



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Annual Report & Accounts

2022 – 2023



Annual Report & Accounts 2022-2023

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 Humza Yousaf
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 2022-2023.

Yours sincerely

Andrew Thin, Chair

Hamish Trench, Chief Executive



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

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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.



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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

Reflecting on a significant year of change and challenges for land in Scotland, we are proud of the contribution the Scottish Land Commission continues to make in providing analysis, advice and thought leadership. This year we have responded quickly to address in particular the implications emerging from changes to meet Scotland's net zero and nature goals.

The increasing value and heightened demand for Scotland's land have been striking. Our work in understanding the dynamics of the rural land market, the motivations behind ownership decisions, and their implications for public policy has sought to support Ministers in making a just transition. We have published in-depth analysis and insights on the rural land market, accompanied by recommendations for policy changes and implementation of responsible practice on the ground.

Our commitment to providing sound advice and guidance is clear. Through our Good Practice Programme we offer advice to landowners, managers and communities in urban and rural Scotland. With our casework engaging with over 100 contacts this year, we continue to support people in delivering against the principles of the Scottish Land Rights and Responsibilities Statement (LRRS). Our participation in the Scottish Government's LRRS review enabled us to provide sound advice for revisions and develop practical guidance notes to accompany the revised statement.

The Tenant Farming Commissioner has facilitated relationships between agricultural landlords and tenants, offering new guidance this year on the relinquishment and assignation of agricultural tenancies. Our work in tenant farming this year has also focused on changes in housing standards and carbon sequestration, understanding their implications for farm tenancies, and informing the Scottish Government's development of the Agriculture Bill.

We have continued to improve our working practices, relocating to new office premises co-locating with Highlands and Islands Enterprise. This move supports collaboration, enables flexible hybrid working that supports staff wellbeing and delivers efficiency savings.

As we conclude this year, our focus has turned towards the development of our forthcoming Strategic Plan for 2023-26. The relevance of land and land reform to Scotland's commitment to a just transition and economic prosperity has never been clearer. The challenge we embrace is to ensure the Commission remains agile and responsive, deliberate in focusing our efforts where they can have the greatest impact in maximising Scotland's land potential.

We look forward to our role in shaping the future of Scotland's land in the years to come.



Andrew Thin, Chair

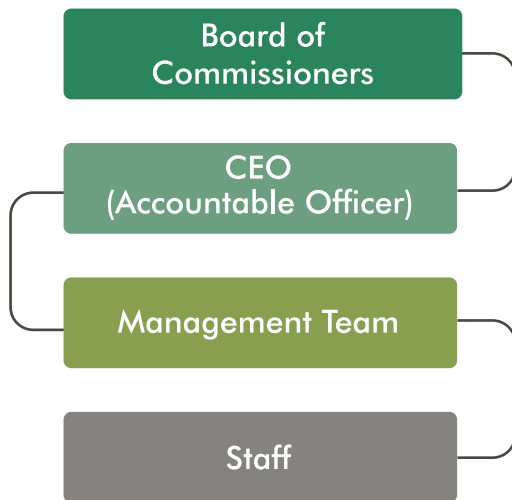


Hamish Trench, Chief Executive

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 19 staff (as at 31 March 2023) led by Chief Executive, Hamish Trench. We are fully funded by Scottish Government with a budget of £1.55m for 2022-23. This compares to 19 staff in 2021-22 and a budget of £1.526m fully funded by Scottish Government.

Organisational structure



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

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 and Parliament 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

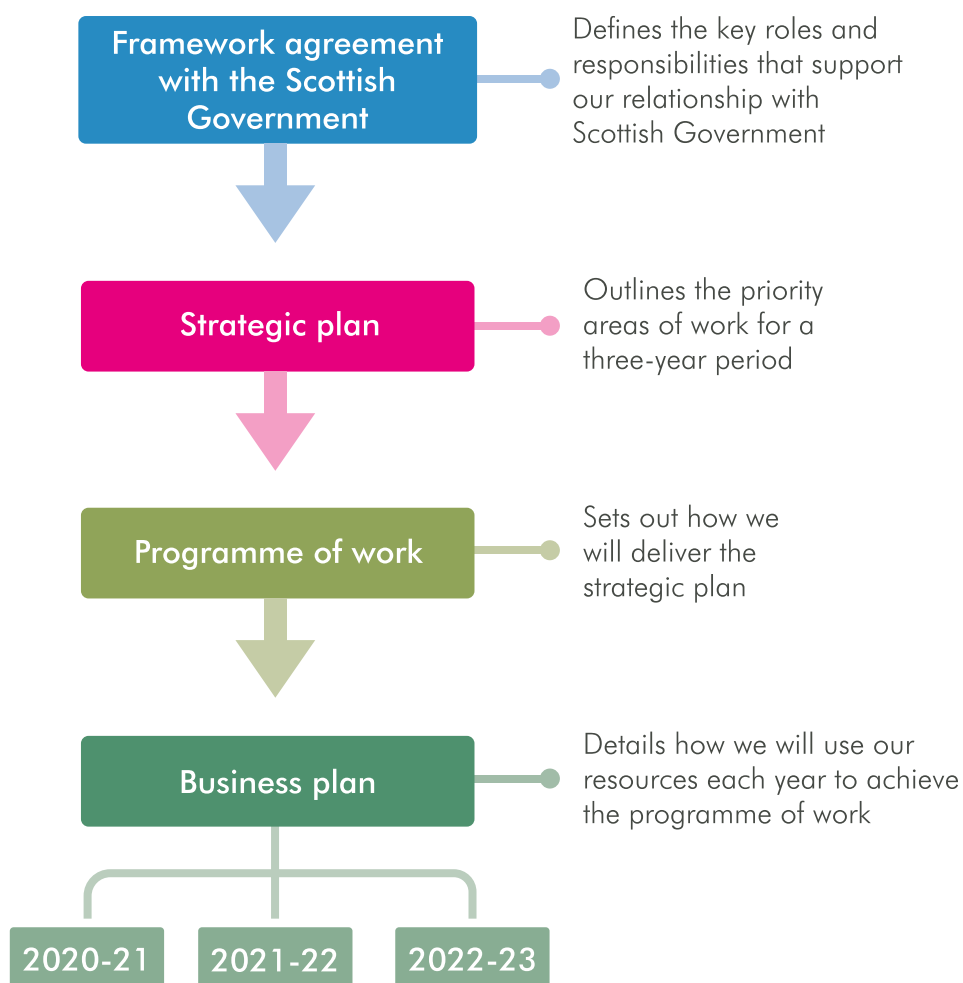
We are delivering our strategic plan and outcomes through:

- **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 final year of our three-year strategic plan covering 2020-23. During the year the Commission has delivered a substantial programme of advice and public engagement, making recommendations for 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. Our 2022-23 business plan was developed in line with our ongoing strategic priorities.

Our structure of delivery



Our annual business plan for 2022-23 saw a number of significant pieces of work conclude and new areas of work begin, all guided by stakeholder and public engagement. 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 has been a year of resilience and adaptability, as the country continued to recover from the Covid-19 pandemic and was faced with economic challenges. Despite the challenges faced by public bodies, businesses, and organisations across sectors, the Commission remained agile in its approach. Regular management and organisational meetings allowed us to review our priorities and capacity, making necessary adjustments to timelines and work planning to ensure the successful delivery of key outputs aligned with our business and strategic plan. As a result, we accomplished 98% of our planned outputs outlined in the annual business plan. We delivered our business plan within 2.69% of our annual budget, slightly exceeding our target of 2%, mainly due to changes in staffing and contract delivery.



98%

of our planned outputs outlined in the annual business plan were accomplished.

Key issues and risks we face

Over the past year, our recovery from the pandemic and economic challenges continued to have an impact on how we work and staff wellbeing which require consideration. Like many organisations, how we work has fundamentally changed. We have a more flexible approach, giving our staff greater autonomy 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 collaboration. Our new office accommodation offers a hotdesking system delivered alongside the opportunity for staff to undertake hybrid working. As we begin to formalise our approach to these new ways of working, several risks, and opportunities, for the organisation and its governance will be reviewed to ensure efficiency.

Externally, the expected introduction of the Land Reform Bill could have an impact on the dynamics of our relationships with stakeholders, as organisations firm up positions on proposed legislation, and as we go through a period of uncertainty about what the Bill will introduce. We have undertaken a proactive programme of stakeholder engagement and will continue to keep our approach under review and seek to work openly with all parties.

The key risks identified as increasing in 2022-23 have been managed through a number of mitigations and controls considered regularly by our Audit and Risk Committee. 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 2022-23.

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.
Ability to react quickly in matching resources to changing priorities	Continuously monitor and review our capacity and resources through regular team meetings. Effective resource planning is carried out through the annual business plan with regular reviews by Management Team. Effective cross team working, monitored through our delivery tracker.
Effective management of strong relationships with key stakeholders in policy development and also identify opportunities for collaboration, maximising the potential of relationships with a broad range of stakeholders.	Regular engagement with key stakeholders; wide stakeholder engagement through policy development and communications. Ongoing and increasing casework engagement. Structured engagement in Good Practice, Human Rights, Tenant Farming, Natural Capital and Community Benefit.

The Commission has mitigated these risks through the risk management framework, budget management, relationship management, horizon scanning as well as our organisational development programme and keeps the risks under active review. A new risk added to the register in 2022-23 is the upcoming changes to our board appointments and the potential delay in strategic direction that could arise should appointments be delayed or not made. To mitigate this risk, we engaged early with sponsor team so that Public Bodies Unit have all the necessary information to progress the recruitment timeline.

Further detail on our risk management in 2022-23 can be found in the Performance Analysis ([page 21](#)) and the Governance Statement ([page 30](#)).



Performance analysis

The performance analysis reviews the work of the Commission in 2022-23 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 a number of changes were made to the staff team and structure over the year.

The business plan for 2022-23 is the final year for 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
- 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.

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 organisation-wide evaluation model assesses the impact of our work and the contribution to the long-term outcomes to track our progress against the strategic plan.

The majority of 2022-23 KPIs have been achieved (see table on [pages 12-13](#)). 98% of the planned outputs have been fully delivered against the KPI of 95%. This includes substantial work in shaping policy advice around the emerging issues of natural capital, community benefit and supporting a just transition.

Throughout the year, we saw a fluctuation in the number of staff feeling valued and recognised for their work – due in part to transitioning to new ways of hybrid working post-pandemic as well as an extended period of pay negotiation. A clear focus has been placed on improving staff health and wellbeing, through the introduction of a bespoke organisational development programme focussed on improving ways of working and a move to the 35-hour working week.




The Commission has robust 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 14](#)). This year we achieved an end of year out-turn with a 2.69% underspend of our total budget, against a target of 2% due to staffing and contracting changes. Medium-term financial planning was considered in the development of the annual business plan.


There are a number of risks and uncertainties facing the Commission in achieving these KPIs, that are closely monitored and managed through the risk management framework and reviewed by the Audit and Risk Committee and the board (see Governance Statement – Risk and Control Framework on [page 30](#)).

An aerial photograph showing a village with a mix of residential buildings and a caravan park, surrounded by lush green fields and forests. In the background, a large, rounded mountain peak rises under a cloudy sky. A blue text box is overlaid on the right side of the image.

Our planned outputs include substantial work in shaping policy advice around the emerging issues of natural capital, community benefit and supporting a just transition.

Key performance indicators

Business area	Key performance indicator 2022-23 target	Measurement	2021-22 Achievement	2022-23 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	0.07%	2.69% ↑
 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	6.23 average number of days	6.18 ↓ 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'	48% of 'agreed' with 23% neutral response	39% ↓ 'agreed' with 33% ↑ neutral response
 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	100% delivered	98% ↓ delivered
	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	79% of an average in the evaluation of the Vacant and Derelict Land Taskforce recommendations, Tenant Farming Commissioner and Land Connection 2021 conference evaluation	63% ↓ of respondents to the Good Practice Programme evaluation survey indicated they have implemented learning from the SLC's Land Rights and Responsibilities protocols. 70% of those who had attended a workshop implemented learning from it

Business area	Key performance indicator 2022-23 target	Measurement	2021-22 Achievement	2022-23 Achievement
 Communication	Increased profile of the Commission	Year on year increase of:	Increased by % against previous year:	
		Media coverage by 5%	13% ↓	22% ↓
		Social media followers 48%	56% ↑	35% ↑
		Newsletter subscription by 10%	19% ↑	16% ↑

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

107 

events

held by partners and stakeholders across a wide range of sectors

Over

2,600 people attended these events from across the UK

Hosted

11 

'Land @ Lunch' events

relating to land ownership and use

Over

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

Held

9 

virtual public meetings

143 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.

Through 2022-23 we have published reports and proposals on major areas of policy, as well as continued development of our practical support for implementing Scotland's land rights and responsibilities principles. This year saw the start of a significant 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

We continued work to inform the proposed Land Reform Bill, including seeking expert advice through the Land and Human Rights Forum established by the Commission and commissioning further research on international experience to inform consideration of the proposals. We published a discussion paper on the question of 'who owns natural capital' to inform consideration of the underlying land rights framework for carbon and nature value, convening a series of webinars to consider the issues involved.

Embedding responsible land ownership and use

We continued to work with land owners, managers and communities to support practical implementation of the Land Rights and Responsibilities Statement, working with over 100 case contacts over the financial year. This year we prioritised a particular focus on shaping emerging practice in natural capital. We published a new LRRS Protocol on 'Responsible Investment in Carbon and Natural Capital', to support implementation of the Scottish Government's Interim Principles for Responsible Investment in Natural Capital. We have also worked with partners to explore approaches to securing benefits to communities through natural capital investment, informing both policy advice and practice guidance.

Reforming land markets

We prioritised this year a major focus on policy advice on the implications of new natural capital value in the rural land market. We published the first of a regular series of major reports providing insights and data on the rural land market in Scotland. We subsequently published policy advice on 'Natural Capital and Land – recommendations for a just transition'. Following this we began a collaboration with Crown Estate Scotland to pilot an approach in which they will acquire land with the intention of selling on to a community body, to help address challenging market conditions. We also continued to provide policy advice informing the Scottish Government's programme on natural capital investment.

We continued work to follow up our review of land for housing, commissioning more specific work on the transparency of option agreements.

MyLand campaign

The MyLand campaign saw schools and youth groups across Scotland invited to get creative and take part in a nationwide competition, 'My Land, My Story,' to showcase the past, present and future of the land around them. Young people across Scotland were encouraged to highlight how land local to them is owned, used and managed and how it impacts their everyday lives, now and in the future. The winning class, from Kemnay Academy in Aberdeenshire, used their creativity to bring the history of nearby Kemnay Quarry to life, telling its story – from a working granite quarry supplying stone for famous buildings across Scotland, the UK and the world, to its current use as an outdoor classroom and nature reserve – in a short film that was projected onto the National Gallery of Modern Art in Edinburgh. The winners also recorded an episode of 'The Lay of the Land' podcast with host Calum MacLean and Scottish Land Commissioners Andrew Thin and Lorne MacLeod.



Chair Andrew Thin (left) and Land Commissioner Lorne MacLeod (right) with pupils from Kemnay Academy at the National Gallery of Modern Art in Edinburgh.



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. In addition, 13 guides have been published to assist understanding within the sector of the Agricultural Holdings legislation and the implications for landlords and tenants. Throughout the year the TFC has continued to provide advice on implementing the Codes of Practice to both landlords and tenants.

During the year, the TFC published a new report examining the impact of the introduction of fixed duration tenancies on the sector and, in particular, on the effect of their introduction on the willingness of landlords to let land. A report was also issued on lessons learned from a pilot looking at the impact of mediation on improving relationships between landlords and tenants.

The Relinquishment and Assignment provisions introduced in 2021 have provided the basis for a good number of discussions between landlords and tenants of secure tenancies in situations where the tenant is interested in relinquishing or assigning the tenancy for value. The majority of negotiations are happening in private, using the procedures set out in the legislation as a guide and a backstop, with only a few tenants opting to use the formal procedures.

This year the TFC has carried out significant work with partners through the Tenant Farming Advisory Forum to provide information and advice to support the development of the Agriculture Bill in relation to tenanted holdings as well as on the implications for the tenanted sector of changing housing regulations and new carbon and natural capital opportunities.



7 Codes of Practice

13 guides

Case work

The TFC provides information to tenants and landlords regarding the Codes. The TFC received 70 enquiries over the year, a reduction of 10% from 2021-22. As a demand-led service, queries to our information line are likely to fluctuate on an annual basis. It is possible that the reduction in calls received in 2022-23 is a reflection of the overall slowing of the rural land market.

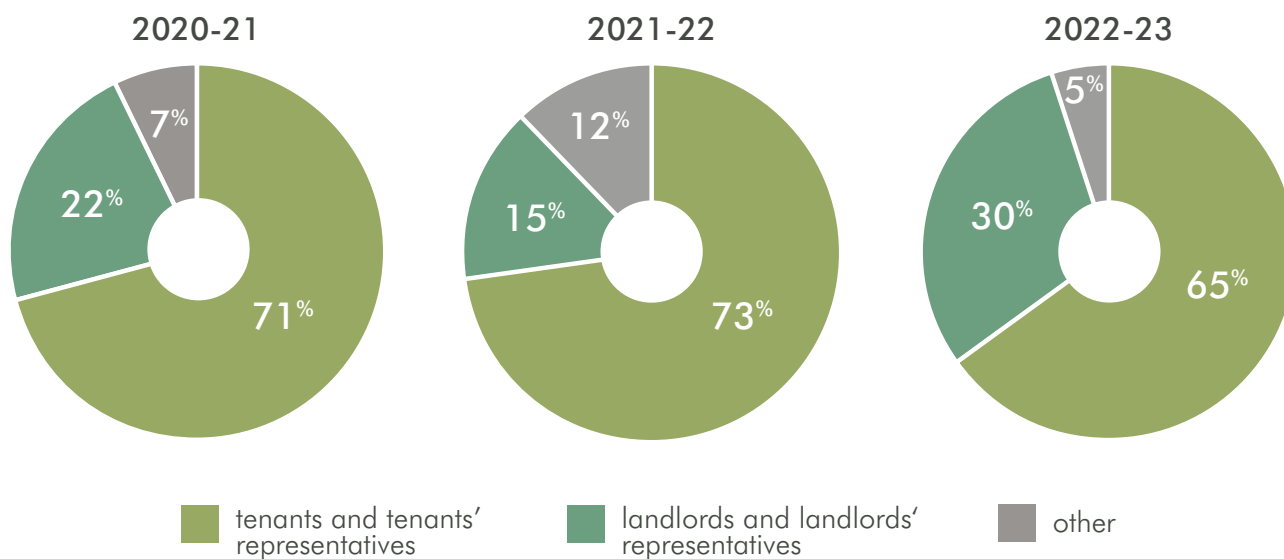
70

enquiries over the year

10%

decrease from 2021-22

Most contacts have been made by tenant farmers and their representatives (65%), with enquiries from landlords, landlords' representatives (30%) and other professionals representing 5% of enquiries.



Type of enquiry	2022-23
Repairs & maintenance	4
Other	6
Amnesty	2
Relinquishment	4
Sporting	2
Rent review	9
Lease terms	7
End of tenancy	13
Assignment/succession	2
New tenancy	4
Forestry	2
Tenant's improvements	2
New entrant	1
Resumption	3
Multiple	2
General legislation	3
Fixed equipment	2
Housing	1

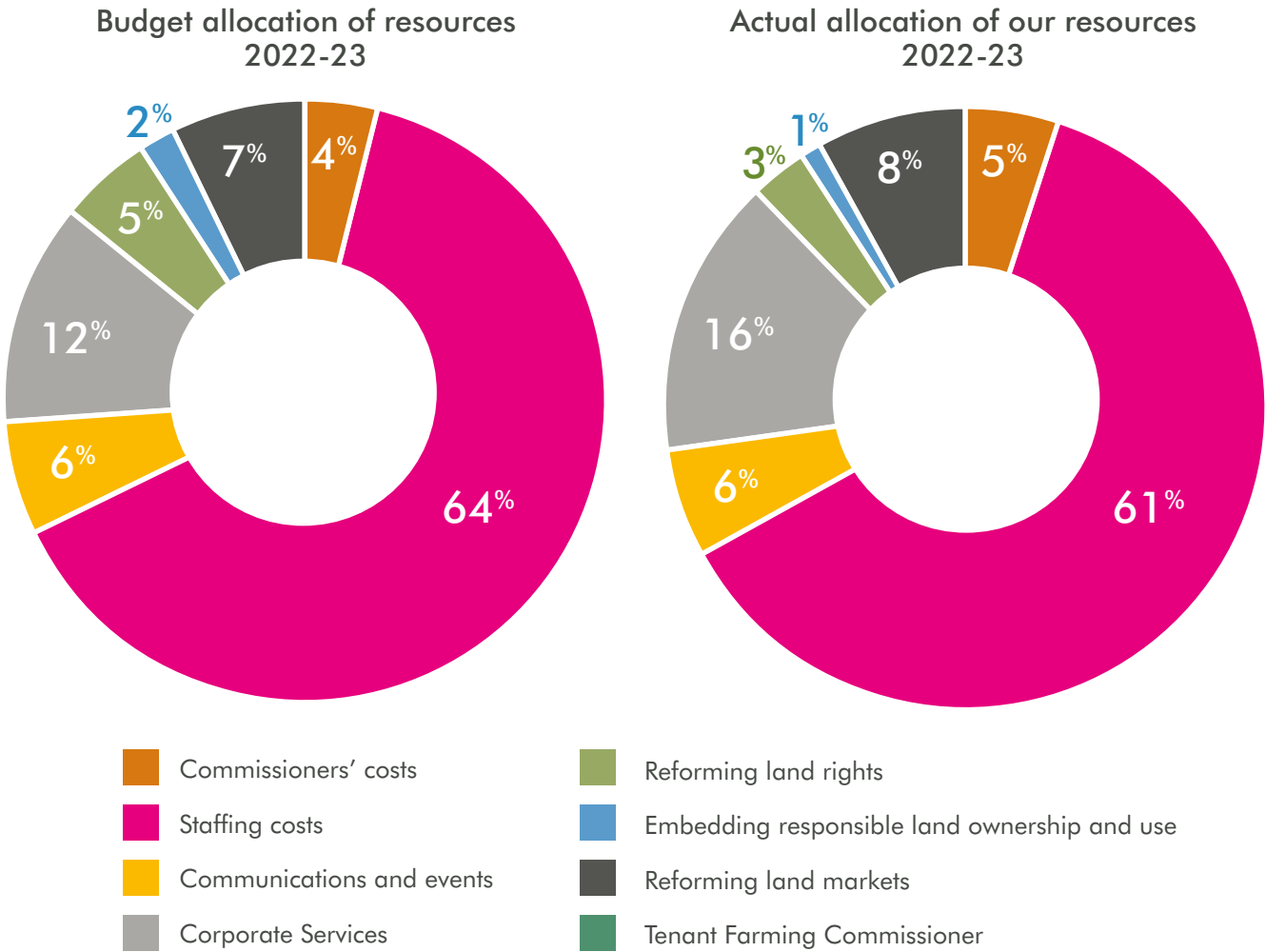
A wide range of enquiries has been received by the TFC over the last year with a majority about advice on repairs and maintenance, relinquishment, the amnesty, rent reviews, sporting issues and end of tenancies. As in previous years, enquiries have been received from throughout Scotland, with Aberdeenshire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

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 £1.550m. The Commission operated within its cash allocation for 2022-23 by drawing down all of its £1.550m allocation, out-turn against budget represented an underspend of £42k.



Flexibility was deliberately kept in the programming of the budget to allow for changes in priorities 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 decrease from budgeted to actual spend in staffing costs, this was mainly due to change in staff members at senior level and reduction in existing staff working hours. There was an increase in corporate services spend following the decision to further strengthen our IT security and investment in new telecommunications equipment. Towards the end of the year the Commission experienced some supplier issues leading to a reduction in spend within the reforming land rights and embedding responsible land ownership and use workstreams.

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 £42k. During the year the Commission saw significant underspend due to change in staffing and organisational structure, particularly in the management team. Further underspend occurred when a major contract was withdrawn from the supplier, and a further contract was partly postponed due to contractor staffing issues. The Commission received £1.550m of its Grant-in-Aid allocation from Scottish Government, net expenditure against this was £1.508m, which resulted in a 42k underspend against the Grant-in-Aid drawdown.

Summary of out-turn	2022-23 £000	2021-22 £000	2020-21 £000
DEL budget	1,550	1,526	1,526
Total operating expenditure	(1,508)	(1,525)	(1,500)
Surplus/(deficit) against budget	42	1	26
Grant-in-Aid (GIA) drawn down	1,550	1,470	1,526
Other income	0	0	0
Surplus/(deficit) against GIA drawn down	42	(55)	26



Our organisation

Coming into our sixth 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 and adapt to changing working practices.

Organisational development

This year has seen the start of a long-term, organisation-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 ways of working are effective, responsive, and provide value for money. This has been supported by reviewing how we work, to create the culture and organisation we want. This included:

- Establishing a recognition agreement with the Public and Commercial Services Union (PCS)
- Implementing new ways of working to provide flexibility for both home and office working
- Working with a contractor to deliver a bespoke organisational development programme designed to improve ways of working together, including the delivery of three all-staff sessions
- Moved into new, flexible office space at An Lòchran designed to support our new ways of working
- Implemented a 35-hour working week, in line with Scottish Government Public Pay Policy to support and improve work/life balance
- Actively pursued a policy to provide opportunities for young people in the organisation through modern apprenticeship and intern roles.

The Commission also committed to:

- Updating our regular pulse staff survey to ensure it is an effective tool
- Formalising our approach to hybrid working to ensure consistency and clarity for staff.

The Commission continued with its focus on ensuring close joint working across internal teams, particularly supporting collaboration between our policy and practice teams.

Risk profile – Summary 2022-23

The Commission's risk profile has changed and evolved throughout the year to respond to the impact of economic challenges, the increasing risk to cyber security, and changes in government and parliamentary priorities. There have been no cyber attacks or breaches in 2022-23.

Risks are identified, monitored and managed through our risk management framework ([see page 30](#)). The most significant change in risks was as a result of the evolving and easing of restrictions due to Covid-19 and managing 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 war in Ukraine put heightened risk for all public bodies on cyber security which has been a close focus for the organisation throughout the year with the achievement of Cyber Essential Plus accreditation.

An additional risk reflecting the upcoming changes in Board appointments was also included to reflect the forthcoming recruitment process due to take place in 2023-24.

A number of risks relating to external issues remained in focus 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 our next strategic plan we are aware of the challenging time ahead in public finances. 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.

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.

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.

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 previously saw a considerable reduction in its emissions from 58 tonnes within calendar year 2019 to 13 tonnes in 2021 (16 tonnes 2020). This was due to limited travel and commuting by staff as a result of the pandemic. Within the year the Commission had to adjust to the demand for more in person meetings and public engagement and as such the emissions figures have increased to 20 tonnes in 2022. Our focus is on addressing internal factors such as greener travel, resources, procurement and awareness. 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.



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 2022-23 as a result of our new office accommodation and improved ways of working. Following a review of office accommodation requirements, we moved into new, flexible office accommodation at An Lòchran, enabling us to co-locate with Highlands and Islands Enterprise (HIE). 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

3 October 2023

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 before that served as the Director of Forestry Commission Scotland and in many other roles in the Forestry Commission. He was a partner in a 650-acre hill farm for 15 years. He was until recently a Board Member of Highlands and Islands Enterprise.

Dr Sally Reynolds

Sally is an Agricultural Consultant (with a PhD in mathematical ecology); during the 2022-23 reporting period she worked within the Community Land Sector as Development Manager with Carloway Estate Trust (*Urras Oighreachd Chàrlabhaigh*) and coordinated the Lewis and Harris Greylag Goose Management Scheme on behalf of NatureScot. An active crofter and livestock keeper, she contributes to a number of activities which benefit the community.

Lorne MacLeod

Lorne has had an interest, and involvement, in land reform for many years. He was a founding director and, latterly, was the Chairman of Community Land Scotland, and has been a director of the community land buyout groups in Eriskay, South Uist & Benbecula, and the Isle of Gigha. He was Highlands & Islands Enterprise's first Director of Strengthening Communities, and prior to that was Chief Executive of Skye & Lochalsh Enterprise. He is a chartered accountant, and director of a retail and distribution business in the Isle of Skye.

Megan MacInnes

Megan has 20 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, where she also works as a Local Development Officer for the Applecross Community Company.

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.

Nikki Nagler

(Head of Communications and Corporate Services)

Member of Management Team from 4 January 2023. Responsible for leading the Commission's communications and corporate services including corporate governance.

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 36](#)) and note 2 ([page 55](#)) to these accounts.

Freedom of Information Requests

The Scottish Land Commission received 11 Freedom of Information requests during the year 2022-23. All requests were responded to within appropriate timescales. 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 2023, the Scottish Land Commission paid 97.95% of its invoices within these terms (97.82% 2021-22).

Non-Audit Fees

The Auditor General for Scotland has appointed Deloitte as the external auditor. Details of the audit fee for the year to 31 March 2023 are disclosed in note 3 ([page 56](#)) to the accounts. Deloitte 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 24](#).

Board of Commissioners during 2022-23

Commissioner	Board Position	Attendance at Board Meetings during 2022-23
Andrew Thin	Chair	8/9
Megan MacInnes	Commissioner	9/9
Professor David Adams	Commissioner	8/9
Dr Bob McIntosh	Tenant Farming Commissioner	9/9
Dr Sally Reynolds	Commissioner	9/9
Lorne MacLeod	Commissioner	9/9

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

During the 2022-23 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 2022-23 year.

Audit and Risk Committee Members during 2022-23

Committee Member	Committee Position	Attendance at Committee Meetings during 2022-23
Lorne MacLeod	Member (Commissioner)	4/4
Megan MacInnes	Chair (Commissioner)	4/4
Yvonne McIntosh*	Member (Co-opted)	1/4
Michelle Ashford**	Member (Co-opted)	4/4

* Co-opted appointment ended on 26/06/2022.

** Co-opted appointment began on 26/06/2022 and is due to end/become eligible for renewal on 26/06/2025.

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 twice during the 2022-23 year.

Staffing and Remuneration Committee Members during 2022-23

Committee Member	Committee Position	Attendance at Committee Meetings during 2022-23
Andrew Thin	Chair	2/2
Megan MacInnes	Commissioner	1/2
Professor David Adams	Commissioner	2/2
Dr Bob McIntosh	Tenant Farming Commissioner	2/2
Dr Sally Reynolds	Commissioner	2/2
Lorne MacLeod	Commissioner	2/2

Senior Management Team 2022-23

- Hamish Trench (Chief Executive and Accountable Officer)
- Posy MacRae (Head of Communications and Corporate Services) member of Management Team to 16/09/22
- Nikki Nagler (Head of Communications and Corporate Services) member of Management Team from 04/01/23
- Emma Cooper (Head of Land Rights and Responsibilities).

More information on the Senior Management Team can be found on [page 25](#).

The 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 2023 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 of changes in Board appointments or a failure to recruit resulting in disruption to effective governance or lack of clarity around strategic direction
- 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 2023 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. The Commission will undertake a review of our HR and IT service provision in 2023-2024 to ensure best value for money.

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

Deloitte has been appointed as the Scottish Land Commission's external auditor for a five-year period from 1 April 2022.

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 2022-23 was provided by BDO LLP, who undertook work based on an analysis of the risk to which the Commission was exposed. During 2022-23 BDO LLP reviewed and evaluated the Scottish Land Commission's processes in the following areas:

- Data management
- Culture
- Quality management
- Performance measurement and reporting
- 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 13 recommendations were made throughout the year which ranged from medium to low risk, with no high-risk recommendations identified. A total of 13 recommendations were carried forward from work undertaken in previous years.

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 2022-23.

In their annual report, Internal Audit acknowledged that resource changes had had an impact on the Commission's ability to implement all recommendations made. Of the 26 recommendations due to be implemented, seven recommendations (26%) have been categorised as fully implemented, 13 (50%) have been categorised as partially implemented and six (24%) which have been categorised as not implemented. There are eight 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 2022-23 there were no significant governance issues to report.

Governance Focus Looking Ahead

The key governance challenges going forward centre on delivery of outcomes in a challenging environment for public finances and evolving legislative and policy context:

- Managing a successful Board transition with a new Chair and Board appointments
- 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
- Building upon our existing programme of organisational development to shape the type of organisation we want to be focusing on ways of working and training and development
- Continued development of the project management approach including delivery reporting, evaluation model and performance management information including key performance indicators
- Ongoing programme of training and development for Commissioners based on skills and development requirements
- Ensuring the effective governance of the Staff Engagement Forum and the Staffing and Remuneration Committee in helping shape organisational development
- Establishing and maintaining an effective working relationship with PCS to support staff wellbeing at work.

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 partially subject to audit. 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 are unaudited but are reviewed by Audit 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.

Andrew Thin, Professor David Adams and Megan MacInnes' appointments will conclude on 19 December 2023. Scottish Government will lead the recruitment process for new appointments.

Staff

All permanent and fixed-term staff are employees of the Scottish Land Commission. For 2022-23 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 policy pay. From December 2023, all pay negotiations will be conducted with PCS in line with our new recognition agreement. The CEO role salary level is separate to this and falls under Scottish Government Chief Executive 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 as well as affordability. 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 (Audited)

Commissioners were due remuneration as follows

Commissioners who held office during 2022-23	2022-23 (£)	2021-22 (£)
Andrew Thin (Chair)	10,000 – 15,000	10,000 – 15,000
Megan MacInnes (Land Commissioner)	5,000 – 10,000	5,000 – 10,000
Professor David Adams (Land Commissioner)	5,000 – 10,000	5,000 – 10,000
Dr Bob McIntosh (Tenant Farming Commissioner)	20,000 – 25,000	20,000 – 25,000
Dr Sally Reynolds (Land Commissioner)	5,000 – 10,000	5,000 – 10,000
Lorne MacLeod (Land Commissioner)	5,000 – 10,000	5,000 – 10,000

Commissioners' appointments are non-pensionable.

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 (Audited)

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	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Chief Executive						
Hamish Trench	75-80	75-80	9	36	85-90	110-115
Senior Management Team						
Posy MacRae* ¹ Full-Year equivalent	20-25 (60-65)	45-50 (60-65)	9	20	30-35	65-70
Nikki Nagler* ² Full-Year equivalent	10-15 (50-55)	- -	5	-	15-20	-
Emma Cooper* ³ Full-Year equivalent	55-60 (55-60)	50-55	30	22	80-85	75-80

*¹Works 0.8 FYE. Ended employment with the Commission 16 September 2022.

*² Started with the Commission 4 January 2023.

*³ Full time hours reduced to 0.86 from 1st of January 2023.

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 2022-23 (2021-22: nil).

Bonuses – there were no bonuses within 2022-23 (2021-22: nil).

Compensation for Loss of Office

This value was nil for 2022-23 (2021-22 : nil).

Pay Multiples (Audited)

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 2022-23 was £75-80k (2021-22: £75-£80k).

	2022-23 salaries £	2022-23 ratio to highest paid staff member salary	2021-22 salaries £	2021-22 ratio to highest paid staff member salary
Lower quartile	32,699	2.37	29,245	2.65
Median	35,800	2.16	32,780	2.36
Upper quartile	48,049	1.61	46,606	1.66

In 2022-23 no employees received remuneration in excess of the Chief Executive. Remuneration ranged from £23,542 to £62,624 (excluding the Chief Executive) (2021-22: £20,692 to £61,017).

There was 2.14% change in the highest paid staff member salary in 2022-23 (2.51% 2021-22). The average percentage change of the workforce salaries from the previous financial year was 6.85% (-5.4% 2021-22). This is due to an increase in staffing numbers at a more senior level. All eligible staff received pay award increases within 2022-23 in line with Scottish Government pay policy.

Pension Benefits (Audited)

	Accrued pension at pension age as at 31/03/23 and related lump sum		Real increase in pension and related lump sum at pension age		CETV* at 31/03/23	CETV at 31/03/22	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	-	357	322	-2
Senior Management Team							
Posy MacRae	5-10	-	0-2.5	-	58	51	4
Nikki Nagler	0-5	-	0-2.5	-	3	-	2
Emma Cooper	0-5	-	0-2.5	-	46	25	8

*CETV stands for Cash Equivalent Transfer Value and more information can be found on [page 39](#).

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 5 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, 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 (Audited)

	Permanent Staff	Board Members	Others	Total 2022-23	Total 2021-22
	£000	£000	£000	£000	£000
Salaries	614	56	69	739	673
Social security costs	68	2	7	77	68
Other pension costs	169	-	19	188	170
Inward secondment and agency staff	(48)	-	10	(38)	-
Total	803	58	105	966	911

Average Number of Employees (Audited)

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

	Number 2022-23	Number 2021-22
Senior management	2.61	3.59
Professional, managerial, administration and support	12.65	10.77
Total	15.26	14.36

Senior management represents members of Management Team.

As at 31 March 2023 84% of staff were on permanent contracts, comprising 16 permanent staff and three members of staff on a fixed-term contract.

The Commission had no consultancy remuneration or off payroll arrangements in the year ended 2022-23 (2021-22: nil).

Gender Note

	Males 31 March 2023	Females 31 March 2023	Males 31 March 2022	Females 31 March 2022
Commissioners	4	2	4	2
Chief Executive	1	-	1	-
Employees	4	14	4	12

Employee numbers include part-time staff.

The figures above are the total numbers of staff as at 31 March 2023 not full-time equivalents.

Sickness Absence

Sickness absence during the year to 31 March 2023 was 117.5 days (2022: 124.5 days), representing 3% of the total number of available days (2022: 3.4%). This equates to an average number of days sickness per member of staff of 6.18 days (2022: 6.23 days).

Exit Packages

There were no exit packages within 2022-23 (2021-22: nil).

Staff Turnover

During the year 2022-23 the Scottish Land Commission had two permanent members of staff leave: this represents a staff turnover figure of 10.52% (2021-22: 17.64%). In addition to this the commission had one fixed term contract come to conclusion which if included would represent a staff turnover of 15.79%.

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 2022-23 (2021-22: nil).

Gifts and Charitable Donations

There were no gifts or charitable donations made during the year 2022-23 (2021-22: 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 2022-23 (2021-22: nil).

Hamish Trench

Chief Executive and Accountable Officer
3 October 2023

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

We have audited the financial statements in the annual report and accounts of Scottish Land Commission for the year ended 31 March 2023 under the Land Reform (Scotland) Act 2016. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 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 2022/23 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

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and We have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence We have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We 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 we have performed, we 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, we 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

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our 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

Our 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 our 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. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Land Reform (Scotland) Act 2016 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on 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.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Land Reform (Scotland) Act 2016.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operating within the resource limit. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained confirmation of the resource limit allocated by the Scottish Government and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our 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 our auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In our 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 our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are 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 parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have 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 parts of the Remuneration and Staff Report.

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work We have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and We 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 our 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 we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our 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 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

3 October 2023

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

		2023	2022
	Note	£000	£000
Staff costs	2	966	911
Other operating expenses	3	542	614
Total operating expenditure		1,508	1,525
Net operating expenditure		1,508	1,525

The notes on pages 52 to 61 form part of these accounts.

Statement of Financial Position

As at 31 March 2023

		2023	2022
	Note	£000	£000
Non-current assets			
Total non-current assets		-	-
Current assets			
Trade and other receivables	5	15	27
Cash and cash equivalents	6	135	46
Total non-current assets		150	73
Current liabilities			
Trade and other payables	7	(95)	(60)
Total current assets less current liabilities		55	13
Total assets less current liabilities		55	13
Taxpayers' equity			
General reserve		55	13

The Accountable Officer authorised these financial statements for issue on 3 October 2023.

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

The notes on pages 52 to 61 form part of these accounts.

Hamish Trench

Chief Executive and Accountable Officer
3 October 2023

Statement of Cash Flows

For the year ended 31 March 2023

		2023	2022
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure		(1,508)	(1,525)
Depreciation charge	4	-	2
		(1,508)	(1,523)
Movements in working capital			
Increase/(decrease) in trade and other payables	7	35	3
(Increase)/decrease in trade and other receivables	5	12	(7)
		47	(4)
Net cash flow from operating activities		(1,461)	(1,527)
Financing activities			
Grant-in-Aid		1,550	1,470
Net cash flow from financing activities		1,550	1,470
Investing activities			
Purchase of property, plant and equipment	4	-	-
Net cash used in investing activities		-	-
Net (decrease)/increase in cash and cash equivalents		89	(57)
Cash and cash equivalents at beginning of year	6	46	103
Cash and cash equivalents at end of year	6	135	46

The notes on pages 52 to 61 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

General Reserve	£000
Balance at 01 April 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
Year ended 31 March 2023	
Grant-in-Aid	1,550
Comprehensive net expenditure for the year	(1,508)
Balance at 31 March 2023	55

The notes on pages 52 to 61 form part of these accounts.

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction ([page 62](#)) 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 2023-24 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 2023 have been brought into the Statement of Comprehensive Net Expenditure.

1.9 Trade Payables

All material amounts due as at 31 March 2023 have been brought into the Statement of Comprehensive Net Expenditure.

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 2022-23 financial year there were no critical judgments or any significant estimates made.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

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 14 Regulatory Deferral Accounts – Effective for accounting periods starting on or after 1 January 2016, not applicable to the Land Commission; IFRS 17 Insurance contracts – Effective for account periods beginning on or after 1 January 2021. This standard is not yet adopted by the FreM, and is not applicable to the Land Commission.

2 Staff Costs

	Permanent Staff	Board Members	Others	Total 2022-23	Total 2021-22
	£000	£000	£000	£000	£000
Salaries	614	56	69	739	673
Social security costs	68	2	7	77	68
Other pension costs	169	-	19	188	170
Inward secondment and agency staff	(48)	-	10	(38)	-
Total	803	58	105	966	911

3 Other Operating Expenses

	2023	2022
	£000	£000
Accommodation expenses	53	34
Research & policy	134	180
Information systems & telecommunications	30	32
Training	31	34
Public meetings & conference expenses	9	10
Travel & subsistence – Commissioners	13	5
Travel & subsistence – staff	21	6
Communications activity	86	149
Human resources shared services	14	14
IT service	66	52
Legal and professional fees	27	45
External Auditor’s remuneration	33	26
Internal Auditor’s remuneration	18	17
Other running costs	7	8
Depreciation	-	2
Total other operating expenditure	542	614

4 Property, Plant and Equipment

Information Technology 2021-22

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

Information Technology 2022-23

Cost	£000
At 1 April 2022	7
Additions	-
Disposals	-
At 31 March 2023	7
Depreciation and impairment	
At 1 April 2022	7
Depreciation charged in the year	-
At 31 March 2023	7
Carrying amount	
At 1 April 2022	-
At 31 March 2023	-

5 Trade and Other Receivables

	2023	2022
	£000	£000
Amounts falling due within one year		
Other receivables	-	-
Prepayments and accrued income	15	27
Amounts falling due after one year	£000	£000
Prepayments and accrued income	-	-
Total	15	27

6 Cash and Cash Equivalents

	£000
Balance at 01 April 2022	46
Net change in cash & cash equivalents	89
Balance at 31 March 2023	135
The following balances at 31 March were held with the government banking service and cash in hand	135
Balance at 31 March 2023	135

7 Trade and Other Payables

	2023	2022
	£000	£000
Trade payables	12	-
Accruals	83	60
Total	95	60

8 Commitments Under Other Non-cancellable Agreements

Total minimum future payments under contracts entered into prior to 31 March 2023 are given in the table below for each of the following periods. Obligations under these contracts from 31 March 2023 comprise

	2023	2022
Projects	£000	£000
Not later than one year	36	93
Later than one year and not later than five years	115	111
Later than five years	-	10

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.

Highlands and Islands Enterprise is a public sector agency and provided the Commission with the use of office space within the year at their An Lòchran office in Inverness.

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

	2023	2022
Buildings	£000	£000
Not later than one year	-	36
Later than one year and not later than five years	-	-
Later than five years	-	-

The Scottish Land Commission's Lease at Longman House was 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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 52](#)).

During 2022-23 the Scottish Land Commission delivered its programme of work through the following priority areas as set out in the Performance Report section ([page 18](#)) of the annual report.

The table presents management information on income and expenditure relating to the operating segments for the year ended 31 March 2023.

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 2023

	Core Operating Costs	Priority 1	Priority 2	Priority 3	Priority 4	Total
Commissioner Costs	71	-	-	-	-	71
Staff Costs	927	32				959
Corporate Services	238	-	-	-	-	238
Communications and events	91	-	-	-	-	91
Other costs		9	15	121	4	149
Total	1327	41	15	121	4	1508

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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