



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Minutes of the meeting of the Scottish Land Commissioners held on Tuesday 7th September 2021

Commissioners Present: Andrew Thin (Chair), Sally Reynolds, Lorne MacLeod, Megan MacInnes (Land Commissioners), Bob McIntosh (Tenant Farming Commissioner)

In Attendance: Hamish Trench, Posy MacRae, Emma Cooper, Shona Glenn, Caron Munro, Kathie Pollard (Scottish Land Commission)

Apologies: David Adams (Land Commissioner)

Declarations of Interest: No Declarations of Interest were noted

1. Minutes of previous meeting 1st June 2021

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

2. Scottish Land Commission Draft Annual Audit Report

Hamish provided the Commissioners with an overview of the report. He advised that Audit Scotland have made one recommendation to the Commission in their report which provides a positive report and clean audit opinion. He advised that Audit Scotland noted the improvement that has been made since previous years.

Lorne welcomed the timely completion of the report, noting that the working papers had been provided to Audit Scotland in advance of when they needed them, allowing for the audit to be completed 2 months before the target completion date. He advised that the Audit and Risk Committee raised a point for future consideration on the budget that in the event of future reductions then the non-fixed costs would be tight given that 72% of the budget is for fixed costs. He noted that there are mitigations in place to prevent this, but the Commission is aware that fixed costs will rise. Hamish drew Commissioners attention to the Audit Scotland recommendation on keeping the medium term financial strategy under review.

Action 21090701	The Commission will review the financial strategy by the end of December 2021
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3. Scottish Land Commission Annual Report and Accounts

Hamish asked the Commissioners to consider and approve the Commission's Annual Report and Accounts for 2020/21, following consideration by the Audit and Risk Committee which recommended approval. He drew attention to the key performance indicators (KPIs) in performance, risk in governance and accountability and the budget underspend within the financial statements. He noted the Commission's underspend for 2020/21 was 1.7%.

It was queried if individuals need to be named for remuneration information in the tables on page 30/31. Hamish advised that this is a requirement but noted that he would check this.

Action 21090702	Hamish to check the requirement for publishing management remuneration information.
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Andrew asked for more detail around the reason for an increase in legal fees. Hamish advised that the majority of the legal fees are for the Tenant Farming Commissioner, which included significant work on the amnesty and relinquishments and assignations during this period, with some legal advice also on housing land work.

4. Quarterly Progress Report

Delivery

Hamish noted that quarter 1 was quieter for delivery of public outputs due to the pre-election period. He noted that there was a significant amount of Tenant Farming work in this quarter as well as work supporting Land Rights and Responsibilities including delivering training sessions. He advised that the housing report was published near the end of this quarter after the pre-election period.

Hamish advised that the Land Values area of work has an amber status in the delivery tracker as it a changing area of work with significant work required. He noted that this area of work will be covered in the Natural Capital and the Land Market discussion later in the meeting.

Megan queried if the reduction in the Good Practice team affected delivery. Emma advised that staff across the teams have picked up work to cover some areas of work and other aspects have been rescheduled.

Budget

Hamish noted that there are some proposed changes to the budget allocation that will be discussed in the Natural Capital and the Land Market discussion.

He also noted that there are areas of the communications budget which are currently uncommitted but are largely planned. He noted that the Commission wants a level of flexibility in spend at this point in the year, and noted that over the next quarter he expects to see increased levels of committed spend.

Lorne asked for further explanation on why the Commission is looking to reprofile the Diversification of Ownership budget. Shona advised that some of this budget was

spent on research earlier in the year, but the current focus is to get practical areas of work up and running with stakeholders which requires time but less budget.

Megan queried if the proposed £30k spend for the Natural Capital workstream would come from the tax and diversification budget lines. Hamish advised that it would. Sally asked if the reason for the tax budget being removed is that the work will be done in house. Shona advised that this was an allocation made for potential next steps work. It is now clear that if further work is required, it would come in a future financial year so this allocation is no longer required.

Lorne noted that in previous years the Commission has over profiled the budget. He asked how confident the management team are that this year's budget will be delivered without over profiling. Hamish agreed that there is a greater risk of underspend at this stage and noted that there will be significant focus on committed spend and delivery in quarters 3 and 4 to mitigate the risk of underspend.

Risk

Posy noted that risk 3 is decreasing and no longer appears a significant risk. She advised that the ARC agreed to remove this from the risk register, but it will continue to be monitored as a closed risk. She noted that risk 11 is increasing, mainly due to staffing levels and the current recruitment for the Good Practice Adviser roles.

The Chair raised a point on behalf of David Adams, asking that the target dates can be reviewed.

Action 21090703	Posy to review the target dates on the action tracker.
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Communications

Posy noted that quarter 1 was quiet in the early half due to the pre-election period. She advised that the MyLand campaign in June/July was focussed on urban areas in central Scotland to meet a target audience. She advised that the campaign achieved its objectives through the MyLand hub, podcasts, and personal stories. She noted that the podcast series is being continued. She advised that the Commission is looking to continue this campaign throughout October and into COP26 and will move the focus away from the central belt and make it more broad ranging. She advised that there will also be a targeted poster campaign throughout key areas of Glasgow during COP26.

Lorne noted that he has received positive feedback from Andrew's interview on BBC Scotland Out of Doors.

The Chair raised concern over the possibility of confusing the brand between MyLand and the Scottish Land Commission. Posy noted these concerns and advised that the MyLand campaign has been branded so as to integrate with the Commission and is presented as by the Commission, the two brandings complement each other.

The Chair also noted the value of more conversational style pieces such as the Out of Doors interview and the Tenant Farming Commissioner's Press and Journal column which may resonate more with people than publication announcements. Posy noted that the Commission does have a series of blogs in this style but are also currently

exploring how to develop this further. Bob noted the positive feedback he received from the TFC column and that it gets a high level of tenant farming engagement.

Posy advised that the current key areas of focus for communications is the conference and the series of virtual public meetings. She advised that internal briefings for the conference will be issued.

Posy also noted that the Commission has changed contract in communications support to Holyrood PR from 1st September 2021.

5. Audit and Risk Committee Update

Lorne proposed to the Commissioners that Megan take over the role of Chair of the Audit and Risk Committee from November 2021 and he will remain on the committee as a member. The Commissioners agreed to Megan being Chair of the committee.

He also noted that Yvonne McIntosh's co-opted membership of the Commission comes to an end in June 2022 and suggested that the Commission should look to recruit a new member in advance of this. The Commissioners agreed.

The Commissioners noted their thanks to Lorne for his role as Chair of the Committee.

Lorne advised the Commissioners that BDO have undertaken 2 internal audits recently and have given moderate assurance for Business Continuity Planning and substantial assurance for Staff Wellbeing.

He also noted that the Committee raised concern over the level of uncommitted budget at this stage in the year. The Commissioners noted the importance of reviewing committed spend and agreed to look at the budget at the end of quarter 2.

Action 21090704	Commissioners to review the budget and committed spend at the end of quarter 2.
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Megan noted the positive reports from both internal and external audit and that the Annual Report and Accounts were completed 2 months earlier than planned.

6. Natural Capital and the Land Market

Note: Kathie Pollard joined the meeting at this point.

Hamish provided the Commissioners with an overview and suggested that it is increasingly clear that the Commission has a key role to play, that we need to articulate that clearly, and give increased priority to this area of work. The Scottish Government is looking for the Commission to provide advice and to influence responsible practice in terms of the influence of carbon and natural capital value in the land market.

Hamish proposed the three areas of focus set out in the paper as being the priorities for the Commission, noting that there is a leadership role for the Commission in providing focus on these issues.

Hamish advised the Commissioners that in order to undertake this work the Commission will need to reallocate staff and budget resources from other workstreams. He noted that the Commission also needs to be realistic in what can be achieved this year and what will need to be undertaken in 2022/23.

Commissioners discussed the role and priorities for the Commission in this area of work. The main points of the discussion were:

- Commissioners recognised the significance of the emerging issues associated with green finance in the land market and the priority this should be given.
- It was agreed there is a need for a collaborative approach with stakeholders in a rapidly developing market.

The board noted the challenge of working in a crowded field of organisations with a role in natural capital and asked that the Commission sets out its distinct focus clearly.

It was agreed that an early action is to develop a better evidence base and understand what the market is, what transactions are happening.

It was also agreed that the legal rights and ownerships in relation to carbon and natural capital be explored, as well as the question of a fair distribution of benefit.

- The Commissioners noted unease around the potential open ended scale of work on this topic and therefore the need for good project management and agreed focus.
- The interaction of crofting was noted specifically, and the need to engage with the Crofting Commission.
- The Commissioners asked the Management Team to agree what the planned work is on this before the conference and noted that a short board discussion could be held if necessary.
- The board also noted that they are conscious of staff capacity and the need for reallocation of time from other projects and workstreams.

Action 21090705	Management Team to crystalise the planned workstream on Natural Capital and the Land Market
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Note: Emma Cooper left the meeting after this discussion.

7. Conclusions and Advice on Reforms of Tax on Land and Property

Hamish advised the Commissioners that the Scottish Government have published a tax framework which provides the context to frame our advice to ministers. Shona noted credit to Kathie for her work on this as it is a tough area of work with a lot of conversations and opinions on the subject. Shona asked the Commissioners to consider if the high-level messages in the paper were correct and if it shows a clear and sensible approach.

Commissioners noted that the distinction between short- and long-term recommendations is helpful but noted that some of the long-term recommendations may need some further clarity and there could be more done to differentiate between the short- and long-term recommendations. Commissioners also discussed the emphasis on longer term approaches to taxing land values and the need to distinguish this advice clearly and simply from a single 'land value tax' proposal. Commissioners welcomed the focus on the potential to use land more effectively as a tax base via a range of different potential measures.

Commissioners asked that:

- The advice is structured with a short covering note of advice to Ministers, supported by a suite of publications as necessary;
- That the advice should focus on a short statement of the rationale, short term recommendations and longer term potential;
- Consideration is given to how much detail is presented where – at present some parts have significant detail, others less.
- That the consideration given to the role of LBBT should be included within the short term options discussed;
- That the advice should draw on the good work already completed on principles underpinning an approach to land and property taxation;
- That consideration is given to communications and stakeholder engagement to aid understanding of what is or is not proposed;
- That publication should aim for late November after COP26, which ties in with Scottish Government considerations;

It was agreed that the final advice will be presented to the Commissioners for agreement at their meeting in November. Lorne noted that it would be helpful to provide the advisory group with an update on this area of work in the meantime.

Action 21090706	Shona and Hamish to finalise the advice and what supporting documents are required, for agreement at the 2 November Commissioners meeting
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8. Any Other Business

Next Commissioners' Meeting

Hamish noted that there will not be a board meeting in October due to the conference. It was queried if the November meeting will be held in person. Hamish advised that he will confirm this nearer the time.

Informal Commissioners' Meetings

Megan asked if there could be notes from future informal board meetings circulated to Commissioners, so they are aware of the discussions that were had. Andrew asked Commissioners to feedback what they are looking for from the informal meetings.

Action 21090707	Commissioners to feedback to Andrew on what they are looking for from the informal board meetings.
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Date of Next Meeting: 2nd November 2021

**Scottish Land Commission
September 2021**