



CROFTING COMMISSION
COIMISEAN NA CROITEARACHD



CROFTING COMMISSION

Annual Report & Accounts
2023/24

Crofting Commission Annual Report and Accounts 2023/24

Laid before the Scottish Parliament in pursuance of Section 2B and Schedule 1, paragraph 19 of the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007 and the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013.

**To the Right Honourable John Swinney
His Majesty's First Minister.**

Dear First Minister

We have the honour to present the twelfth Annual Report and Accounts of the Crofting Commission covering the year 2023/24.

SG/2024/128



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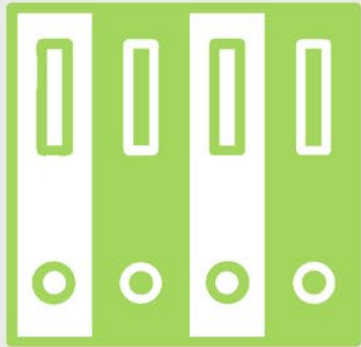
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2,130
cases
discharged



14,890
crofters on
the register

19,917
annual notices
issued



68.7%
return rate

Our Year
in figures



73
members of
staff
across Scotland



21,514
crofts on the
register



82%
of costs
on staff salaries



93%
of invoices
paid within 10
days





**CROFTING COMMISSION
COIMISEAN NA CROITEARACHD**

Performance Report

This section provides a review of the work of the Crofting Commission in 2023/24, including analysis of our delivery and performance and our position at the end of the year.

Convener's Foreword

A Year of Change and Renewed Support for Crofting.



The past year for the Crofting Commission has been one of significant change and a renewed focus on promoting and supporting crofting communities across the Highlands and Islands. We've embarked on a fresh approach, determined to ensure crofting not only survives but thrives in the years to come.

This commitment has seen us take a proactive approach, venturing out to the very heart of crofting life. From Muckle Flugga to Melbost, we've engaged with crofters face-to-face, listening to their concerns and aspirations for the future. These visits have been invaluable, providing a deeper understanding of the unique challenges and opportunities faced by crofting communities across the crofting counties.

I'm particularly proud of the incredible work our staff has delivered over the last twelve months. Their dedication has resulted in improvements in processing times for regulatory casework. This

not only benefits the Commission's efficiency but, more importantly, ensures crofters receive quicker responses and resolutions. Witnessing this dedication first-hand has made my role as Convener of the Board all the more rewarding.

This annual report details the full scope of the Commission's activities in 2023/24. It showcases our commitment to fostering a sustainable future for crofting, one that strengthens rural communities and celebrates this unique cultural cornerstone of Scotland.

I encourage you to delve into the report and discover the stories of resilience, innovation, and collaboration that define crofting today.

Malcolm Mathieson

Malcolm Mathieson
Convener



Lochend Peatland Resortation Project: Shetland

Chief Executive's Overview

Embracing a New Era for Crofting.



Gary Campbell

It is with great enthusiasm that I take this opportunity to address you in my first annual report as Chief Executive of the Crofting Commission. This past year has been a period of significant transformation, one that has ignited a renewed sense of purpose within the Commission. During the year, I took over from Bill Barron and I thank him for all that he achieved during his time at the Commission.

Our core mission – to support and promote thriving crofting communities – remains unchanged. However, the way we achieve this is evolving. We are committed to fostering a more collaborative and proactive approach, one that empowers crofters and ensures their voices are heard. This year, the Crofting Commission has embarked on a significant undertaking: laying the groundwork for a robust future for crofting. We recognise the vital role crofting plays in the Scottish economy, and we are committed to quantifying its current impact.

By establishing a clear understanding of crofting's present contributions, we can develop a compelling vision for its future. This vision will guide our efforts in supporting policies and resources that empower crofters and ensure the continued success of this unique and cherished element of Scotland's cultural and economic landscape.

The past year has seen us begin to delve into research and analysis to gather comprehensive data on the value of crofting to Scotland. As we move forward, we are confident that the insights

gained this year will serve as a solid foundation for building a brighter future for crofting in Scotland. We look forward to sharing our findings and collaborating with all stakeholders to ensure a thriving future for crofting.

This approach has been facilitated by a series of extensive visits throughout the crofting counties. From the windswept shores of Shetland to the fertile crofting heartland of Argyll, we have actively engaged with crofters, listening to their challenges and aspirations. These interactions have been instrumental in shaping our understanding of the diverse needs and opportunities that exist across the crofting counties.

This annual report offers a comprehensive look at the Crofting Commission's activities in 2023/24. It details our ongoing efforts to empower crofters by providing essential regulatory support, improving our services, and the continued outreach work of our Development and Grazings teams.

As we move forward, the Crofting Commission remains steadfast in its commitment to working alongside crofters, stakeholders, and the wider community. Together, we can build a vibrant and sustainable future for crofting, ensuring this cornerstone of Scotland's rural heritage continues to flourish for generations to come.

Gary Campbell

Gary Campbell
Chief Executive & Accountable Officer

Case Studies

Over the course of 2023/24 the Commission has made a positive impact on many remote rural communities across the Crofting Counties. The following are a few examples.

Decrofting for Community Benefit: A Case Study in Orphir, Orkney

The Crofting Commission recognises that in certain situations, carefully considered decrofting can bring positive social and wider public benefits. A recent case in Orphir, Orkney, exemplifies this approach.

The Challenge: Addressing a Housing Need

The application concerned a section of croft land at Souley, Swanbister. The crofter submitted a proposal to decroft 0.952 hectares of land for the development of 12 new dwelling houses, supported by relevant planning permission.

Balancing Interests: Croft Land and Community Needs

The Commission acknowledged the potential impact on the remaining croft land with the loss of this area. However, a thorough examination concluded that the potential drawbacks were outweighed by the significant benefits for the crofting community and the wider public interest.

The Positive Outcome: Housing Solutions and a Thriving Community

The Commission's approval of the decrofting application paved the way for the creation of much-needed housing within the Orphir community. This directly addresses a critical need for local residents, potentially attracting new families and contributing to a more vibrant community.

A Measured Approach to Decrofting

This case study underscores the Crofting Commission's commitment to a balanced approach. While the Commission prioritises the preservation of crofting land, it also recognises situations where decrofting can serve a demonstrably positive purpose for the wider crofting community and the surrounding area. By carefully evaluating each application and its potential impact, the Commission aims to ensure decisions support the long-term sustainability and well-being of crofting across Scotland.

Shared Resources, Stronger Community: A Case Study in Armadale Farr, Sutherland

The Crofting Commission recognises the importance of well-managed common grazings for the viability of crofting communities. A recent application approval in Armadale Farr, Sutherland, exemplifies the Commission's commitment to ensuring equitable access to these shared resources.

The Challenge: Addressing Unequal Access

The application pertained to the division of a croft at Armadale, Farr to divide some of the common grazings share which was associated with the croft. The key objective was to assign a share in the Armadale common grazings to a neighbouring owner-occupier crofter who previously lacked access to this crucial resource.

Ensuring Equitable Access to Common Grazings

Prior to the Commission's approval, the neighbouring crofter was unable to fully utilise their existing croft due to the absence of common grazings rights. By dividing the original croft and assigning a share in the common grazings to the neighbouring croft, the Commission addressed this limitation.

The Commission's Role: Fostering Collaboration

The Crofting Commission actively promotes the shared management and beneficial use of common grazings for the collective strength of crofting communities. This application's approval reflects the Commission's commitment to:

- **Equity in Resource Access:** The decision ensures that crofters within the Armadale area have a fair chance to thrive by granting access to the shared common grazings.
- **Enhanced Sustainability:** By enabling the neighbouring crofter to utilise their land more effectively, the Commission contributes to the overall sustainability of crofting within the community.

A Collaborative Future for Armadale Farr

This case study demonstrates the positive impact of the Crofting Commission's work in promoting equitable access to common grazings. By facilitating such arrangements, the Commission fosters a spirit of collaboration and ensures the long-term success of crofting communities across Scotland.

Who We Are

The constitution, powers and duties of the Crofting Commission are set out in The Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013.

The Crofting Reform (Scotland) Act 2010 created the Crofting Commission (hereafter referred to as 'the Commission', 'us' or 'we'), which came into being on 1 April 2012, taking over from the Crofters Commission. The Commission is a Non-Departmental Public Body which operates on a day-to-day basis independently of the Scottish Government, but for which the Scottish Ministers are ultimately responsible.

The Commission Board consists of six elected Commissioners and three Commissioners appointed by the Scottish Government, led by a Convener. The Board of Commissioners are supported by a staff of 72¹ led by a Chief Executive.



OUR VISION

That crofts and crofting communities continue to enhance the social, cultural, economic, and environmental fabric of the crofting areas.



OUR PURPOSE

To regulate the crofting system fairly, and to protect and strengthen it for future generations.



OUR VALUES

The Commission has developed corporate values which reflect what is important to us as an organisation and are at the heart of how we strive to operate on a day-to-day basis.

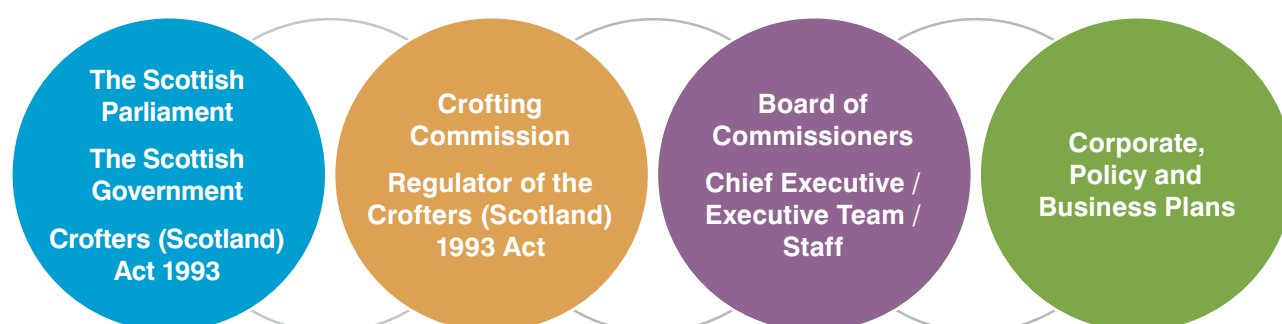
- Caring for crofting communities and the environment
- Positive teamwork
- Commitment to service quality and improvement
- Encourage staff and Commissioner development
- Being fair and impartial.

¹ As at 31 March 2024. Further information is available within the Commission's Staff Report on page 64.

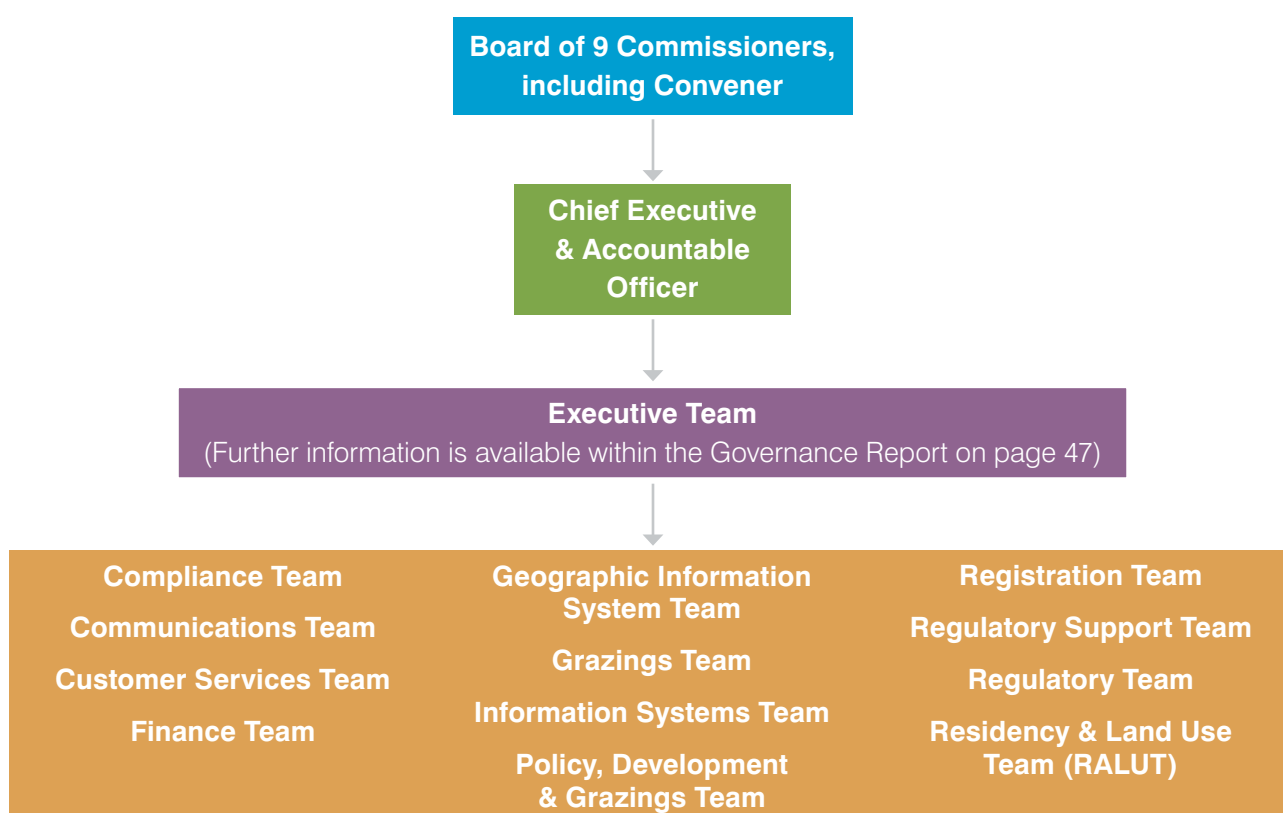
Business Model

The principal functions of the Commission as defined in the Crofters (Scotland) Act 1993 (the Act) are: regulating crofting, re-organising crofting, promoting the interests of crofting and keeping under review matters relating to crofting. The Act also places a duty on the Commission to investigate reports of breaches of duty by tenants and owner-occupier crofters.

The Commission also advises the Scottish Ministers on matters relating to crofting and collaborates with stakeholders on the economic development and social improvement of the Crofting Counties.

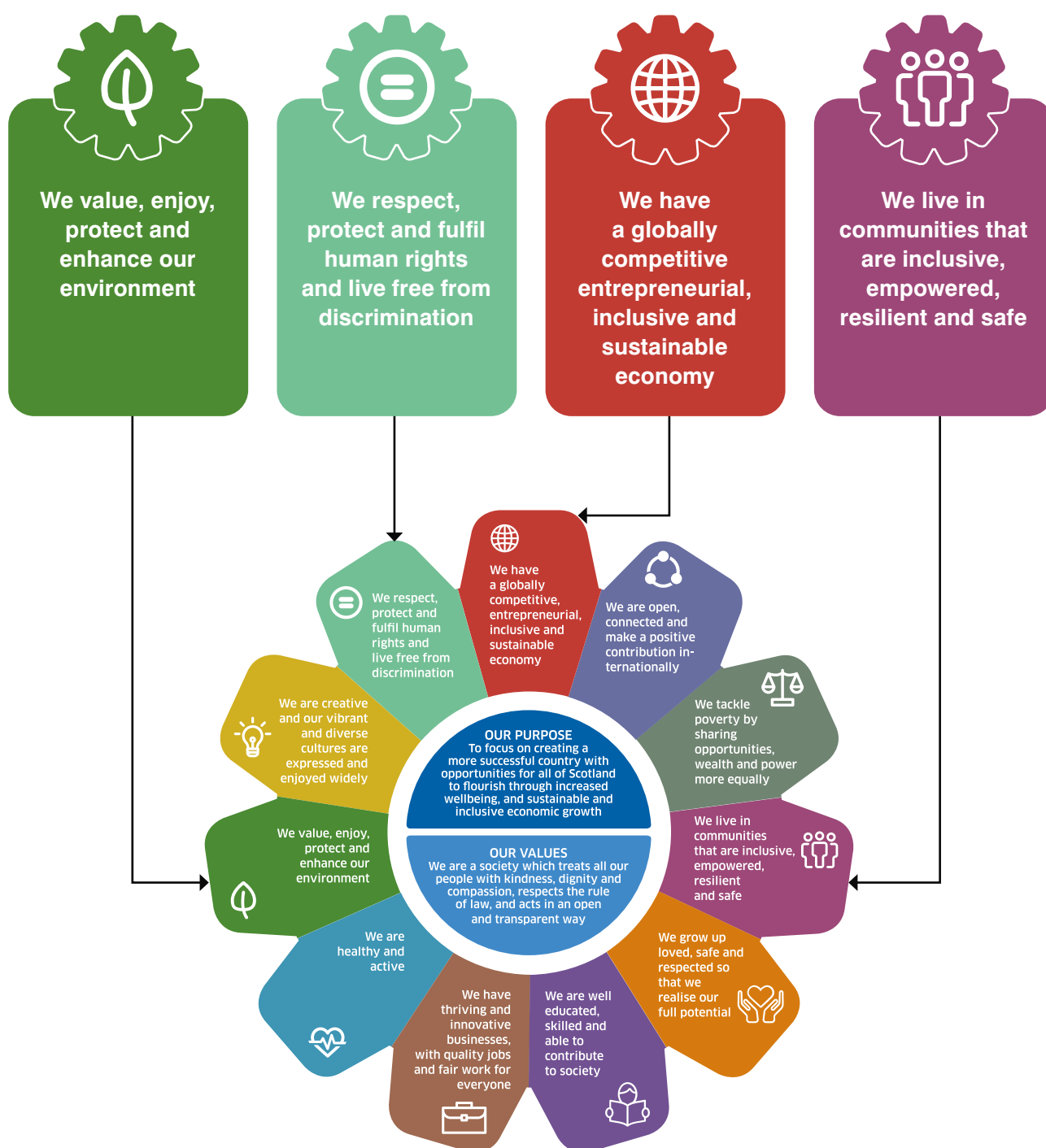


Organisational Structure



Objectives and Strategies

The Outcomes in the Commission's Corporate Plan are closely linked to help deliver 4 of The **Scottish Government's National Performance Framework outcomes**. You can view our full Corporate Plan at www.crofting.scotland.gov.uk



Scottish Government's National Performance Framework

National Performance Framework**We value, enjoy, protect and enhance our environment****Our Corporate Plan** **1** **2** **3**

How we contribute: We recognise the potential that lies within crofts and common grazings and we believe that by ensuring crofts are well managed and by facilitating development of crofts and common grazings through our decision making, we can enable an increase in productive use of croft land for a diverse range of activities. We acknowledge the detrimental impact that unworked crofts have on the well-being and productiveness of crofting communities and the land they occupy. By working with crofters to ensure they are fulfilling their duties in relation to cultivating and maintaining the land and working to increase the number of grazings committees in office, we contribute to better land management across the crofting counties.

National Performance Framework**We live in communities that are inclusive, empowered, resilient and safe****Our Corporate Plan** **2** **3**

How we contribute: We understand that crofts without a resident crofter or crofter family can create holes in communities which can have far-reaching impacts. Our action to promote and enforce residency makes a direct contribution to maintaining sustainable communities. In addition, we work with communities to help them understand the value of croft land as an asset and encourage more grazings committees into office to help fulfil the land's potential through better management of shared assets.

National Performance Framework**We have a globally competitive entrepreneurial, inclusive and sustainable economy****Our Corporate Plan** **2** **3** **4**

How we contribute: We recognise the potential within croft land to support local food and drink production, and also within common grazings to support renewable energy and carbon reduction and we are mindful of this through our decision making, enabling use of crofting assets to support these industries. Within the organisation, we are ensuring that our working practices are mindful of our carbon footprint and energy consumption and are working to progress changes to reduce these.

National Performance Framework**We respect, protect and fulfil human rights and live free from discrimination****Our Corporate Plan** **1** **2** **4**

How we contribute: By providing evidence-based information to Scottish Ministers and working with other crofting stakeholders, the Commission has a vital role in ensuring that the legislation and policies regarding crofting are fit for purpose both now and in the future. Further, by ensuring that our workforce is high performing and that the organisation operates in a straightforward and transparent way through process review and change, we can deliver significant improvements in service to the people of Scotland.

Summary of Key Risks and Issues We Face

The two biggest challenges currently facing the Commission are to improve the pace of our regulatory casework and to support the present and future strength of the crofting system. Our major strategic risks focus on the possibility that progress in either or both objectives could be inadequate.

The Commission's trend of reducing its outstanding casework position has continued throughout the reporting year (Refer to pages 18 & 54). This momentum has been facilitated by the recruitment and retention of multiple new staff members, as well as an ongoing program of process improvements being led by a dedicated staffing resource. Currently a focus is on completing a small number of particularly complex cases which due to their nature are older than would be desired. The Commission will face significant risk to this position should the staffing budget be reduced in future years, or policy changes significantly increase casework expectations.

As with all public bodies, whether our operational budget increases in line with future pay inflation is a key risk at this present time of financial restraint. The Scottish Government determines both the Commission's budget and the pay settlement for our staff each year, but the Commission mitigates this risk by dialogue with the Scottish Government, by being clear about our priorities, and by seeking efficiency improvements wherever possible. As 83%² of our annual expenditure is on staff pay, this remains a key area of risk. However, at the moment we are confident that we will continue to reduce our outstanding caseload and shorten the median processing times for all case types.

As the Commission continues to make strides in improvements to its regulatory work, the focus for the Commission is securing an effective future for crofting. Crofting plays a fundamental role in rural communities within crofting areas and continues to shape these areas and play a key role in the community and local economy. The Commission has a crucial role to promote crofting and keep under review the interests of crofting.

Whilst crofting provides crofters with substantial rights it also has certain duties. A significant challenge lies in the fact that some crofts are not meeting these duties. There is a risk around the Commission having insufficient understanding of this issue and the influences on it. The Commission's role in tackling breaches of duties is clearly set out in legislation and enacted by its residency and land use work. There is a substantial risk that this is insufficient to the scale of the problem. The work of the Policy, Development and Grazings Team to support active crofters and encourage croft turnover helps to widen the influence of the Commission in this respect.

Significant Commission focus is planned within 2024/25 to determine a vision for the future of crofting. This will tackle issues head on by defining the scale of the challenges faced and establishing a vision and route to addressing these issues.

A more in-depth analysis of our key risks is available within the Performance Analysis Report on page 26.

² Further information is available within the Notes to the Financial Statements on page 83.

Financial Summary

The 2023/24 annual report and accounts were audited by Audit Scotland who were appointed by the Auditor General for Scotland as auditors to the Commission from 1 April 2022.

For this period, the Commission has received an unmodified external audit report.

These accounts were prepared under the Accounts Direction issued by the Scottish Ministers detailed on page 88. They were prepared on a going concern basis, which means the Commission intends to continue its business for the foreseeable future and is able to do so.

The Commission operated within its Grant-in-Aid budget for the reporting year. The financial position of the Commission for the reporting year reflected total expenditure of £4.184M (£3.781M 2022/23) which was solely funded by the Scottish Government. Further detail on financial performance is provided within our Performance Analysis on page 41.



Case Studies

Over the course of 2023/24 the Commission has made a positive impact on many remote rural communities across the Crofting Counties. The following are a few examples.

Decrofting for Local Development: A Distillery Takes Root on the Isle of Barra

The Crofting Commission is committed to fostering economic growth and diversification within crofting communities. A recent application approval on the Isle of Barra exemplifies this commitment.

The Opportunity: A Distillery for Gin and Whisky Production

The application pertained to the decrofting of 0.643 hectares of croft land at 3 Eoligaray. This proposal, backed by planning permission, envisioned the establishment of a distillery dedicated to gin and whisky production.

Envisioning a Thriving Enterprise

The proposed distillery would encompass a distillery hall, service plant, service yard, office space, and a visitor complex featuring a cafe/restaurant, shop, and tasting room. This multifaceted development presented a compelling opportunity for economic growth within the Isle of Barra community.

Commission's Role: Balancing Interests

The Crofting Commission, while prioritising the preservation of crofting land, recognises the potential for carefully considered decrofting to contribute to the economic well-being of crofting communities. Following a thorough evaluation, the Commission determined that the potential benefits outweighed the impact on the remaining croft land.

A Catalyst for Growth: A New Distillery and a Brighter Future

The Commission's approval of the decrofting application paves the way for the creation of a new distillery on the Isle of Barra. This development has the potential to:

- **Create new jobs:** The distillery's operations are likely to generate employment opportunities within the community.
- **Boost tourism:** The visitor complex, with its cafe, restaurant, shop, and tasting room, could attract new tourists, bolstering the local economy.
- **Showcase local produce:** The distillery's focus on gin and whisky production could create a market for locally sourced ingredients, further benefiting the community.

Supporting a Sustainable Future

This case study demonstrates the Crofting Commission's commitment to fostering a thriving crofting sector. By approving well-considered decrofting applications that hold the potential for significant economic and social benefits, the Commission aims to contribute to the long-term sustainability and prosperity of crofting communities across Scotland.

Securing the Future: Succession Planning on the Isle of Skye

The Crofting Commission recognises the critical importance of effective crofting succession planning within crofting communities. A recent approval on the Isle of Skye exemplifies the Commission's support for this vital process.

The Challenge: Ensuring a Crofting Legacy

The application concerned the tenanted croft at 1 Ellishader, Kilmuir. The crofter proposed dividing the existing croft into two new, distinct crofts. This division aimed to facilitate the assignment of one of the newly created crofts to the applicant's son.

Creating Opportunities for the Next Generation

By approving the division, the Commission empowers a young family to establish themselves within the crofting township of Ellishader. This not only secures the future of the croft itself but also injects new energy and enthusiasm into the wider crofting community.

The Commission's Role: Fostering Sustainability

The Crofting Commission actively encourages crofters to consider long-term croft succession

planning. This ensures the continuation of crofting traditions and the vibrancy of crofting communities across generations.

The approval of this application demonstrates the Commission's commitment to:

- **Supporting family succession:** By facilitating the division of the croft, the Commission enables the applicant's son to embark on a crofting career, thereby safeguarding the crofting legacy within the family.
- **Strengthening crofting communities:** The arrival of a young family on the newly created croft contributes to the long-term sustainability and vitality of the Ellishader crofting township.

A Brighter Future for Skye's Crofting Community

This case study highlights the positive impact of the Crofting Commission's work in supporting croft succession planning. By encouraging and facilitating this process, the Commission ensures the continued success of crofting in Scotland for generations to come.

Performance Summary

The Commission measured its performance for the year 2023/24 against the strategic objectives in the **2023 – 2028 Corporate Plan**. The strategic objectives reflect the outcomes that matter most to the Commission and its stakeholders and cover the major areas of the Commission's remit.

Performance Indicators

Each of the outcomes detailed in our Corporate Plan are delivered through actions in the Business Plan which also detail specific performance improvement targets for that year. The table below provides a summary of the results pertaining to each.








Key



Achieved



Not Achieved

High Level Indicator	Objective	Overall Success
Number of breaches of duty resolved through Commission action	Increase	
Number of regulated grazings with committee in office	Increase	
Regulatory application turnaround times	Stop Increasing and Start to Decrease	
Reduce the number of live applications awaiting decision	Decrease	
Customer satisfaction rates	Increase	
Staff engagement rating	Increase	
Corporate carbon emissions from travel	Decrease	

Performance Analysis


The outcomes in the Commission's **Corporate Plan** are delivered through actions in the Business Plan and sets out the Commission's key objectives for the reporting year.

In our **Business Plan 2023/24** we identify key milestones that we wanted to achieve so we can deliver our Corporate Plan Outcomes. We have published this information within our website and is available for review at **www.crofting.scotland.gov.uk**

Performance improvement measures and targets have been set which are reported on below.


Operational Performance

Key  **Achieved**  **Partially Achieved**  **Not Achieved**

Corporate and Business Plan: Outcome 1 CROFTING IS REGULATED IN A FAIR, EFFICIENT AND EFFECTIVE WAY		
Aim/Measure	Target	Result
1.1 Aim Decrease in median turnaround times (registered crofts, Tier 1 approvals).	(Baseline Assignment – 19.9 weeks Decrofting CHSGG – 23.1 weeks Decrofting Part Croft – 26.9 weeks)	
Measure Time taken from application to notification of decision.	Target Assignment – 15 weeks Decrofting CHSGG – 18 weeks Decrofting Part Croft – 23 weeks	
Result: Assignment – 14.3 weeks Decrofting CHSGG – 18.2 weeks Decrofting Part Croft – 26.2 weeks Average case turnaround times improved in the third quarter of 2023/24 for Decrofting Croft House Site and Assignment, with average turnaround times for Assignment meeting the target of 15 weeks. The median turnaround times for both application types show a positive trend remaining below the 2022/23 average in 3 quarters of 2023/24, however Decrofting Part Croft turnaround times are out with target.		


Corporate and Business Plan: Outcome 1

CROFTING IS REGULATED IN A FAIR, EFFICIENT AND EFFECTIVE WAY

Aim/Measure	Target	Result
1.2 Aim Decrease in number of live regulatory cases at a point in time.	<i>(Baseline 1,052 cases on 31 March 2023)</i> Target Reduce to 800 or below.	
Measure Number of live regulatory cases on 31 March 2024.		

Result:


Live cases on 31 March 2024: 762.

Aim/Measure	Target	Result
1.3 Aim Increase in number of regulatory cases discharged in the year.	<i>(Baseline 1,866 cases on 31 March 2023)</i> Target 2,200	
Measure Total number of regulatory cases discharged during the year.		

Result:

2,130 cases discharged.

70 cases below the target of 2,200. This clearance figure has been affected by a targeted approach to dealing with the oldest, more complex cases first which are naturally slower. It is anticipated that the discharge rate trend will continue to improve as recently recruited staff become fully conversant with the varied types of regulatory applications.

Aim/Measure	Target	Result
1.4 Aim Customer satisfaction rates.	<i>(Baseline 2.8 in 2022/23)</i> Target Average of 3.75	
Measure Average 'overall satisfaction' score on a scale of 1 (unsatisfied) to 5 (satisfied).		

Result:

Overall customer satisfaction rating of 4.11 from 225 responses.

The Commission altered its approach to getting feedback after very poor return rates using the historic approach of sending follow up enquiries to a selection of recently decided applications. The new approach involved sending a satisfaction survey alongside the Census Questionnaire to all customers who have had a decision made on their applications in the 12 months prior to January 2024.

Corporate and Business Plan: Outcome 2

CROFTING CONTINUES TO THRIVE AND EVOLVE


Aim/Measure	Target	Result
2.1 Aim Maintain or increase in number of common grazings with a Committee in office.	<i>(Baseline 500 on 31 March 2023)</i> Target Maintain at 500 or above.	

Result:

474 on 31 March 2024.


This decrease is primarily due to the high number of Committees which have gone out of office within the reporting year and resource availability within the Grazings Team.

The Commission will monitor the situation and take any appropriate steps that are available to facilitate an increase of Grazings Committees in office.

Aim/Measure	Target	Result
2.2 Aim Establish correct shareholdings on common grazings by researching and updating records of shareholder situations.	<i>(Baseline 36 townships with single or multiple investigations concluded in 2022/23)</i> Target Demand led. Investigation and response to be carried out within 28-day time period.	
Measure Records of administrative action.		

Result:


The Commission has undertaken 65 investigations. 27 involved a review of the whole shareholding position relating to specific common grazings. This is crucial work as it ensures the accuracy of the Register of Crofts. Several shareholding review requests were raised internally, where a shareholding position required to be clarified to allow a regulatory or registration application to proceed.

Aim/Measure	Target	Result
2.3 Aim Meetings or other substantial engagement with Grazings Committees and shareholders (as required) to support them with the regulation and management of common grazings.	<i>(Baseline 15 significant engagements in 2022/23)</i> Target No numerical target as demand led. Aim to keep significant engagements below 20 cases through early intervention, provision of guidance, training and mediation as required.	

Result:

The Grazings Team have been involved within 18 significant engagements. Some of the engagements are stabilised but there are several which will require ongoing involvement within the 2024/25 reporting period.

Corporate and Business Plan: Outcome 3 CROFTS ARE OCCUPIED AND USED

Aim/Measure	Target	Result
3.1 Aim Number of formerly vacant crofts let by the landlord or the Commission following the Commission initiating action under the unresolved succession (section 11) or vacant croft (section 23) provisions of the 1993 Act.	(Baseline 7 in 2022/23) Target At least 45 permanent resolutions to breaches of duty, unresolved successions or vacant crofts delivered through Commission action.	
Measure Records of administrative action.	(numbers will be reported separately for 3.1-3.4 but the target relates to the total of the four categories of intervention).	

Result:

Unresolved succession (section 11):

The Commission are currently dealing with 21 cases where the succession to the tenancy remains unresolved after 3 years of the death of the crofter.


The Commission is in correspondence with parties to assist the resolving of these successions. If these efforts are unsuccessful, the cases will progress to the issuing of notices under the section 11 intestate succession proposing to terminate the tenancy, declare the croft vacant and require the landlord to submit letting proposals.

There have been 2 section 11(8) notices issued terminating the tenancies. There were 3 crofts let following the issue of section 11(8) notices terminating the tenancies and requiring the landlord to submit re-letting proposals: 1 to a new entrant in Lochalsh, 1 to a new entrant in Skye, and 1 to an existing crofter in Unst, Shetland.

Vacant croft (section 23):


The Commission is liaising with private landlords in Jura and Kilfinnan with a view to letting 12 vacant crofts created under the constituting non-croft land as croft provisions set out at section 3A of the 1993 Act. The Commission is also currently liaising with a public sector landlord with a view to letting 4 vacant crofts where the tenancy was terminated under the duties enforcement provisions of the 1993 Act. We have issued 1 section 23(5) notice to a landlord in Lewis requiring letting proposals.

Corporate and Business Plan: Outcome 3 CROFTS ARE OCCUPIED AND USED

Aim/Measure	Target	Result
3.2 Aim Number of RALU breaches resolved by a crofter or an owner-occupier crofter (i) in breach of their residency duty taking up residence on their croft; or (ii) in breach of their duty to cultivate and maintain the croft resuming cultivation and maintenance of the croft.	(Baseline 5 in 2022/23) Target (Refer to Aim 3.1)	
Measure Records of administrative action.		

Result:

- 22 crofters/owner-occupier crofters have resolved their breach of duty by taking up residence on their crofts (2 of which were following confirmation of their compliance with the terms of an undertaking notice)
- 15 crofters/owner-occupier crofters have resolved their breach of duty by cultivating and maintaining their crofts.

Aim/Measure	Target	Result
3.3 Aim Number of RALU breaches resolved by the assignation or renunciation of a tenanted croft, or the letting or sale of an owner-occupied croft.	(Baseline 28 in 2022/23) Target (Refer to Aim 3.1)	
Measure Records of administrative action.		


Result:

- 21 crofters resolved their breach of duty by assigning the tenancy of their crofts
- 3 croft tenancies were renounced and made available for let (1 of which was let to new tenant in Sutherland; We are currently processing applications to let the tenancies of the two other renounced crofts, also to new entrants)
- 1 owner-occupier crofter let the tenancy of their croft to an existing crofter
- 5 owner-occupier crofters sold/transferred ownership of their crofts.

In addition:

- 26 crofters resolved their breach on a temporary basis by subletting their crofts
- 5 owner-occupier crofters resolved their breach on a temporary basis by short-term letting their crofts
- 27 crofters obtained consent to be absent from their crofts.

Corporate and Business Plan: Outcome 3 CROFTS ARE OCCUPIED AND USED


Aim/Measure	Target	Result
3.4 Aim Number of RALU breaches concluded by tenancy terminations orders (section 26H), or approval of letting proposals submitted by owner-occupier crofters following a direction to do so (section 26J).	(Baseline 5 in 2022/23) Target (Refer to Aim 3.1)	
Measure Records of administrative action.		

Result:

- Issued 46 notices of suspected breach of duty under section 26C(1)
- Considered in 10 cases that there was a good reason not to issue a notice of suspected breach of duty under section 26C(1)
- Made 50 decisions that a crofter was in breach of duty under section 26C(5)
- Made 6 decisions that a crofter was not in breach of duty under section 26C(5)
- Issued 38 notices providing crofters with the opportunity to comply with the duty within a timescale the Commission consider reasonable under section 26D(1)
- Made 13 decisions accepting undertakings to comply with the duty under section 26D(5)
- Issued 9 orders terminating crofters' tenancies; 2 in Barra, 3 in Lewis and 1 each in Gairloch, Applecross, North Uist and South Uist.




Corporate and Business Plan: Outcome 4 OUR WORKFORCE IS SKILLED AND MOTIVATED, AND OUR GOVERNANCE PROCESSES ARE BEST PRACTICE

Aim/Measure	Target	Result
4.1 Aim Increase in Employee engagement rating.	(Baseline (67%) in October 2022)	
Measure Scottish Government Employee Survey 2023.	Target Maintain at 67% or above.	

Result:

The engagement index in the October 2023 survey has fallen to 60%.


The Executive Team will review an Action Plan to address any issues highlighted.

Aim/Measure	Target	Result
4.2 Aim Reduce business travel corporate carbon emissions.	(Baseline business travel 2.1tCO ₂ e in 2021/22)	
Measure Internal monitoring records and compliance with Public Bodies Climate Change Duties.	Target reports 1 year in arrears Below 5 tCO ₂ e in 2022/23.	

Result:

Business Travel Emissions 2022/23 1.07tCO₂e.

The Commission has adjusted this performance indicator for 2024/25 onwards now that further monitoring measures have been identified during 2023/24. We will review our overall emissions target for the organisation, which will include business travel, commuting, office emissions and home working.

Aim/Measure	Target	Result
4.3 Aim Redeploy efficiency savings within £4.17m core budget.	(Baseline 3% target 2022/23)	
Measure Commission Management Accounts.	Target 3%	

Result:

Staff turnover and managed lead in times for recruitment contributed to the achievement of the target.

Refer to Financial Performance (page 41) for additional information.

To regulate the crofting system fairly, and to protect and strengthen it for future generations

The Commission's main function is to regulate crofting in a manner that is fully compliant with the Crofters (Scotland) Act 1993. Therefore, the majority of the work carried out by the Commission is processing regulatory applications and recording notifications.

As of the 2023/24 Annual Report, the reference date for the following statistics has changed from the 'Initiation Date' (date set up on our Croft Information System) to the 'Recorded Date' (actual date received by the Commission), which is a more transparent reflection of the reality. Prior year figures have been restated accordingly to reflect this refined approach.

The number of decisions will differ from the number of applications received due to applications received which were carried over from 2022/23 and which will be carried over to 2024/25.

Application/Notification Type	Received	Approved	Refused	Invalid	Withdrawn
Apportionment	43	38	9	5	5
Assignment – 3(4) Share	1	1	-	2	-
Assignment – Holding	321	327	-	26	12
Consent to be absent	53	34	6	11	1
Consent to be absent – Extension	9	5	-	4	-
Create a new croft	9	14	-	2	2
Decrofting – Croft House Site and Garden Ground	134	132	-	27	9
Decrofting – Part Croft	283	276	4	47	28
Decrofting – S17 & S18 Feu	15	4	-	6	3
Decrofting – Whole Croft	10	2	1	2	2
Decrofting – Whole Croft – House Site Only	-	-	-	-	-
Division – Owner-Occupier Crofter	22	17	-	9	4
Division – Tenant	16	23	-	2	-
Exchange of croft land	5	6	-	1	-
Intestate Succession	130	118	-	1	2
Letting – Landlord of a vacant croft	39	27	-	7	4
Letting – Owner-Occupier Crofter	24	17	-	4	4
Short Term Letting	23	25	-	2	3
Subletting	81	95	-	8	8
Testate Succession – Bequest of Croft Tenancy	133	128	-	10	3
Totals 2023/24	1,351	1,289	20	176	90
Totals 2022/23 (Restated)	1,298	1,066	22	128	83
Totals 2022/23 (Prior to restatement)	1,344	1,067	23	127	72
Totals 2021/22 (Restated)	1,335	850	21	125	59
Totals 2021/22 (Prior to restatement)	1,388	837	21	130	60

Delegated Decision Making

The Board of Commissioners have been delegating decision making on straightforward regulatory cases to officers. These cases must be within the agreed parameters and meet all the legislative and policy requirements, if not they are escalated to a higher level. The cases for which decisions are taken on are typically on applications and not notifications, so the numbers presented are different to the previous table.

The table below shows the different levels of decision making used within the Commission and the number of cases considered at each level.

Level of Decision Making (by volume)	No of Cases Decided 2023/24	No of Cases Decided 2022/23	No of Cases Decided 2021/22	No of Cases Decided 2020/21
Tier 1 (Case officers)	808	686	570	630
Tier 2 (Senior Officials)	227	145	130	132
Tier 3 (3 Commissioners)	37	32	37	46
Decision by full Board of Commissioners	5	-	-	4
Totals	1,077	863	737	812

Level of Decision Making (as a percentage)	No of Cases Decided 2023/24	No of Cases Decided 2022/23	No of Cases Decided 2021/22	No of Cases Decided 2020/21
Tier 1 (Case officers)	75	79	77	78
Tier 2 (Senior Officials)	21	17	18	16
Tier 3 (3 Commissioners)	3.5	4	5	5.5
Decision by full Board of Commissioners	0.5	-	-	0.5

The total cases completed by the Commission has **increased by 25%** in comparison to 2022/23.

Analysis of Key Risks and Issues We Face

Corporate Plan Outcome	Risk Description	Action Taken
Crofting is regulated in a fair, efficient, and effective way.	The number of outstanding cases falls slowly or not at all.	<p>The regulatory team has been expanded by 40% since 2022. New performance management reports have been produced which have been directly linked to the objectives of all team members with management responsibility.</p> <p>A dedicated performance manager role has been introduced and our training function has been expanded to ensure consistent and comprehensive training at all levels within the team.</p> <p>A full roadmap of planned improvements designed to streamline casework clearance is in place for 2024/25.</p>
Crofting continues to thrive and to evolve.	Economic and social conditions make it harder for active crofters, and those who wish to become active crofters, to obtain crofts and run effective crofting businesses.	<p>A pilot project was carried out in 2023 to evidence the barriers to living croft succession and identify the actions that could help address these barriers.</p> <p>A project plan relating to croft succession is in place for 2024/25.</p> <p>Information for landlords is also in preparation and will be published to support active crofting and engaged landlords.</p> <p>Direct support is provided to Common Grazings Committees and training events are held around the crofting counties, with the support of funding from the Farm Advisory Service.</p>
Crofts are occupied and used.	Too many crofts have no active, resident crofter.	<p>The Residency and Land Use Team follows up hundreds of cases of suspected breach of duty by crofters, including some of those who do not respond to the annual 'census'; some cases where the owner lives remotely and there is no tenant crofter; and all reported cases of breach of duty.</p> <p>Enforcement action now includes owner-occupier crofters as well as tenant crofters if they are in breach of their duties.³</p>
Our workforce is skilled and motivated, and our governance processes are best practice.	Future budget uncertainty as the Scottish public sector enters a period of financial restraint.	<p>We revise our Medium-Term Financial Plan and Workforce Plan at least once per year. The Commission benefited from a budget increase in 2023/24 and has recruited additional staff in order to discharge our functions. We are undertaking a range of efficiencies and reviewing our priorities, as well as continuing to discuss the financial needs of the organisation with Scottish Government.</p>

³ Further information on planned action for 2024/25 can be located within our 'Governance Issues Going Forward' update on page 55.

Register of Crofts (ROC)

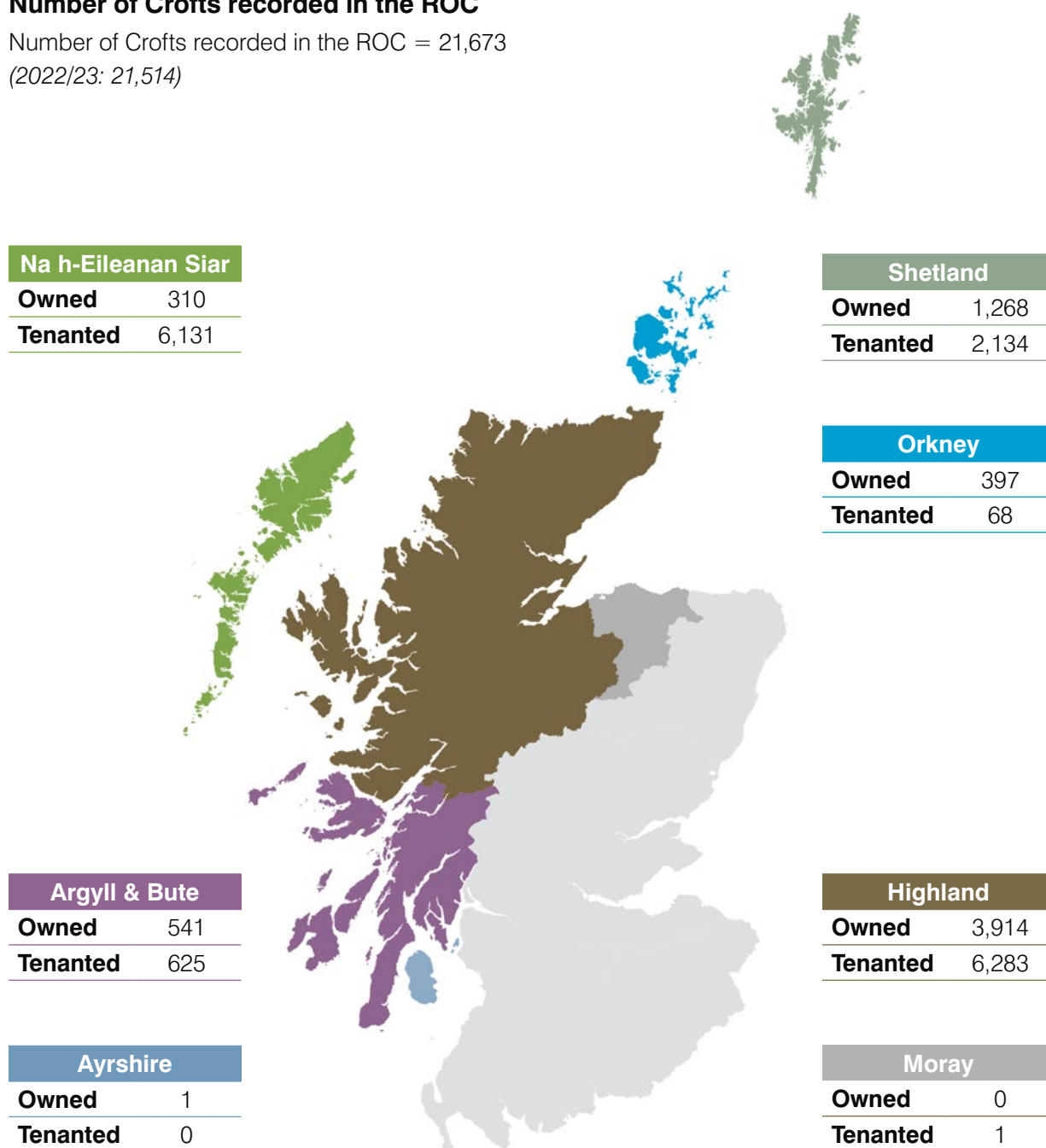
The Commission maintains its own ROC which holds information on the name, location, rent, the extent of each croft, details of the tenant, landlord and any rights held in a common grazings.

We made minor amendments to the ROC as a result of approximately **750** individuals (2022: 750) providing us with additional information which was missing or inaccurate as part of their 2023 Census return.

Number of Crofts recorded in the ROC

Number of Crofts recorded in the ROC = 21,673

(2022/23: 21,514)



Crofters by Age

As of the 2023/24 Annual Report, a correction has been made to these statistics, to prevent an identified double count of a crofter in certain circumstances*. This leads to adjusted counts for previous years.

AGE	No of Crofters 2023/24	No of Crofters 2022/23 (Restated)	No of Crofters 2021/22 (Restated)	No of Crofters 2020/21 (Restated)
<21	20	26	22	27
21 – 40	1,177	1,213	1,241	1,259
41 – 60	4,926	5,011	5,092	5,110
61 – 80	5,520	5,393	5,261	5,089
> 80	1,404	1,247	1,085	953
Date of Birth Unknown	1,843	1,841	1,828	1,835
Total	14,890	14,731	14,529	14,273
Total prior to restatement*	N/A	16,651	16,527	16,476

* Where a crofter is both tenant and owner-occupier of crofts they were being counted twice.



Crofting Register

In addition to processing regulatory applications, we also assess the competency of Croft Registration applications for the Keeper of the Registers of Scotland (RoS).

Croft Registration applications

First Registrations



Subsequent Event affecting a registered croft



There were also **163** (2022/23: 201) rectifications processed.

An overall total of **9,677** (2022/23: 8,904 crofts) are now entered in the RoS Crofting Register.



Further information on the RoS Crofting Register can be found on our website

www.crofting.scotland.gov.uk/crofting-register

Crofters Duties

Tenants and Owner-Occupier crofters have a duty to:



Be ordinarily resident on, or within 32km of their croft



Not to misuse or neglect the croft



Cultivate and maintain the croft, or put to another purposeful use.

Notifications of Suspected Breach of Duties

If a failure to comply with any of the duties is reported by a member of the crofting community, a grazings committee/constable or an Area Representative, the Commission has an obligation to investigate.



2 (2022/23: 3) cases of suspected breaches of duty were reported to the Commission over the year. In **1** case it was decided that there was a good reason not to take enforcement action in terms of section 26C(1) of the Crofters (Scotland) Act 1993 – the other case is still being investigated.

In addition to the above, the following cases from previous reporting years were resolved during the period 2023/24:

1

case where the crofter renounced the tenancy of their croft

4

crofters resolved their breach by assigning their tenancies with the consent of the Commission

1

crofter resolved their breach by subletting their croft with the consent of the Commission

2

owner-occupier crofters resolved their breach by transferring ownership of their crofts

1

case where the crofter complied with the terms of an undertaking notice.

In addition to the above there was **1** case where, following investigation, the Commission were satisfied that there was no evidence of a breach of crofter's duties.

Consent to be Absent Applications

28

(2022/23: 26) applications received

25

approved (2 applications received in 2022/23 where the decision was taken during the period 2023/24)

5

refused

In addition, RALUT processed and approved **2** (2022/23: 3) applications for extensions of consent for absence.

Crofting Census 2022 – Duties

The Commission commenced engagement with **131** individuals as a result of them either indicating on the 2022 Crofting Census Return to be in breach of one or more of their crofting duties or failing to return their Census return.

1st Tranche of Census cases (non-resident, non-cultivating tenants)

9 individuals were written to, giving them the opportunity to either resolve their breach or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of Section 26C(1) of the 1993 Act.

Of those **9** written to – **1** crofter applied for and received Consent to be Absent and **1** case was closed as the crofter is now deceased.

The remaining **7** cases are progressing through the Duties enforcement provisions.

2nd Tranche of Census cases (non-resident, non-cultivating, owner-occupier crofters)

2 individuals were written to, giving them the opportunity to either resolve their breach or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of Section 26C(1) of the 1993 Act.

Of those **2** written to – **1** owner-occupier crofter took up residence and the remaining case is progressing through the Duties enforcement provisions.

3rd Tranche of Census cases (non-resident tenants)

43 individuals were written to, giving them the opportunity to either resolve their breach or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of section 26C(1) of the 1993 Act.

Of those **43** written to **1** crofter advised that they had incorrectly indicated they were not resident and **1** case was closed as the crofter is now deceased. In **2** cases it was decided that there was a good reason not to take enforcement action in terms of section 26C(1) of the 1993 Act.

In addition to the above:

- **6** crofters applied for and received Consent to be Absent
- **2** crofters took up residence
- **7** crofters have submitted applications for the Commission's consent to sublet their crofts which are pending decisions
- **2** crofters have submitted applications for the Commission's consent to assign the tenancy of their croft which are pending decisions.

The remaining **22** cases are progressing through the Duties enforcement action.

4th Tranche of Census cases (resident, non-cultivating tenants)

37 individuals were written to, giving them the opportunity to either resolve their breach or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of section 26C(1) of the 1993 Act.

Of those **37** written to – **18** crofters advised that they had incorrectly indicated they were not cultivating the croft. In addition, **1** crofter submitted an application for the Commission's consent to assign the tenancy of their croft, which is pending decision.

The remaining **18** cases are progressing through the Duties enforcement provisions.

5th Tranche of Census cases (Census non-returners – tenants)

28 individuals were written to, giving them the opportunity to either resolve the breach of their residency duty, or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of section 26C(1) of the 1993 Act.

Of those **28** written to – **1** crofter had recently been assigned the tenancy of the croft and was allowed a period of time to comply with their duties.

In addition to the above:

- **1** crofter took up residence
- **3** crofters applied for and received Consent to be Absent
- **1** crofter resolved their breach by subletting their croft with the consent of the Commission.

The remaining **22** cases are progressing through the Duties enforcement action.

6th Tranche of Census cases (Census non-returners – owner-occupier crofters)

12 individuals were written to, giving them the opportunity to either resolve the breach of their residency duty, or for the case to progress to the issuing of a Notice of suspected breach of duty under the enforcement provisions of section 26C(1) of the 1993 Act.

Of those **12** written to – **2** cases were closed as the owner-occupier crofters are now deceased.

In addition to the above:

- **1** owner-occupier crofter applied for and received Consent to be Absent
- **1** owner-occupier crofter submitted an application for the Commission's consent to short term let their croft, which is pending decision.

The remaining **8** cases are progressing through the Duties enforcement action.

Crofting Census Previous Years

– Duties

In addition to the above six Tranches of work in connection with the 2022 Crofting Census, the following cases (from previous Census Returns of 2017, 2018, 2019, 2020 & 2021) were resolved during the period 2023/24:

- **20** crofters resolved their breach by taking up residence on their croft
- **17** crofters resolved their breach by assigning their tenancies with the consent of the Commission
- **25** crofters resolved their breach by subletting their croft with the consent of the Commission
- **15** crofters applied for and received Consent to be Absent
- **3** owner-occupier crofters resolved their breach by transferring ownership of their crofts
- **5** owner-occupier crofters resolved their breach by short-term letting their crofts with the consent of the Commission
- **1** owner-occupier crofter resolved their breach by letting the tenancy of their croft with the consent of the Commission
- **1** crofter complied with the terms of an undertaking notice
- **15** crofters resolved their breach by cultivating and maintaining their crofts. In addition to the above there were:
 - **9** cases where it was decided that there was a good reason not to take enforcement action in terms of section 26C(1) of the 1993 Act
 - **3** cases where crofters renounced the tenancies of their crofts
 - **6** cases where the crofters are now deceased
 - **2** cases where the crofter incorrectly indicated that they were in breach of a duty.

At the end of the reporting year, there were **103** cases which remained under consideration. These cases are being dealt with under the duties enforcement provisions (from the point of whether or not to issue a section 26C(1) Suspected Breach of Duty Notice – to decide under section 26C(5) if a duty is being complied with – to issuing notices under section 26D, providing the crofter in breach with an opportunity to resolve the breach within a timescale deemed to be reasonable by the Commission).

26C(1) Notices, 26C(5) Decisions and 26D Notices issued by the Commission:

- **46** section 26C(1) notices of suspected breach of duty were issued – **42** as a result of census returns and **4** following a section 26A reported breach of duty
- **50** section 26C(5) decisions made that duties were not being complied with, **46** as a result of census returns and **4** following a section 26A reported breach of duty
- **6** decisions made that a crofter was not in breach of duty under section 26C(5) – all as a result of census returns
- **38** section 26D(1) Notices were issued providing the crofters with an opportunity to give an undertaking to comply with their breach of duty, **36** as a result of census returns and **2** following a section 26A reported breach of duty
- **13** decisions made accepting undertakings to comply with the duty under section 26D(5), **11** as a result of census returns and **2** following a section 26A reported breach of duty.

Termination Orders

In the course of the year, the Commission were satisfied that it was in the general interest of the crofting community to issue **9** Orders terminating the crofter's tenancy due to a breach of duty. **2** in Barra, **3** in Lewis and **1** each in Gairloch, Applecross, North Uist and South Uist.

All cases were initiated by either the crofter indicating on their Crofting Census that they were in breach of one or more of their duties, or the crofter not returning their Crofting Census and subsequently being found in breach of their residency duty.

Letting of vacant crofts

The Commission issued **1** 23(5) Notice to a landlord in Lewis requiring letting proposals.

Unresolved succession

The Commission issued **1** section 11(4) notice proposing to terminate the tenancy of a croft in Barra, which will result in termination and a let if it progresses to the section 11(8) termination stage.

The Commission issued **2** section 11(8) notices terminating the tenancies, declaring the crofts vacant and requiring the landlord to submit letting proposals to the Commission.

There were **3** crofts let following the issue of section 11(8) notices where the Commission approved the landlords' letting proposals: 1 to a new entrant in Lochalsh, 1 to a new entrant in Skye, and 1 to an existing crofter in Unst, Shetland.

General Enquiries

During the course of the year RALUT responded to **36** (2022/23: 45) general enquiries.

Crofting Census 2023

Crofters have a legal obligation to complete and return an annual Crofting Census for each of their crofts and grazing shares.

Requests for Census completion were issued on **19,917** (2022/23: 19,901) Register of Croft entries, consisting of **17,800** (2022/23: 17,680) general crofts and **2,117** (2022/23: 2,221) grazing shares (deemed crofts).

Overall, **13,679** (2022/23: 11,790) submissions were received by the Commission. This is equivalent to a **68.7%** (2022/23: 59.2%) return rate.

Tenants and Owner-Occupier crofters have a duty to:



Be ordinarily resident on, or within 32km of their Croft
95% (2022/23: 95%)



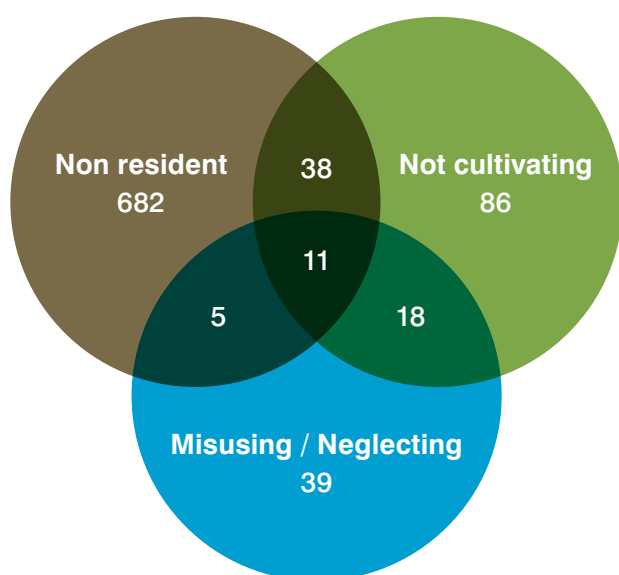
Not to misuse or neglect the croft
99% (2022/23: 99%)



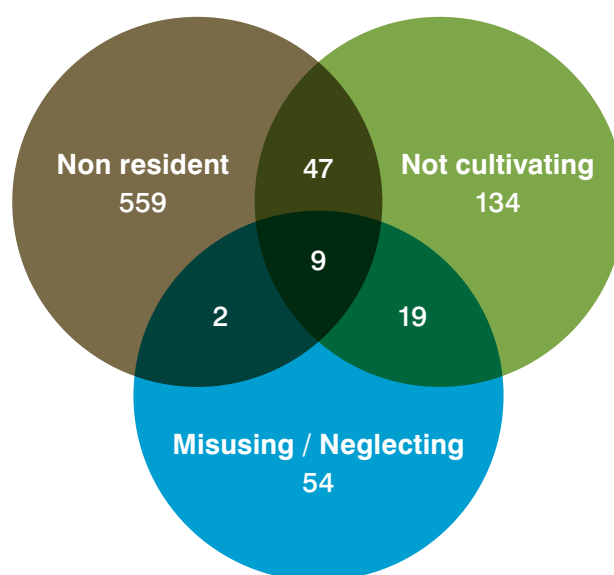
Cultivate and maintain the croft or put to another purposeful use
99% (2022/23: 98%)

Number of crofters not complying with their Duties as notified to the Commission.
TOTAL: 879 (2022/23: 824)

2023 Census Returns



2022 Census Returns



The numbers represent crofts only and are the numbers of crofts that fall solely into each category.

Common Grazings

Common grazings form an integral and unique part of the crofting system. Comprising two-thirds of all land under crofting tenure, these areas of land have been, and continue to be critical to crofting livestock systems. Additionally, they are also becoming increasingly recognized for the environmental and ecological benefits they provide. There is exciting potential through the avenues such as peatland restoration, carbon capture, renewable energy, woodland creation, and woodland management to assist in the countering of climate change, enhancing biodiversity, and the production of high quality and secure food production.

There are over 1,000 common grazings covering an area in excess of 500,000ha across the Crofting Counties of Scotland.



The appointment of Grazings Committees to represent and act on behalf of the shareholders is a fundamentally important aspect of a common grazings. They provide the mechanism to manage, maintain and improve the common grazings to allow common grazings the potential to deliver all of the potential benefits detailed in the paragraph above.

The number of Grazings Committees in office has fallen in comparison to recent years, however we are still well above the 418-baseline set in 2018/19 and the Commission will continue to promote the appointment of an active grazings committee being in place for as many common grazings as possible in the coming year.

The provision of guidance and training to Committees and crofters in general on both legislative requirements and good practice is also recognized by the Commission as being vitally important to assist Grazings Committees in the carrying out of their role and responsibilities. The Commission has worked jointly with **FAS** which is part of the Rural Development Program funded by the Scottish Government to provide information and resources aimed at increasing profitability and sustainability of both farm and croft land.

Through this joint working approach, the Commission have delivered **8** workshops throughout the Crofting Counties to **101** attendees who have an interest in their own local common grazings. Due to demand the Commission created and delivered a new advanced training course to interested parties. This has been successfully delivered in **4** locations with **50** people attending. It is anticipated, due to demand, the Commission will continue to deliver both the introductory and advanced workshops in even more locations in the coming year.

	2023/24	2022/23	2021/22	2020/21
Number of Grazings Committees in Office	474	500	497	500

Freedom of Information/ Environmental Regulations/ Data Protection

The Commission is committed to complying with legislation that gives members of the public the right to request information and for that information to be provided unless an exemption applies. This legislative requirement falls under the Freedom of Information (Scotland) Act 2002, Data Protection Act 2018, General Data Protection Regulation and the Environmental Information (Scotland) Regulations 2004.

Further information can be found at www.crofting.scotland.gov.uk

Complaints

The Commission is committed to providing first-class customer service and we use feedback from customers who are dissatisfied to improve our services.

During 2023/24 we received **29** complaints (2022/23: 47).



Frontline Resolution	2023/24	2022/23	2021/22
Upheld	6	9	23
Partially Upheld	2	6	4
Not Upheld	5	6	9
Investigation in Progress	-	-	2
Escalated	-	-	-
Totals	13	21	38

Investigation Stage	2023/24	2022/23	2021/22
Upheld	7	6	2
Partially Upheld	4	10	4
Not Upheld	2	5	3
Invalid	-	1	2
Withdrawn	3	2	1
Investigation in Progress	-	2	2
Totals	16	26	14

Further information can be located on our website. www.crofting.scotland.gov.uk

Engaging with Stakeholders: The Commission’s Communication Strategy

The Commission prioritised effective communication with a diverse audience, encompassing the general public, stakeholders, and crofting communities. This was achieved through a multi-faceted approach, leveraging both digital and print media alongside in-person events.













Social media platforms like Facebook, X (formerly Twitter), Instagram, and YouTube serve as key tools for the Commission. These channels have witnessed steady growth within crofting counties, allowing the Commission to reach a geographically relevant audience.

The strategic use of radio broadcasting also allowed the Commission to reach a wider audience and was instrumental in ensuring a good turnout at Grazings workshops that were undertaken in Shetland.

Press releases targeting national and local newspapers focused on specific campaigns or issues within the Commission’s remit. While national press coverage is generally limited to lifestyle features or topics outside the Commission’s scope, local press and newsletters remain valuable channels of communication. The Commission also contributed editorial pieces to relevant publications, including the Press and Journal’s Farming North, The Crofter, and The Scottish Farmer.

Agricultural shows continue to offer a valuable platform for direct engagement with crofters. The Commission actively participated in these events, utilising social media to promote its presence and employing engaging display materials. Feedback mechanisms were also incorporated to gather valuable insights from crofters.

By implementing this comprehensive communication strategy, the Commission ensured transparency, engagement, and effective communication with all stakeholders during the reporting year. This fosters a well-informed and collaborative environment for the continued success of crofting across Scotland.

Platform	Total Followers March 2024		Total Followers March 2023	
		2,599		2,414
		3,745		3,540
		201		180
		684		634

Human Rights

Equality, diversity and inclusiveness

The Commission is committed to equality of opportunity and has policies and procedures in place to ensure this is achieved. It also fully recognises its legal responsibilities, particularly in respect of race relations, age, sex, and disability discrimination and complies with all Scottish Government policies in relation to Human Rights and Equality.

Equality Duty

The Commission is subject to the Equality Act 2010 (General Duties) (Scotland) Regulations. The Commission must also publish statements on equal pay and information about Board Members.

The Commission is committed to providing an update as part of the organisation's Annual Report and a summary has been provided below for that purpose.

Those subject to the equality duty, through the delivery of their functions, have a responsibility to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

Recognising the importance of Gaelic language and culture within the crofting community, the Commission is committed to expanding its communication reach. We incorporate Gaelic language posts on our social media channels, ensuring vital information reaches Gaelic speakers. Additionally, key documents are translated into Gaelic, fostering greater accessibility and inclusivity for Gaelic-speaking crofters.

The full report of the programme of mainstreaming initiatives that the Commission has been working to deliver, together with progress towards delivery of the equality outcomes, can be found on our website. **www.crofting.scotland.gov.uk**

Community and charity work

The Commission recognises the benefits that community and charity work by colleagues can bring to the wider community and applauds its staff for their individual efforts.

In August 2023 Commission staff undertook the Great Glen Challenge and raised £1,180 for **RSABI** to assist crofters and farmers throughout Scotland.

Environmental Matters

The **Scottish Government** has an ambitious target to transition Scotland to net zero greenhouse gas emissions by 2045. As a public body, the Commission must play its part regards contributing towards the achievement of this goal.

During the reporting year the Commission, in line with its **Climate Emergency Charter** has been developing a Carbon Management Plan to address its greenhouse gas (GHG) impact associated with its operations. The Commission has conducted an all-scopes GHG assessment (carbon footprint) to ascertain GHG impacts and carbon hotspots. Following on from this review, the Commission intends to develop objectives and pathways to reduce the Commission's GHG emissions.

In line with this approach the Commission has adjusted its performance indicator for 2024/25 onwards now that further monitoring measures have been identified to capture our overall emissions for the organisation, which will include business travel, commuting, office emissions and home working.

Our latest environmental statistics are published within the **Sustainable Scotland Website**.

Regarding the matter of how the Commission encourages climate and biodiversity friendly practices across crofting is challenging because the levers – such as agricultural subsidies – are not in our hands. But there is a facilitative role the Commission can play, which may grow into something more. Our endeavours throughout the year have focused on:

- **Raising Awareness:** Educating crofters about the importance of understanding peatland health and the benefits of carbon sequestration can bring to your croft or common grazings, including highlighting the future conditionality of support based on understanding and nurturing peatland areas.
- **Providing Support:** The Commission offers guidance and resources to help crofters to better understand carbon sequestration so that they can develop and implement peatland restoration plans.
- **Facilitating Collaboration:** The Commission encourages collaboration between crofters, landowners, and environmental organisations to develop peatland restoration projects.

Despite the potential, challenges remain. Determining ownership of carbon rights on crofting land and ensuring fair distribution of benefits require careful consideration. Additionally, navigating the complexities of carbon credit markets necessitates support for crofters. The Commission is actively working to address these challenges by:

Advocating for Fair Carbon Rights: The Commission advocates for policies that ensure crofters benefit from carbon sequestration efforts on their land.

The Commission strives at policy level to streamline participation in carbon credit schemes, making them more accessible to crofters.

The Commission has collated information for those considering peatland restoration projects which is available on our website **www.crofting.scotland.gov.uk/peatland-restoration**

The Commission's commitment to carbon sequestration positions crofting communities as key players in Scotland's fight against climate change. By harnessing the potential of peatland restoration, crofters can contribute significantly to a more sustainable future while securing the economic and environmental well-being of their communities.

Financial Performance

The Scottish Government allocated the Commission a budget of £4.170M (£3.900M 2022/23). An allocation of £0.065M (£0.065M 2022/23) was also provided for non-cash costs such as depreciation and amortisation.

Payment Practice Code

In line with the Scottish Government policy, the Commission requires that all suppliers' invoices not in dispute are paid within 10 working days of receipt. The Commission aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time and in these terms. During the year ended 31 March 2024, the Commission paid 93% (100% in 30 days) of its invoices within these terms (95% 10 days, 100% 30 days in 2022/23).

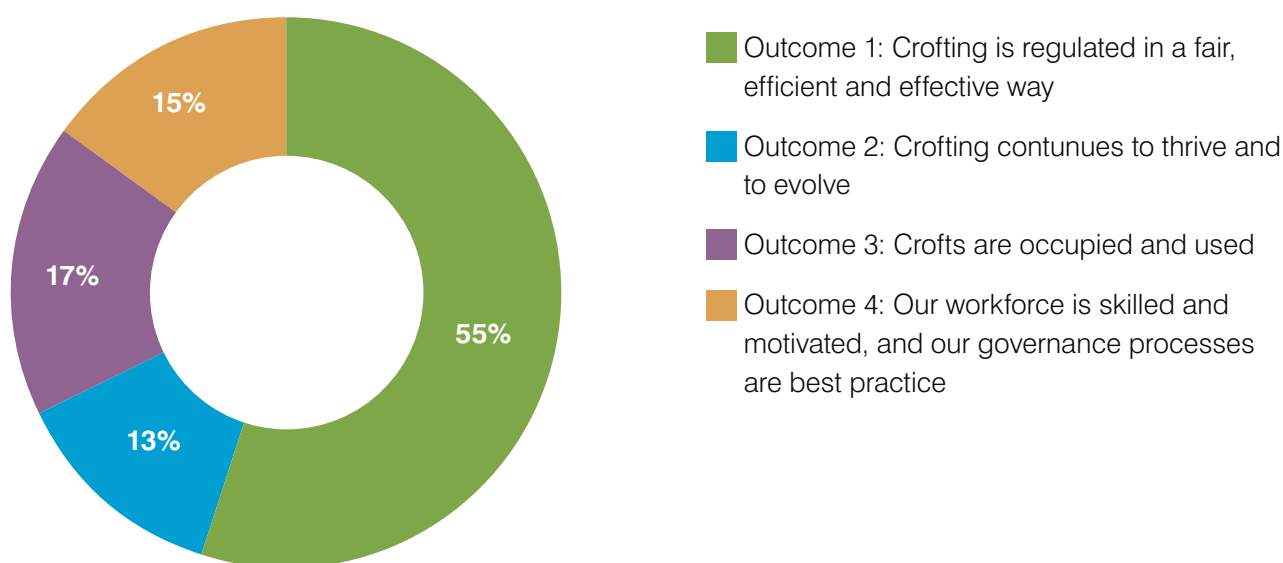
Strategic Outcomes

Reducing our costs to maximise funding for our regulatory work continues to be a priority. During the year, the Commission continued to review its staff structure to ensure resources were focussed upon frontline tasks. Participating within Scottish Government collaborative contracts, combined with further travel cost economies being achieved via hybrid working practices has contributed towards additional efficiency savings. These examples contributed towards the Commission meeting the Scottish Government's target for efficiency savings of 3% on our 2023/24 baseline budget of £4.170M. Overall, we recorded 3.8% or approximately £152,000 of efficiency savings during 2023/24 (3.3%, £132,000 2022/23).

Additional financial analysis is provided within the Accountability Report on page 48.

How we allocated resources in 2023/24

We are funded by the Scottish Government and as a regulatory body approximately 81%* of our overall expenditure was staff related.



*Not including Board Member Remuneration.

Resource Allocation Trend Analysis



Planning Ahead

The Commission has been allocated a 2024/25 resource budget of £4.5M which has been approved by the Scottish Parliament.

Anti-Corruption and Anti-Bribery Matters

The Commission is committed to the highest standards of ethical conduct and integrity and is committed to the prevention of bribery and corruption, as we recognise the importance of maintaining our reputation and the confidence of our stakeholders. No instances of corruption or bribery were recorded in 2023/24.

Gary Campbell

Gary Campbell
Chief Executive and Accountable Officer
21 August 2024

Case Study

Croft Succession Pilot Project

The Commission is committed to supporting a thriving crofting sector across Scotland. A critical aspect of this is ensuring a smooth transfer of crofting tenancies from one generation to the next. In this regard, the Commission Development Team conducted a pilot project in November 2023 to gain a deeper understanding of the challenges associated with croft succession planning, particularly focusing on living succession (where a croft is transferred during the crofter's lifetime).

The Importance of Croft Succession Planning

Unaddressed croft succession poses a significant threat to the crofting way of life. When a crofter passes away without a succession plan, the croft can remain unused for extended periods due to the complexities of intestate succession (absence of a will). In some unfortunate cases, crofts are effectively abandoned due to a lack of interested parties. With an average of 40% of succession cases received by the Commission over the past three years falling under intestacy, addressing this issue is paramount.

A Focus on Depopulating Areas

The pilot project specifically targeted two areas experiencing high depopulation rates: the islands of Uist and Barra, and the crofting parishes of Assynt, Eddrachillis, Durness, and Tongue in the North-West mainland.

Engaging with Crofters

To gain valuable insights, crofters within the pilot areas received information packs and surveys. These resources aimed to understand existing succession plans, along with the reasons why some crofters lacked a strategy.

To further promote awareness and engagement, three local croft succession information events were held in Lochinver, Balivanich, and Castlebay. These events were significantly enhanced by the participation of **RSABI, the Farm Advisory Service, the Scottish Land Matching Service, and Citizens Advice Scotland** – all organisations offering valuable support to crofters and the wider crofting community.

Looking Forward

Building upon the valuable information gathered during this pilot, the Commission aims to deliver further croft succession events in 2024/25. These events will ensure crofters are fully informed of all available options when it comes to planning the future of their crofting tenancy.

Further information relating to croft succession can be sourced from the Commission website www.crofting.scotland.gov.uk/succession





**CROFTING COMMISSION
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Accountability Report 2023/24

Key statements and reports that enable us to meet accountability requirements and demonstrate compliance with good corporate governance.

Corporate Governance Report

Directors' Report

Commissioners during 2023/24

Commissioner	Method of Appointment	Attendance at Board Meetings during 2023/24	Attendance at Audit and Finance Committee Meetings during 2023/24
 Colin Kennedy ^{*1}	Elected	8/10*	-
 Donald MacDonald ^{*1}	Elected	9/10*	-
 Duncan Gray ^{*1}	Elected	10/10*	-
 Iain Maciver ^{*1}	Elected	9/10*	-
 Mairi Renwick Mackenzie ^{*1}	Elected	10/10*	-
 Rod Mackenzie ^{*1}	Elected	10/10*	4/4*
 Andrew Thin ^{*2}	Appointed by Cabinet Secretary	10/10*	4/4*
 Duncan Macaulay ^{*2}	Appointed by Cabinet Secretary	6/10*	4/4*
 Malcolm Mathieson ^{*3 & 4}	Appointed by Cabinet Secretary	9/10*	-

* = Number of attendances/Number of meetings possible to attend

1 = Elected (or re-elected) to the Crofting Commission on a 5-year term with effect from 18 March 2022.

2 = 3-year appointment by the Scottish Government from 1 September 2022.

3 = 2-year re-appointment by the Scottish Government from 1 January 2023.

4 = Appointed Convener of the Crofting Commission with effect from 9 July 2021.

Full details of the Commissioners' Register of Interests can be found on our website.
www.crofting.scotland.gov.uk/meet-the-commissioners

Executive Team



Gary Campbell, Chief Executive Officer and Accountable Officer from 3 January 2024 –

Responsible for the overall operations and management of the Commission, including financial controls. Oversees the delivery of effective, consistent, and transparent regulatory services. Also ensures that the Scottish Ministers, the Commission's Convener and Commissioners receive accurate information and objective advice, and that the Commission executes its statutory duties and powers fully and effectively. Has a central role in building external relations, co-operation and communications with key stakeholders and the wider public.



David Findlay, Solicitor –

Responsible for providing the Commission with legal advice, and deals with litigation involving the Commission.



Jane Thomas, Director of Corporate Services –

The Commission's Standards Officer, who also has responsibility for

Governance, Finance and IT. Also leads on Staffing issues, Complaints, Freedom of Information requests and Data Protection/GDPR.



Aaron Ramsay, Director of Operations –

Responsible for the delivery of services to regulatory applicants, for continuous

improvement in the Commission's regulatory work, and for customer satisfaction.



Bill Barron, Chief Executive Officer and Accountable Officer to 2 January 2024 –

Subsequently retired from the Commission on 19 January 2024.



Financial Performance

Summary of Deficit/(Surplus) for the year	2023/24 £000	2022/23 £000
Total Operating Expenditure	4,184	3,781
Grant-in-Aid Drawn Down	(4,170)	(3,900)
Deficit/(Surplus)	14	(119)
Reconciliation of operational expenditure on an accrual basis to Grant-in-Aid drawn down	2023/24 £000	2022/23 £000
Deficit/(Surplus)	14	(119)
Exclude non-cash:		
Depreciation and Amortisation	(56)	(47)
Working capital adjustments involving:		
Debtors	19	28
Creditors	12	(73)
Movement in provisions	-	-
Investing activities	18	103
Grant-in-Aid drawn down in deficit/(excess) of Cash expenditure	7	(108)

On an income and expenditure accrual basis, the financial outcome for the year on normal business activities reports a deficit of £0.014M (2022/23 Surplus £0.119M). This deficit arises as a result of accounting adjustments, such as depreciation and working capital movements to the financial statements, that do not involve the flow of cash. On a cash accounting basis, the Commission spent £0.007M (2022/23 £0.108M Surplus) in excess of its Grant-in-Aid draw down for the year. This does not represent a cash deficit and relates to planned expenditure regards projects committed to during 2022/23 but not commenced until 2023/24. The expenditure was met from funding drawn down in 2022/23 for this purpose.

Total operating expenditure for 2023/24 was £4.184M (2022/23 £3.781M). This expenditure is met solely from Grant-in-Aid. The Commission operated within its Grant-in-Aid allocation for year 2023/24.

Further details of the Commission's employee, Commissioner and operational expenditure to 31 March 2024 are disclosed in note 2 (Page 83) to the accounts.

Pensions

Commission staff members are eligible to be members of the Principal Civil Service Pension Scheme. Details of the scheme and the pension entitlements of the Commission's Executive Team are given in the Remuneration and Staff Report (Page 59) and note 1.5 (Page 80) to these accounts.

Non-Audit Fees

The Auditor General for Scotland has appointed Audit Scotland as auditor. Details of the audit fee for the year to 31 March 2024 are disclosed in note 2 (Page 83) to the accounts. Audit Scotland were not engaged or paid for any non-audit work during the year.

Statement of Accounting Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and Schedule 1 paragraph 19 of the Crofters (Scotland) Act 1993 as amended, Scottish Ministers have directed the 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 state of affairs of the Commission and of its income and expenditure, application of resources, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting manual (FReM) and in particular 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 FReM have been followed, and disclose and explain any material departures in the accounts; and
- 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 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 Commission's assets, as set out in the Memorandum to Accountable Officers for Parts of the Scottish Administration issued by the 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 Commission's external auditor is unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Commission's external 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 are 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 Corporate Governance Statement records the stewardship of the Commission and supplements the Annual Report and Accounts. This statement also draws together position 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 the 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.

Our Framework Document, which is our agreement with the Scottish Government and sets out our relationship is published on our website.

www.crofting.scotland.gov.uk

Governance Framework

The Board

The Convener leads the Board, and the Chief Executive leads the Executive Team of the Commission.

The Board is comprised of 9 Commissioners, 6 of whom are elected by registered crofters, and 3 appointed by the Scottish Government. The Convener is selected from within the Board by the Cabinet Secretary for Rural Affairs, Land Reform and Islands.

More information on the Commissioners can be found on pages 46 to 47.

The role of the Board is to provide strategic leadership for the organisation, setting the policy direction and taking direct responsibility for the more significant or contested casework decisions. Commissioners set out their policy position by submitting a **Policy Plan**⁴ to the Scottish Ministers. They also oversee the work of the organisation, and the Chief Executive is accountable to them for its performance.

During the year, the Board undertook a number of key activities:

- Approved short-term measures to accelerate casework: Proposals developed and implemented, including a new process for speeding up incomplete cases submitted to the Commission, faster approval of assignation applications which have no objections, and the amendment of several parameters which determine the level within the organisation at which regulatory decisions can be taken
- Reviewed delegation parameters relating to the Decrofting Part Croft and Croft House and Garden Ground regulatory function to provide assurance that crofting is not a barrier to

⁴ The Crofters (Scotland) Act 1993, as amended, requires the Crofting Commission to produce a Policy Plan, to be agreed with the Scottish Ministers, within 6 months of the date of a crofting election.

creating rural housing and that decroftings play a part in having sustainable viable communities

- Approved a phased approach to facilitate a study to articulate the '*Value of crofting to Scotland*' which will provide the Commission with a benchmark for monitoring the future performance of the sector
- Reviewed the streamlining of regulatory processes where possible within existing legislation and, for the longer term, continued to make representations to the Scottish Government about desirable changes to crofting legislation
- Engaged with a range of stakeholders to commence a Future of Crofting vision for the next 12 years, including work on a series of Position Papers. This will remain an ongoing focus during 2024/25
- Continued to prioritise communication with crofters, through attendance at shows, public meetings, and social media
- Met with the Minister for Energy and the Environment to present their vision for the future of crofting and its regulation.

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful organisation. During December 2023, the Board undertook a review of its own effectiveness which culminated in a workshop with management to discuss feedback from the review. An action plan has been developed to capture and progress recommendations from this evaluation process. The Board and Executive Team propose that a similar event will be scheduled annually, as it fosters a culture of open and transparent communication and contributes to the continuous improvement of the Commission's decision-making, effectiveness, and performance.

The Board's Code of Conduct can be obtained from the Commission's website.

www.crofting.scotland.gov.uk

The Board is supported by the Audit & Finance Committee.

Audit and Finance Committee (AFC)

Three Commissioners are appointed by the Board to serve on the AFC. This Committee meets 4 times a year with additional meetings if required.

More information on the Committee Members can be found on pages 46 to 47.

The 2010 Act requirement for the Convener to chair the Committee "if present" at its meetings conflicts with good practice guidance issued by the Scottish Government in the SPFM, the Audit Committee Handbook and *On Board*. In order to comply with both the 2010 Act and best practice guidance, the Commission has appointed a Vice Chair of the Committee and the Convener does not attend meetings of the Committee. The Commission's Scottish Government Sponsor Branch has confirmed its approval of this arrangement.

The external and internal auditors are invited to attend all AFC meetings. They are given the opportunity to speak confidentially to the Committee members. The purpose of the AFC is to monitor and review risk, control, and corporate governance. It operates independently and reports to the Board.

Within the reporting year the AFC co-opted an external member to the Committee to provide additional independent assurance that the Commission is maintaining and developing a strong corporate governance culture through constructive challenge where required such as on risks arising from fiscal and resource constraints. Information on the associated remuneration of this appointment can be located on page 59.

The AFC terms of reference can be obtained from the Commission's website.

www.crofting.scotland.gov.uk

The Convener of the Crofting Commission

The Convener is responsible to the Scottish Ministers on behalf of the Commission for ensuring that the Commission's policies and actions support delivery of the statutory functions and the wider strategic policies of the Scottish Ministers; and that the Commission's affairs are conducted with probity. The Convener shares with other Commissioners the corporate responsibilities set out above for the Board and in particular for ensuring that the Commission fulfils the aims and objectives set by Scottish Ministers.

More information on the Convener can be found on pages 46 to 47.

Executive Team

The Executive Team is responsible for dealing with matters that concern the Commission as a whole, including: its organisation; leadership; priorities; culture; governance; management; compliance with legal and other obligations; the management of the relationship with the Board and Committees; risk management; people, premises and use of financial resources.

The Executive Team is committed to high standards of corporate governance and strives to provide the leadership, strategic oversight and the control environment required to deliver the Commission's key aims.

More information on the Executive Team can be found on page 47.

Senior Management Team

The Senior Management Team meets regularly and supports the Accountable Officer and Executive Team for delivering the statutory functions and strategic aims of the Commission. The Senior Management Team consists of the head of each operational area. Executive Team members also attend Senior Management Team meetings.

Risk and Control Framework

All bodies subject to the requirements of the 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 Commission's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Commission maintains both strategic and operational risk registers which record internal and external risks and identify the mitigating actions required to reduce the threat of these risks occurring and their impact. The Risk Management Strategy and Operational Risk Register are regularly updated and reviewed as a standing item by senior staff and the AFC. Each individual risk is allocated an owner who ensures that mitigating action is carried out. Likewise, the Strategic Risk Register is regularly reviewed by the Executive Team and is considered by the Board at least four times per year.

Our systematic and structured risk management approach is designed to provide assurance that the opportunities and threats facing the Commission are being appropriately identified, assessed and effectively managed; and all the key information is reported to managers, the AFC and the Board.

The Commission is subject to a variety of risks and uncertainties. Key risks regarded as most relevant to the organisational performance during the year to 31 March 2024 can be found within page 26.

The Commission follows the Scottish Government policy on Information Security and has a Senior Information Risk Owner in place to manage risk information.

The governance, risk and control processes applied within the Commission accord with guidance given in the SPFM and have been in place for the year ended 31 March 2024 and up to the date of the approval of the annual report and accounts.

Review of Effectiveness of Internal Control and Risk Management

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and risk management arrangements. My review is informed by:

- 1) Letters of assurance supported by a completed internal control checklist, agreed by the Executive Team that the controls are working well and if applicable stating areas of concern
- 2) The work of internal auditors, who submit regular reports to the Commission's AFC (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 audit reports
- 4) The annual report provided by the Vice Chair of the AFC to the Board, detailing the work of that committee during the year
- 5) Quarterly reviews by the AFC of the organisation's Operational and Strategic Risk Registers and by the Board for the Strategic Risk Register and the work of internal audit in assessing effectiveness of risk management arrangements; and
- 6) Letters of assurance from NatureScot and the Scottish Government who provide shared finance and payroll/HR services respectively to the Commission.

During the year and up to the date of signing the accounts the following governance arrangements were put in place:

- Comprehensively reviewed the Commission's Health & Safety Policy and associated Management System to ensure that the Commission remains both compliant with statutory legislation and focuses on protecting and proactively promoting support services to staff

- Refreshed our Workforce Plan and Medium-Term Financial Plan
- Developed a climate action plan detailing how the Commission can measure its current emissions, put monitoring systems in place to measure future emissions, and identify and set targets to how we can achieve zero direct emissions within an ambitious timeframe
- Provided access to the Regulatory Digital Application Portal to all applicants and launched new application types within the Digital Applications System
- Introduced a dedicated improvement function within our Regulatory team, with a focus on process improvements to the Regulatory functions. This has currently delivered a range of enhancements, including a simplification of the GDPR-related steps in workflows, and significant improvements to the internal case paper process
- Regulatory management team focus on the reduction of the casework volume and associated development of a new strategy to target outstanding casework volumes strategically
- Monitored the number and duration of outstanding cases on a monthly basis, reporting trends to the Board each month and providing further analysis at each meeting
- Launched a pilot project to promote crofting succession and understand the barriers to succession
- Launched an updated release of the Croft Information System (CIS) software which has introduced several process improvements to the Commission's key information system, it also enabled the Commission to shift future development and improvements to a new Agile based methodology, which will adhere to a suite of governance documentation that is now in place.

The Commission will continue to review the system of internal control and risk management to ensure that this continues to provide reasonable assurances regarding its responsibilities under the Crofters (Scotland) Act 1993.

Trends in Outstanding Casework

The Commission's top priority was the continued focus upon addressing a backlog of regulatory casework applications. Over the last year, the Board's strategy regards accelerating casework has focused on policies and procedures that could be adjusted to facilitate faster decision-making, and this has resulted in several changes at an operational level.

The casework outstanding position has continued to improve (refer to page 18). It is apparent that the expansion of the casework team during the previous reporting year, who continue to gain experience and develop, combined with actioning a range of other strategies for enhancing throughput of casework, including the continued development of our system for online applications, improvements to our casework handling software and streamlining processes where possible within the legislation has been a successful strategy and is reflected in a downwards trajectory of outstanding applications for the reporting year.

The Commission is confident that this trend will continue going forwards into 2024/25 as officials continue to systematically examine all the current long-term cases to identify the reasons why each case has not yet progressed to a conclusion; this work should lead to many cases being progressed and others – where the reasons for delay are outwith the Commission's hands – terminated. Equally important is the legislative changes which we believe are required. The Commission has worked with other crofting stakeholders to provide advice to the Scottish Government on the changes that would help improve crofting for ourselves and – more importantly – for crofters.

Assurance

Based on the above assurances, and established internal controls, I am content that the overall operation of governance requirements at the Commission was satisfactory for the financial year 2023/24.

Conflicts of Interest Procedures

The Commission operates strict and comprehensive procedures to deal with potential conflicts of interest. The Commission displays the Register of Interests of Commissioners on its website. This is formally reviewed on an annual basis, but Commissioners provide updates to the Commission Standards Officer as they occur or within 4 weeks of any change occurring, at the latest. The Register of Interests can be viewed on our website. **www.crofting.scotland.gov.uk**

Commissioners record any potential conflicts of interest at the start of every Commission Board meeting and absent themselves from decisions on any matters in which they have an interest. These declarations are recorded in the minutes of the meeting. Staff and Commissioners also complete an annual Declaration of Interests and the Commission's Conflict of Interest policy is reviewed annually.

External Audit

The Auditor General for Scotland has appointed Audit Scotland as the Commission's external auditor for the five-year period from 1 April 2022.

Internal Audit

The internal audit function is an integral part of the internal control system. Following a tender exercise conducted via Public Contracts Scotland, Azets Audit Services Ltd was reappointed as the internal auditor of the Commission for the six-year period 2019-2025. An internal audit strategy and plan for 2023/24 was prepared for consideration and approved by the AFC at its meeting on 26 April 2023.

Levels of assurance provided in internal audit report opinions

The following internal audit reviews were undertaken during 2023/24:

Internal audit review	Report classification
Core Financial Systems	Low risk
Corporate Governance	Low/Moderate risk
Review of Croft Information System (CIS)	Moderate Risk
Review of Croft Information System (CIS): Follow Up	No classification due to style of report

The internal audit findings were presented in the individual reports issued during the year to the Executive Team and the AFC. Internal audit recommendations have been captured within a progress report which is monitored by the AFC as a standing item at its quarterly meetings.

Each year the Internal Audit provider issues an annual report which includes an opinion on the system of internal control. The opinion for year 2023/24 is that:

“In our opinion, the Crofting Commission has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives”.

Significant Governance Issues

No significant governance issues were recorded during 2023/24.

Governance Issues Going Forward

The key governance challenges going forward centre on delivery of outcomes in the context of a tight financial climate. They will involve:

Governance Issue	Action Planned
Chief Executive and Accountable Officer focus for 2024/25	Newly appointed in January 2024, a priority for the Chief Executive will be an outwards focus on developing open and collaborative lines of communication with stakeholders. A key message being “We want to work in partnership.” Aligned with the above will be a focus upon communicating a wider understanding of what is possible within the remit of the Commission.
Recovery of Trend of outstanding casework	This will continue to be a Commission priority. The Regulatory management team will continue to work towards process improvements, with plans to map out the applicant journey to identify pinch points.
Efficiency of regulatory processing	The Commission will continue to focus on the development and implementation of improvements to maximise the efficiency of casework processing, including streamlining of internal processes, and encouraging digital applications from crofters, agents and solicitors.
Review the Commission staffing structure and capacity, including phasing and costing of any changes, over the coming years	An independent review of the Commission's staffing structure commenced in April 2024. A key focus of the review will be to identify future challenges and opportunities based on the Commissioners' insight into and expectations of strategy and policy development which is underway.
Focus on 'serial non returners' of the annual census	From 2024/25 onwards a sample of non-returners will be selected, and the Commission will be out and about in communities. The Commission will seek to work with crofters and landowners to remedy land use issues.
Structured evaluation of what crofting brings to Scotland	The benefits of crofting are often poorly understood. In terms of a key responsibility to promote the interests of crofting, the Commission will facilitate a study to articulate the benefits of crofting. This will provide an evidence base the Commission can use to monitor the future performance of the sector.

Information and Data Security

The Commission has in place a range of systems and measures which ensure that information held by the organisation and held by third parties on behalf of the organisation, is secure. The Commission's Compliance Hub monitors compliance concerning the release of data from the organisation. In addition, the Commission has implemented the Scottish Government guidance on data security and information risk through the creation of an information asset register, which includes assessment of risk and awareness training for staff.

During 2023/24, under our hybrid working policy, almost all staff have been working exclusively from home. It has not, therefore, been possible to carry out a clear desk monitoring check. However, staff and Commissioners have been given guidance on maintaining information security at home, and all staff and Commissioners have been asked to review and sign the IS Acceptable Use policy, which covers information security.

All new staff have received direct training on GDPR and a refresher course for staff was delivered in May 2023, as well as staff continuing to complete the annual mandatory online training.

No data breach incidents were reported to the Information Commissioner's Office in 2023/24.

Whistleblowing

The Commission is committed to dealing responsibly, openly and professionally with any genuine concern held by staff and Commissioners. The Commission encourages staff and Commissioners to report any concerns about wrongdoing or malpractice within the Commission which they believe has occurred or is likely to occur. Staff and Contractors are covered by the Scottish Government's Policy on Whistleblowing and a stand-alone policy has been developed to cover Commissioners which reflect the provisions of the Public Interest Act 1998.

To assess the effectiveness of our whistleblowing arrangements the policies are reviewed by the AFC on an annual basis. The policies are circulated to staff to ascertain their confidence in the arrangements.

Remuneration and Staff Report

Unaudited

Remuneration policy

Board Members

The Commission Board comprises up to 9 Commissioners. Commissioners' remuneration is approved by Scottish Ministers and is determined according to the "Public Sector Pay Strategy for Chairs, Board Members and Public Appointments."

Refer to **www.scotland.gov.scot/publications** for further detail.

Current Board Member appointments are non-pensionable. Current Elected Board Members appointments are for 5 years commencing 18 March 2022. Terms and appointment dates for Board Members who have been appointed by the Cabinet Secretary for Rural Affairs, Land Reform and Islands, can be viewed within the Directors' Report on page 46.

Staff

All permanent and fixed-term staff are civil servants and Scottish Government employees and are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish Government and, in determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls. The Commission has no role in negotiating pay rates for its staff.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

The majority of officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission may be found at **<https://civilservicecommission.independent.gov.uk>**

Audited

Board remuneration

Commissioners were due remuneration as follows:

	2023/24 £000	2022/23 £000
Commissioners who held office during 2023/24		
Malcolm Mathieson ¹ (Full year equivalent for Convener)	20-25 (20-25)	20-25 (20-25)
Andrew Thin ²	5-10	5-10
Colin Kennedy ³	5-10	5-10
Duncan Gray ³	5-10	5-10
Donald MacDonald ³	5-10	5-10
Mairi Mackenzie ⁴	5-10	5-10
Iain Maciver ⁴	5-10	5-10
David Campbell ⁵	-	0-5
Duncan Macaulay ⁶	-	-
James Scott ⁷	-	0-5
Rod Mackenzie ⁸ (Full year equivalent)	5-10 (5-10)	5-10 (5-10)

1 = 2-year re-appointment by the Scottish Government from 1 January 2023. Appointed Convener of the Crofting Commission with effect from 9 July 2021.

2 = 3-year appointment by the Scottish Government from 1 September 2022.

3 = Elected to the Crofting Commission on a 5-year term with effect from 18 March 2022.

4 = Re-elected to the Crofting Commission on a 5-year term with effect from 18 March 2022.

5 = Appointment by Cabinet Secretary expired as at close of business 19 August 2022.

6 = 3-year appointment by the Scottish Government from 1 September 2022. Waived remuneration for the duration of time in post.

7 = Resigned as a Commissioner with effect from 1 September 2022.

8 = Resigned as Convener with effect from 21 June 2021 and resigned as a Commissioner with effect from 1 July 2021. Re-elected to the Crofting Commission on a 5-year term with effect from 18 March 2022.

Commissioner appointments are non-pensionable.

Co-opted AFC external member remuneration

	2023/24 £000	2022/23 £000
James Munro ¹	0-5	-
(Full year equivalent)	(0-5)	-

1 = Co-opted external member of AFC. Appointed from 25 September 2023. Time commitment is one day (7.5 hours) a quarter, which is equivalent to a rate of £182.23 per day. This rate is based upon the Scottish Government Public Sector Pay Strategy for Chairs, Board Members and Public Appointments 2023/24. This appointment is non-pensionable.

Remuneration of senior officials

The following section provides details of the remuneration and pension interests of the most senior officials of the Commission who can influence the decisions of the body as a whole:

	Salary		Pension benefits (see note 1 below)		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Chief Executive						
Gary Campbell ¹	20-25	N/A	N/A	N/A	20-25	N/A
Full-year equivalent	80-85	-	-	-	80-85	-
Bill Barron ²	65-70	80-85	N/A	(23)	65-70	55-60
Full-year equivalent	80-85	-	-	-	80-85	-
Executive Team						
David Findlay	80-85	75-80	N/A	31	80-85	110-115
Aaron Ramsay	55-60	50-55	N/A	21	55-60	70-75
Jane Thomas ³	40-45	N/A	N/A	N/A	40-45	N/A
Full-year equivalent	55-60	-	-	-	55-60	-

1. Gary Campbell joined the Commission on 3 January 2024 as Chief Executive Officer and Accountable Officer. His salary banding is calculated from this date.
2. Bill Barron retired from the Scottish Government on 8 December 2023, and was employed by the Commission via an agency contract from 9 December 2023 until 19 January 2024 to ensure continuity until the appointment of Gary Campbell. With the permission of the Scottish Government, Accountable Officer status was retained until 2 January 2024.
3. Jane Thomas was promoted to the Executive Team on a temporary basis from 4 July 2023. Her salary banding is calculated from that date.

Salary

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 made within the year by the Commission.

Benefits in kind

2023/24 £nil (2022/23 £nil).

Bonuses

There were no bonuses within 2023/24 (2022/23: £nil).

Note 1: *Accrued pension benefits for senior officials are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy. Further information on the public service pensions remedy can be located using the following link. How the public service pensions remedy affects your pension – **GOV.UK** (www.gov.uk)*

Fair Pay Disclosure

The Commission aims to be one of the best places to work in Scotland and holds Living Wage Employer accreditation.



The Commission's permanent and fixed term contracted staff are civil servants and are therefore part of the Scottish Government's main collective bargaining unit for the determination of salary. The Scottish Living Wage as a gross salary equivalent was £20,971 as at 31 March 2024 and the lowest salary across the Scottish Government as at 31 March 2024 was £23,735. Staff on temporary employment contracts are paid at the equivalent gross salary rate as civil servants who are undertaking similar duties.

When a contract with the Commission is up for renewal or tender, participants are actively encouraged to consider implementing the Living Wage if they have not already done so.

You can find more on the Living Wage here.

<https://www.livingwage.org.uk>

Exit Packages

There were no exit packages within 2023/24 (2022/23 £nil).

Pay multiples

Reporting bodies are required to disclose the relationship between the banded remuneration of the highest paid director (staff member) in their organisation and the 25th percentile pay ratio, median pay ratio, and 75th percentile pay ratio of the organisation's workforce. We have also disclosed the average percentage change from the previous financial year in respect of the employees of the Commission taken as a whole*.

	2023/24	2022/23
Banded remuneration of highest-paid staff member and actual % change in remuneration from the previous financial year	£80k-£85k (0% increase)	£80k-£85k (6% increase)
Average % change from the previous financial year in respect of the employees of the Commission taken as a whole.*	£38,400 (1% decrease)	£38,895 (11% increase)
75th percentile pay ratio of workforce	£39,177 (Ratio 2.1)	£34,725 (Ratio 2.4)
Median pay ratio of workforce	£32,571 (Ratio 2.5)	£29,447 (Ratio 2.8)
25th percentile pay ratio of workforce	£28,457 (Ratio 2.9)	£25,713 (Ratio 3.2)

* The calculation is based upon the total salaries for all employees on an annualised basis, excluding the highest paid director, divided by the WTE 12-month average number of employees (also excluding the highest paid director).

Remuneration is determined by the Scottish Government as referred to on page 57. Minor movement within the ratios between the financial years are primarily attributable to the significant expansion of our staffing and the Commission recruiting staff starting at the entry level within pay grades in 2022/23 with subsequent progression up the pay scale in 2023/24.

In 2023/24 £Nil (2022/23 £Nil) employees received remuneration in excess of the Chief Executive. Remuneration (including the Chief Executive) ranged from £23,735 to £83,725 (2022/23 £22,182 to £80,434).

Pension Benefits

	CETV at 31/03/23 £000
Chief Executive	
Gary Campbell	N/A
Bill Barron	962
Other senior staff	
David Findlay	153
Aaron Ramsay	42
Jane Thomas	N/A

Accrued pension benefits for senior officials are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy. Further information on the public service pensions remedy can be located using the following link. How the public service pensions remedy affects your pension – **GOV.UK (www.gov.uk)**

Unaudited

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: 3 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.

Audited Staff Report

Staff Costs and Numbers

	Permanently employed staff £000	Board Members £000	Others £000	Total 2023/24 £000	Total 2022/23 £000
Salaries	2,456	92	-	2,548	2,043
Social security costs	248	3	-	251	207
Other pension costs	658	-	12*	670	540
Temporary staff	-	-	24	24	313
Total	3,362	95	36	3,493	3,103

	2023/24 £000	2022/23 £000
* Pensions paid to former Commissioners under “other pension costs”	12	13

There were no off-payroll arrangements for staff during 2023/24 (£nil 2022/23).

Average number of whole-time equivalent persons employed during the year

	2023/24		2022/23	
	Directly employed staff	Agency	Directly employed staff	Agency
Directly employed: Permanent contract	67.95		56.12	
Temporary staff contract		0.3		6.1
Total	67.95	0.3	56.12	6.1

Unaudited

Gender Note

	Males 31 March 2024	Females 31 March 2024	Males 31 March 2023	Females 31 March 2023
Commissioners	8	1	8	1
Chief Executive	1	-	1	-
Employees	26	46	29	43

The figures above are the total numbers of staff as at 31 March 2024 (including agency) not full-time equivalents.

Sickness Absence*

	2023/24 Crofting Commission	2022/23 Crofting Commission	2023/24 Scottish Government Comparative	2022/23 Scottish Government Comparative
Average working days lost per member of staff	8.9	6.3	8.2	8.1
Due to short-term absence	2.8	3.6	3.9	4.3
Due to long-term absence (periods of ≥ 21 days)	6.1	2.7	4.3	3.8

* Relates to staff on permanent contracts.

Our overall staff sickness levels have increased by an average of 2.6 days per person in comparison to the previous year. The increase relates to a small number of staff who have been on long-term sick leave during the reporting year, which has a disproportionate effect within a small organisation. The Commission has been proactive facilitating support for staff in managing their health and wellbeing, with a particular focus upon mental health awareness. An internal Wellbeing Teams channel has been developed with regular updates provided to colleagues.

Staff Turnover

	2023/24	2022/23	2021/22
Average Whole Time Equivalent (WTE) Directly Employed Staff in Post	67.95	56.12	52.36
Turnover as a % of Average Whole Time Equivalent Directly Employed Staff	6%	2%	23%
Leavers	4	1	12

Analysis of Staff Turnover

	2023/24	2022/23	2021/22	3 Year Trend
Securing Promotion within Scottish Government	2	1	7	10 (59%)
Retired	2	-	4	6 (35%)
Other	-	-	1	1 (6%)

12 Leavers (71%) of 3-year trend analysis relates to administrative and junior management posts. 8 (67%) of these leavers left to secure promotion within the Scottish Government.

The 2023/24 turnover trend remains low. A combination of factors are potential contributors, including the steps taken to both expand our staffing, review the grading structure within key Commission operational areas and a recruitment freeze within the Scottish Government. Hybrid working has also provided more flexibility for staff, which has scored well within recent staff surveys, and has enabled the Commission to recruit staff who live across the crofting counties, which has contributed to secure jobs in these communities, some of which are economically vulnerable because of their remoteness.

Policies in Relation to Disabled Persons

As a Non-Departmental Public Body of the Scottish Government, the Commission follows relevant disability policy and adheres to the requirements of the **Equality Act 2010**.

Focus Upon Staff Wellbeing

The Commission's staff are essential to the successful delivery of its strategic objectives. We are committed to developing and retaining a motivated and skilled workforce. Open communication between the Board, Executive Team and staff is encouraged and as such, continuous engagement is vital to the long-term success of the organisation.

The health and wellbeing of staff has continued to be a high priority for the Board and Executive Team. There has been considerable activity by the Commission's Health & Safety Committee during the reporting year which has included a focus upon the mental health and wellbeing of colleagues.

Staff Training

The knowledge requirements for regulatory staff at the Commission are unique and challenging due to the need to understand the legislation, policy and process, in addition to the vast range of croft and crofter scenarios.

An experienced regulatory trainer has delivered one to one online training for new and recent entrants to the Regulatory Team, and this role has been expanded within the reporting year to include more senior staff grades. Supplementary training

is also delivered from various sources within and out with the Commission, some of which is generic (health, safety & welfare, GDPR and data management compliance etc), and some of which is specialised dependent upon a colleague's continued professional development requirements. In addition, during the year we continued classes online in conversational Gaelic at a Beginner and Intermediate level, which have been regularly attended by several staff.

Staff Engagement Group (SEG)

The purpose of this working group is to discuss and resolve organisational issues that affect staff engagement, identifying issues and potential solutions which aid cultural changes leading to a positive working environment for all. Members of the group are volunteers from all areas of the Commission and reflect a cross section of employment grades and length of service.

Employee Involvement

The Commission actively encourages feedback and communication from staff through several channels, including a SEG that meets monthly.

Staff are also encouraged to participate within the Scottish Government's People Survey.

Employee engagement is a workplace approach designed to ensure that employees are committed to their organisation's goals and values and are motivated to contribute to organisational success. Five questions in the People Survey measure employee engagement and combine these responses into a summary index score to tell you where they sit on a scale of very disengaged (0%) through to very engaged (100%).

An analysis of the detailed responses reflects that the survey trends in recent years have generally moved in the right direction. However, there are areas highlighted within the latest survey where the Commission needs to improve.

The 2023 Staff Survey Action Plan is now being worked on by the Executive Team, in collaboration with the SEG. Progress will be monitored by the Director of Corporate Services on a monthly basis, with a view to achieving improved employee scores in key areas in 2024.

Progress will be reviewed by the AFC on a 6-monthly basis.

	2023/24	2022/23	2021/22	2023/24 Civil Service Benchmark
The Scottish Government People Survey				
Staff Engagement Score	60% (53 responses)	67% (45 responses)	62% (27 responses)	65% (356,715 participants from 103 organisations)

The Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require public sector employers to publish information relating to facility time. The Commission does not currently have staff acting in a trade union official capacity.

Relevant trade union officials	2023/24	2022/23
Number of employees who were relevant union officials during the relevant period	-	-
Full-time equivalent employee number	-	-

Percentage of time spent on facility time	2023/24 (Number of employees)	2022/23 (Number of employees)
0%	-	-
1%-50%	-	-
51%-99%	-	-
100%	-	-

Percentage of pay bill spent on facility time	2023/24 £000	2022/23 £000
Total cost of facility time	-	-
Total pay bill	3,493	3,103
Percentage of total pay bill spent on facility time	-	-

Paid trade union activities	2023/24	2022/23
Time spent on paid trade union activities as a percentage of total paid facility time	-	-

Further information can be obtained from the Commission's website. www.crofting.scotland.gov.uk

Equal Opportunities and Diversity Policies

The Commission undertakes to develop all staff and positively values the different perspectives and skills each brings to our work. Our **Equality and Diversity Plan** outlines our continued

commitment to delivering our functions in a manner that encourages equal opportunities, and aims to eliminate unlawful discrimination and other conduct prohibited by equality legislation.

Parliamentary Accountability and Audit Report

Audited

Losses and special payments

In accordance with the SPFM, we are required to disclose losses and special payments above £300,000. During 2023/24 there were no losses or special payments within these criteria (2022/23: £nil).

Gifts and Charitable Donations

2023/24 £nil. (2022/23: £nil).

Remote Contingent Liabilities

The 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. (2022/23: £nil).



Gary Campbell

Chief Executive and Accountable Officer

Date 21 August 2024

Independent Auditor's Report

Independent auditor's report to the members of the Crofting Commission, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Crofting Commission for the year ended 31 March 2024 under the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. 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 2023/24 Government Financial Reporting Manual (the 2023/24 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 2024 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 2023/24 FReM; and
- have been prepared in accordance with the requirements of the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 22 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on

the body's arrangements for financial sustainability in a separate Annual Audit Report available from the **Audit Scotland website**.

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013 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 my 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.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of

manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013 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.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013 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 Crofters (Scotland) Act 1993 as amended by the Crofting Reform (Scotland) Act 2007, the Crofting Reform (Scotland) Act 2010 and the Crofting (Amendment) (Scotland) Act 2013 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Brian Battison

Brian Battison, CA
Senior Audit Manager
Audit Scotland
4th Floor 102 West Port
Edinburgh
EH3 9DN

21 August 2024



**CROFTING COMMISSION
COIMISEAN NA CROITEARACHD**

Financial Statements 2023/24

The Financial Statements for the Crofting Commission,
alongside supporting and explanatory notes.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Staff costs	2	3,493	3,103
Depreciation and Amortisation	2,3,4	56	47
Other operating expenditure	2	635	631
Total operating expenditure		4,184	3,781
Net operating expenditure		4,184	3,781

The notes on pages 79 to 87 form an integral part of these accounts.

Statement of Financial Position

as at 31 March 2024

	Note	2024 £000	2023 £000
Non-current assets:			
Information Technology Equipment	3	89	124
Intangible assets (Software)	4	13	16
Total non-current assets		102	140
Current assets			
Trade and other receivables	5	68	49
Cash and cash equivalents	6	224	231
Total current assets		292	280
Total assets		394	420
Current liabilities			
Trade and other payables	7	198	217
Other liabilities	7	128	121
Total current liabilities		326	338
Total assets less current liabilities		68	82
Taxpayers' equity			
General fund		68	82
Total equity		68	82

Gary Campbell

Gary Campbell
Chief Executive and Accountable Officer
21 August 2024

The Crofting Commission Board authorised these financial statements for issue on 21 August 2024.

The notes on pages 79 to 87 form an integral part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(4,184)	(3,781)
Adjustment for non-cash transactions			
Depreciation and Amortisation	2,3,4	56	47
Movements in working capital			
(Increase)/Decrease in trade and other receivables	5	(19)	(28)
Increase/(Decrease) in trade and other payables	7	(12)	73
Net cash outflow from operating activities		(4,159)	(3,689)
Cash flows from investing activities			
Purchase of information technology equipment	3	(11)	(97)
Purchase of intangible assets	4	(7)	(6)
Net cash flow from investing activities		(18)	(103)
Total cash outflows		(4,177)	(3,792)
Cash flows from financing activities			
Grant-in-Aid		4,170	3,900
Net Increase/(Decrease) in cash and cash equivalents		(7)	108
Cash & cash equivalents at the beginning of the period		231	123
Cash & cash equivalents at the end of the period		224	231

The notes on pages 79 to 87 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2024

	General Fund £000
Balance at 1 April 2022	(37)
Grant-in-Aid	3,900
	3,863
Comprehensive net expenditure for the year	(3,781)
Balance at 31 March 2023	82
Balance at 1 April 2023	82
Grant-in-Aid	4,170
	4,252
Comprehensive net expenditure for the year	(4,184)
Balance at 31 March 2024	68

The notes on pages 79 to 87 form an integral part of these accounts.

Notes to the Financial Statements

1. Statement of accounting policies

The Crofters (Scotland) Act 1993, paragraph 19 of schedule 1 requires an annual statement of accounts to be prepared.

These financial statements have been prepared in compliance with the Accounts Direction (page 88) issued by the Scottish Ministers and the 2023/24 Government's FReM issued by HM Treasury.

The FReM sets out the format of the annual accounts. Grant-in-Aid 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 Commission for the purposes of giving a true and fair view has been selected. The particular policies adopted by the 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, as the Accountable Officer considers the 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 Information Technology Equipment

Equipment represents Information technology hardware items with a cost of over £5,000. Where individual items cost less than £5,000, but where the type of asset in aggregate costs over £5,000, they are capitalised. In particular this applies to purchase of desktop and laptop PCs, servers, and associated hardware, which are depreciated over their useful economic lives, considered to be 3 years. Depreciation has been provided at a rate calculated to write off cost in equal annual instalments over the estimated useful lives of assets. IT assets are carried at historical cost, which is used as a proxy for fair value.

1.3 Intangible assets

Intangible assets include purchased software licences and internally developed software, both of which have a capitalisation threshold of £5,000. When capitalising internally generated intangible assets such as software, only directly attributable costs including staff costs and staff-related costs, are included, where it is deemed that the assets will generate future economic benefit in the way of savings or improvements to the internal processes. Intangible assets are valued at cost which is used as proxy for fair value. Amortisation has been provided at a rate calculated to write off cost in equal instalments over the estimated useful lives on assets.

Amortisation Policy:

Internally developed software 9 years
General operating system or application programme licences 3 years.

1.4 Value Added Tax

Irrecoverable VAT is included with the relevant costs and charged to the Statement of Comprehensive Net Expenditure in the period to which it is incurred.

1.5 Employee Benefits Short-Term 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.

Pension Costs

Commission employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded multi-employer defined benefit scheme in which the Commission is unable to identify its share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 *Employee Benefits*. A full actuarial valuation was carried out by HM Treasury during 2018 which incurred an increase to employer pension contributions which came into force from 1 April 2019. The Commission makes payments of superannuation contributions to PCSPS at rates set by the Government Actuary. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk)

Further pension details can be found in the remuneration report on pages 62 to 63.

1.6 Trade Receivables

Where income has been recognised but settlement in cash has not taken place, a debtor is recorded on the Statement of Financial Position.

1.7 Trade Payables

Where expenditure has been recognised but settlement in cash has not taken place, a creditor is recorded on the Statement of Financial Position.

1.8 Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash with the bank.

1.9 Grant-in-Aid

The 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 Commission is charged to this fund.

1.10 Provisions

The Commission provides for legal or constructive obligations that are of uncertain timing or amount at the statement of financial position date on the best estimate of the expenditure likely to be required to settle the obligation.

1.11 Contingent Liabilities

Contingent liabilities are recognised in respect of possible obligations arising from past events whose existence will be confirmed by the occurrence of uncertain future events outwith the Commission's control or present obligations arising from past events where it is possible, but not probable, that resources will be required to settle the obligation, or it is not possible to measure it reliably.

1.12 Contingent Assets

Contingent assets are disclosed in respect of possible assets arising from past events whose existence will be confirmed by the occurrence of uncertain future events outwith the Commission's control.

1.13 Third Party Assets

Assets belonging to third parties (such as funds collected on behalf and for forwarding to another agency) are not recognised in the accounts since the Commission has no beneficial interest in them. However, they are disclosed in a separate note (note 10) to the accounts in accordance with the requirements of the FReM.

1.14 Adoption of New and Revised Accounting Standards

a) Standards, amendments and interpretations effective in the current year

In the current year, the Commission has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **IFRS 17 Insurance Contracts.**
Amendments
- **Amendments to IAS 1 and Practice Statement 2:** Disclosure of accounting policies
- **Amendments to IAS 8:** Definition of accounting estimates
- **Amendments to IAS 12:** Deferred tax relating to assets and liabilities arising from a single transaction
- **Amendments to IAS 12:** International tax reform – Pillar Two Model Rules.

b) Standards, amendments and interpretations early adopted this year

There are no new standards, amendments or interpretations early adopted this year.

c) Standards, amendments and interpretations issued but not adopted this year

At the date of authorisation of these financial statements, the Commission has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- **Amendments to IAS 7 and IFRS 7:**
Supplier finance arrangements. Applicable for periods beginning on or after 1 January 2024
- **Amendments to IFRS 16:** Lease liability in a sale and leaseback. Applicable for periods beginning on or after 1 January 2024
- **Amendments to IAS 1:** Classification of liabilities as current or non-current. Applicable for periods beginning on or after 1 January 2024
- **Amendments to IAS 1:** Non-current liabilities with covenants. Applicable for periods beginning on or after 1 January 2024
- **Amendments to IAS 21:** Lack of exchangeability. Applicable for periods beginning on or after 1 January 2025.

The Commission does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods.

1.15 Critical Accounting Judgements and Key Sources of Estimation

In the application of the 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.

Estimates

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions 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.

The Commission is aware of a small number of live or potential appeals to the Scottish Land Court (SLC) which might, depending on the Court's decisions, lead to costs being awarded against the Commission. The likelihood of appeals and

the amounts of any resulting liabilities cannot be estimated with certainty. Having considered the potential for these cases to be decided against the Commission and costs to be awarded, the Commission has not disclosed a provision. However, the overall potential liability estimated by the Commission is sufficient to require a contingent liability to be recorded.

The Accountable Officer does not consider there to be any other sources of estimation uncertainty requiring disclosure.

Judgements

There are no critical accounting judgements requiring disclosure beyond application of the policies above. While judgement is exercised in the determination of the level of depreciation and amortisation to recognise on IT equipment and software, the recognition of trade and other receivables, the recognition of trade and other payables and the recognition of other liabilities, these judgements are in line with standard practice and are not considered critical given the immaterial size of the amounts involved. There would be no material impact from the application of alternative judgement in any of these areas.

2. Expenditure

	2024 £000	2023 £000
Board Member and Staff Costs		
Salaries	2,548	2,043
Social security costs	251	207
Other pension costs	670	540
Temporary Staff	24	313
Total of staff costs	3,493	3,103
Other operating expenditure		
Accommodation expenses	120	138
Information systems & telecommunications	201	207
Training	25	37
Communication	66	53
Regulatory advertising expenses	33	30
Assessors' conference & travel expenses	6	6
Travel & subsistence - staff	22	18
Travel & subsistence - Commissioners	23	18
Legal fees	14	10
External Auditor's remuneration	24	21
Internal Auditor's remuneration	20	24
Other running costs	81	69
Total of other operating expenditure	635	631
Non-cash items		
Depreciation	46	37
Amortisation	10	10
Total of Non-cash items	56	47
Overall total	4,184	3,781

3. Information Technology Equipment

	£000
Cost	
1 April 2022	264
Additions	97
Disposals	(100)
31 March 2023	261
Depreciation	
1 April 2022	(200)
Charged in year	(37)
Disposals	100
31 March 2023	(137)
Net book value at	
31 March 2022	64
31 March 2023	124
Cost	
1 April 2023	261
Additions	11
Disposals	(92)
31 March 2024	180
Depreciation	
1 April 2023	(137)
Charged in year	(46)
Disposals	92
31 March 2024	(91)
Carrying value at	
31 March 2023	124
31 March 2024	89
Asset Financing:	
Owned	89
Carrying value as at 31 March 2024	89

4. Intangible assets – Software

£000

Cost

1 April 2022	143
Additions	6
Disposals	-
31 March 2023	149

Amortisation

1 April 2022	(123)
Charged in year	(10)
Disposals	-
31 March 2023	(133)

Net book value at

31 March 2022	20
31 March 2023	16

Cost

1 April 2023	149
Additions	7
Disposals	-
31 March 2024	156

Amortisation

1 April 2023	(133)
Charged in year	(10)
Disposals	-
31 March 2024	(143)

Carrying value at

31 March 2023	16
31 March 2024	13

Asset Financing:

Owned	13
Carrying value as at 31 March 2024	13

5. Trade receivables, Financial and other assets

Amounts falling due within one year:

	2024 £000	2023 £000
Prepayments	68	49
Total	68	49

6. Cash and cash equivalents

	2024 £000	2023 £000
Balance at 1 April	231	123
Net change in cash & cash equivalents	(7)	108
Balance at 31 March	224	231
The following balances at 31 March were held with the Government Banking Service	224	231
Balance at 31 March	224	231

7. Trade payables and other current liabilities

Amounts falling due within one year:

	2024 £000	2023 £000
Other Taxation and Social Security	128	121
Trade Payables	25	15
Accruals	173	202
Total	326	338

8 Related party transactions

The Commission is a Non-Departmental Public Body sponsored by the Scottish Government. The Scottish Government is responsible for providing the statutory framework within which the Commission operates.

The Scottish Government's Agriculture and Rural Economy Directorate (the Sponsor Directorate) and the Commission had significant financial transactions during the year. Financial transactions with the Directorate comprised Grant-in-Aid of £4.170M (2022/23 £3.900M) as disclosed in the Changes in Taxpayers Equity statement on page 78.

The Board and Executive Team influence the Commission's financial and operating policies. The total remuneration paid to Board Members and Executive Team Officials is shown within the Remuneration Report (page 57). The Board and Executive Team have the responsibility to adhere to a Code of Conduct which requires them to declare an interest in matters that directly or indirectly may influence or be thought to influence their judgement or decisions taken during the course of their work. There were no related party transactions with Board Members or Executive Team Officials.

9 Financial instruments

Financial assets and financial liabilities are recognised when the Commission becomes party to the contractual provision of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Commission only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

For normal operating purposes, the Commission holds no cash or cash-equivalent balances other

than those required to pay current creditors – salaries and trade creditors. The Commission's financial assets consist primarily of cash at bank.

Cash authorisation is provided by the Scottish Government to the extent that expenditure is covered by budget authority. The Commission is not therefore exposed to liquidity risks.

The Commission does not have any material debtors and is therefore not exposed to credit risk. Similarly, the Commission transacts in fixed terms in Sterling only and is not exposed to market risk.

10 Third party assets

Assets held at 31 March to which a monetary value can be assigned:

	2024 £000	2023 £000
Bank balance – Registers of Scotland	73	50
Third party funds in transit	22	29
Total monetary assets	95	79

Third party funds in transit are funds which, at the year-end, have been received but not lodged into a bank account due to the fact that the competency of the application for registration in the RoS Crofting Register is still pending determination.

11 Contingent liabilities

The Scottish Land Court could award against the Commission expenses incurred by plaintiffs in pursuing legal address through the court. These costs are estimated at £10,000. As this potential obligation will only be confirmed by future decisions of the plaintiffs and/or the Scottish Land Court which are outwith the Commission's control, this has been disclosed as a contingent liability.



THE CROFTING COMMISSION

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with paragraph 19 of Schedule 1 to the Crofters (Scotland) Act 1993, as amended, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2013, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) 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 the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated 26/10/12

Glossary of Financial Terms

Full definitions are available in the Financial Reporting Manual (FReM)

Accruals basis

The Commission's accounts are prepared on an accruals basis. This means that expenditure and income are recognised in the accounts when incurred or earned – not when the money is received or paid.

Amortisation

Similar to depreciation but applied to intangible assets i.e., the measure of the value of an asset used during the year.

Assets

Something that the Commission owns or uses e.g., IT Equipment or software rights.

Capital expenditure

Spending on non-current assets.

Cash Flow

The movement of cash through the Commission, contrasting with accrued income and expenditure.

Contingent liability

A potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded in the accounting records if the contingency is probable, and the amount of the liability can be reasonably estimated.

Current assets

An asset that is expected to be converted to cash within the next 12 months.

Current liability

A liability that is expected to be settled within the next 12 months.

Deficit

Where expenditure exceeds income in an accounting period.

Depreciation

The measure of the value of an IT asset used during the year.

FReM

Financial Reporting Manual issued by HM Treasury.

Going concern basis

Financial statements are prepared on this basis assuming that the Commission will continue operating into the foreseeable future.

Grant-in-Aid

Funding received from the Scottish Government.

Intangible assets

An asset, such as a right to use software, that cannot be touched.

Liability

A debt owed by the Commission to another entity.

Prepayments

An amount paid for in advance such as software licences. Initially recognised as an asset, then transferred to expense in the period when the benefit is enjoyed.

Provision

Liability of uncertain timing or amount.

SPFM

The Scottish Public Finance Manual is issued by the Scottish Ministers to provide guidance on the proper handling and reporting of public funds.

Taxpayers' equity

The net assets of the Commission.

Trade payables

Amounts due for payment to suppliers of goods and services.

Trade receivables

Amounts due from third parties.

