

## RESAS

Rural & Environmental Science  
and Analytical Services



@SGRESAS



# Agenda

- **10:30 – 10:45:** Welcome and context; objectives of session, {REDACTED}
- **10:45 – 11:15:** Presentation of stylised ‘case studies’, {REDACTED}
- **11:15 – 11:30:** Discussion on case studies, All
- **11:30 – 12:30:** Presentation of initial modelling approach and central results from analysis, {REDACTED}
- **12:30 – 13:30:** Lunch (AQ canteen)
- **13:30 – 14:30:** Discussion of modelling results, key assumptions and sensitivities (with live demo\*), {REDACTED}
- **14:30 – 15:15:** Next steps, All
- **15:15 – 15:30:** AOB, Wrap-up and close.

# Objectives

- Four objectives for this analytical work which are set out in the Project Initiation Document (see right). Work is scheduled to conclude with a final report in mid-December.
- Aim of today's session:
  1. To share the initial thinking and modelling approach developed by RESAS/GAD analysts wrt to objectives 2 and 4.
  2. To obtain policy feedback on the 'case studies' and the 'typology' of compensation risks we have developed.
  3. Discuss assumptions/dependencies in projections of compensation costs.
  4. Agree next steps for Objective 3 and presentation of analysis in a final report for the project and sign-off process.
- **Objective 1:** Create a comprehensive process map of the Transfer Test process, capturing all possible outcomes that may arise in a typical case (including the appeals process), identifying clearly the types of compensation that can arise (i.e. loss of market value due to lotting, costs associated with delays in a transaction, others?) and the key variables which would drive significant compensation claims.
- **Objective 2:** Develop 3-4 stylised 'Case Studies' which, as far as practicable, are informed by up-to-date land value data transactions and a reasonable range of assumptions on key variables in the process that will determine the size of compensation claims in a particular case to illustrate the potential impact on the Scottish Government (low impact to high impact).
- **Objective 3:** Assess policy actions and make recommendations as to what would be effective in reducing the risk of significant compensation payments arising in the Transfer Test process [for example a RAG/Risk assessment of SG compensation risk as part of the investigation by the Scottish Land Commission]
- **Objective 4:** Assess the feasibility of generating broader scenarios to illustrate the overall total SG financial risk associated with compensation liabilities arising from the compensation provisions over time in line with requirements of a Financial Memorandum.

# Part 1: Case Studies

10:45 – 11:15

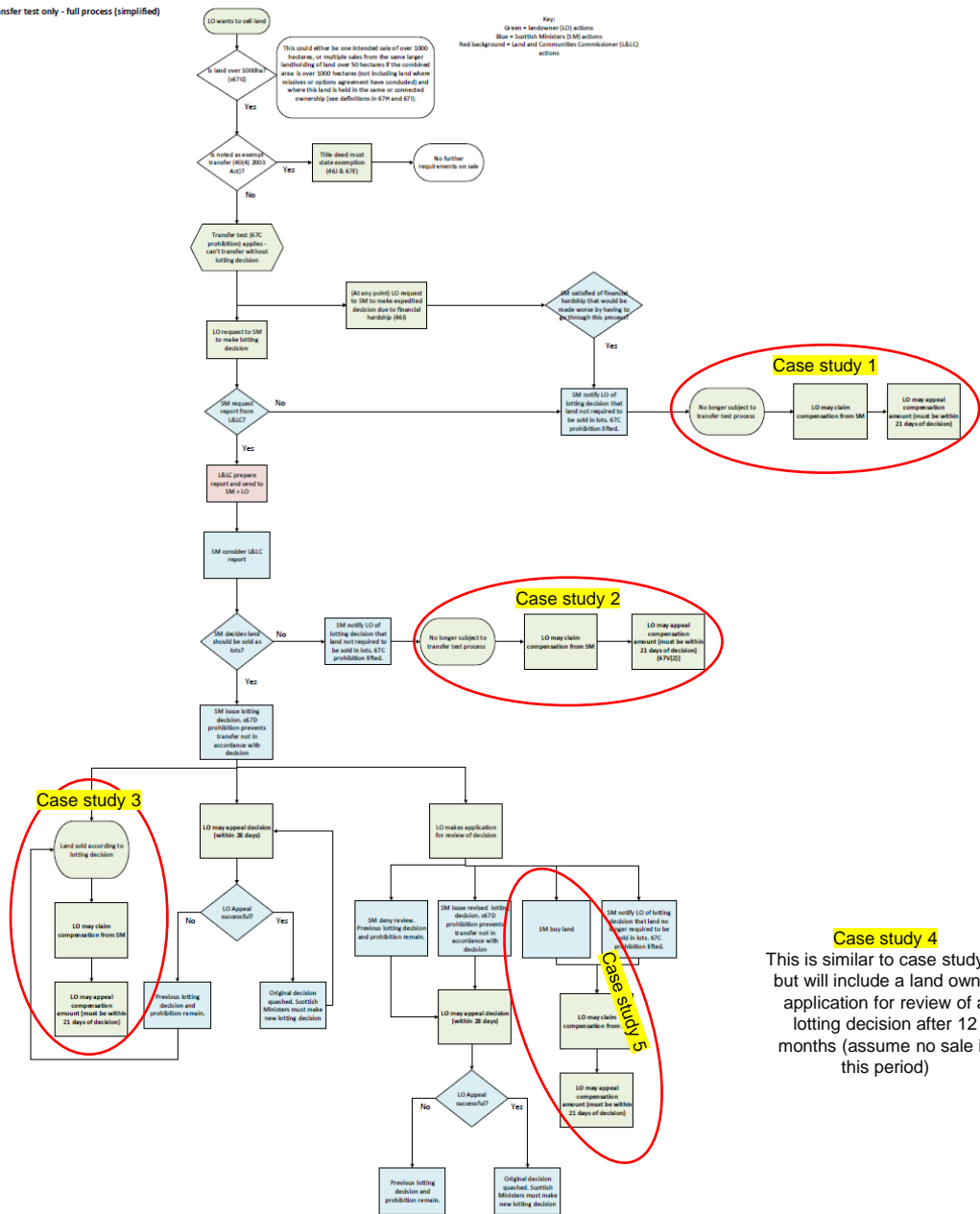
# Case studies

- We have developed five ‘case studies’ and a ‘counterfactual’ to aid understanding and demonstrate where compensation costs may arise in the proposed Transfer Test process.
- Case studies relate to the simplified process maps developed as part of objective 1.
- Each case builds in further complexity and therefore, increasing compensation costs.
- At this point these case studies do not go into a huge amount of detail around the appeals process that is set out in the process map.

<b>Counterfactual</b> (assume a ‘typical’ large landholding is sold within 6 months, no transfer test applies)
<b>Case Study 1</b> (Sale of landholding, where a landowner demonstrates they are under financial distress)
<b>Case Study 2</b> (Sale of landholding where a report by LCC is requested, but decision to lot is not made by Scottish Ministers)
<b>Case Study 3</b> (Sale of land where a report is requested and decision to lot is made by Scottish Ministers - straightforward case, no appeals)
<b>Case Study 4</b> (Sale of land where a report is requested and decision to lot is made by Scottish Ministers - complex case with appeals, all lots are ultimately sold)
<b>Case Study 5</b> (Sale of land where a report by LCC is requested and decision to lot is made - complex case with appeals, with part of lot bought by Scottish Ministers)



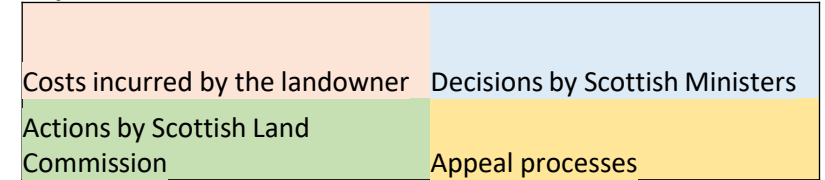
Key:  
 Green = landowner (LO) actions  
 Blue = Scottish Ministers (SM) actions  
 Red background = Land and Communities Commission (L&C) actions



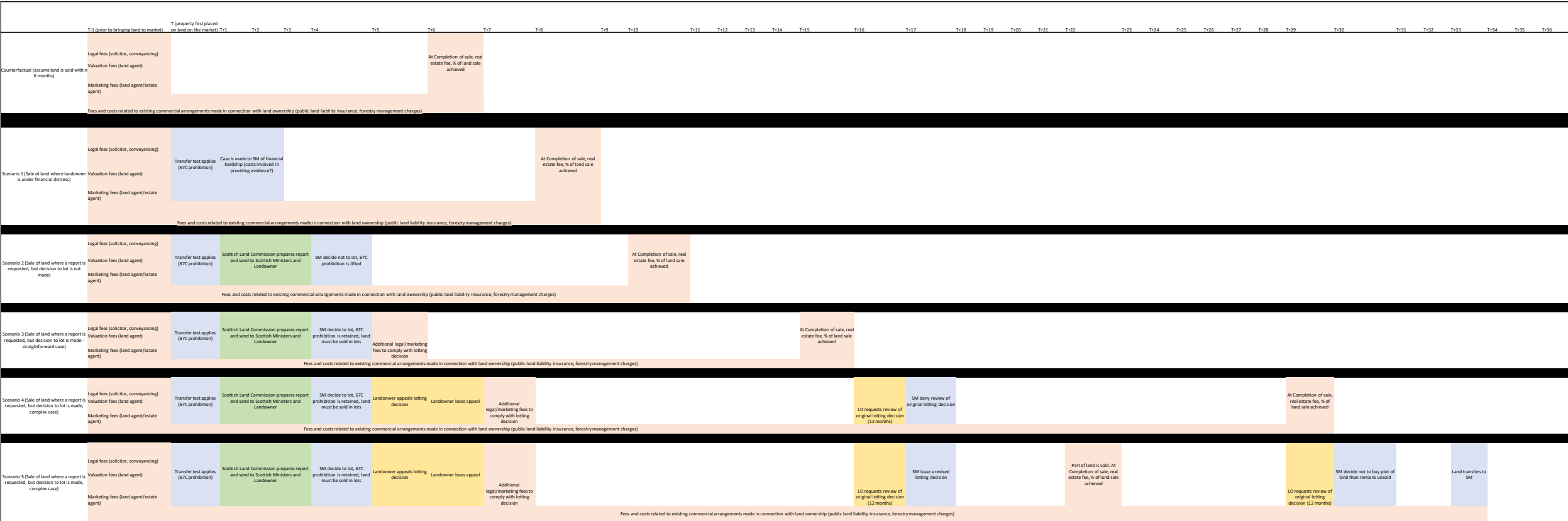
**Case study 4**  
 This is similar to case study 3, but will include a land owner application for review of a lotting decision after 12 months (assume no sale in this period)

# Case studies in detail

**Key**



Case studies demonstrate that sale could be delayed from 6 months (counterfactual) to nearly 3 years (case study 5)



# What are the compensation costs? How are these demonstrated in practice?

- **Key principle:** if it were possible to establish the counterfactual (the time & expense it would have taken for a sale to complete in the absence of the transfer test prohibition of sale), then a landowner could claim compensation for any additional expenses or loss (loss of interest on a capital gain) caused by the Transfer Test prohibitions on sale and/or a lotting decision.
- **In practice:** It would be difficult for a LO to reliably establish how long it would have taken a landholding to sell on the market without the transfer test once it is in place. However, we have assumed that there are at least two in-built delays - time for LLC to make a report and time for Scottish Ministers to consider a report and make a decision on lotting – which would cause a delay in a potential sale that can be demonstrated, leading to potential losses and additional expenses.

## Language used in the Bill

- *Loss or expense incurred in complying with the procedural requirements of a lotting decision*
- *Loss or expense attributable to a potential transfer of the land being prevented by the need for a lotting decision prior to sale*
- *Loss or expenses attributable to a lotting decision stating that the land may only be transferred in lots*



# Sources of Compensation Identified

Compensation description	Relevant case studies	Compensation type	Impact of longer delay on SG compensation liability?	Impact of falling market values on SG compensation liability?
Compensation for cost of interest due to delay of sale at the LCC report stage	2, 3, 4, 5	Known, per month cost, based on interest cost on loan	↑	—
Compensation for reductions in land value due to delays in requiring a lotting decision and delays post lotting decision being made (if decision is to lot)	3, 4, 5	Unknown, one-off cost based on change in land value	—	↑
Compensation due to ongoing financial costs and fees related to land ownership over period of delay due to lotting	3, 4, 5	Known, per month cost, based on current expense rate	↑	—
Compensation due to additional expenses of incurred following a lotting decision (land agent fees for example)	3, 4, 5	Unknown (but could be estimated when past data is available), one-off cost	— Potentially higher costs for longer delays	—
Direct costs to Scottish Ministers due to buying land directly	5	Unknown	—	↓

# Discussion

- Are there any clear gaps that need to be picked up in case studies that are omitted currently?
- Are there other forms of compensation that have been missed (or those identified that are unlikely to arise)?
- Would landholdings in the public sector pursue compensation claim to Scottish Ministers in practice? \*Projects currently omit FLS holdings.
- Will there be a de minimis level for a given compensation claim?
- If compensation is paid to address on-going expenses linked to landownership, would this need to be net of any ongoing benefits (farm subsidy payments, rental income from properties etc.)?
- We have focussed on costs in these case studies. However, there may be benefits to holdin land for longer periods of time if a) it generates a positive income for LO and/or b) land values increase over period of any delay.

# Part 2: Modelling approach and central results from our analysis

11:30 – 12:30

# Modelling Overview

- We have developed an initial modelling approach and generated three cost projections for a minimum, central and maximum scenario for compensation costs.
- Projections based over a 25-year period.
- Data underpinning the modelling comes from James Hutton Institute analysis (which is based on the WHO dataset), the Rural Land Market Report 2023, Savills Research and OBR forecasts.
- 13 assumptions underpinning each scenario – leads to a wide range of outcomes in terms of costs. Each assumption can be tweaked and refined to narrow range of impacts based on feedback.
- 9 key steps in the methodology (see diagram)



# Datasets used to inform scenarios

- James Hutton Institute analysis covering the number and distribution of landholdings that are over 1,000 ha in extent (Who Owns Scotland dataset).
- Rural Land Market Report 2023 – transactions (hectarage and price per hectare) of landholdings over 1,000 ha that were sold between 2020 and 2022.
- Savills Research – land values index by region since 1992 (to reflect inflation in land prices over time)
- Office for Budget Responsibility - forecast of Bank of England base rate (30<sup>th</sup> October)

Key stats	
Total number of sales over 2020-2022 >1,000 ha	24
Total landholding area in Scotland >1,000 ha in 2022	4.1m ha (excludes NFS)
Average size per sale	2,667 ha
Average price of land per ha (based on sales over 2020-2022)	£1,900 per ha

# Methodology steps

<p>1. Make an assessment of the total value of land which could be subject to the transfer test (stock variable)</p>	<p>Combine outputs from research provided by JHI to Scottish Government on the characteristics of large-scale landholdings to inform an assessment of the extent of land in Scotland. Use land value transactions data compiled by SLC in the rural land market analysis reports to determine average value of land parcels.</p>	<p>The most significant bias will be that land which is readily transacted in the rural land market have a higher land value compared to land which has not transacted - this has the potential to lead to overvaluation in land? Do we include land owned by public sector bodies (NFS?), as these may be unlikely to pursue compensation?</p>
<p>2. Make an assessment of the value of land that is transacted annually which could be subject to the transfer test (flow)</p>	<p>Use land value transactions data compiled by SLC to determine the number and overall extent of land parcels transacted which were individually over 1,000 ha in size.</p>	<p>The data on market transactions is limited to years 2020-2022. This is likely to bias analysis to a degree as it is unclear if these years are representative of longer-term position of this part of the land market (Covid-19/Brexit effects).</p>
<p>3. Make an assumption on the proportion of annually transacted land where an in-depth investigation by the LCC is carried out</p>	<p>In some cases - i.e. where there is financial hardship of the landowner, or where it is clear there are no communities local to the landholding - there will be limited investigation required by LCC (if any). The landowner would be free to transfer with no requirements and with minimal delay, and <b>compensation is therefore expected to be minimal in these cases.</b></p>	<p>This is ex-ante very challenging to assess, given the fact that decisions will be on a case-by-case basis and depend on the nature of land coming onto the market over time. It is likely to vary from year to year.</p>
<p>4. Estimate compensation that may arise due to a delays in a land sale caused by the LCC report stage</p>	<p>The Land and Communities Commissioner at the Scottish Land Commission will investigate a proportion of land transactions and make a report to Ministers. This would take some time to complete before a determination to lot is made by Ministers. This introduces a delay to the sale of the land. Do we assume that compensation could be calculated on the basis of cost of interest on the achieved market value of a land sale, caused by this delay? (even if there is no lotting determination ultimately made?). This could be calculated with respect to the current BoE base rate.</p>	<p>To discuss with policy, there is precedent for how this type of calculation is made in Community Right to Buy compensation cases? Calculations are linked to expectations for future BoE rates.</p>
<p>5. A proportion of annually transacted land where ministers do make a lotting decision, requiring land to be sold in lots</p>	<p>Similar to point 3 above it is ex-ante very challenging to assess, given the fact that it will be on a case-by-case basis and depend on the nature of land coming onto the market over time. The financial memorandum assumes a minority (30% of all qualifying sales) would lead to lotting.</p>	<p>To test reasonable assumptions on this % - already have set out policy thinking to an extent in the Finance Memo.</p>

# Methodology steps (continued)

<p>6. Change in total value of land that is subject to lotting</p>	<p>In cases where it can be demonstrated that the total market value of the landholding prior to a lotting decision exceeded the total value of the lots sold following a lotting decision, compensation of any difference that arises could be awarded. It is unclear what a reasonable assumption could be - on average would there be a 10%/20%/30% reduction in land value?</p>	<p>To discuss with policy. Ultimately if there is an assessment by the LCC that a lotting decision that splits up a land parcel, would drastically reduce the value of the land that could be achieved, it is expected this information and this risk would be in a LCC report and would be considered before a lotting decision is made by Scottish Ministers. This might naturally put a ceiling on risk exposure to changes in land value? {REDACTED}</p>
<p>7. Additional expenses of lotting incurred by the landowner (marketing and agent fees)</p>	<p>Landowners may incur some additional administrative fees charged by land agents to market land in new lots as required by a lotting decision. There is limited evidence to suggest what these may amount to at this point, but we suspect values would be negligible (in region of £1000s per case)</p>	<p>To discuss with policy - any intelligence on land agent fees gathered to date that would sensibly inform an assumption? Could there be cases in future where a land agent will offer to work with landowner on re-marketing 'for free' if a change was needed following a Transfer Test decision, this model may be attractive to landowners wishing to de-risk any hidden fees?</p>
<p>8. Delay in the sale of total land area due to a lotting decision</p>	<p>The landowner will need to sell land lots to different buyers. This may take some time to complete - and arguably take longer than if a lotting decision had not been made - however it is unclear how a delay could be demonstrated to be linked to the lotting decision alone compared to a counterfactual? It may be that a community buyer takes a longer period of time to raise funds and complete a sale compared to a private buyer who - without the lotting decision - would have been in a position to buy all lots. In such a scenario, would a delay be demonstrated and compensation payable?</p>	<p>It is not clear how a delay could be demonstrated in practice? Delay may be on only part of the landholding that was lotted for the purpose of a community purchase and not on the whole land area - <u>at the moment calculations done on basis of whole area</u> and hence may overstate costs.</p>
<p>9. Ongoing costs to service land</p>	<p>It may be the case that the landowner continues to bear fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges) that would otherwise have been terminated earlier if sale of land was not subject to the transfer test.</p>	<p>Policy steer required. Financial losses to be weighed against financial gains (continuing farm payments? Rental income?), how is this considered in practice. Are we considering net costs only?</p>
<p>10. A small portion of land may be ultimately unsold and SM may be forced to buy this land at the market rate</p>	<p>Unclear what to assume, given this is a backstop and not intention of process, assume a low proportion in most cases. A maximum of 5% of land subject to the transfer test would ultimately be bought by Scottish Ministers.</p>	<p>This is ex-ante very challenging to determine. Not a desired outcome of transfer process - would be a last resort and ultimately intention of LCC advice would be that all land would have a buyer. However, likely that is may be needed in rare cases</p>

# Assumptions used

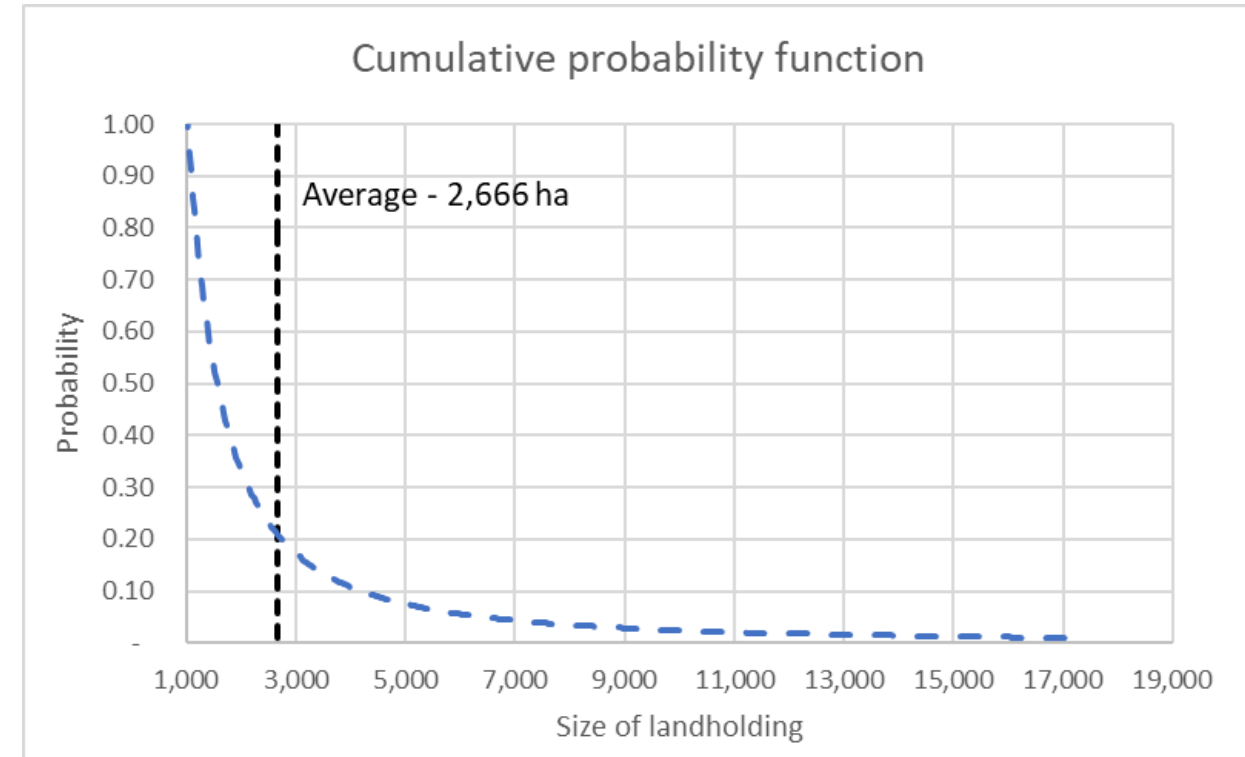
Assumption	Key assumptions	Central estimate	Minimum value	Maximum value	Source
1	Value of all land in Scotland in landholdings over 1,000 ha (£bn)	£8.7	£6.4	£11.1	SG analysis (based on JHI and SLC research) – does not include NFS
2	Annual growth rate of land values for landholdings over 1,000 ha	6.53%	5.22%	7.83%	Savills Research
3	Average value of landholdings transacted every year subject to the Transfer Test (£ per ha)	£2,667	£2,000	£3,333	Scottish Land Commission, Rural Property Market Report. Min and max values to capture variability from year to year
4	Number of land transactions every year subject to the Transfer Test	10	5	15	Scottish Government, Financial Memorandum assumption
5	Proportion of land holdings that are subject to an LLC investigation	50%	25%	75%	SG assumption (25% - 75% possible?)
6	Bank of England Interest rate	3.2%	2.2%	4.2%	OBR March 2024 forecast is for 3.2% bank rate in 2028-29 (assume a +/- 1% variance around this)
7	Time to compile a SLC report (months)	3	2	4	Illustrative for now, policy input required after consultation with SLC
8	Proportion of large-scale land holdings that are subject to an LLC investigation where a lotting decision is made	30%	10%	50%	SG assumption (30% was used in FM, but this was on all transactions in a year - not just those where a further investigation was warranted)
9	Change in total value of land that is subject to lotting	5%	2.5%	10%	SG assumption, untested
10	Additional expenses of lotting incurred by the landowner (marketing and agent fees) (£ per transaction)	£10,000	£5,000	£25,000	SG assumption, untested
11	Average delay in sale of land that is lotted (months)	12	6	18	Unclear how to model this sensibly at this stage. Delay of 12 months assumed as in line with period for a review of original lotting decision.
12	Ongoing financial costs and fees related to existing commercial arrangements made in connection with land ownership (£ per year, per hectare)	£12.00	£6.00	£18.00	Based on public liability insurance, range quoted here suggests £250-£300 for 60+ acres of land, converted to a per hectare measure to give £12.
13	Proportion of land that is unsold that is purchased by Scottish Government	2%	1%	5%	SG assumption, untested

Note that real costs are calculated using the forecast of the GDP deflator, and a 2% growth assumption beyond the forecast period



# The distribution of land sales for the Transfer Test

- There is limited reliable data on land market transactions to inform a realistic projection (2020-2022 data only).
- Average size of landholding was 2,666 ha in this period.
- However, likely to be highly variable from year to year – a 'normal distribution' would not be representative.
- It is more likely for a given sale to be between 1,000 ha and 2,666 ha, with fewer very large transactions bringing up the average.
- Assume an upper bound on land market based on largest sale historically (17,500 ha).
- Use a 'bounded pareto-distribution' to simulate a fitted distribution of land sales subject to the transfer test.
- Therefore: 23% chance that a given sale will be above 2,666ha. 5% chance a sale is over 7,200ha. 1% chance over 13,500 ha.

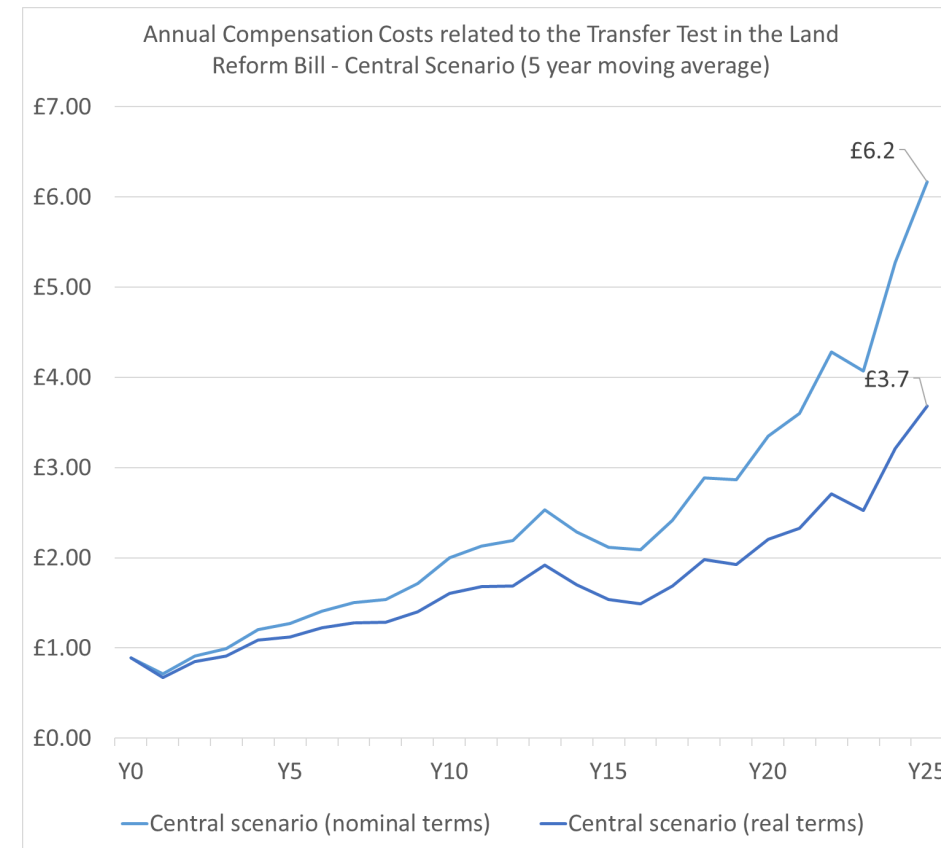
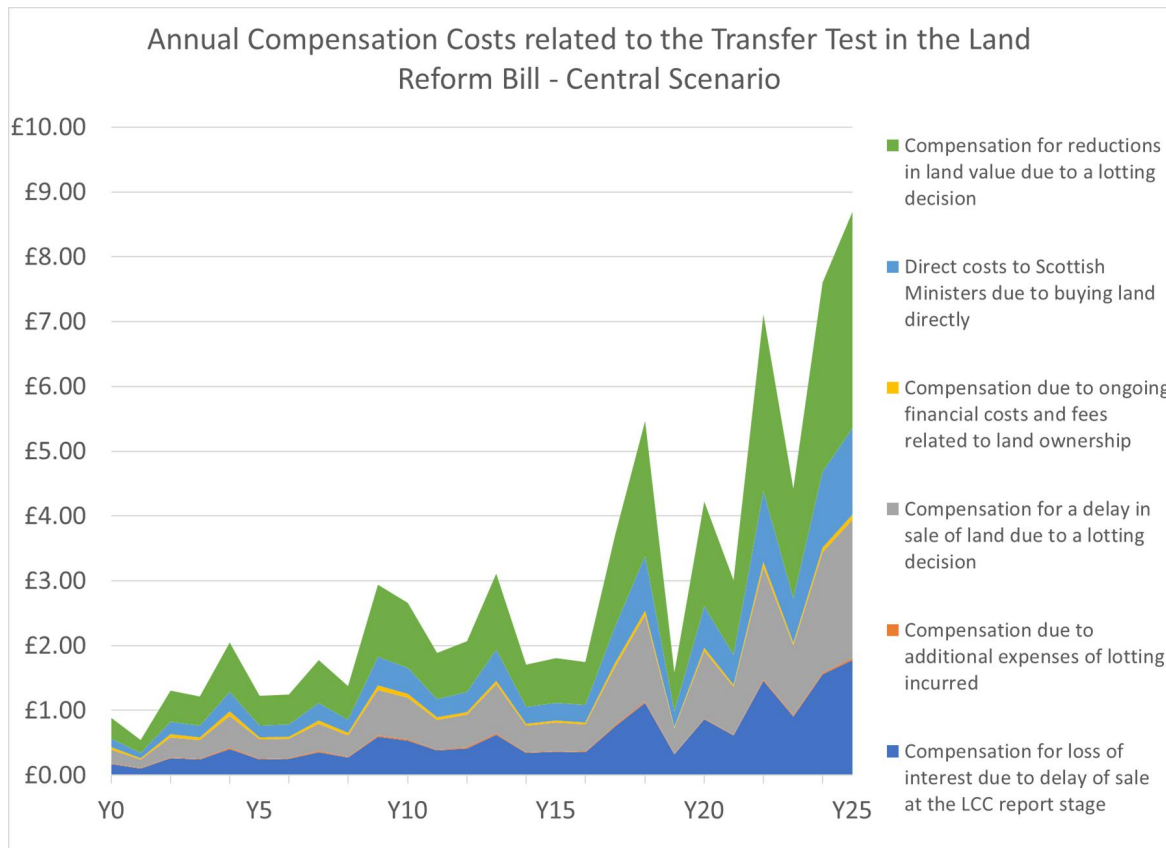


# Methodology used for projections

- Uses a 25-year projection period (from year of implementation\*)
- Randomly draw 30 land parcel sizes (from the bounded pareto distribution) for each year of the projection.
- Calculate an average land parcel size for each year based on these 30 hypothetical transactions.
- For each year draw a random number between the minimum and maximum number of transactions assumed for a given year (set at between 5 and 15 currently)
- Apply the transactions per year figure to the land parcel average for each year of the projection to generate a total 'average area of land sold per year'
- Multiply by land value assumption to generate a market value of land sold
- Importantly – we do not assume that the stock of land held in landholdings over 1,000 ha falls over time

# Results: Central Scenario

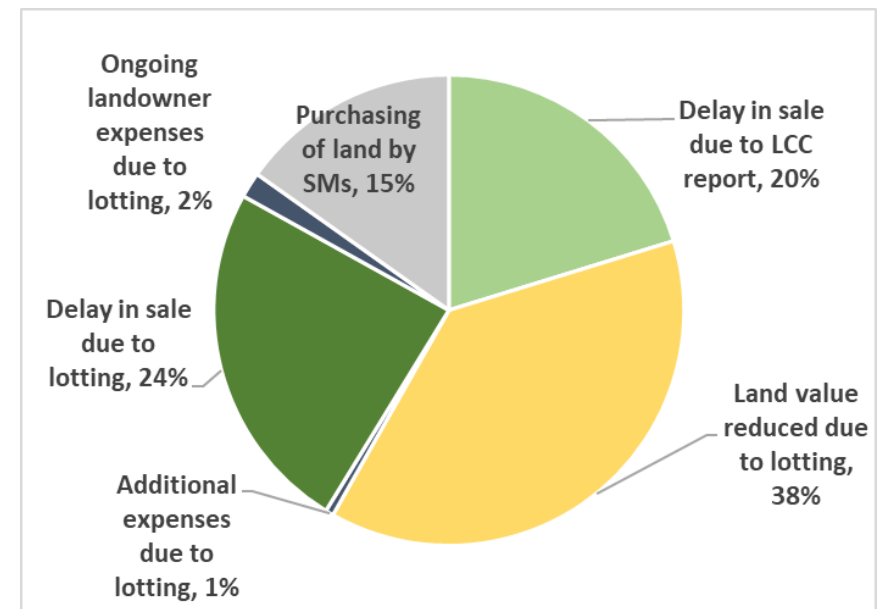
In our central scenario, over a 25-year period, nominal compensation costs amount to **£68.4m**. Annual costs are around **£1.2m** per year in first 5-year period – but rise to **£6m** per year by end of period. The largest proportion of compensation costs are reductions in land value due to a lotting decision (green).



# Results: Central Scenario

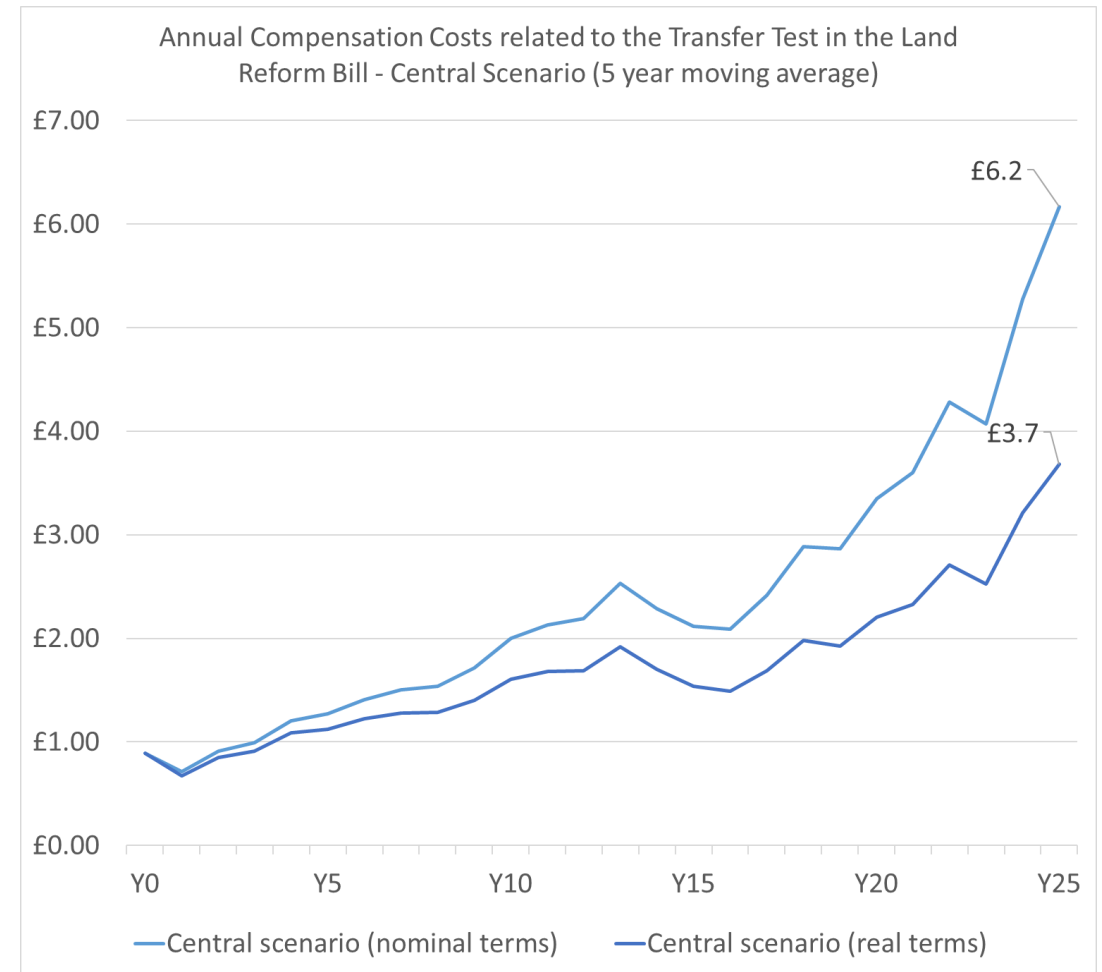
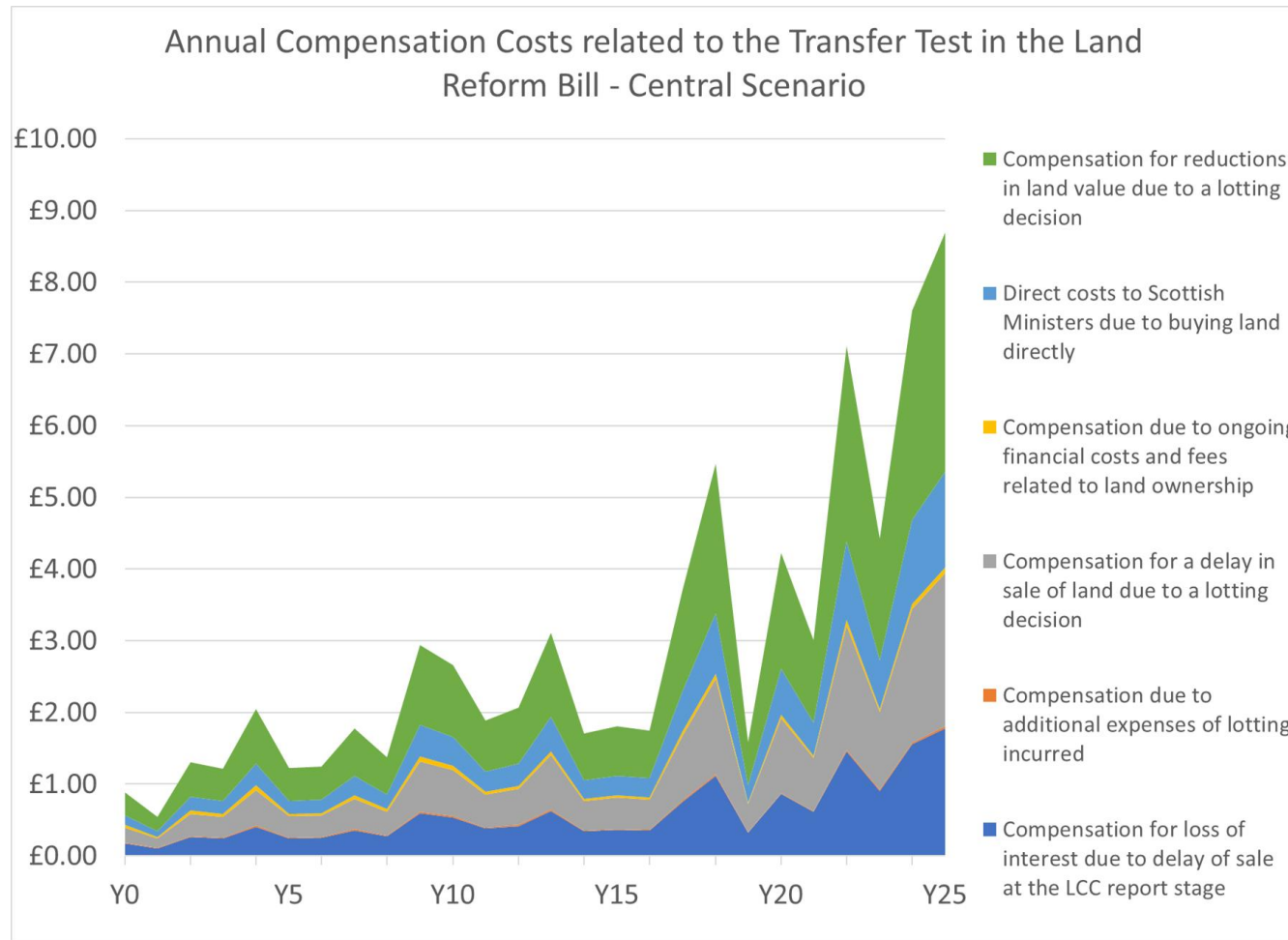
- Largest element of liability consists of reductions in land value due to a lotting decision (38%).
- Liabilities implied by delays in sale at LCC report stage and lotting decision stage, make up for 20% and 24% of the liabilities respectively.
- Liabilities associated with meeting landowner expenses are proportionally very low.

			Central Cost over 25 years (unadjusted for inflation)
<b>A</b>	Compensation for loss of interest due to delay of sale at the LCC report stage	Delay in sale due to LCC report	£13.9
<b>B</b>	Compensation for reductions in land value due to a lotting decision	Land value reduced due to lotting	£26.0
<b>C</b>	Compensation due to meet additional expenses of lotting incurred by the landowner	Additional expenses due to lotting	£0.4
<b>D</b>	Compensation for a delay in sale of land due to a lotting decision	Delay in sale due to lotting	£16.6
<b>E</b>	Compensation due to ongoing financial costs and fees related to land ownership	Ongoing landowner expenses due to lotting	£1.2
<b>F</b>	Direct costs to Scottish Ministers due to buying land directly	Purchasing of land by SMs	£10.4
			<b>£68.4</b>



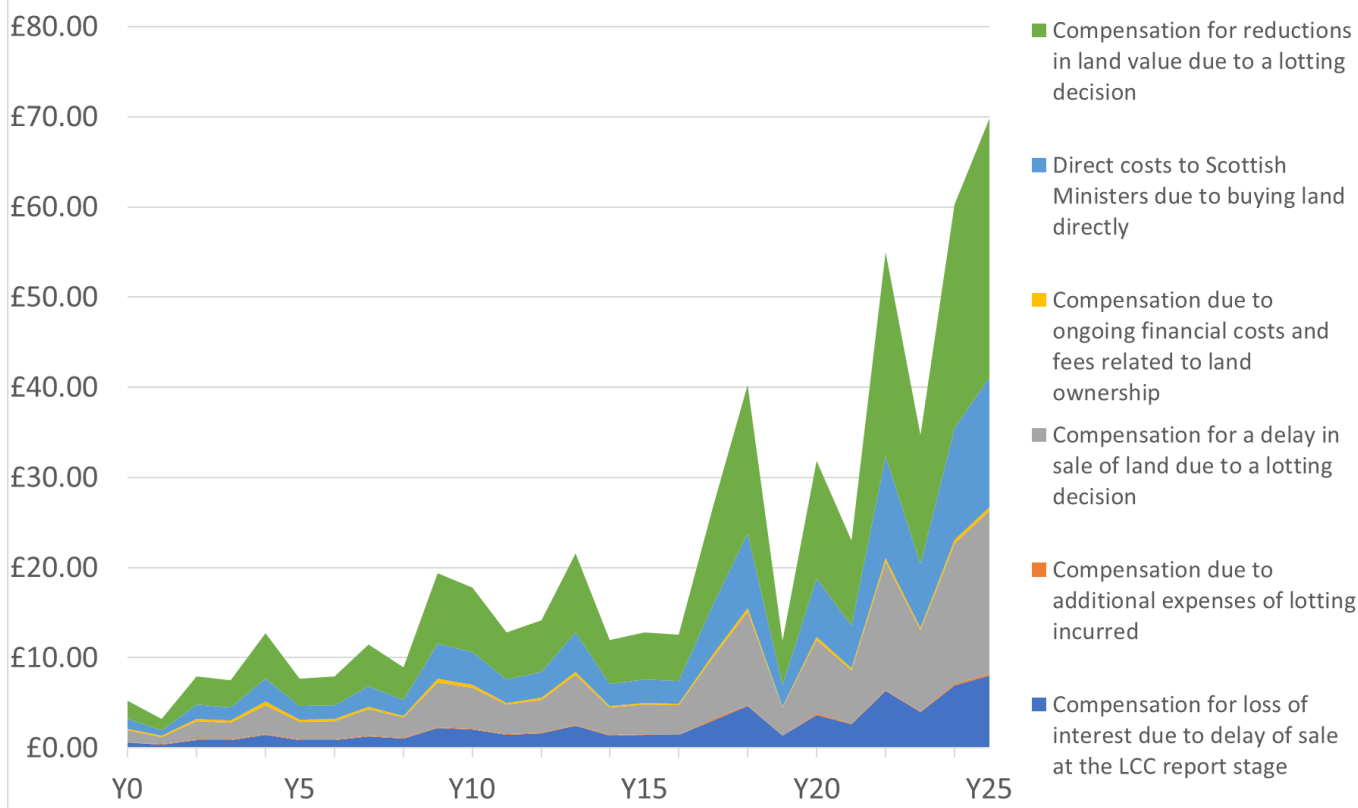
# Part 3: A deep-dive into modelling results

# Results: Central Scenario

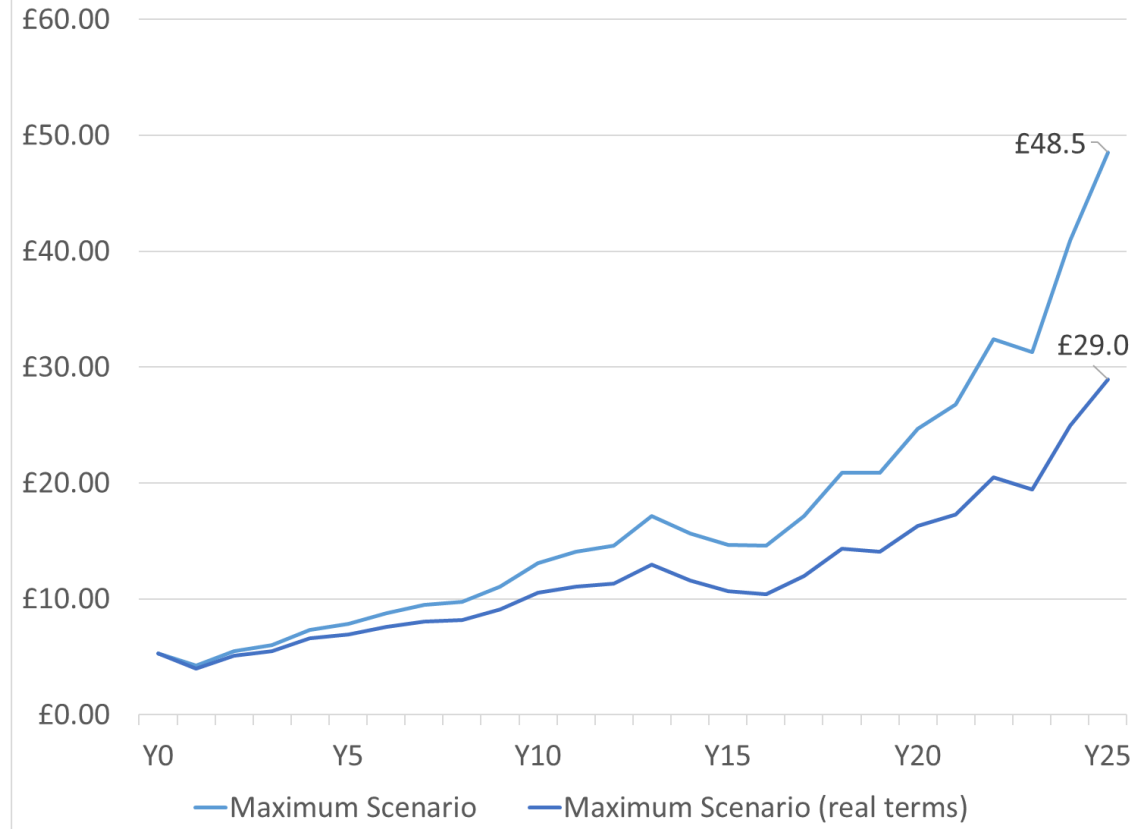


# Results: Maximum Scenario

Annual Compensation Costs related to the Transfer Test in the Land Reform Bill - Maximum Scenario

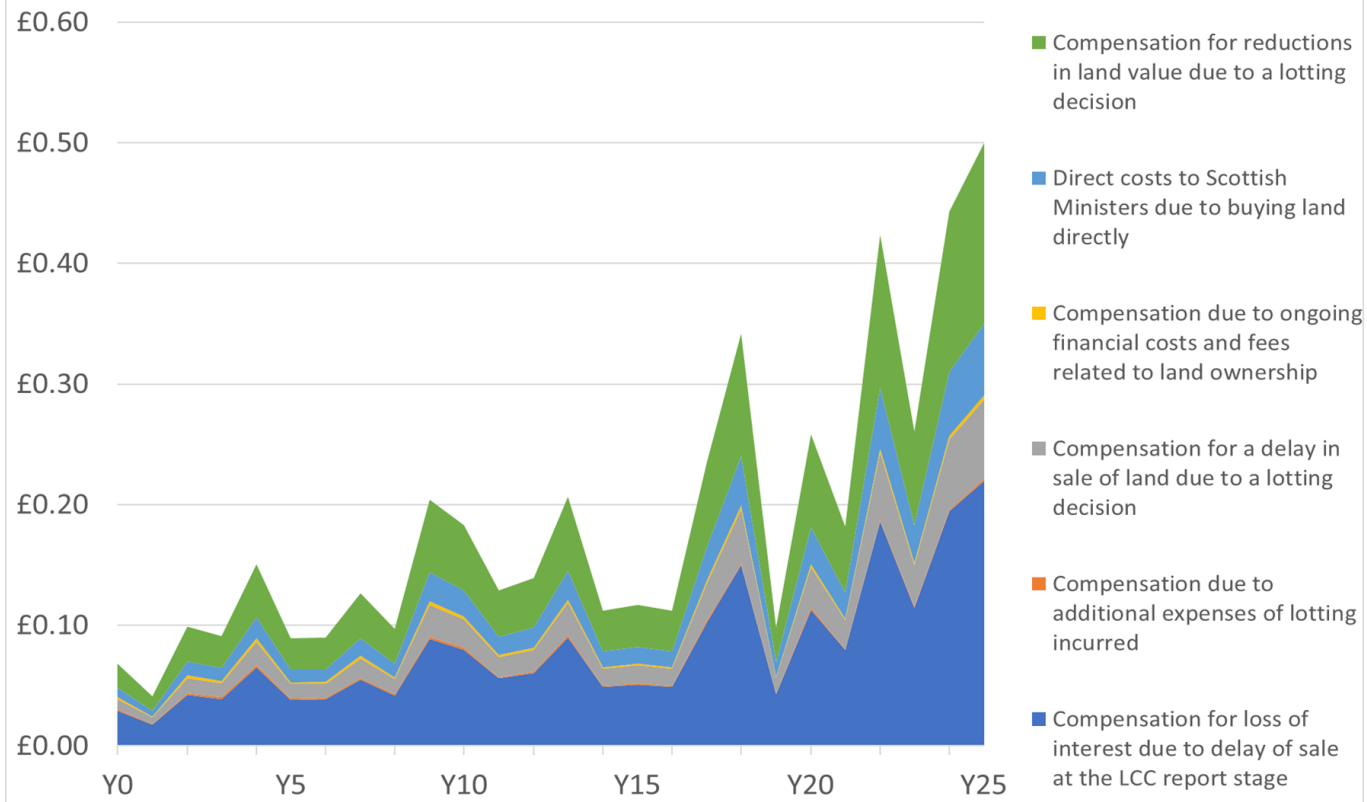


Annual Compensation Costs related to the Transfer Test in the Land Reform Bill - Maximum Scenario (5 year moving average)

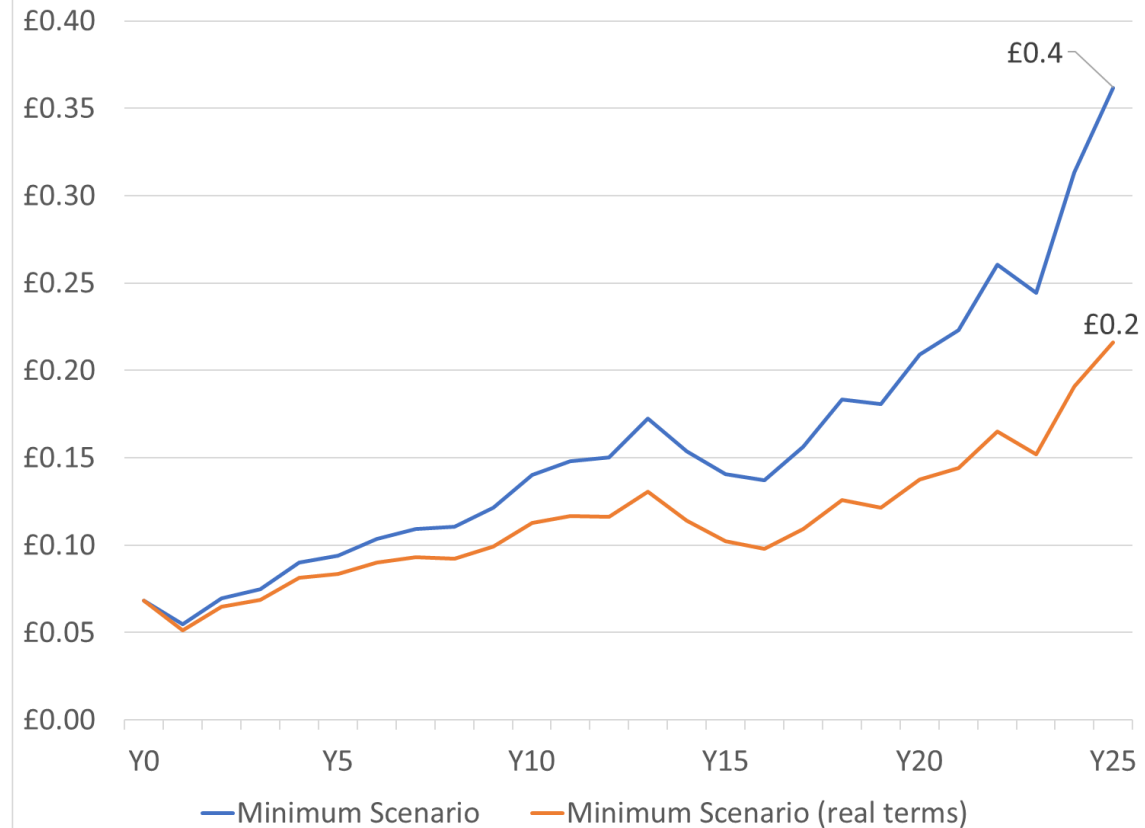


# Results: Minimum Scenario

Annual Compensation Costs related to the Transfer Test in the Land Reform Bill - Minimum Scenario



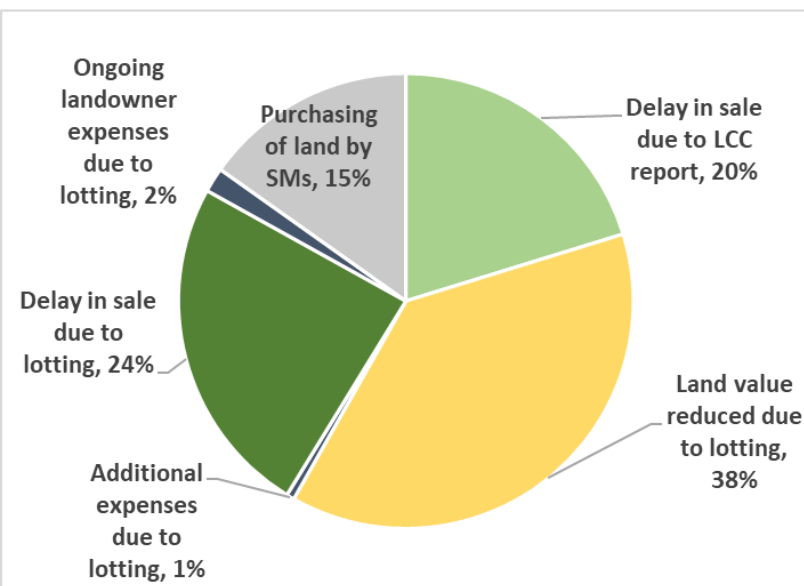
Annual Compensation Costs related to the Transfer Test in the Land Reform Bill - Maximum Scenario (5 year moving average)



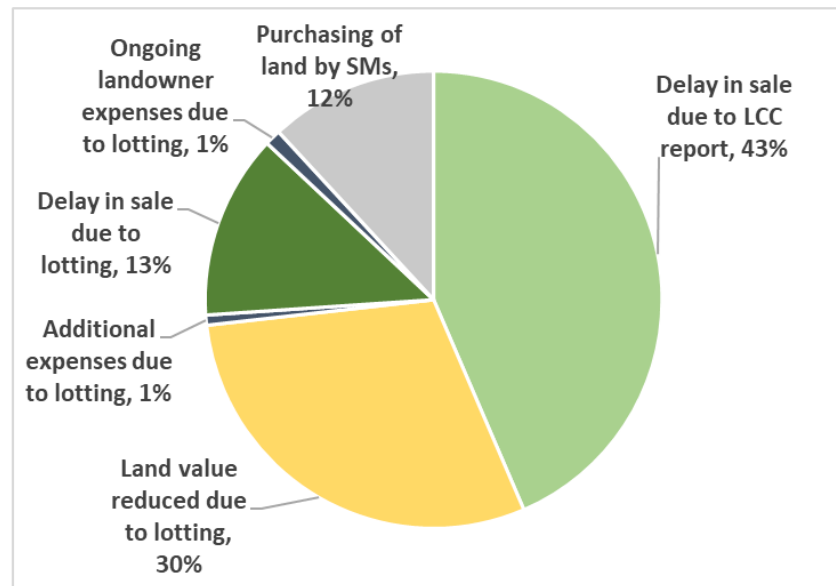


# Breakdown of sources of compensation costs in each scenario

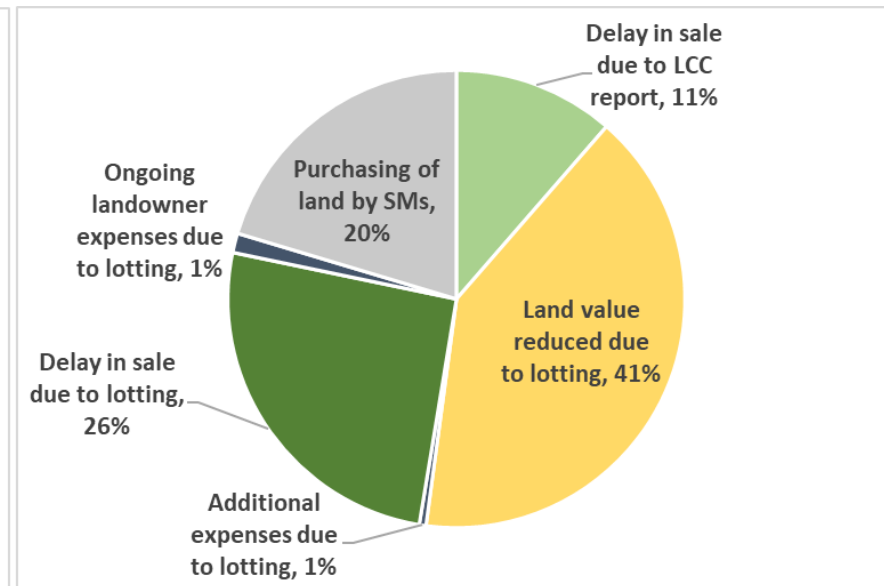
Central (£68.4m)



Minimum (£4.4m)



Maximum (£492.1m)



# Key Findings from scenario modelling

- **Order of magnitude differences in cost projections in each scenario demonstrates the uncertainty inherent in modelling compensation costs** (£4.4m over 25 years in min case vs. £492.1m over 25 years in max case).
- **In all scenarios, the annual cost of compensation tends to rise over time (even after accounting for inflation).** This is driven by an assumption that the value of land will rise at a faster rate than general prices (GDP deflator). Annual growth in GDP deflator since 1993 has been 2.3%; annual growth in land value index since 1993 was 6.5%.
- **There is significant variability in profile of costs, driven by the randomisation of transactions in each projection** – this likely reflects the reality of this part of the land market in future. However, a ‘smooth’ projection could be used for presentation purposes.
- **Costs associated with compensation of additional new/ongoing expenses to a landowner associated with a lotting decision are minimal** (around 2% of the total across all scenarios)
- **Compensation of reduction in land value due to a lotting decision is largest component cost in central & maximum projections,** however this costing has least robust grounding in evidence and most sensitive to assumptions.
- **The amount of land transacted over 25 years relatively small.** Over 4m ha of land held in landholdings over 1,000 hectares, but only 700,000 (17%) of land is expected to transact over this period.

# Limitations

- **Data:** despite best efforts, the data underpinning this analysis is limited in several dimensions. In particular, we do not have a long time series of landholding transactions on which to understand variability in this part of the land market and a partial understanding of the total stock of land held in landholdings over 1,000 ha.
- **Sensitivity to key assumptions:** the most material assumptions with an impact on the costings are: the proportion of land holdings that sold that are subject to a LCC investigation/report and the proportion of landholdings that are subject to lotting.
- **Timings of transfer test process:**
- **Modelling of compensation:** as the regulations for how compensation will be calculated are not clear, these are based on reasonable assumptions (particularly on costs for delays in sales). These could be altered giving different results.
- **Behaviour of landowners:** unclear how many landowners will ultimately pursue a complex legal claim of compensation – analysis implicitly assumes ‘full take-up’ of compensation through legal processes.
- **Future land value prices:** Land price inflation assumptions based on historical precedent to outpace general price inflation
- **Exogenous shocks to the land market:** Modelling does not take into account the possibility that there could be a change in valuation of land between start/end of a lotting process which could be claimed under compensation provisions?

# Discussion of results

# Policy recommendations?

- There is a clear logic to the result that compensation costs are driven primarily by the proportion of landholdings that are subject to an LCC investigation/report and/or subject to a lotting decision.
- The more land transactions that the transfer test process applies to, the higher the compensation costs.
- Regardless, there is significant uncertainty as to the magnitude of costs – flexibility is required in budget planning.
- We have found the most uncertain element of our cost projections is how to assess reductions in the value of land due to a lotting decision. The more informed the LCC report is with respect to land valuations prior to a determination, the more likely compensation risk can be factored into SMs lotting decision process and be planned for.
- There is a need for clarity on how compensation is to be calculated in practice given the challenge in establishing a counterfactual for any sale – the projections are based on our interpretation of how this could work.

# Next Steps

- How should we present analysis in a final report?
  - real vs nominal terms,
  - range/sensitivity of scenarios (narrower range of possibilities)
  - forecast period (5 years vs 25 years),
  - references to treatment of liability in Scottish Public Finance manual?
- View on how to present any policy recommendations in final report?
- Which officials should have sight of report before it is signed-off?
- AOB

# Appendix

# Case study 1: Sale of landholding, where a landowner demonstrates they are under financial distress

Key	
Costs incurred by the landowner	Decisions by Scottish Ministers
Actions by Scottish Land Commission	Appeal processes

	T-1 (prior to bringing land to market)	T (property first placed on land on the market)	T+1	T+2	T+3	T+4	T+5	T+6	T+7	T+8
Counterfactual (assume land is sold within 6 months)	Legal fees (solicitor, conveyancing) Valuation fees (land agent) Marketing fees (land agent/estate agent) Fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges)							At Completion of sale, real estate fee, % of land sale achieved		
Scenario 1 (Sale of land where landowner is under financial distress)	Legal fees (solicitor, conveyancing) Valuation fees (land agent) Marketing fees (land agent/estate agent) Fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges)	Transfer test applies (67C prohibition)	Case is made to SM of financial hardship (costs involved in providing evidence?)							At Completion of sale, real estate fee, % of land sale achieved



# Case study 2: Sale of landholding where a report by LCC is requested, but decision to lot is not made by Scottish Ministers

Key

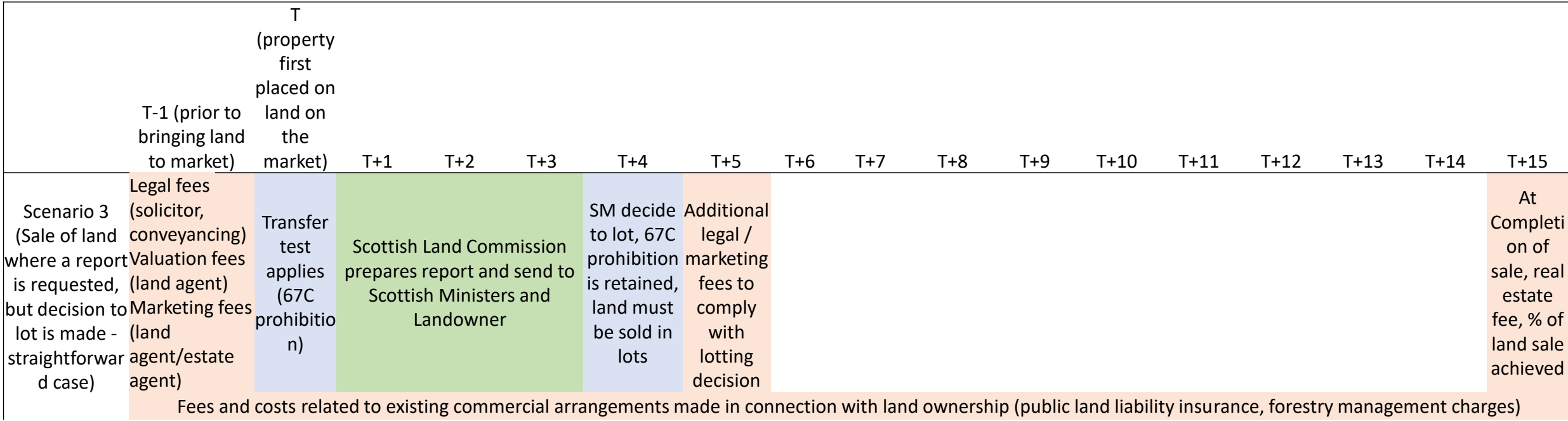
Costs incurred by the landowner	Decisions by Scottish Ministers
Actions by Scottish Land Commission	Appeal processes

	T-1 (prior to bringing land to market)	T (property first placed on land on the market)	T+1	T+2	T+3	T+4	T+5	T+6	T+7	T+8	T+9	T+10
Scenario 2 (Sale of land where a report is requested, but decision to lot is not made)	Legal fees (solicitor, conveyancing)											
	Valuation fees (land agent)											
	Marketing fees (land agent/estate agent)											
	Fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges)											
												At Completion of sale, real estate fee, % of land sale achieved
		Transfer test applies (67C prohibition)	Scottish Land Commission prepares report and send to Scottish Ministers and Landowner			SM decide not to lot, 67C prohibition is lifted						

# Case study 3: Sale of land where a report is requested and decision to lot is made by Scottish Ministers - straightforward case, no appeals

Key

Costs incurred by the landowner	Decisions by Scottish Ministers
Actions by Scottish Land Commission	Appeal processes



# Case study 4: Sale of land where a report is requested and decision to lot is made by Scottish Ministers - complex case with appeals, all lots are ultimately sold

Key	
Costs incurred by the landowner	Decisions by Scottish Ministers
Actions by Scottish Land Commission	Appeal processes

	T-1	T	T+1	T+2	T+3	T+4	T+5	T+6	T+7	T+8	T+9	T+10	T+11	T+12	T+13	T+14	T+15			
Scenario 4 (Sale of land where a report is requested, but decision to lot is made, complex case)	Legal fees (solicitor, conveyancing) Valuation fees (land agent) Marketing fees (land agent/estate agent)	Transfer test applies (67C prohibition)	Scottish Land Commission prepares report and send to Scottish Ministers and Landowner			SM decide to lot, 67C prohibition is retained, land must be sold in lots	LO appeals lotting decision LO loses appeal		Additional legal / marketing fees to comply with lotting decision											
	Fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges)																			
T+16	T+17	T+18	T+19	T+20	T+21	T+22	T+23	T+24	T+25	T+26	T+27	T+28	T+29	T+30	T+31	T+32	T+33	T+34	T+35	T+36
LO requests review of original lotting decision (12 months)	SM deny review of original lotting decision												At Completion of sale, real estate fee, % of land sale achieved							

# Case study 5: Sale of land where a report by LCC is requested and decision to lot is made - complex case with appeals, with part of lot bought by Scottish Ministers

Key

Costs incurred by the landowner	Decisions by Scottish Ministers
Actions by Scottish Land Commission	Appeal processes

	T-1	T	T+1	T+2	T+3	T+4	T+5	T+6	T+7	T+8	T+9	T+10	T+11	T+12	T+13	T+14	T+15
Scenario 5 (Sale of land where a report is requested, but decision to lot is made, complex case)	Legal fees (solicitor, conveyancing) Valuation fees (land agent) Marketing fees (land agent/estate agent)	Transfer test applies (67C prohibition)	Scottish Land Commission prepares report and send to Scottish Ministers and Landowner			SM decide to lot, 67C prohibition is retained, land must be sold in lots	LO appeals lotting decision LO loses appeal		Additional legal / marketing fees to comply with lotting decision								
	Fees and costs related to existing commercial arrangements made in connection with land ownership (public land liability insurance, forestry management charges)																

	T+17	T+18	T+19	T+20	T+21	T+22	T+23	T+24	T+25	T+26	T+27	T+28	T+29	T+30	T+31	T+32	T+33
SM issue a revised lotting decision						Part of land is sold. At Completion of sale, real estate fee, % of land sale achieved							LO requests review of original lotting decision (12 months)	SM decide not to buy plot of land than remains unsold			Land transfers to SM