

## Land Reform (Scotland) Bill



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### Part 1 Large Landholdings – Practical Summary

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## Introduction

The Land Reform (Scotland) Bill (“the Bill”) was passed by the Scottish Parliament on 5 November 2025. The Bill builds on earlier Land Reform Acts and is described by the Scottish Government as “*an important step*” in Scotland’s land reform “*journey*”.

The main thrust of the Bill is to put owners of large-scale landholdings under enhanced community engagement and transparency obligations, with their ability to transact with such land restricted. The Bill also introduces significant amendments to the Agricultural Holdings legislation.

The Bill began its life as a complex piece of draft legislation and its 20-month parliamentary process has not resulted in any simplification. There are significant concerns around the practicability of several of its provisions and it is thought likely that there will be an extended period of time before any of the provisions of practical import come into force. If experience of previous Land Reform legislation is any indicator, it is possible that parts of the Bill may never come into effect. Numerous parts of the Bill require significant secondary legislation to provide the detail and therefore, again, implementation may well be delayed.

The Bill consists of two Parts:

- Part 1 – Large Landholdings
- Part 2 – Leasing Land

To help you plan ahead, we have prepared detailed and practical summaries of the main provisions and impacts of **Part 1** of the Land Reform (Scotland) Bill for landowners and interested parties to be aware of.

If you would like to receive a copy of our **Part 2** summary, please contact a member of the Gillespie Macandrew team.

## Overview and Common Provisions

Part 1 of the Bill can largely be split under two main headlines: -

(1) **Community Engagement Obligations** including new land management plans and the introduction of a new Land and Communities Commissioner; and

(2) **Restrictions on Transfer of Ownership** including community priority in the sale or transfer of parts of affected land and a power to allow the Scottish Ministers to force owners of affected land to lot it (in accordance with a lotting plan imposed by the Scottish Ministers) when selling 1000 or more hectares at the same time.

### Affected Land

The Bill defines a large landholding as an area in excess of 1000 hectares; areas of foreshore and land covered by water (other than the seabed) are included. Where land is owned by the same person or connected parties (see further below) and individual parcels of land lie within 250 metres of each other, parcels will be combined for the purposes of calculating the area involved. This is known as a “**composite holding**”.

A simple example of a composite holding would be two separate parcels of land, one 600 hectares and one 500 hectares, which at any point along their respective boundaries lies within 250 metres of the other and owned by the same person. These areas will be treated together and, as their combined area exceeds the 1000-hectare limit, will be a large landholding to which the Bill provisions apply.

### Connected Parties

When identifying a composite holding, parties are considered as connected where there is common control rather than e.g. family relationships.

Parties considered connected are:

- companies in the same group
- a company, LLP or other legal entity and its Person with Significant Control (“PSC”). PSC status must be disclosed - at Companies House.
- any company, LLP or other legal entity which share the same PSC
- persons required to register controlling interests in terms of the Register of Controlled Interests in Land (“RCI”), and the person with “control”.

### Problems

#### Identification of a large landholding

The final category of connected parties is particularly challenging to identify because the requirement is **not** that parties are registered in the RCI, but that they **are obliged** to register.

As the purpose of the RCI register is to disclose matters that are not otherwise publicly available, determining whether a registration obligation exists - and therefore whether a seller is connected to another person and the land forms part of a large landholding under the Bill - essentially requires proving a negative. In practice, this makes the task near impossible.

This causes particular difficulty because a transfer of land in breach of the Bill's provisions is **of no effect**. These concerns were highlighted to the Scottish Government during the Bill's passage through Parliament, however while significant

amendments were made to how connected parties are defined, use of the RCI as a measure of connectedness has been retained.

### **Creation of composite holdings where parties are truly unconnected**

In addition, parties are considered connected if they share a common connected person. This may be sensible if one considers, a company and an LLP which share a common PSC – all of the company, the LLP and the PSC are considered connected to each other for the purposes of assessing whether their landownership should be combined into a composite holding. However, due to the wide-ranging nature of the RCI, a person may be disclosed as having a “controlling interest” in multiple other parties who are treated as connected for the Bill while being truly unconnected.

Examples of such unintended consequences would occur where two adjoining estates are both owned by entirely separate trusts, created for the benefit of entirely separate, unrelated parties. If the same trustee were appointed to both trusts without conveying title to them, that trustee should be disclosed on the RCI, and as the trusts then have a common “connected person” they are connected for the Bill.

Similarly, one interpretation of the RCI requires that holders of certain options over land should be disclosed as having a controlling interest. Where a proposed development straddles multiple separate landholdings, disclosing the option-holder would connect the landowners for the purposes of the Bill.

### **Resolution**

Scottish Ministers have powers within the Bill to change the definitions of land to which the Bill applies and it is hoped that they may use these to resolve these fundamental problems prior to bringing the relevant provisions into force.

## Community Engagement Obligations

Ministers are given a general power to make regulations which will introduce obligations to promote community engagement in relation to affected land as well as the requirement to bring forward certain regulations. They must also issue guidance about the obligations imposed by such regulations. Enforcement of regulations will be dealt with by the new Land and Communities Commissioner (see page 6).

### Land Management Plan

Ministers are obliged to bring forward regulations to require owners of affected land to provide a publicly available Land Management Plan (LMP). The intention is that LMPs will be published on a single website.

Landowners will be obliged to engage with communities and tenants, crofters and small landholders on the development of an LMP and any significant changes to it. LMPs must be reviewed and, where appropriate, revised, at least every five years.

LMPs must include:

- detail of the land and its ownership structure;
- the owner's management vision and objectives;
- steps taken to engage with communities and tenants/crofters/small landholders when developing the plan and how that engagement influenced the development of the plan;
- how the owner complies or intends to comply with access legislation, deer legislation and other government-imposed regulations; and
- the management strategy for net zero/adapting to climate change/increasing biodiversity.

Details which will need to be provided by the regulations include:

- timescales for preparation of the first LMPs after the Bill comes into effect
- timescales that new owners of land will have to prepare an LMP after purchase

### Leasing and Crofting Requests

Ministers are also obliged to bring forward regulations to require owners of affected land to give consideration to "reasonable requests" from a community body to lease the land or part of it, or (in crofting areas only) to have the land or part of it constituted as a croft.

## Land and Communities Commissioner

A new role of Land and Communities Commissioner (LCC) is created, to form part of the Scottish Land Commission (set up under the Land Reform (Scotland) Act 2016) alongside the Tenant Farming Commissioner and five other Land Commissioners.

The LCC must have expertise or experience in land management and community empowerment, but may not be, or have been in the year preceding appointment, the owner of a large landholding within the meaning of the Bill. The LCC can delegate its function to others.

The functions of the LCC include:

- to enforce obligations imposed by the Community Engagement Regulations detailed above;
- when requested, to report to Scottish Ministers to inform the Ministers when making a lotting decision (see further below); and
- to keep under review emerging problems in the operation of natural capital markets.<sup>1</sup>

Amendments requiring that the LCC exercise its function with a view to promoting engagement between communities and landowners were rejected, as being incompatible with the function of advising in connection with lotting decisions.

In connection with enforcing Community Engagement Regulations, the LCC will have power to investigate alleged breaches of its own accord, or on receipt of a report from specified parties who may have a connection with, or administrative responsibility over, the land in question. This would include:

- the relevant community council, local authority or National Park Authority;
- NatureScot, Historic Environment Scotland and SEPA;
- enterprise agencies;
- a registered community body, whether or not an interest has been registered in acquiring the land; and
- the Crofting Commission or a grazings committee or constable.

The party being investigated will receive a copy of the report and be given an opportunity to respond. The LCC can request information to be provided in connection with an investigation and has the ability to issue fines (up to £1,000) for failure to provide such information.

If the LCC determines that a breach has occurred, it can impose a fine of up to £40,000 – a significant increase on the originally proposed figure of £5,000. An opportunity to rectify the breach must be given ahead of a fine being issued in the case of a first failure, with a fine following only if the opportunity to rectify is not taken. For second and subsequent breaches, the LCC will have discretion to impose an immediate fine if the opportunity to rectify is not considered “appropriate” in the circumstances given prior failure. A fine can be appealed, to the Lands Tribunal for Scotland, on the basis that the decision to impose it was based on error of fact or law, or was unfair or unreasonable (including on grounds that the sum fined is unreasonable).

Following imposition of a fine for a breach, the LCC can investigate whether the relevant breach has been remedied. If it has not, the LCC can serve an “enforcement notice” requiring that the breach be remedied. Failure to comply with an enforcement notice can result in a further fine, again of up to £40,000. This provision did not feature in the original Bill and is intended to prevent a landowner opting to accept the fine rather than comply with the Regulations. Further fines can continue to be imposed until the relevant breach is remedied.

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<sup>1</sup> Not defined at this part of the Bill but the natural capital market is described elsewhere in the Bill as “*the trading of units or credits which are generated through a registration scheme for projects to restore or improve the natural environment*”.

## Large Landholdings – Restrictions on Transfer

Land sales could be affected in two ways:

- through extension of the existing community right to buy; and
- by lotting large areas proposed to be sold.

### Extending the existing community right to buy (“Prior Notification”)

Owners of large landholdings are prohibited from transferring, or taking any action with view to transfer of, all or part of that land, until the prohibition is lifted by Ministers.

### Exemptions

Transfers falling within existing exempt categories under the [Community Right to Buy provisions of the Land Reform \(Scotland\) Act 2003](#) (“CRTB Rules”) such as ‘transfers otherwise than for value’ are exempt from the transfer prohibition. These exemptions cover gifts inter-family or into trust. The relevant exemption category must be stated in the transfer deed.

Whilst not in the original Bill, there is now provision enabling regulations to be created to specify transfers of land which will be exempted from the prohibition. This was described as the “*de minimis*” exemption, initially introduced with reference to an area measurement so as to ensure that not every small area of land sold from a large landholding will be subject to the procedure noted below. It was drawn to the politicians’ attention that the original Bill covered everything from the sale of 500 hectares to 15 square metres of additional garden for a homeowner, with no exceptions. The final text allows designation of “transfers of land” to be exempted, so has the potential to define exempted subjects more widely than simply by area measurement.

### Process

The landowner (or security holder with right to sell) must request that Ministers lift the prohibition in respect of the area intended to be transferred. On receipt of the request, the Ministers must publicise the proposed transfer on a website and notify any party who has asked to be so notified, along with the relevant community council, local authority and national park authority (if applicable). Ministers must also publicise how a community body can register a right to buy interest in some or all of the land.

Ministers may not lift the prohibition for 30 days from the date the proposed transfer is publicised (except in cases where the sale is necessary to alleviate financial hardship which would be worsened by the delay). If, within the 30 day period, the Ministers receive a note of intention to register a community interest in land, then they have power to extend the transfer prohibition for a further 70 days, provided they are satisfied that it is likely that an application to register a community interest will be made within the 70-day period, and that there is a reasonable prospect of that application resulting in a registration.

If the Ministers extend the prohibition period, they must also invite the person that noted intention to register a community interest to make a late application under the provision of the CRTB Rules. The late application provisions of the CRTB Rules are amended to accommodate this process. If an interest is registered, the community body’s right to buy is immediately in force and a sale would progress in respect of the relevant area (if not the whole). This would be in accordance with the CRTB Rules, at market value, as agreed between the parties or determined by an independent valuer. The owner will be free to sell any part of the land unaffected by a right to buy (subject to any further restrictions relative to lotting as detailed below).

## Future Change

Ministers have power by regulation to change the land affected by these provisions and the 70-day additional prohibition period (though not the initial 30-day period).

## Lotting of Large Landholdings

Lotting measures will apply to the transfer of in excess of 1000 hectares of land from a large landholding.

Certain parcels of land (above 50 hectares) also on the market, or intended to be sold, can be treated together when determining whether that area threshold has been met. Therefore lotting will be required in respect of the proposed transfer of a single parcel of 1,200 hectares, but it will also apply to any parcel of land that :

- exceeds 50 hectares; and
- forms part of a large landholding where:
  - notice of intention to transfer (in terms of the Prior Notification provisions) has been given over other parts of the same large landholding, and
  - the total area of the parcel in question plus the other notified parcel(s) (where missives are not concluded) together exceeds 1000 hectares.

By way of (a perhaps unlikely in practice) example:

- Estate A notifies intention to transfer 600 of its 20,000-hectare large landholding (required in terms of the Prior Notification provisions) – no lotting decision is required as the threshold has not been met.
- Estate A then decides to put a further 350 hectares on the market. Again, Prior Notification is required, but no lotting, as only 950 hectares is intended to be sold.
- Estate A then decides that a further 60-hectare parcel should be sold. A lotting decision would be required in respect of this parcel, because it takes the total of land on the market from Estate A over the 1,000-hectare threshold.

Given the size of Estate A, the parcels could well be some distance from each other and affect entirely separate (if any) communities, and so one might hope that no lotting would be required, but the process (detailed below) would have to be followed.

Owners of land meeting the above criteria cannot transfer that land unless:

- a “lotting decision” is in effect and
- the transfer is conducted per the lotting decision and no acquirer (or connected acquirers) acquires more than one lot as specified in the lotting decision.

As with the Prior Notification provisions, transfers falling within the existing exempt categories under the CRTB Rules are also exempt from requiring a lotting decision, provided the relevant exemption category is stated in the transfer deed.

## Process

The landowner (or security holder with right to sell) of the affected land will request a lotting decision from Ministers. Where there is a composite holding with connected owners only the owner of the land being transferred need apply. Having made a request for a lotting decision, the relevant party can subsequently request that no lotting decision is provided and stop the process.

A lotting decision:

- may be either:
  - that the land should be sold in lots (and specifying those lots), or

- that the land need not be transferred in lots
- must be made within six months of the request for a decision
- that lots are not required can be expedited on request, in the case of financial hardship for the landowner
- requires a lotting report from the LCC, to inform the Ministers' decision; the LCC would be able to commission advice from professionals to assist

Once made, the decision is given to the owner/security holder and will also be notified to any party who has asked to be notified of possible transfers of land under the Prior Notification provisions

A decision that land may only be transferred in lots may be made only if Scottish Ministers consider it is in the public interest to do so. A decision is not considered to be in the public interest unless Ministers can be satisfied "*that ownership of the land being transferred... [in lots]... would be more likely to lead to its being used (in whole or in part) in ways that might make a community in the vicinity of the land more sustainable than would be the case if all of the land were transferred to the same person*". In considering the effect of a transfer in lots on such a community, Ministers are directed to have particular regard to the concentration of ownership of land in the vicinity.

## Appeal

The owner or security holder of the land in question can appeal against a lotting decision to the Court of Session, within 28 days of the decision being made, on grounds of error of fact or law, or that it is unreasonable. Quashing of a lotting decision leads to a requirement on Scottish Ministers to make a new lotting decision.

## Timeframes of Decisions and Review

A lotting decision generally subsists for a period of five years, or until title to the relevant area is transferred to an unconnected party (i.e. transfer to a connected party does not "cleanse" the title of the lotting decision). An expedited lotting decision not to lot due to financial hardship of the landowner lasts only one year.

The owner or security holder of the land can request a review of a lotting decision after one year. On review the Ministers must, within three months, either (i) confirm the decision or (ii) withdraw the lotting decision and make another one. In making a replacement lotting decision, Ministers must consider if it is appropriate to seek advice from a suitably qualified independent person with knowledge and experience of the transfer of land of a kind to which the lotting decision relates. There is no obligation on Ministers to seek such advice (in a change from earlier iterations of the Bill).

At a review:

- Ministers can offer to buy any of the lots specified in the lotting decision, if satisfied that it is likely that the lotting decision has affected the sale of the land by making it less commercially attractive due to its not being transferred with other land. The price would be determined by a valuer appointed by the Ministers, but who must meet similar "suitably qualified" criteria as the adviser mentioned above. There is provision for appeal of the price to the Lands Tribunal. Further detail on the offer to buy process, including how the land is to be valued, is to be provided in regulations.
- The owner or security holder of the land can also make a request to Ministers that they consider offering to buy one or more lots. Again, Ministers must consider whether the land has been made less commercially attractive. If they are not satisfied that it has, they must provide reasons for their decision and that decision can be appealed to the Lands Tribunal. The Lands Tribunal can determine that there is a negative commercial impact though this does not oblige the Ministers to make an offer to purchase, only that they must consider making an offer.

## Compensation

There is provision for compensation to be paid to an owner or security holder of the land for loss or expense that is:

- incurred in complying with the procedural requirements of any of the above;

- attributable to a potential transfer of the land being prevented by the need for a lotting decision; or
- attributable to a lotting decision that the land must be transferred in lot.

The amount of compensation is to be determined by Ministers or by the Lands Tribunal on appeal. Further detail on the compensation process, including how claims are to be made and how the amount is determined, is to be provided in regulations.

## Guidance

Ministers will be obliged to issue guidance about making lotting decisions, to include, in particular, how they expect it to operate in practice, how they will take account of land subject to crofting or agricultural tenancies, the circumstances in which reviews will be made and reports requested of the LCC. In preparing the guidance Ministers are directed to have regard to the public interest, which is defined as including the desirability of:

- achieving a more diverse ownership of land, including more community ownership;
- furthering sustainable development;
- securing a greater proportion of community owned energy;
- advancing community wealth building; and
- ensuring an adequate supply of affordable housing and of workspace for employment.

## Future Change

Ministers have power by regulations to change significant parts of the lotting process, including what constitutes an exempt transfer, the land to which the lotting process applies, and various timeframes.

## Future Review and the Land Commission

### Land Commission Functions

The remit of the Scottish Land Commission is extended to permit their work being undertaken with specific reference to:

- the effects of natural capital markets in relation to other matters relating to land in Scotland
- The relationship between scale and concentrations of land holdings and local economic development
- The desirability of achieving a more diverse pattern of landownership comprising more landowners and different types of landowners
- Measures to prevent depopulation and support the repopulations of land and the sustainability of communities

### Review

The Land Commission is further tasked with reviewing the impact and effectiveness of the provisions of Part 1 of the Bill. Such a review must be completed no later than five years after the section of the Bill conferring the function comes into force. The Land Commissioners must prepare a report of their findings, lay it before Parliament and make it publicly available. Scottish Ministers are obliged to respond to the report within a year, that response also being laid before Parliament and made publicly available.

The review must consider:

- whether there is greater transparency of land ownership and management as a result of the provisions,
- whether communities are experiencing greater involvement in decisions about the land on which they live and work
- any impact the provisions have had on the amount of land purchased by community bodies,
- whether there is a greater diversification of land ownership as a result of the provisions and, if so, the impact this has had on community sustainability
- the appropriateness of the definitions of land affected by the Bill, having particular regard to:
  - whether the area thresholds should be reduced; and
  - what land is to be treated as contiguous and what forms a composite holding,
- whether any loopholes have been identified in the Bill's application, and
- any negative unintended consequences of the provisions.

## Key Takeaways – Part 1 Large Landholdings

The Land Reform (Scotland) Bill requires significant detail to be fleshed out by secondary legislation, and it is hoped that problematic aspects relating to composite large landholdings will be resolved prior to the relevant provisions coming into force.

A brief summary of the key takeaways of Part 1 of the Bill for landowners and related parties to be aware of at this stage.

### Implementation

It is likely to be some time before we see the detail in the regulations and the relevant sections take effect. Until that time, sales and other transactions will continue to proceed as they do at present.

### Stakeholder Consultation

Stakeholder consultation will be undertaken on many parts of the Bill providing an opportunity for those who are, or may be, impacted by any area of the Bill, to make their voices heard and to try to shape the detail of the provisions.

Consultation provisions were added during the Bill's passage through Parliament in connection specifically with regulations covering [community engagement obligations](#), [guidance](#) around lotting decisions, and how the lotting [process](#) including the offer to buy provisions will operate. Many other regulations will also be consulted on as part of Scottish Government statutory duties to do so.

### Large Landholdings & Planning Ahead

For large landholdings clearly within scope, early consideration should be given to the relevant information and development process for a [Land Management Plan](#). This may include, identifying communities to be engaged with, documenting existing engagement strategies or considering whether new strategies will be needed. In so doing landowners should have in mind the aim of the legislator namely, the embedding of community involvement, and strategic planning into the governance of large landholdings in order to make land management more democratic and aligned with Scotland's land reform objectives. Consideration of and interaction with Local Place Plans was discussed during the passage of the Bill, and while no specific provision made it into the final text, engagement with development of these may well be useful to inform or direct future engagement.

Although the exact information requirements for LMPs will not be known until the regulations are brought forward, giving consideration now to estate policies around implementation of the Scottish Outdoor Access Code, and deer management to prepare landowners for when the obligations come into force.

Equally, it is worth considering how any current land management contributes to net zero targets, climate change adaptation and increasing biodiversity. Although the intention of the Bill is not considered to create new binding obligations on landowners, many already undertake a range of projects which could naturally play a role towards achieving Net Zero goals, without necessarily having been undertaken for that specific purpose.

We will continue to monitor progress on the provisions discussed and provide further updates on the Land Reform (Scotland) Bill when suitable. [View the Land Reform \(Scotland\) Bill in full](#)

If you would like to receive a copy of our Part 2 summary, or would like to discuss how these changes might affect your land or operations, please contact a member of the [Gillespie Macandrew team](#).