

# Land reform report recommendations

## Key themes and challenges



The eagerly awaited final report from the Land Reform Group, commissioned by the Scottish Government, was published on Friday 23rd May 2014. [Click here](#) to access a copy of the full report.

The 263 page document makes some radical proposals on a wide range of issues, from taxation to fishing rights, with more than 60 recommendations in total. The Scottish Government has already accepted the proposal to create a register of ownership of all of Scotland's land within the next 10 years. This is something that could have wide-ranging benefits to rural Scotland. However other proposals, if implemented, could have the potential to change the way the Scottish rural sector operates forever and to stifle both inward and foreign investment in Scottish Land and Property.

The Scottish Ministers have stated that they are committed to the process of Land Reform and will now consider how these recommendations might be implemented. In reality, with the forthcoming Independence Referendum, not much is likely to happen between now and the 18th September. We would envisage the speed at which these recommendations are taken forward will be dependent on the outcome of the Referendum, with quicker progress being made in the event of a 'No' vote.

The Scottish Government will have to undertake an extensive consultation and legislative programme to deliver the proposed changes. We consider that many unintended consequences have not yet been thought through and the final proposals will be quite different to those that are laid out in the report. The report does however set out a direction of travel, which has wide political support across all parties, and its publication is a punctuation point in the history of Scottish estates. Land and property owners need to be aware that change is ahead, but there is not much action that can be taken at this point in time. The Scottish political scene is very 'noisy' at present and owners would be best advised to reflect carefully on the report, and to participate fully in the public consultations and legislative programme that will ensue post the Referendum.

We consider the following recommendations to be the most fundamental for Scottish landowners:

**Succession:** The Group states their recommendation to remove the distinction between moveable and immoveable property within succession law is based on improving the current position of spouses and children. However it will also act as a tool to deliver a key stated objective of encouraging diverse ownership.

**Sporting Rights:** The Group wishes to end the practice of creating new ownerships of salmon fishing rights, separate from the land over which those rights exist. If adopted, this recommendation would have a major impact for the salmon fishing market, and the way fisheries are currently managed. It was estimated that more than 2,500 jobs were sustained by the game fishing industry in 2004, with over £113m contributed to the Scottish economy.

**Sporting Rates:** The report recommends that the Government should reintroduce sporting rates. Depending on the level of rates set, this could impact an industry which generates in excess of £240million per annum and 11,000 jobs, the majority in fragile rural communities. Such a tax would not only affect those directly involved in sporting management, but also on the hospitality, accommodation and retail trade associated with them.

**Compulsory Purchase:** The Scottish Government and local authorities would be able to register a statutory right of pre-emption over land where it is in the "public interest", though what is deemed to be in the 'public interest' has not been confirmed and will no doubt be up for debate. It is clear that landowners will need to continue to be able to demonstrate responsible, efficient and sustainable land use.

**Residential Lettings:** The Group wishes to encourage longer and more secure tenancies in the private rented sector. Rural landowners are currently the largest providers of rural affordable housing, yet this change could cause many to reconsider letting their properties. There is currently little evidence to suggest that tenants would welcome longer lease terms. This recommendation has the potential not only to impact the rural but also the urban residential tenanted sector.

**Taxation:** Throughout the document there is reference to fiscal policies which result in the concentration of land ownership. The general thrust of the report is to remove these policies and to introduce a land tax. Whilst Agricultural Property Relief and Business Property Relief are presently controlled by Westminster there is a strong recommendation for these to be reviewed. In addition the review group are proposing the reintroduction of sporting rates, agricultural rates and forestry rates.

**We look forward to consulting with Scottish Government and others, on the report's many recommendations to ensure that they are indeed in Scotland's long term best interests. We will keep you up to date with which proposals are likely to be adopted, and with the possible impacts on your land, property and rural enterprise. If you have any questions in relation to the report, please do not hesitate to contact us.**



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