

The Land Reform Review Group Report: implications for the forestry industry

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On 23 May 2014, the Land Reform Review Group (LRRG) published its final report, titled 'The Land of Scotland and the Common Good'. The LRRG was established by the Scottish Government in 2012 to examine the role of land ownership in relation to the people and land of Scotland, and to make proposals for land reform.

The report considers the system of land ownership in Scotland against the three broad objectives which were identified by the Scottish Government, namely:

- increasing the diversity of land ownership and ownership types;
- assisting with the acquisition and management of land by communities; and
- generating, supporting, promoting and delivering new relationships between land, people, the economy and the environment.

It makes 62 recommendations for land reform. Much has been reported on the recommendation to limit the area of land that can be held by an individual or single beneficial interest, but as yet no proposals have been put forward on what that area will be or how the recommendation will be implemented.

The LRRG encourages the devolution from Westminster to Holyrood of all responsibilities of Forestry Commission Scotland (FCS). Whilst FCS is responsible for the management of Scotland's National Forest Estate in line with Scottish Government policies, it is ultimately responsible for acting in accordance with the United Kingdom Forestry Act 1967. The LRRG feels that the functions as set out in that Act do not provide FCS with the necessary flexibility to acquire and manage land in line with the full range of Scottish Government policies, and therefore recommends

complete devolution of responsibilities.

The LRRG is also generally supportive of measures to increase forestry coverage in Scotland. Its report encourages the forthcoming review of FCS's repositioning programme to look beyond acquisition that is funded by the sale of the National Forest Estate, and recommends additional investment in planting land by the Scottish Government.

The National Forest Land Scheme is held up as an example of community acquisition working in practice, and the report encourages the increased use and development of this scheme. It does however recognise the obstacle that state aid rules places on its increased use.

The Review Group places great emphasis on the Scottish Government's Land Use Strategy (LUS), and concludes that the clear implication of the LUS is that the current flexibility enjoyed by owners of rural land in terms of how their land is used will reduce over time. The LRRG's report also refers to the LUS's aim of ensuring the appropriate type of land use in the public interest. Some of those involved in the LUS project might disagree with this conclusion, and indeed the focus on 'public interest' at the expense of the interests of owners and occupiers of rural land. While the report does not go so far as to make specific recommendations for use of rural land (perhaps recognising that to do so would preempt the findings of the LUS), the increased use of existing grouse moors for tree planting is cited as an example.

The Review Group also recommends that a number of fiscal areas relevant to forestry and agricultural land be reviewed. This includes a review of the current business rates exemption and rules on inheritance tax reliefs, as well as serious consideration of land value taxation. While the commentary on land value taxation does not specifically address the proposed treatment of growing timber, the language in this section does relate to the underlying land value.

The LRRG is an independent body and the

Scottish Government is not bound to implement any of its recommendations. It is expected that a period of consultation will follow before the Scottish Government confirms which recommendations it will seek to follow.

As the title suggests, the report is restricted to land reform in Scotland and while the community ownership provisions have some equivalent south of the border the recommendations should be considered solely in a Scottish context. The report does not address the extent to which any of the recommendations will need Westminster involvement for implementation, but this is one of the issues that will need to be considered as part of their further consideration, depending, of course, on the result of September's independence referendum.

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