



**CROFTING COMMISSION  
COIMISEAN NA CROITEARACHD**

***COMMISSION MEETING***

***27 NOVEMBER 2024***

**CROFTING COMMISSION MEETING  
ST KILDA, GREAT GLEN HOUSE  
27 NOVEMBER 2024 AT 0900 hrs**

**AGENDA**

<b>1 APOLOGIES</b>	<i>Oral</i>	<i>Standing Item</i>
<b>2 DECLARATIONS OF INTEREST</b>	<i>Oral</i>	<i>Standing Item</i>
<b>3 DRAFT MINUTES FROM 9 OCTOBER 2024*</b>	<i>Minutes</i>	<i>For approval</i>
<b>4 REVIEW OF ACTION POINTS FROM PREVIOUS MEETING (of 9 October 2024)</b>	<i>Paper</i>	<i>For info</i>
<b>5 MATTERS ARISING FROM PREVIOUS MINUTES</b>	<i>Oral</i>	<i>Standing Item</i>
<b>6 AUDIT &amp; FINANCE COMMITTEE REPORT</b> <i>(a) Update from Vice Chair of Committee</i> <i>(b) Draft Minutes from 6 November 2024*</i>	<i>Paper</i> <i>Minutes</i>	<i>Standing Item</i> <i>For info</i>
<b>7 REVIEW OF PERFORMANCE REPORT – Q2 – JULY-SEPTEMBER</b>	<i>Paper</i>	<i>For info</i>
<b>8 REVIEW OF STRATEGIC RISK REGISTER – Q2 – JULY-SEPTEMBER</b>	<i>Paper</i>	<i>For info</i>
<b>9 DATE OF NEXT MEETING</b> <i>26 February 2025 – St Kilda</i>		
<b>10 ANY URGENT BUSINESS</b>		
<b>11 EXCLUSION OF THE PRESS AND PUBLIC</b>		

*\*Not in public copy*

# APOLOGIES – ORAL

## **DECLARATIONS OF INTEREST – ORAL**

## CROFTING COMMISSION MEETING

**27 November 2024**

Report by the Chief Executive

### Review of Action Points from 9 October 2024

ITEM	ACTION	RESPONSIBLE OFFICER	DEADLINE	DATE COMPLETED	COMMENTS
1	Re-share copy of Deloitte Report with Commissioners	DoCS		09/10/24	
2	(a) Commissioners to contact CEO with ideas and views on how best to engage with external stakeholders (b) CEO to then bring a paper to future Board meeting, including proposals on attendance at Agricultural Shows,	Board/CEO	November Board		(a) Commissioners asked to forward comments before end of month.
3	Draft KPIs and produce paper explaining role of Policy, Projects & Research team in relation to the production of Position Statements on the future Vision for crofting.	CEO	November Board		Put on Board Planner (done)
4	In order to ensure compliance with Recommendation 5.1 and 5.2 of the Deloitte Report, Board to receive copies of Agenda and Minutes of meetings with Sponsor Division and request to be made to allow Board members, in addition to the Chair, to attend meetings.	Convener		10/10/2024	
5	(a) Develop new set of KPI's to cover Outcome 2 in Business Plan for 2025/26 (Grazings) focused on statutory requirements. (b) Circulate cost benefit analysis of workshops organised by members of Grazings team	DF/FB	December  December		
6	CEO to come back to the Board with clarification around what constitutes a 'professional agent'.	CEO	November Board		
7	(a) Board to use afternoon session of meeting in November to focus on outcomes of Value of Crofting report and agree proposal to put to Minister. (b) Communications Officer to create copy to keep story on the report in the news in the meantime and circulate as drafts to the Board.	CEO  CEO/KC	November Board  Ongoing		
8	Arrange for copies of booklet on Vision for Crofting to be circulated to Commissioners for onward distribution in crofting communities.	HM/KC	To coincide with the public launch of the Vision		

**MATTERS ARISING FROM PREVIOUS MINUTES – ORAL**

# CROFTING COMMISSION MEETING

**27 November 2024**

Report by the Vice-Chair of Audit & Finance Committee

## SUMMARY

**The purpose of this paper is to provide the Board with an update of the Audit & Finance Committee meeting of 6 November 2024.**

## BACKGROUND

The Board has established an Audit & Finance Committee (AFC) as a Committee of the Crofting Commission Board to support Board Members in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

## CURRENT POSITION

The Vice-Chair will provide Board Members with a verbal update of the AFC meeting of 6 November. Full details are in the following draft minute of the meeting.

Key points for Board Members to note –

1. We reviewed financial performance for Q2 and noted a projected 2% saving arising from emergency spending restraint measures.
2. We reviewed an initial draft budget for 2025/26 and noted that forecast salary inflation and an increase in employer's NI will require a significant uplift in our GIA.
3. We reviewed the Operational Risk Register and noted a continuing reputational risk associated with fee collection on behalf of ROS.
4. We reviewed the Strategic Risk Register and -
  - a. Noted a rising risk associated with our inability to accept ROS forms in digital format.
  - b. Noted a rising risk associated with delays in appointing a new Chair for the Commission effective 1.1.25.
5. We reviewed a report on progress with outstanding audit recommendations and agreed to discharge three outstanding audit recommendations now completed.
6. We reviewed the Committee's TORs and agreed to recommend a minor change to the Board.

## RECOMMENDATION

**The Committee recommends that the Board should –**

- **Ask the CEO to explore with SG and ROS the possibility of legislative change to streamline collection of ROS fees and digitisation of ROS forms.**
- **Increase the assessment of strategic risk S13 (appointment of new Chair) subject to the outcome of ongoing discussions with SG.**
- **Modify the TORs to correctly identify the chair of this Committee as "Chair" rather than "Vice Chair".**

Date 6 November 2024

Author Andrew Thin, Vice-Chair, Audit & Finance Committee

# CROFTING COMMISSION MEETING

## 27 November 2024

Report by the Chief Executive

### Performance Report Q2 2024-25

#### SUMMARY

The quarterly Performance Report is one of the Commission's key reporting tools, with Outcomes linked to the Corporate and Business Plans.

<https://www.crofting.scotland.gov.uk/userfiles/file/appendices/241127/Q2-July-September-Performance-Report-2024-2025.pdf>

It is considered by the Audit & Finance committee each quarter before being brought to a subsequent Board meeting for information.

#### BACKGROUND

The Performance Report is split into four sections, with information detailed against Outcomes, as follows:

Outcome One – Crofting is regulated in a fair, efficient and effective way

Outcome Two – Crofting continues to thrive and evolve

Outcome Three – Crofts are occupied and used

Outcome Four – Our workforce has the right skills and motivation, and our governance processes are best practice.

#### CURRENT POSITION

Most of the measures detailed in the Performance Report have a Green RAG status. Out of a total of 19 Key Milestones, two are flagged as Red and two are at Amber, the rest being Green. Of the 16 Performance Measures, two are Red, three are Amber, the remaining measures are Green.

The Red Milestone at 1a of the report relates to securing agreement with Registers of Scotland on acceptance of digital applications and at 2c relates to the postponement of the next stage of the Succession Project.

Notable movement in Q2 includes the publication of the report on the Value of Crofting (2e) and work completed by the RALU team, detailed against Milestones 3a and 3b.

Members of the Executive Team will be present at the meeting and happy to take questions from Board members on the details set out in the report.

Impact:	Comments
Financial	Tasks detailed in the report are costed within the 24/25 budget
Legal/Political	N/A
HR/staff resources	Staff resources from all teams are expended delivering the targets outlined in the report.

Date: 1 November 2024

Author: Jane Thomas, Director of Corporate Services



# CROFTING COMMISSION MEETING

## 27 November 2024

Report by the Chief Executive

### Review of Strategic Risk Register Q2 – July-September

#### SUMMARY

The Committee is invited to note and comment on the Strategic Risk Register, which has been updated by managers, prior to its presentation to the Board.

<https://www.crofting.scotland.gov.uk/userfiles/file/appendices/241127/Strategic-Risk-Register-Q2-July-Sept-2024.pdf>

#### BACKGROUND

The Strategic Risk Register is reviewed by the Committee at each of its quarterly meetings and then by the Board at the meeting following AFC meetings.

Azets have recommended that a cover paper should be prepared by the Executive Team to highlight key points. This paper provides that analysis in the form of four tables.

#### POINTS TO NOTE

<b>HIGHEST OVERALL RISKS (score 100+)</b>			
<b>Ref no</b>	<b>Topic</b>	<b>Risk score</b>	<b>Comments</b>
S9	Future budget allocations do not keep pace with inflation.	125	<p>The draft budget requirements for 2025/26 reflect an overall 10.9% increase in funding from the current financial year. The material increase relates primarily to staff salaries.</p> <p>Given the August Scottish Government directive regards emergency spending controls and the overall economic outlook, a persuasive case will require to be forwarded to the Scottish Government.</p>

<b>NEW RISKS</b>			
<b>Ref no</b>	<b>Topic</b>	<b>Risk score</b>	<b>Comments</b>
No new risks have been identified during the quarter.			

<b>RISKS THAT ARE INCREASING (since last update)</b>			
<b>Ref no</b>	<b>Topic</b>	<b>Risk score</b>	<b>Comments</b>
S2	RoS Forms	40	Risk Reference <b>S2</b> <i>“RoS forms cannot be accepted digitally, which will slow down or restrict the realisation of the digital applications.”</i> Current risk score was 40. The Commission Director of Operations has adjusted the current risk score to 50.  The increase in risk score is due to <i>“Risk likelihood increased due to RoS not engaging with the Commission.”</i>
S9	Future budget allocations do not keep pace with inflation	125	Current risk score was 75. The Executive Team has adjusted the current risk score to 125 given budgetary uncertainties.

<b>RISKS WHICH COULD POTENTIALLY HAVE THE MOST SERIOUS CONSEQUENCES (Current impact 25 or 50)</b>			
<b>Ref no</b>	<b>Topic</b>	<b>Current impact score</b>	<b>Comments</b>
S1	Casework	25	Although the overall risk score is static in Quarter 2 this remains a key focus for the Commission.
S7	RALUT	25	It is important to maintain a strong Residency and Land Use team to continue addressing and resolving breaches of crofting duties, contacting those who do not respond to the census, absentee landlords of vacant crofts and failed successions.
S9	Budget	25	The overall current risk score has risen in Quarter 2. Although 2024/25 reflects a balanced budget allocation there remains a significant risk for 2025/26 and beyond.

<b>RISKS WHICH ARE MOST LIKELY TO TRANSPIRE (Current likelihood 4 or 5)</b>			
<b>Ref no</b>	<b>Topic</b>	<b>Current likelihood score</b>	<b>Comments</b>
S2	RoS Forms	5	Increased by Director of Operations. Refer to 'Risks that are increasing' table above
S3	Inconsistent regulatory decisions	4	Increased by Solicitor in Q4 2023/24.
S6	Credibility of crofting	4	Need to progress work of development team alongside the more established RALUT and grazings teams to ensure we are encouraging new entrants and active crofting, plus need for comms activity to highlight the continuing benefits of crofting.
S9	Budget	5	Increased by Executive Team. Refer to 'Risks that are increasing' table above
S12	Take-up of online applications	5	While the system is working well and popular with users, reaching the preferred levels of use may depend on resolving key issues with Registers of Scotland, especially about fraud prevention.

<b>RISKS THAT THE EXECUTIVE RECOMMENDS ARE DISCHARGED</b>		
<b>Ref no</b>	<b>Topic</b>	<b>Comments</b>
The Executive Team wishes to retain the current identified risks within the strategic register for Quarter 3 2024/25.		

**RECOMMENDATION**

**The Audit & Finance Committee is invited to comment on the content of the Strategic Risk Register and confirm whether it should be forwarded to the Board in its current format.**

Date 28 October 2024

Author: Neil Macdonald, Head of Finance, Crofting Commission

**DATE OF NEXT MEETING**

**26 February 2025 - St Kilda**

**ANY URGENT BUSINESS**

## **EXCLUSION OF PRESS & PUBLIC**