

CROFTING COMMISSION SPECIAL MEETING

THURSDAY 4 MARCH 2021 – 1700-1900hrs

AGENDA

- 1 WELCOME**
- 2 DECLARATION OF INTERESTS**
- 3 DEPLOYMENT OF ADDITIONAL RESOURCES IN 2021/22** *(Paper)*

NB The meeting will begin in public but will convene in private if confidential matters are discussed

CROFTING COMMISSION SPECIAL MEETING

4 March 2021

Report by the Chief Executive

Deployment of additional resources in 2021/22

SUMMARY

This paper describes the choices available to the Commission for deployment of its staffing budget in 2021/22, and invites the Board to indicate its priorities.

BACKGROUND

On 28 January 2021, the Scottish Government's draft budget for 2021/22 was published. It included a core budget for the Crofting Commission of £3.2m, which was £503k higher than the original budget for the previous year. The reason for this substantial increase was the Scottish Government's summer 2020 request to the Commission to expand its work in developing crofting, including the creation of 4 permanent posts in the Western Isles. This expansion of both resources and responsibilities prompts questions about the staffing of the Commission, including its leadership team. This paper sets out management's views on these questions and invites the Board's steer.

Commissioners shared views on these issues with the CEO, Solicitor and Finance Manager, and representatives of Sponsor Division, at an informal meeting on 18 February. Commission officials have reflected on the points made by Commissioners at that meeting and subsequently, in particular the Board's determination to see the level of outstanding casework reduced and more efficient systems and processes for casework.

The paper is structured in 3 parts:

- Analysis of the financial context
- Discussion of priorities
- Short-term options which could be pursued in 2021/22.

FINANCIAL CONTEXT

On 27 January, the AFC considered and provisionally approved a draft Crofting Commission budget for 2021/22, based on the assumption that the core budget was likely to increase by around £500k – an assumption which was confirmed as correct, when the Scottish Government draft budget was published the following day.

However, it was pointed out that the core budget increase of £500k represented a real increase of less than £300k, after allowance was made for (a) inflation and (b) the insufficiency of the original 2020/21 budget to fund the Commission's existing staff and operations. The minutes of the AFC meeting record this point as follows:

The estimated funding increase requirement of £500k for 2021/22 from the original Core Award of £2.697m in 2020/21 can be broadly attributed to the following:

1. 'New' Western Isles & RALU posts	£191k
2. Staff budget underfund from 2020/21	£146k*
3. Staff uprate in costs 2021/22	£81k
4. Increase in non-staff operations	£65k
5. Project (On-Line Applications: Notifications)	£15k**
	(Total £498k)

*The majority of the staff budget shortfall was met from non-staff operational budget for 2020/21

**Project work could actually be met from funding drawn down in 2020/21 but unallocated. This will be revisited once SG confirm Grant-in-Aid award for 2021/22.

Therefore, in the budget presented to the AFC, the real increase in funding was worth an estimated £270k and the great majority of this was already committed, to the 5 additional permanent posts created in the Western Isles/RALU, and to increases in non-staff operations (chiefly in IS).

On the other hand, the enhanced budget allowed, for the first time in 3 years, a fully costed budget plan with all posts fully funded and realistic provision for all non-staff lines. This contrasts with the draft budgets presented to AFC in the previous two years, which had been overcommitted from the outset – by a “manageable” £50k at the outset of 2019/20 and by an “unmanageable” £146k for 2020/21. The draft 2021/22 budget presented to AFC recognised the relative strength of this starting position by identifying an expectation that an estimated £84k could be freed up from efficiencies in staff and other budget lines through the year.

In the short period that has followed the AFC, further headroom has emerged:

- A lower than anticipated Scottish Government pay award reduces the staff cost by £20k
- It is now clear that the £15k required for the on-line applications work can be drawn from funds carried forward from 2020/21
- A retirement in May 2021 will result in a saving of £24k¹
- The budget award from SG is £3k higher than we had assumed.

On the other hand, a long-overdue regrading of the post of Head of Finance will add in-year costs of about £5k, depending on the date when the anticipated regrading takes place.

The upshot is that there is now around £60k of confirmed headroom and the prospect of a further £60k¹ which is likely to be achievable from redeployment of in-year efficiencies. However, given the uncertainty of future budgets, it may be prudent for most of this headroom to be deployed in a temporary manner, i.e. without creating equivalent financial commitments that will carry forward to 2022/23 and beyond.

The Scottish Government’s commitment, if necessary, to help the Commission to manage any modest overspend at the end of 2021/22 provides the comfort needed for the Commission to plan deployment of the full additional £120k at this stage, rather than only the first £60k.

¹ This £24k had been an unspecified part of the £84k anticipated in-year savings, but can now be confirmed.

PRIORITIES

The Board is responsible for setting the strategy and priorities of the Crofting Commission, and the CEO and SMT are committed to fulfilling the priorities of the Board. Commissioners have consistently emphasised the need to improve the efficiency of handling regulatory casework and to enhance the enforcement of Residency and Land Use. The CEO and SMT wish to understand more clearly the specific wishes of the Board and to use the talents and experience amongst Board members more fully in the discharge of its operational responsibilities and the development of its strategy aims.

The Board does not set its priorities in isolation, but has to ensure that these are compatible with the aims of the Scottish Ministers, who fund the Crofting Commission. This is set out in the Commission's Framework Document, paragraph 14:

"The role of the Board is to provide leadership, direction, support and guidance to ensure the Crofting Commission delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers."

The priorities that have been formally agreed between the Board and the Scottish Ministers are published in the Corporate Plan, which can be found [here](#). However, in the period since the Corporate Plan was revised in 2019 and the most recent annual Business Plan was published in 2020, the Government's award of additional money provided new opportunities, and the Board has highlighted particular priorities, including:

- Delivering improvements to IS systems that have been progressed with the new money, particularly on-line applications
- Improving customer service and pace of response to regulatory applications, which have always been an issue but which have faced additional challenges at times during the pandemic
- Substantially enhancing the enforcement of Residency and Land Use
- Capturing the collective experience of Commissioners who have taken Tier 3 decisions for 4 years, in particular to provide advice on necessary legislative changes
- Influencing the Scottish Government's work towards new systems of support.

At the same time, the Government is about to publish its expectations for the Commission's development role, focussing on issues such as:

- Encouraging turnover of crofts to provide opportunities for new entrants
- Better information to crofters to help them successfully navigate both crofting regulation and crofting, including diversification opportunities
- Enhancing the use of common grazings.

Given this range of priorities, it is important that available resources are deployed in a way which best supports achievement of these objectives.

The paragraphs below therefore discuss 5 possible short-term options by which the Commission could deploy around £120k of additional resources on a time-limited basis. These are focused, respectively, on: Information Services; Regulation; Residency and Land Use; Development; and a deputy CEO.

Note: A Board paper later this month will advise that the estimated cost of re-establishing a grazings registration team is about £100k per annum. In theory, this could be considered a possible alternative use of the majority of the money available in 2021-22. However, experience has shown that grazings registration work is only effective if continued over a sustained period, and the lack of certainty about future funding means it would be difficult to make this the preferred option at this stage.

SHORT-TERM OPTIONS WHICH COULD BE PURSUED IN 2021/22

Summary of estimated costs of the different options

(NB Staff costs are the full costs to the Commission and so are higher than the salary levels paid)

A total of around £120k can be invested, out of the following options:

Option	Detail	In-year cost	Continued cost implication?
Information Services	TRS B3 to C1 and recruitment of project manager	£69k (approx)	-
Regulation	One or two more fixed-term A3s	£28k or £56k	-
RALU	Additional permanent B1	£36k	Long term B1 post
Development	Part time team leader for 8 months, and associated backfilling	£28k	-
Deputy CEO	C2 seconded in from Scottish Government	£68k	A further £23k in 2022/23

1. Information Services

Proposal – Strengthen the IS team’s ability to deliver the current suite of projects by a TRS for the current B3 and recruiting an experienced project manager at B2/B3 level, on a short-term, secondment or contract basis.

Cost: TRS B3 to C1 = £10k

B3 Project manager (estimate) = £59k¹

Total Cost = £69k

The pace of improvement activity by the IS team has increased substantially, especially since the suite of projects was launched in 2020 with the award of new money by the Scottish Government. In the last two years we have seen decroftings and apportionments added to the online register of crofts, radical changes to our remote connectivity and associated security systems, the GIS system successfully moved to the cloud, new arrangements for delivery and analysis of the census, and facilities for phone calls through Teams introduced for all staff who require it. Other projects still in progress include an online applications system, revisions to CIS, the move of CIS to the cloud, revisions to the Commission website (including migration to AWS to facilitate the extended functionality), and enhancements to Sharepoint and the IS helpdesk.

Online applications, enhancements to CIS and moves to the cloud are, in particular, projects of significant scale which have potential to substantially improve the Commission’s service to customers and the organisation’s resilience. These have been recognised as a top priority in successive discussions at AFC and Board level. The Head of Digital and Improvement considers that the introduction of a project manager able to oversee delivery and provide a critical challenge would be the best way to strengthen the team in the short term to ensure timely delivery of these projects.

¹ This is a notional estimate rather than a fixed cost. The exact price would depend on the terms of any secondment from the SG or of any temporary external recruitment. Likewise, if the term was for less than a full year, the cost would be proportionally lower.

The new C1 Head of Digital Delivery would focus on making all Crofting Commission application processes digital (with an optional paper alternative) by 2022, beginning with notifications, decroftings and assignments. This excludes Registers of Scotland Crofting Register forms, but the Commission is working with RoS to change the secondary legislation and allow for online RoS forms and CC payments for Crofting Register applications. The Head of Digital Delivery will also work with the Head of Regulatory Support and the Commission Solicitor to streamline straightforward cases and to develop more efficient processes for more complicated applications, with a view to reducing the number of cases in the regulatory pipeline. Additionally the post would work with the Commission Solicitor to fully investigate the option of further enhancements to the annual census process, in particular the move to a digital only return which would generate cost savings estimated at £40k+ compared to the current system if realised.

2. Regulation

Proposal – recruit one or two additional Fixed Term Appointment A3s in order to enhance the capacity of the regulatory teams with an initial target to reduce the pipeline of casework well below its pre-pandemic level of 700 (from 802 in early February 2021).

Cost: £28k for one additional FTA A3 or £56k for two.

This has frequently been cited as a top priority by Commissioners, reflecting crofters' concerns – ever since the 2010 Act - about the length and duration of regulatory and associated processes. As recently as 2018 there was a backlog which was out of control, and while that has been reduced to a manageable pipeline of casework, since the first lockdown in March 2020 we have seen a gradual increase in the number of outstanding cases.

Capacity at A3 level is the critical factor restraining the pace of clearing cases, but it should be noted that recruitment of new A3s into regulatory always requires a substantial investment in training. For this reason we propose recruiting people on FTA terms rather than temps. If the officers do well, and if budget and/or staff moves allow, there is a reasonable prospect that they could continue in the Commission beyond March 2022 and their skills be retained.

3. Residency and Land Use

Proposal – recruit an additional permanent B1 to the RALU team to bring the number of B1s to seven.

Cost: £36k

The Board has frequently identified RALU as a top priority alongside Information Services and Regulation, and £80k of the new money has already been deployed to this team, to expand the number of B1 posts from 4 to 6. The existing priority for the year ahead is to see this team fully staffed up by Spring 2021, to permit the expansion of its activities in ways already agreed by the Board.

At its meeting on 4 February, the Board highlighted temporary staff in RALU as potentially a good use of any spare resources. However, the RALU team does specialist work and normally draws on experienced existing staff with prior knowledge of crofting and its regulation. There would be a substantial training load required for temporary staff which, in the short term, might disrupt the current expansion plans of the team as much as it enhanced them. We therefore recommend that this option should only be considered as a long-term option with the associated financial commitment for the long term.

4. Development

Proposal – To continue with the expanded SMT on a temporary basis to enable a B3 to solely focus on development work in its first few months, giving it the best chance of success. This will be met by continuing the TRS arrangements for Head of Operations and Workforce with necessary backfilling, for a period of 8 months.

Cost: Continue TRS for Head of Operations and Workforce and her replacement as B2 Regulatory Support, for 8 months: £5k

Backfill for the resulting B1 post: £23k

Total cost: £28k

The recreation of a development role at the Commission is a statement move by Scottish Government and it will be closely followed by the production of the National Development Plan for crofting. Funding for this function of the Commission has not been seen for many years and this new avenue has created media attention and considerable support from stakeholders. This investment into crofting development reflects the confidence the Scottish Government has in the Commission and the recognition of the issues crofting faces. Whilst there is no silver bullet to problems with underused crofts and grazings, making effective use of all approaches will allow the Commission to move more quickly towards the future of crofting that it aspires to.

The two B2s recruited into the new development team are brand new to the Crofting Commission and will have a steep learning curve. Potential development work that could be undertaken by the Commission has a very wide scope and the new staff resource could easily be pulled in all sorts of directions. It is important that this work develops effectively to ensure it makes maximum progress towards the Commission's key priorities. At the B3 level this will involve considerable liaison with stakeholders and gaining support; project management; oversight of the Commission and crofting to ensure decisions about work avenues are considered; ensure ongoing external communications that create wider support for this work; and collaboration with RALU and Grazings teams. This would be suited to an experienced B3. If it was tagged onto an existing B3 role, it would be at the expense of both development and other key Commission priorities.

SMT considers that this should be first call on the available resources, as it seems essential to put management time into establishing an effective role for the development officers from the outset.

5. A deputy CEO

Proposal – to bring in a temporary deputy CEO on secondment, for one year from July 2021.

Cost: 68k in 2021/22, and a further £23k in 2022/23

Over previous decades, the Commission has normally operated with at least three C band leaders – a CEO, deputy CEO and Solicitor, and sometimes with four. The current structure – with only the CEO and the Solicitor at C band level - is unusual in comparison both with other organisations and with the Commission's own history.

This situation arose in 2019 because it was considered more important to expand the number of B3 team leaders (a Head of Digital and Improvement as well as a Head of Operations and Workforce), than to continue with a deputy CEO. However, the Workforce Plan of January 2020 noted that it would be desirable in due course, to increase the number of C bands to 3 or 4, at a cost of no more than £40k per annum. Such an increase is not currently affordable on a permanent basis. However, the current availability of short term resources provides an opportunity to bring an experienced C band in on secondment for a year.

Under this option, an additional secondee would take on the management of the Regulatory Operations and the new Development Team. The specific aims for the post would be to review the Commission’s regulatory operations from a customer service perspective, focusing on removing causes of delay in processing, enhancing communication with customers, and ensuring that the CIS users have an effective voice in driving the changes that are being delivered by the IS team. The secondee would also play a key role in forming a strategy for the outward facing posts in the Western Isles, focusing on agriculture, diversification and climate change aspects of crofting; and would help the Commission make effective representations to the Scottish Government about the future of support.

This would leave the CEO more able to maintain an oversight of all of the Commission’s work and to focus on organisational leadership, focusing the strategic direction of the various projects, stakeholder relationships, and staffing issues including succession planning and the response to staff survey concerns. This would include a particular focus on the expansion of RALU and the delivery of IS projects.

Impact:	Comments
Financial	£120k is available for 2021-22. This paper provides opportunities for its use.
Legal/Political	All of the options address priorities that have been identified.
HR/staff resources	Several of the options will result in temporary staff moves, where necessary with temporary backfilling.

RECOMMENDATION

This paper sets out various options to utilise resources to meet the Commission’s goals.

The Board is invited to agree with the CEO, the priorities for use of up to around £120k of available resource in 2021/22, selecting between the options above.

Author Bill Barron, CEO

Date 1 March 2021