k against the Grant-in-Aid drawdown to reduce the taxpayers' equity general reserve.

Summary of out-turn	2021-22 £000	2020-21 £000	2019-20 £000
DEL budget	1,526	1,526	1,526
Total operating expenditure	(1,525)	(1,500)	(1,458)
Surplus/(deficit) against budget	1	26	68
Grant-in-Aid (GIA) drawn down	1,470	1,526	1,456
Other income	0	0	0
Surplus/(deficit) against GIA drawn down	(55)	26	(2)

Our organisation

Coming into our fifth 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 current strategy is to continue to improve our effectiveness and impact.

Organisational development

This year has seen the start of a long-term, organisational-wide development programme. Building on feedback from staff consultation, survey and the Staff Engagement Forum we are developing as an organisation to ensure that our processes and procedures are effective, responsive, and provide value for money. This has been supported by reviewing how we work, the structure, accountability and pay and grading framework to create the organisation we want to be. This included:

- A review and update of all job descriptions
- Moving to a smaller management team with the CEO, Head of Land Rights and Responsibilities, and Head of Communications and Corporate Services to simplify our management structure while retaining flexibility for the future direction of the organisation
- Implementing new ways of working to provide flexibility for both home and office working
- Appointment of a contractor to work with staff in developing and delivering the organisational development programme that takes forward together improvements to our ways of working
- In line with the new ways of working reviewed our current office requirements and sought strategic opportunities for co-locating with other public bodies where synergies can be realised and formally put notice to end our lease at Longman House
- Identifying areas where additional resource is needed in the organisation and recruited roles such as a Project Assistant to provide the support
- Actively pursued a policy to provide opportunities for young people in the organisation through modern apprenticeship and intern roles
- Submitted a business case to Scottish Government on the principle of moving to a tailored pay and grading framework and to further consult with staff.

The Commission also committed to:

- Exploring a 35-hour working week, in line with Scottish Government Public Pay Policy
- Continue to review and monitor staff wellbeing through regular pulse staff surveys throughout the year putting an action plan into place.

The Commission continued with its focus of applying culture change on the ground and embedding land rights and responsibilities at the heart of the organisation which is reflected in the structure of the management team to strengthen the relationship between policy and practice.

Risk profile – Summary 2021-22

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 26](#)). The most significant change in risks was as a result of the evolving and easing of restrictions due to Covid-19 and managing the additional caring responsibilities of staff and uncertainty around organisational capacity. These included:

- 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
- Disruption to delivery and business systems as a result of some staff moving to more permanent options of home working.

Also, the focus on COP26 and the beginning of the war in Ukraine put heightened risk around cyber security which has been a close focus for the organisation throughout the year with the achievement of Cyber Essential Plus accreditation.

A number of risks relating to external issues remained static towards the end of the year, however they were kept under close review due to scoring within the top margin for the low risk score. These included:

- Emerging issues result in reactive policy making, and relationship management.
- Manage relationship across Scottish Government so that the Commission's work is understood and recommendations are well received.

A number of controls and mitigations were put in place to help manage these risks, such as the increased focus on staff wellbeing, review of business plan outputs and budget monitoring, with the risks remaining stable over the year.

Planning ahead

As we plan our work for 2022-23 we remain in a challenging time, responding to the public health, economic and wellbeing impacts of the pandemic. The ability to flex and adapt how we operate through the year will therefore remain important to supporting staff wellbeing and to our delivery.

Our current [strategic plan](#)¹ sets out our strategy for the period from September 2020-2023. April 2022 saw us at the mid-point in that plan, and we published a refreshed programme of work within April 2022 updating the priorities we expect to work on through to 2023. The priorities outlined in our programme of work focus on where the Commission can add value and have most impact over the coming 18 months. Having a clear focus on our role, and the role of land in being central to driving action on some of Scotland's big public policy challenges. Land matters to economic renewal, tackling inequalities, realising human rights and to making a just transition to net zero.

We will deliver on our programme of work by:

- Providing advice and evidence to Scottish Government, Parliament and stakeholders on the proposed Land Reform Bill and other Bills where relevant
- Providing advice for policy and practice in relation to the land market and a just transition, diversification of land ownership and land development and regeneration
- Strengthening the implementation of Land Rights and Responsibilities through our Good Practice Programme
- Supporting the functions of the Tenant Farming Commissioner.

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 sharp 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 13 tonnes in 2021 (16 tonnes 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 have updated our home working and travel policies to ensure learnings that changes to how we work are embedded and the reduction in travel and the resulting 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 continued to realise cost savings in travel and accommodation 2021-22 as a result of reduced travel and smarter ways of working. Following a review of office accommodation requirements, the Commission informed Scottish Government of its intention to move from its current office location at Longman House to co-locate with another public body. This provides opportunity for synergies in our work as well as flexible office accommodation delivering value for money and suited to the future needs of the organisation.

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

1 November 2022

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 until 2022 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)

Member of management team to 16 September 2022. Responsible for leading the Commission's communications and corporate services including corporate governance.

Shona Glenn

(Head of Policy and Research)

Member of management team to 14 January 2022. Responsible for leading the Commission's programme of research and policy on land rights, ownership and markets.

Emma Cooper

(Head of Land Rights and Responsibilities)

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 and Staff Report ([page 32](#)) and note 2 ([page 50](#)) to these accounts.

Freedom of Information Requests

The Scottish Land Commission received four Freedom of Information requests during the year 2021-22. 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 2022, the Scottish Land Commission paid 97.82% 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 2022 are disclosed in note 3 ([page 51](#)) 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 20](#).

Board of Commissioners during 2021-22

Commissioner	Board Position	Attendance at Board Meetings during 2021-22
Andrew Thin	Chair	7/8
Megan MacInnes	Commissioner	8/8
Professor David Adams	Commissioner	6/8
Dr Bob McIntosh	Tenant Farming Commissioner	5/8
Dr Sally Reynolds	Commissioner	8/8
Lorne MacLeod	Commissioner	8/8

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 2021-22 year the Board focused on:

- Overseeing delivery of the strategic plan and programme of work
- 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 2021-22 year.

Audit and Risk Committee Members during 2021-22

Committee Member	Committee Position	Attendance at Committee Meetings during 2021-22
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 2021-22 year.

Staffing and Remuneration Committee Members during 2021-22

Committee Member	Committee Position	Attendance at Committee Meetings during 2021-22
Andrew Thin	Chair	3/3
Megan MacInnes	Commissioner	3/3
Professor David Adams	Commissioner	1/3
Dr Bob McIntosh	Tenant Farming Commissioner	2/3
Dr Sally Reynolds	Commissioner	3/3
Lorne MacLeod	Commissioner	3/3

Senior Management Team 2021-22

- Hamish Trench (Chief Executive and Accountable Officer)
- Shona Glenn (Head of Policy and Research) – member of Senior Management Team to 14/01/22
- 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 21](#).

The Senior Management Team meets regularly to co-ordinate operational management. 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 2022 can be categorised under four main headings:

Delivery

- 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
- Risk of disruption to delivery and business systems as a result of some staff moving to more permanent options of home working.

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 2022 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 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 renewed shared service arrangements with the Cairngorms National Park Authority for the provision of HR for a further two years from 2021-22.

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 2021-22 was provided by BDO LLP, who undertook work based on an analysis of the risk to which the Commission was exposed. During 2021-22 BDO LLP reviewed and evaluated the Scottish Land Commission's processes in the following areas:

- Business Continuity Planning
- Staff Wellbeing
- Quality Management
- Financial Processes – Payments
- 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 thirteen 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 2021-22.

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 19 recommendations due to be implemented, 11 recommendations (46%) have been categorised as fully implemented, six (25%) have been categorised as partially implemented. There are five 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, associated with home working, a disrupted environment and heightened international tensions. The Commission recognises the importance of ensuring cyber resilience and has continued to work with Scottish Government to make sure 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 achieved Cyber Essentials Plus. The Commission again carried out 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 2021-22 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 to help deliver climate action commitments and create a flexible working environment for staff as we emerge from the pandemic and transition back to in-person meetings
- Delivering a programme of organisational development to shape the type of organisation we want to be focusing on ways of working 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 a smooth transition in office moves and minimise impact on delivery
- Ensuring the effective governance of the Staff Engagement Forum and the Staffing and Remuneration Committee in helping 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 the Cairngorms National Park Authority who provide a shared HR service to the Scottish Land Commission.

Conclusion

Based on the sources of assurance identified above, and the continuous review of corporate governance practices in line with the SPFM best practice principles and guidance, I am satisfied that appropriate governance controls are in place and these are operating effectively. The framework of controls needs to 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. Lorne MacLeod, Dr Bob McIntosh and Dr Sally Reynolds were reappointed from 19 December 2021 for a further three years and Andrew Thin was reappointed from 19 December 2021 for a further two years.

Staff

All permanent and fixed-term staff are employees of the Scottish Land Commission. For 2021-22 the Commission has adopted the Scottish Government pay grading and policy to determine salary levels and review with the Staffing and Remuneration Committee approving the proposed annual pay remit in line with Scottish Government pay policy. The CEO role's salary level is separate to this and falls under Scottish Government Finance 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 2021-22	2021-22 (£)	2020-21 (£)
Andrew Thin (Chair)	13,133	13,003
Megan MacInnes (Land Commissioner)	5,392	6,084*
Professor David Adams (Land Commissioner)	5,243	5,191
Dr Bob McIntosh (Tenant Farming Commissioner)	20,972	20,765
Dr Sally Reynolds (Land Commissioner)	5,243	5,191
Lorne MacLeod (Land Commissioner)	5,243	5,191

Commissioners' appointments are non-pensionable.

*Benefit in kind payments totalling £148.80 are included in the above remuneration amount for Megan MacInnes made during the year (2020-21: £892.80)

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

Tenant Farming Commissioner is committed to eight days per month.

Land Commissioners are committed to two days per month.

All Commissioners were appointed from 19 December 2016 (Megan MacInnes and Professor David Adams were reappointed on 19 December 2020 and Andrew Thin, Dr Bob McIntosh, Dr Sally Reynolds and Lorne MacLeod were reappointed on 19 December 2021).

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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Chief Executive						
Hamish Trench	75-80	75-80	36	38	110-115	110-115
Senior Management Team						
Posy MacRae* ¹ Full-Year equivalent	45-50 (60-65)	45-50 (60-65)	20	20	65-70	65-70
Shona Glenn* ² Full-Year equivalent	45-50 (60-65)	60-65 (60-65)	19	24	65-70	80-85
Emma Cooper Full-Year equivalent	50-55 -	40-45 (45-50)	22	18	75-80	60-65

*¹Works 0.8 FYE *² Ended employment with the Commission 14 January 2022.

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 due within the year by the Scottish Land Commission.

Benefits in kind – there were no benefits in kind within 2021-22 (2020-21: nil).

Bonuses – there were no bonuses within 2021-22 (2020-21: nil).

Compensation for Loss of Office

This value was nil for 2021-22 (2020-21: nil).

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid staff member in their organisation along with the median, lower quartile and upper quartile remuneration figures of the organisation's workforce. The banded remuneration of the highest-paid staff member in the Scottish Land Commission in financial year 2021-22 was £75k-£80k (2020-21: £75-£80k).

	2021-22 salaries £	2021-22 ratio to highest paid staff member salary	2020-21 salaries £	2020-21 ratio to highest paid staff member salary
Lower quartile	29,245	2.65	29,190	2.66
Median	32,780	2.36	35,110	2.21
Upper quartile	46,606	1.66	49,262	1.57

In 2021-22 no employees received remuneration in excess of the Chief Executive. Remuneration ranged from £20,692 to £61,017 (excluding the Chief Executive) (2020-21: £22,232 to £60,413).

There was 2.51% change in the highest paid staff member salary in 2021-22. The average percentage change of the workforce salaries from the previous financial year was -5.4%. This reduction is due to a change in the management team structure ([see page 26](#)) during 2021-22 and an increase in staffing numbers. All eligible staff received a pay award increase within 2021-22 in line with Scottish Government pay policy.

Pension Benefits

	Accrued pension at pension age as at 31/03/22 and related lump sum		Real increase in pension and related lump sum at pension age		CETV* at 31/03/22	CETV at 31/03/21	Real increase in CETV as funded by employer
	£000	£000	£000	£000	£000	£000	£000
	Pension	Lump sum	Pension	Lump sum			
Chief Executive							
Hamish Trench	25-30	-	0-2.5	-	326	291	16
Senior Management Team							
Posy MacRae	5-10	-	0-2.5	-	51	39	8
Shona Glenn	5-10	-	0-2.5	-	57	45	7
Emma Cooper	0-5	-	0-2.5	-	21	9	9

*CETV stands for Cash Equivalent Transfer Value and more information can be found on [page 35](#).

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 2021-22	Total 2020-21
	£000	£000	£000	£000	£000
Salaries	612	55	6	673	647
Social security costs	66	2	-	68	67
Other pension costs	170	-	-	170	167
Inward secondment and agency staff	-	-	-	-	52
Total	848	57	6	911	933

Average Number of Employees

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

	Number 2021-22	Number 2020-21
Senior management	3.59	4.2
Professional, managerial, administration and support	10.77	11.02
Total	14.36	15.22

Senior management represents members of Management Team.

As at 31 March 2022 88% of staff were on permanent contracts, comprising 15 permanent staff and two members of staff on a fixed-term contract.

The Commission had no consultancy remuneration or off payroll arrangements in the year ended 2021-22 (2020-21: nil).

Gender Note

	Males 31 March 2022	Females 31 March 2022	Males 31 March 2021	Females 31 March 2021
Commissioners	4	2	4	2
Chief Executive	1	-	1	-
Employees	4	12	2	13

Employee numbers include part-time staff.

The figures above are the total numbers of staff as at 31 March 2022 not full-time equivalents.

Sickness Absence

Sickness absence during the year to 31 March 2022 was 124.5 days (2021: 36 days), representing 3.4% of the total number of available days (2021: 0.9%). This equates to an average number of days sickness per member of staff of 6.23 days (2021: 2.12 days).

Exit Packages

There were no exit packages within 2021-22 (2020-21: nil).

Staff Turnover

During 2021-22 the Scottish Land Commission had three permanent members of staff leave: this represents a staff turnover figure of 17.64% (2020-21: 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.

The Scottish Land Commission offers flexible working by offering both home and office working to its staff. 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 2021-22 (2020-21: nil).

Gifts and Charitable Donations

There were no gifts or charitable donations made during the year 2021-22 (2020-21: 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 2021-22 (2010-21: nil).

Hamish Trench



Chief Executive and Accountable Officer

1 November 2022

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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 five 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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report 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 there is an intention to discontinue the body's operations.

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 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 in respect of irregularities explained in the audit of the financial statements section of my report, 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.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 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 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 CA
Senior Audit Manager
Audit Scotland
The Green House
Beechwood Business Park North
Inverness
IV2 3BL

1 November 2022

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

		2022	2021
	Note	£000	£000
Staff costs	2	911	933
Other operating expenses	3	614	567
Total operating expenditure		1,525	1,500
Net operating expenditure		1,525	1,500

The notes on pages 47 to 56 form part of these accounts.

Statement of Financial Position

As at 31 March 2022

		2022	2021
	Note	£000	£000
Non-current assets			
Property, plant and equipment	4	-	2
Trade and other receivables	5	-	2
Total non-current assets		-	4
Current assets			
Trade and other receivables	5	27	18
Cash and cash equivalents	6	46	103
Total non-current assets		73	121
Current liabilities			
Trade and other payables	7	(60)	(57)
Total current assets less current liabilities		13	64
Total assets less current liabilities		13	68
Taxpayers' equity			
General reserve		13	68

The Accountable Officer authorised these financial statements for issue on 01 November 2022.

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

The notes on pages 47 to 56 form part of these accounts.

Hamish Trench



Chief Executive and Accountable Officer

1 November 2022

Statement of Cash Flows

For the year ended 31 March 2022

		2022	2021
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure		(1,525)	(1,500)
Depreciation charge	4	2	2
		(1,523)	(1,498)
Movements in working capital			
Increase/(decrease) in trade and other payables	7	3	(45)
(Increase)/decrease in trade and other receivables	5	(7)	-
		(4)	(45)
Net cash flow from operating activities		(1,527)	(1,543)
Financing activities			
Grant-in-Aid		1,470	1,526
Net cash flow from financing activities		1,470	1,526
Investing activities			
Purchase of property, plant and equipment	4	-	-
Net cash used in investing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(57)	(17)
Cash and cash equivalents at beginning of year	6	103	120
Cash and cash equivalents at end of year	6	46	103

The notes on pages 47 to 56 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

General Reserve	£000
Balance at 01 April 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
Year ended 31 March 2022	
Grant-in-Aid	1,470
Comprehensive net expenditure for the year	(1,525)
Balance at 31 March 2022	13

The notes on pages 47 to 56 form part of these accounts.

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction ([page 57](#)) 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 2022-23 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.

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. 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. 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 2022 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 2022 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 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 Commission's 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 2021-22 financial year there were no critical judgments or any significant estimates made.

1.13 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.

1.14 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 £23k and will be brought onto the Statement of Financial Position, with an associated lease liability of £23k. 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.

2 Staff Costs

	Permanent Staff	Board Members	Others	Total 2021-22	Total 2020-21
	£000	£000	£000	£000	£000
Salaries	612	55	6	673	647
Social security costs	66	2	-	68	67
Other pension costs	170	-	-	170	167
Inward secondment and agency staff	-	-	-	-	52
Total	848	57	6	911	933

3 Other Operating Expenses

	2022	2021
	£000	£000
Accommodation expenses	34	35
Research & policy	180	223
Information systems & telecommunications	32	18
Training	34	31
Public meetings & conference expenses	10	-
Travel & subsistence – Commissioners	5	-
Travel & subsistence – staff	6	-
Communications activity	149	91
Human resources shared services	14	14
IT service	52	51
Legal and professional fees	45	53
External Auditor’s remuneration	26	26
Internal Auditor’s remuneration	17	18
Other running costs	8	5
Depreciation	2	2
Total other operating expenditure	614	567

4 Property, Plant and Equipment

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

Information Technology 2021-22

Cost	£000
At 1 April 2021	7
Additions	-
Disposals	(7)
At 31 March 2022	0
Depreciation and impairment	
At 1 April 2021	5
Depreciation charged in the year	2
Depreciation disposal	(7)
At 31 March 2022	0
Carrying amount	
At 1 April 2021	2
At 31 March 2022	-

5 Trade and Other Receivables

	2022	2021
	£000	£000
Amounts falling due within one year		
Other receivables	-	-
Prepayments and accrued income	27	18
Amounts falling due after one year	£000	£000
Prepayments and accrued income	-	2
Total	27	20

6 Cash and Cash Equivalents

	£000
Balance at 01 April 2021	103
Net change in cash & cash equivalents	(57)
Balance at 31 March 2022	46
The following balances at 31 March were held with the government banking service and cash in hand	46
Balance at 31 March 2022	46

7 Trade and Other Payables

	2022	2021
	£000	£000
Trade payables	-	-
Accruals	60	57
Total	60	57

8 Commitments Under Other Non-cancellable Agreements

Total minimum future payments under contracts entered into prior to 31 March 2022 are given in the table below for each of the following periods. Obligations under these contracts from 31 March 2022 comprise

	2022	2021
Projects	£000	£000
Not later than one year	93	132
Later than one year and not later than five years	111	23
Later than five years	10	-

The committed costs detailed in the above table include amounts relating to a significant commitment entered into after the 31 March 2022, which is being disclosed in line with the requirements of IAS10. Further details of this commitment can be found in Note 12.

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 2022 comprise

	2022	2021
Buildings	£000	£000
Not later than one year	36	37
Later than one year and not later than five years	-	37
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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. In October 2022 the Scottish Land Commission entered into a 5 year contract with Highland and Islands Enterprise for the use of 10 desks within their An Lòchran office in Inverness, the cost of this agreement is reflected within the committed costs section at note 8.

13 Segment Information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the organisation that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Scottish Land Commission reports segmental information based on the priority areas and outcomes outlined in the Strategic Plan and agreed by the management team and the Board. The accounting policies of the reportable outcomes are the same as those accounting policies described in note 1 [\(Page 47\)](#).

During 2021-22 the Scottish Land Commission delivered its programme of work through the following priority areas as set out in the Performance Report section [\(Page 15\)](#) of the annual report.

The table presents management information on income and expenditure relating to the operating segments for the year ended 31 March 2022.

Other assets and liabilities are not reported on a segmental basis as they do not form part of the regular review by management to make decisions about resources to be allocated to the segment or to assess its performance.

Expenditure year ended 31 March 2022

	Core Operating Costs	Priority 1	Priority 2	Priority 3	Priority 4	Total
Commissioner Costs	57	-	-	-	-	57
Staff Costs	398	81	174	147	54	854
Corporate Services	217	-	-	-	-	217
Communications and events	144	-	-	-	-	144
Other costs	53	38	52	108	2	253
Total	869	119	226	255	56	1,525

Priority 1 – Reforming land rights

Priority 2 – Responsible Land Ownership

Priority 3 – Reforming land markets

Priority 4 – Tenant Farming Commissioner



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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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