



Letter sent by email

Richard Leonard MSP
Convener, Public Audit Committee
The Scottish Parliament
Edinburgh
EH99 1SP

23 March 2023

Dear Richard,

The 2021/22 audit of the Crofting Commission

Thank you for your letter of 27 February to follow up certain points from the evidence the Committee took from the Auditor General for Scotland on 2 February. The Commission are much encouraged by what the Auditor General had to say.

You asked about **“the action the Crofting Commission is taking to ensure that improvement can be sustained in the long-term”**.

As you know, the Deloitte Audit of 2021 made recommendations about many aspects of our governance and management. All of them were implemented by June 2022 and they have since become embedded in our practice. For example:

- Some of Deloitte’s recommendations have been incorporated into our **governance documentation**, including our Framework Document, Standing Orders and the new Code of Corporate Governance. Each of these is in use by the Commission and each is scheduled for regular review on a set timetable.
- Other recommendations are embedded in our **new structure and processes**. The Commission is now led by a 4-person Executive Team with the support of the continuing, broader Senior Management Team that was recommended by independent consultants. SMT meetings routinely refer matters of importance to the Board. Oral updates by team leaders have been dropped from our Board agendas.
- Deloitte’s recommendations about **forward planning** have been incorporated into substantial reworking of our Workforce Plan and Medium-Term Financial Plan, which both now look forward over 5 years. The latter was based on the externally-commissioned review of our workforce needs which was conducted in Autumn 2021. Both the Workforce Plan and the Medium-Term Financial Plan are reviewed by the Commission annually and will be kept up to date with a rolling 5-year horizon.

- **Communication with Scottish Government** has been radically improved. The Convener or another Commissioner is always present at meetings with Sponsor Division, which have a shorter and more focused agenda. In addition, the Cabinet Secretary for Rural Affairs and Islands has been meeting with the Convener and myself every two months. Information from both types of meeting is passed by the Convener to other Board members after the meetings, and a short summary is included in the papers for the next Board meeting.
- The Convener's **appraisal** of his fellow Commissioners is now routine, and the Convener and Scottish Government Division Head collaborate on my own annual appraisal, as now specified in our revised Framework Document.
- We have revised our **training plan for Commissioners** in the light of the Deloitte recommendations, and to meet the needs of a changed Board (we had four new and two returning Commissioners in 2022, with only three continuing throughout 2022). The Commission has revised its written Risk policy and updated its risk registers. Training has taken place, and further training is scheduled to ensure that the whole Board understands and is able to fulfil its role, including in respect of risk management. The role of a Commissioner was also explained clearly in documentation, videos and meetings prior to the Spring 2022 elections.

The Committee also asked about our **engagement with the crofting community as part of the process of implementing the auditor's recommendations**. In 2021/22, we engaged closely with the Scottish Crofting Federation regarding the Deloitte report and our implementation of its recommendations. The SCF were extremely supportive, and appeared to be confident that the issues were internal and that the Commission would resolve them. We also published the report and our action plan to implement its recommendations, on our website. However, beyond the SCF interest, there was little engagement with crofting communities about the governance recommendations. We believe that most crofters also regarded these as an internal matter. Rather, their focus – as reflected in our mailbag – was on matters such as the efficiency of regulatory casework and the protection of the crofting system for future generations.

Finally, the Committee asked whether we have **any plans to develop “Key Performance Indicators” for Outcome 4 of our Corporate Plan**.

I should explain that, for the five outcomes in our Corporate Plan 2019-2022, our successive Business Plans set out two types of targets, which we called “Key Milestones” (actions to be undertaken by a target date) and “Key Performance Measures” (targets against which progress is measured numerically). As a point of detail, we tend to use the term “Key Performance Indicators” to refer to *both*, so our terminology is slightly differently to the Auditor General's on this.

Outcome 4 in the 2019-2022 Corporate Plan was to seek to ensure that “the future of active crofting is supported by well-informed engagement with stakeholders”. Successive Business Plans always included Key Milestones for this Outcome such as, in 2022/23, publishing a new *Policy Plan*, progressing the Commission’s actions in the SG’s *National Development Plan for Crofting*, and advising the SG on desirable changes to crofting legislation. All of this work is extremely important to ourselves, and to the Scottish Government, and it has been given due priority by the Commission. However, the Committee will understand that this type of Outcome does not lend itself to targets that can be measured numerically, which is why we never adopted any Key Performance Measures for it.

Going forward, however, I can confirm that we have published a new Corporate Plan for 2023-2028, with the approval of the Scottish Ministers. This new Plan has a simplified structure with only four Outcomes, and I can confirm that each of them will have both Key Milestones and Key Performance Measures in the Business Plan for each successive year.

I trust this provides the information the Committee needs.

I am copying this letter to the Commission’s Convener, Malcolm Mathieson, and to Michael Nugent in the Scottish Government sponsor team.

Yours sincerely

Bill Barron
CEO