

# **Building Community Wealth in Scotland**

**Analysis of responses to the  
consultation exercise**

**October 2023**

Report prepared by: Craigforth

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Analysis report

# Contents

<b>Executive Summary .....</b>	<b>i</b>
<b>1. Introduction .....</b>	<b>1</b>
<b>2. General advancement of the CWB approach.....</b>	<b>3</b>
<b>3. Spending pillar .....</b>	<b>42</b>
<b>4. Workforce pillar .....</b>	<b>51</b>
<b>5. Land and Property Pillar .....</b>	<b>62</b>
<b>6. Inclusive Ownership Pillar .....</b>	<b>76</b>
<b>7. Finance Pillar .....</b>	<b>87</b>
<b>Annex 1 - Organisations responding to the consultation .....</b>	<b>98</b>

# Executive Summary

This summary sets out some of the key themes to emerge from the analysis of responses to a public consultation on Community Wealth Building (CWB) legislation.

In total 185 responses were received, of which 148 were from groups or organisations and 37 from individual members of the public. In addition, a public webinar was attended by more than 150 people.

## General advancement of the CWB approach

The consultation paper explains that the Scottish Government wishes to explore which new powers, abilities and duties that will enable public bodies to have more influence in taking action to support CWB in their local area or region.

A majority of respondents (63% of those answering the question) favoured an approach which combines:

- A duty requiring Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies; with
- A duty requiring those public sector bodies statutorily obliged to be involved in community planning to produce a collective CWB place-based strategy and action plan which contains specific actions across the five CWB pillars to advance the CWB model of economic development in their local authority area.

It was noted that this approach would build on the current arrangements in many areas, but should also promote wider buy-in and collective action. It was suggested that mandating public sector bodies to collaborate to produce a collective action plan may help embed the message that CWB economic activity is the responsibility of all and could yield greater leverage, increased opportunities and maximisation of assets. Overall, it was hoped that the combined approach would help ensure CWB has the best opportunity to enable a transformative impact on local economies across Scotland.

### ***Which bodies should be covered by the proposals?***

In terms of types of partnership or organisation that should be covered by a new duty, suggestions included Local Authorities, Community Planning Partnerships and all local and regional community planning partners, Health Boards, Health and Social Care Partnerships, Enterprise Agencies, Universities and Colleges, Community Councils, Third Sector Interfaces and Local Development Trusts.

There were calls for a clear list of organisations who are bound by a CWB duty, together with clear expectations of the requirements of the duty.

### ***Inclusive approaches***

A number of respondents commented on the involvement of local communities, businesses and the third sector, and there was a view that for CWB to succeed there needs to be a true spirit of co-operation and partnership between public bodies and the wider community. In terms of how this genuine partnership can be achieved, suggestions included that community anchor organisations must be seen as key players in any local anchor networks, and that a culture of collaboration and partnership is required. Respondents also commented on the importance of ensuring that approaches are inclusive of a broad range of types of people and organisations.

### ***Accountability for implementation***

General comments included that transparency is key to the future of CWB in Scotland and that, if the Scottish Government is serious about mainstreaming CWB principles, it is essential that Scottish Ministers and public sector bodies, are held to account. One suggestion was that Scottish Ministers should produce a high-level CWB Statement, similar to the Land Rights and Responsibilities Statement created by the Land Reform (Scotland) Act 2016. A number of respondents were looking for the introduction of a CWB Commission to drive forward the embedding of CWB in policy, and to provide accountability and oversight.

Some respondents referred to existing reporting mechanisms through which CWB-related progress is already, or could be, channelled. These included Council's Corporate Performance Monitoring frameworks and reporting for the National Performance Framework; this was connected to a suggestion that, where possible, any reporting should be incorporated within existing public sector reporting duties.

### ***Guidance on a duty***

A substantial majority (86% of those answering the question), thought guidance would be helpful to partners in meeting the proposed duty. Further comments included that legislation will only be successful if it is accompanied by guidance, support and capacity building that allows those public bodies affected by new duties to implement them effectively.

Of those who expressed a preference for statutory or non-statutory guidance, most favoured the statutory route. It was suggested that this would give the necessary weight to drive implementation and would promote consistency of approach across Scotland. Those who preferred a non-statutory approach often suggested that it would allow local areas greater freedom to decide how they implement CWB in a way that is appropriate for them.

## **Non-legislative measures to accelerate the implementation of CWB**

### ***The current policy landscape***

The complexity of the current policy and legislative landscape was noted, and it was suggested that there may be an opportunity to consolidate the legislative framework underpinning CWB and community empowerment.

There were calls for a comprehensive approach to considering the interconnectivity of existing legislation, with a focus on promoting simplification and resource-efficiency. In terms of particular policy areas, it was seen as important to align the CWB framework closely with Scottish Government's ambitions for nature and climate. Making these links was seen as key to delivering a range of environmental, economic and social benefits, and to ensuring that the aims and objectives of advancing CWB are congruent with the Just Transition to Net Zero.

### ***Changes to the economic development culture***

Building a culture of trust and collaboration between community organisations and their local authorities was seen as the foundation for better partnership working of the type required to deliver on CWB's objectives. Leadership at all levels was also identified as a key factor, and it was suggested that this needs to start with political leadership and the mobilisation of all of Scotland's public sector.

### ***Genuine partnership and capacity building***

One of the most commonly raised themes across the consultation was the critical role that genuine collaboration will play in making CWB a success. It was suggested that the legitimacy of CWB is directly proportional to the extent to which community stakeholders are meaningfully engaged and empowered as active participants.

The vital role of capacity building, particularly for communities, was noted and the recognition that this will be particularly important for disadvantaged communities was welcomed. There were also comments about building capacity within organisations, including within local authorities and public bodies.

### ***Resources and funding***

The issue of resources was often linked to capacity building, both within organisations and within the wider community; it was suggested that investing in training and education programmes, as well as providing technical assistance to communities and public institutions, can help build the necessary capacity to implement CWB approaches.

More generally, the theme of resources was also a frequently raised issue across the consultation. A number of respondents referred to the challenging financial environment in which the public, community and voluntary sectors are working, described as being typified by increasing demand and reduced budgets. There was a view that, particularly given this context, a structural transformation of the scale envisaged in the consultation paper is likely to require significant additional resources, both to build skills and capacity and also to support programmes and initiatives. However, it was also noted that, especially as economic development is not a statutory service, its importance needs to be recognised to protect funding, empower local authorities and ensure they have appropriate resources and capacity to deliver CWB, particularly if there is a CWB duty.

In addition to comments about local government and anchor organisations, respondents also commented on resourcing issues affecting other sectors,

including that the third and community sectors will require additional resources to engage with the design and delivery of CWB locally.

### **Themes raised in relation to the five pillars**

The consultation went on to ask questions in relation to each of the five pillars of CWB (spending, workforce, land and property, inclusive ownership and finance). Responses were often extensive and detailed, and the main report provides an overview of the range of legislative, policy and practical suggestions received. A small number of the key themes raised are summarised here.

**Reviewing procurement frameworks and approaches:** There were calls for a rebalancing of the priorities and criteria used in public procurement, for example to prioritise CWB over cost and other considerations, and a number of respondents wished to see additional guidance on how CWB and community benefits are expected to fit within wider procurement legislation. This was most commonly related to how CWB can be balanced with the duty on public bodies to ensure best value. A number of those commenting saw potential for review of existing frameworks and contracts to identify how these can better facilitate access by SMEs, the third sector and supported businesses. This most frequently related to changes to current procurement regulations to enable frameworks and contracts that support local procurement.

**Developing supplier capacity:** Building capacity within local supply bases, including private sector micro and small businesses, social enterprises, community owned businesses and the third sector, was seen as key. There was thought to be a need for procurement legislation and regulation to better recognise the potential value of these organisations, and there were also calls for dedicated procurement support for local organisations.

**Commitment to Fair Work practices and paying at least the real Living Wage:** CWB was seen as offering a significant opportunity to achieved better recognition and protection for Scotland's workforce, with the potential for Fair Work to support wider economic priorities also highlighted. There was widespread support for efforts to encourage more employers – including specifically anchor organisations – to pay at least the real Living Wage.

**Reviewing compulsory purchase powers:** Proposals to review compulsory purchase powers were welcomed, with suggestions that the present Compulsory Purchase Order process needs to be streamlined or modernised.

**Tackling vacant and derelict land (VDL):** It was argued that further action will be required if VDL is to contribute to CWB objectives and there were calls for enhanced powers and funding, and for simplified or longer-term funding streams for local authorities to bring VDL back into use. There were also calls for better or more sustainable use of the public estate (including both VDL and other assets) for community and SME use.

**Ensuring alignment between CWB and other land rights legislation:** Some respondents called for clear alignment of CWB legislation with the Community Empowerment Act 2015 and/or the Land Reform Bill. There were also calls to

review or strengthen Community Right to Buy powers and to simplify and speed up Community Asset Transfer processes, including to allow a wider range of community bodies to use the provisions.

**Working towards an employee right to buy when a business is put up for sale:** While there was acknowledgement of the difficulties in legislating on reserved matters, some respondents indicated their support for an employee right to buy, calling on the Scottish Government to work with the UK Government to enable its introduction or to investigate the extent to which powers could be used within devolved competences.

**Funding assessment criteria:** In support of the use of funding criteria and conditionality of public funding, respondents referred to the potential for this approach to create community wealth and deliver wider benefits for communities. In this context, it was suggested that all public funding applications should be required to evidence positive impacts across the five CWB pillars.

**Financing options, including progressive financing:** Respondents proposed a range of ways in which pension funds, other public funds and social investment could better support CWB. Respondents also referred to a potential role for the Scottish National Investment Bank or a national CWB or Community Wealth Fund, similar to the Scottish Land Fund.



# 1. Introduction

## Background

This report presents analysis of responses to a public consultation on Community Wealth Building legislation.

The 2021-22 Programme for Government and National Strategy for Economic Transformation (NSET) included a commitment to introduce legislation on Community Wealth Building (CWB) within this Parliamentary session. The 2022-23 Programme for Government included a commitment to hold a consultation on CWB legislation.

## The consultation

The aim of the consultation was to inform the development of legislation on CWB. It was launched on 31 January and ran until 9 May 2023 and asked nine questions, all of which had a closed and an open element.

The [consultation documents](#) are available on the Scottish Government's website.

## Profile of responses

In total 185 responses were received, of which 148 were from groups or organisations and 37 from individual members of the public. Where consent has been given to publish the response, it can be found on the [Scottish Government's website](#).

Respondents were asked to identify whether they were responding as an individual or on behalf of a group or organisation. Group respondents were allocated to one of seven groups by the analysis team. A breakdown of the number of responses received by respondent type is set out below, and a full list of group respondents appended to this report as Annex 1.

**Table 1 – Respondents by type**

Type of respondent	Number
Organisations:	
Community development organisation or company	29
Housing organisation	5
Local Authority, Regional Partnership or Community Planning Partnership (CPP)	29
Policy development, research or think tank	9
Political party, union or lobby group	6
Private sector company	7
Professional or representative body	11
Public body	22
Voluntary or not-for-profit sector	30
<b>Organisations</b>	<b>148</b>
<b>Individuals</b>	<b>37</b>
<b>All respondents</b>	<b>185</b>

In addition to the standard consultation responses, the analysis also covers the feedback from a public webinar attended by more than 150 people.

### Analysis and reporting

The report presents a question-by-question analysis of answers to the closed questions and further comments at open questions.

Both the proportion of respondents answering closed questions and the number commenting at open questions varied from question to question. To reflect this differing level of response, tables are presented with different baselines, so the total shown in each case is the total number who answered that question.

Commentary on the closed questions uses full respondent group names, but the analysis of comments uses shortened names in some cases. For example, a Local Authority, Regional Partnership or CPP respondent will be referred to as a Local Authority, and a Community development organisation or company respondent as a Community development respondent.

As with any public consultation exercise, it should be noted that those responding generally have a particular interest in the subject area. Therefore, the views they express cannot necessarily be seen as representative of wider public opinion.

## 2. General advancement of the CWB approach

The consultation paper explains that the Scottish Government wishes to explore which new powers, abilities and duties will enable local authorities, public bodies, wider community planning partners and Regional Economic Partnerships to have more individual and collective influence in taking action to support CWB in their local area or region.

One proposal is introducing a new CWB duty, with the following three options given:

- **Option A:** a duty requiring Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies.
- **Option B:** a duty requiring those public sector bodies statutorily obliged to be involved in community planning to produce a collective CWB place-based strategy and action plan which contains specific actions across the five CWB pillars to advance the CWB model of economic development in their local authority area. This requirement could be taken forward at a regional level if neighbouring local authorities and their community planning partners have a preference for that approach.
- **Option C:** a combined option – featuring a union of both options set out above.

**Question 1(a): We are proposing a duty to advance Community Wealth Building. Which form do you think this duty should take?**

The first question asked which form any CWB duty should take. Responses to Question 1(a) by respondent type are set out in Table 2 below.

**Table 2 – Question 1(a)**

	Option A	Option B	Option C	Other	No duty	Total
Community development organisation or company		2	25	1		28
Housing organisation			2	1		3
Local Authority, Regional Partnership or CPP	4	4	10	7	4	29
Policy development, research or think tank			6	1		7
Political party, union or lobby group	1		4			5
Private sector company	1		4	1	1	7
Professional or representative body	1	2	4			7
Public body	4	2	8	4	1	19
Voluntary or not-for-profit sector		2	26		2	30
<b>Total organisations</b>						
	11	12	89	15	8	135
<b>% of organisations</b>						
	8%	9%	66%	11%	6%	
<b>Individuals</b>						
	1	6	20	4	6	37
<b>% of individuals</b>						
	3%	16%	54%	11%	16%	
<b>All respondents</b>						
	12	18	109	19	14	172
<b>% of all respondents</b>						
	7%	10%	63%	11%	8%	

Percentages may not sum to 100% due to rounding

A majority of respondents, 63% of those answering the question, favoured the combined approach, Option C. Local Authority, Regional Partnership or CPP and Public body respondents were the only groups in which a majority did not favour Option C.

In terms of the other options, the remaining respondents were relatively evenly divided, with 7% preferring Option A, 10% Option B and 11% the 'Other' option. Those favouring no duty tended to be either Individual or Local Authority, Regional Partnership or CPP respondents.

**Please provide a reason for your answer.**

Around 170 respondents made a comment. The analysis presented here focuses specifically on whether there should be a duty and, if so, the general parameters of that duty. Other issues, including the types of policy and approach that should or could support effective CWB in Scotland, are picked up at Question 2 onwards.

## **Whether a duty is needed**

In addition to comments on the form of a duty, some respondents made general comments in support of or opposition to a duty being introduced. Points made in support included that a duty would be a powerful statement of support for the CWB approach, would help embed CWB in policies, plans and strategies and would be a pre-requisite to delivering the practical and cultural change necessary to make CWB a mainstream function. (The benefits of a duty, including in relation to the specific options set out, are covered further below).

Other respondents, primarily those who had selected the 'No duty' option at the closed question, questioned whether a duty should be introduced. The most frequently raised issue was that some local authorities are already advancing with action plans and CWB activity without being placed under a specific duty. For example, one Local Authority respondent reported that they support the principle and implementation of CWB as an inclusive approach to economic development and have made related commitments in their Economy Strategy and Business Plan. They also noted that recent partnership work has demonstrated the potential benefits of building approaches in close collaboration between anchor organisations across their area.

The associated suggestion was that work already being undertaken demonstrates the progress that local bodies can make without the need of a formal duty, and that such a duty is not clearly required at this time to meet the objectives set out in the consultation paper.

In terms of how CWB could be progressed other than through a duty, there was also a view that the best way forward lies with encouraging an inclusive approach, including participation from private and community sector anchor organisations and networks. It was suggested that a flexible approach, in line with the 'Place Principle', could help empower smaller, local scale community initiatives, as well as broader cross-region collaborations. There was also a call to review the existing landscape of obligations, including legislation and other formal frameworks, to identify where CWB opportunities could be integrated into existing systems. It was thought that this approach would be likely to prevent unintended consequences and simplify the policy landscape by building upon existing frameworks. It was also seen as having the potential to minimise additional strain on resources.

Other suggestions for supporting and encouraging CWB without the introduction of a new duty included empowering local areas, including by removing barriers and building on good practice. It was suggested that expansion of the powers available to local government, additional guidance and sign posting would be the better way forward and would allow for maximum flexibility to be retained and without the risk of undermining the bottom-up approach which has delivered benefits.

Some of those who did not favour the introduction of a duty also commented on the resource implications, both of a duty and delivering CWB more widely. This was also an issue raised by many who did support the introduction of a duty and is discussed further below.

## **Reasons for favouring Option C**

Amongst those who did support the introduction of a duty, Option C was the most favoured, with overarching comments including that it would help ensure CWB has the optimum opportunity to enable a transformative impact on local economies across Scotland.

### ***Drawing on recent experience***

Those favouring Option C included a small number of respondents, including Local Authority and Public body respondents, who noted that the combined approach reflects the approach already being taken in their area. For example, one Local Authority respondent reported that they are broadly delivering Option C at present, through a Council CWB Strategy and in collaboration with regional partners via the CWB Commission. They reported that the CWB Commission partners include: the Councils for the region; the NHS; local colleges; Scottish Enterprise; Police Scotland; Scottish Fire and Rescue Service; and a Community Trust.

Others noted that their CWB experience to date suggests that Option C would be the best way forward. For example, a Local authority respondent reported that, as a pilot area for the implementation and embedding of CWB in the locality, they considered that incorporating both Options A and B would be the most appropriate for any duty that may be devised. They reported that, through their Community Planning Partnership structures, they work with a range of public, private and voluntary service partners and that, whilst the wider work undertaken to date has been taken forward without a formal duty, the prospect of a duty is one that would ensure partners, Council and Government could be encouraged to continue to engage with CWB.

### ***Benefits of including Option A***

A number of those favouring Option C referred to aspects of Option A that they saw as bringing value. This was most frequently that it is in line with current arrangements in many areas, and thus would avoid duplication of CWB initiatives and would utilise existing strategic partnerships to best effect.

In terms of maximising the impact of a duty, it was suggested that embedding the model into corporate plans and wider strategies should ensure a clear focus on CWB-related activity, and that this should be required of local authorities and other anchor bodies. Other comments or suggestions included that:

- Option A alone would run the risk of silo-based working, but that being accompanied by the requirements under Option B should help avoid this.
- Given that many anchor organisations, such as Health Boards and some public food contractors, work at a regional level, there should also be a requirement for regional collaboration.
- The proposed duty needs to be both proportionate in terms of accounting for the functions of specific public bodies, and flexible in terms of its application. One size will not necessarily fit all in this regard.

There was also support for a duty that explicitly references Scottish Ministers, and it was suggested that Scottish Government departments engaging collectively across portfolios will be key to advancing CWB. Placing a duty on Ministers was seen as implying that the Scottish Government must lead from the front to demonstrate the importance and priority of CWB.

### ***Benefits of including Option B***

The most-frequently highlighted benefit that respondents anticipated was that the Option B component would help create buy-in and would ensure collective action. A broad range of respondents, including Local Authority, Public body and Community development respondents had this expectation.

Potential benefits identified included that mandating public sector bodies to collaborate to produce a collective action plan will or may:

- Bring scale and impact.
- Help embed the message that CWB economic activity is a statutory requirement and the responsibility of all.
- Be a positive force for attracting more resources, particularly if applied collectively across local authority and public sector bodies. It was hoped that it could yield greater leverage, increased opportunities and maximisation of assets.
- Potentially help deliver a regional approach where this is required; for example, a Public body respondent commented that within National Parks there are opportunities to combine this approach to CWB with the legislative requirement on National Park Authorities to prepare a National Park Partnership Plan and on other public bodies to ensure they help deliver the Plan.
- Offer a 'shortcut' to the engagement stage.

Reflecting comments made in relation to Option A, it was suggested that to best ensure the involvement of local communities, business and the third sector in the implementation of the duty, local authorities can utilise existing networks. In particular, it was reported that local authorities often have good working relationships with their Third Sector Interface (TSI), so would be able to involve the third sector in the implementation of the duty.

### **Reasons for favouring Option A**

Those who favoured Option A tended to make very similar points to those raised by those who agreed that a duty to embed the CWB model of economic development into corporate plans and wider strategies should form part of Option C.

Option A was described as a pragmatic and proportional approach, as offering a degree of continuity, and as creating less potential complexity, including because prescribed bodies should be able to embed the CWB model of economic development into their corporate plans and wider strategies. In terms of links to

particular agendas and requirements, Place Planning work and Economic Strategies were referenced.

Other advantages identified included that:

- Specifying which public bodies are subject to the duty ensures that responsibility rests on each organisation and clarifies the expectation that each should play its part to advance CWB.
- It should create minimal disruption to current reporting arrangements, and would make reporting, accountability and associated supporting actions easier to implement and track.

There were also a small number of comments about why respondents favoured Option A only (i.e. did not also support the inclusion of Option B to form Option C). These included that public sector organisations operate with differing remits and geographies, and an overly prescriptive approach is likely to become a burden rather than a useful enabler of change.

There was also reference to Part 2 of the Community Empowerment (Scotland) Act 2015, which sets out a requirement to develop Outcome Improvement Plans; it was suggested that Option B comes with a risk of undermining or duplicating parts of the Act. It was also suggested that this consultation would have benefited from:

- Referencing the parliamentary inquiry looking at the future of community planning.
- Considering the opportunities that a strengthened Community Empowerment Act could realise.

A Public body respondent that works across many local authority areas noted that while Option B would be less manageable for them, Option A would make reporting, accountability and associated supporting actions easier to implement and track. Another Public body noted that some public sector bodies may not easily engage with the process, particularly if they are not resourced to participate in the Community Planning Partnerships (CPPs) of all 32 local authority areas.

### **Reasons for favouring Option B**

General reasons given for supporting Option B included that CWB needs to be locally led and place based, rather than driven by high level corporate planning, and that Option B would establish the community's right to have their views taken on board.

It was thought that the approach will help to ensure buy-in from across different sectors and groups to the long-term commitment to CWB whilst retaining flexibility, tailored to local needs and opportunities. There were calls for a bottom-up approach that considers the needs of the local community and businesses. It was also suggested that significant consultation should be undertaken when creating strategies.

Other reasons given for favouring Option B included that:



- Communities and businesses will want to become involved if the strategy is relevant to them. The benefits of the approach for different groups and communities should be the focus of engagement.
- It is essential that the Government and the private sector work in partnership to deliver the most coherent and aligned version of CWB.

In terms of taking Option B forward, it was suggested that the Community Empowerment Act could be amended to incorporate a duty to plan, deliver and promote CWB.

Respondents who favoured Option B tended not to comment on Option A or explain why they did not also favour a duty requiring Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies.

### **Which bodies should be covered by the proposals?**

A number of respondents (almost exclusively those favouring Option C) made suggestions around the bodies that should be covered by a duty, including that public sector organisations, businesses, third sector organisations and community groups all have an important role to play.

In terms of types of partnership or organisation, suggestions included the bodies covered currently by the Fairer Scotland Duty or, as a minimum, the same 'Relevant Authorities' as defined by the Community Empowerment Act. In addition to local authorities, specific types of body referenced included:

- CPPs and all local and regional community planning partners
- Local Authority Arm's-Length External Organisations
- Health Boards
- Health and Social Care Partnerships or the Integration Joint Board for the area
- Enterprise agencies
- Strategic Development Planning Authorities
- Transport Partnerships, such as NESTRANS
- Regional strategic bodies under the Further and Higher Education (Scotland) Act 2005
- Universities and colleges, including regional colleges
- Registered Social Landlords (RSLs)
- Green Freeport Authorities (once established)
- Public Sector Pension Schemes
- Community Councils
- TSIs

- Local Development Trusts
- Any other anchor bodies.

There were also references to certain types of businesses, including:

- National forest management companies
- Renewable energy businesses, including on and offshore windfarms.

In terms of specific organisations, there was a call for a clear list of organisations who are bound by a CWB duty together with clear expectations of the requirements of the duty and whether requirements are different for some organisations.

Suggestions for the organisations that could or should be on that list included:

- Business Gateway
- Crofting Commission
- Drinking Water Quality Regulator
- Education Scotland
- Forest and Land Scotland
- Heat and Energy Efficiency Scotland
- Historic Environment Scotland
- Independent Living Fund Scotland
- Marine Scotland
- National Park authorities
- NatureScot
- Scottish Charity Regulator
- Scotland EXCEL
- Scottish Environment Protection Agency (SEPA)
- Scottish Forestry
- Scottish National Investment Bank (SNIB)
- Scottish Prison Service
- Scottish Public Pensions Agency
- Scottish Road Works Commissioner
- Scottish Water
- Sportscotland
- Skills Development Scotland
- Transport Scotland
- VisitScotland.

It was recognised that not all organisations will operate within all local authorities, with the associated suggestion that a flexible approach would enable local circumstances to determine which statutory partners need to be involved in the development of a collective CWB strategy.

There was also reference to a number of national agencies which, it was suggested, should have CWB built into their everyday activities including: Scottish Enterprise; Co-operative Development Scotland; and Supplier Development Scotland. In contrast, there were suggestions for organisations that should *not* be covered by any duty or to whom elements of a duty might not apply. Comments included that:

- CPPs should be given equal opportunity to engage in the process and should be included in planning stages, but there should be no obligation for them to be involved; this was linked to a view that it is important not to end up with a postcode lottery depending on how good or active a CPP is.
- The decision-making structures of Police Scotland and the Scottish Fire and Rescue Service would limit their ability to engage with locally agreed CWB actions.
- The third sector, including those who volunteer, should not be held accountable under any duty.

Finally, there were suggestions relating to involvement of local communities These included: Community Development Trusts, the Chamber of Commerce or the Federation of Small Businesses.

### **Inclusive approaches**

A number of respondents, from across the range of respondent types, commented on the involvement of local communities, businesses and the third sector. This theme is covered in more detail at Question 2(a), and the commentary below is specific to the duty.

#### ***Nature of any requirement***

One suggestion was that involvement should come through the proposed partners for delivery of the duty, and that no separate methods or requirements to engage are required. A similar view was that there is probably no need for an additional statutory requirement as local authorities and other public sector bodies already have commitments to involve local communities, businesses and the third sector in development of any new local strategy work.

There was also a suggestion that the statutory obligation should be to 'invite' rather than 'include' business, third sector and communities in the development of a strategy and action plan; it was noted that local authorities are unable to guarantee the level of engagement or participation by others.

An alternative view was that CWB requires community control of the process, so a concerted effort needs to be made to ensure the duty incorporates community

engagement. One suggestion was that there should be a statutory requirement to include the third sector and communities in the development of a strategy and action plan.

### ***Effective approaches***

In terms of how best to ensure involvement of local communities, businesses, and the third sector in the implementation of the duty, there was a view that for CWB to succeed there needs to be a true spirit of co-operation and partnership between public bodies with a legal responsibility and the wider communities. It was also suggested that any duty should clearly mandate the involvement of communities and the third sector as equal partners in scrutinising policy, devising strategy, planning and delivering CWB.

In terms of how this genuine partnership can be achieved, suggestions included that:

- Community anchor organisations must be seen as key players in any local anchor networks, not just a token third sector representative.
- A culture of collaboration and partnership, rather than competition, is required; it was reported that competition for scarce resources between third sector organisations or between the third sector and local authorities, can lead to a culture of competitiveness being embedded.
- CWB needs to be done *by* communities *for* communities; local authorities and other public bodies should act as supportive enablers for communities to generate and retain community 'wealth' from the bottom-up, both for their benefit and the wider public good.
- It will be important to ensure the involvement of community organisations given their reach into, understanding of, and trusted role in disadvantaged and marginalised communities. Examples cited included development trusts, community food organisations and equality groups.

It was reported that the starting point for engaging with community organisations is to reach them through the various voluntary and community sector network organisations that community organisations are part of. Examples cited included TSIs and local thematic groups – for instance, social enterprise and community-led health networks. It was also noted that national voluntary umbrella organisations and networks are important, with examples cited including the Scottish Community Alliance and national equality networks.

There was also reference to local community development teams, such as those based in local authorities, having a key role, particularly in identifying and supporting involvement of groups in disadvantaged and marginalised communities. However, it was also reported that many community level organisations and local residents shy away from the more traditional and formal approach adopted by the public sector and that an experienced facilitator can hugely assist in encouraging involvement.

In terms of the engagement itself, it was suggested that the National Standards for Community Engagement should be adhered to throughout, and also that the Scottish Government should re-commit to reviewing the relevant legislation so that CPPs become more effective at addressing inequality collectively.

### ***Involving particular groups***

Respondents also commented on the importance of ensuring that approaches are inclusive of a broad range of types of people and organisations.

In terms of types of organisations (and in addition to the comments on the third sector above), suggestions included that the Scottish Government could investigate how it can incentivise businesses (particularly large businesses and multinationals) to take part in CWB and interface with local public bodies in the areas in which they are anchor organisations. A specific suggestion was for a Scotland-wide anchor network, with membership of such a network possibly being included in funding criteria for business grants and financial support from the Scottish Government and other key agencies.

There was also reference to the importance of inclusive businesses, such as co-operatives, employee-owned businesses and social enterprises, being involved in local CWB strategies and action plans.

In relation to particular groups of people and members of the community, comments included that the inclusion of women and marginalised groups must be explicitly required.

### **Accountability for implementation**

General comments included that transparency is key to the future of CWB in Scotland and that, if the Scottish Government is serious about mainstreaming CWB principles, it is essential that Scottish Ministers and public sector bodies, both now and for generations to come, are held to account to ensure that happens in practice.

One suggestion was that Scottish Ministers should produce a high-level CWB Statement, similar to the Land Rights and Responsibilities Statement (LRRS) created by the Land Reform (Scotland) Act 2016. A similar idea was that, along the lines of the Climate Change (Scotland) Act 2009, legislation could include a duty for Ministers to either publish a statement on CWB or to lay a progress report before Parliament at specified points. Further comments included that Ministers should be required to report annually to Parliament on progress within their policy portfolios in relation to implementing CWB principles set out in the Statement.

In terms of other possible routes, and with whom any responsibilities should sit, comments included that the lead organisation with overall responsibility would need to be identified, and that:

- Responsibility could sit with CPPs.

- A role for the proposed Future Generations Commissioner could be considered.
- Consideration should be given to how accountability is extended to the Scottish Government.
- National bodies and government need to develop processes that can both support and hold local government to account if outcomes are not being met or processes of implementation are not working for local communities.
- The third sector should have a key role in holding public sector bodies to account in meeting any duties to advance CWB.
- Accountability should sit at both hyper-local and regional levels to ensure it is responsive and agile enough.

As with other questions, there was also reference to a potential role for a CWB Commission (discussed further at Question 2(a)).

Some respondents also referred to existing reporting mechanisms through which CWB-related progress is already, or could be, channelled. These included:

- Council's Corporate Performance Monitoring frameworks, committee reports and Procurement Annual Reports.
- Reporting for the National Performance Framework; this could be done through the addition of specific indicators related to CWB.

Connected to these points was a suggestion that, where possible, any reporting could be incorporated within existing public sector reporting duties rather than adding to the reporting burden.

In terms of new or additional mechanisms, suggestions included:

- Completion of a self-assessment on annual progress by Councils and submission to ministers for consideration.
- Allowing anchor organisations to tell the story of CWB implementation, including highlights and areas for improvement.
- The Scottish Government could commission a review to gather information on how each local authority/public body is delivering CWB; this was compared to the Town Centre Action Plan review.

There was also a call for the method adopted to take account of public bodies' duties in relation to best value and associated auditing requirements (discussed further below).

A number of possible approaches or tools were seen as having the potential to support and assist with ensuring that any approach is effective but also not unnecessarily resource intensive. These included:

- Utilising the Wellbeing Economy Tool and Monitor.

- A CWB compliance tool as an addendum to the Equality and Human Rights Impact Assessment, which also incorporates the Fairer Scotland Duty and an Island Communities Impact Assessment. It was thought that this would provide a mechanism for organisations to consider projects and policies via a CWB 'lens' and encourage approaches to be designed with CWB in mind.
- A provision for Scottish Ministers to review progress and bring forward further legislative and non-legislative changes as indicated by the outputs of that review.

A number of respondents referred to the use of Key Performance Indicators (KPIs), with further comments including that they should be:

- Clearly defined.
- Taken at specific intervals to provide comparative analysis.
- Relevant to local areas' activity and outputs; an associated idea was that there could be an agreed long-list of KPIs to enable organisations to select those appropriate to their local context.

There were also some suggestions for the types of KPIs that could be considered, including:

- % of procurement contracts by value and/or number to organisations that fulfil CWB objectives.
- % of public contracts to local small businesses.
- Numbers of new building plots.
- Hectares of land in community management/control/ownership.

### **Resourcing effective delivery of a duty**

A number of respondents made suggestions or comments about ways in which effective implementation of a CWB duty could be supported. Many of these referred to the resource-implications of introducing a duty, and in particular those relating to Option B, either as a standalone or as a component of Option C. However, some respondents who did not favour a duty, or who selected the 'Other' option at the closed question, also raised resource-related concerns. These included that further investment and resources will be required to effectively scale up and mainstream CWB.

There were calls for any duty to be accompanied by resources to support delivery. It was noted that economic development services are non-statutory provision and face significant resource constraints in the current spending environment; connected to this was a question as to whether CWB legislation will have the effect of making economic development a statutory duty and, if so, how this will be resourced within the current structures of local authorities.

Some suggested that the local authority resources required would be significant, with one Local Authority respondent highlighting the considerable investment that has been required to take forward the CWB agenda in their area. They went on to

note that the ability to deliver Option C would be dependent on the continuation of these resources, some of which have included temporary staff posts, but that the capacity of partners to engage would also be key.

In terms of the types of activities that local authorities and other CWB partners would need to resource, there was reference to:

- Establishing governance systems far beyond those required currently.
- The need for local co-ordination across various services, including to ensure the maximum benefit and avoid duplication.
- Ongoing monitoring activities.
- The need to support organisations that have limited capacity to engage fully in delivery.

With regard to the different types of public bodies involved, there were specific calls for additional resources to Health Boards, in particular to support additional workload across the Board for example CWB programme management and delivery of CWB actions within Procurement, Human Resources and Estates.

Other comments highlighted the need to resource a range of third sector organisations and community-based groups so that they can engage fully with the CWB agenda and duty. Specific suggestions included:

- More investment in TSIs to run CWB development hubs to drive success and impact.
- Clear guidelines around the distribution of funding to local community organisations contributing to the CWB agenda.
- A specific funding system for Community Led Local Development to enhance the capability of communities to own and control assets.

There were also calls for support for social enterprises, co-operatives and other types of business in order to progress CWB objectives. Suggestions included that a specific CWB Fund should be made available to local social enterprises.

Reflecting some of the acknowledged challenges around public funding, a number of alternative funding sources were suggested. This issue is picked up again under the finance pillar.

## **Best Value**

Potential issues around securing best value if local authorities also have overarching CWB duties were raised; it was reported that the requirement for a local authority to make best use of its financial and other resources, and to work with partners to maximise the use of their respective resources, is currently outlined in the Best Value Guidance issued by the Scottish Government under Section 2(1)(a) of the 2003 Local Government in Scotland Act. Suggestions moving forward included:



- The best value definition should be reviewed and redefined as appropriate, reflecting the principles of CWB.
- An evaluation tool that provides measurements for different types of CWB outcomes, including socio economic and sustainability outcomes, could be developed.
- If projects that deliver the greatest CWB outcomes are not the lowest cost option, additional funding could be made available to support these circumstances.

**Q1(b): One way Scottish Government could support the implementation of the proposed Community Wealth Building duty is to provide statutory or non-statutory guidance. Would this be helpful to partners in meeting the proposed duty?**

Responses to Question 1(b) by respondent type are set out in Table 3 below.

**Table 3 – Question 1(b)**

	Yes	No	Don't know	Total
<b>Organisations:</b>				
Community development organisation or company	26	1		27
Housing organisation	2		1	3
Local Authority, Regional Partnership or CPP	25		3	28
Policy development, research or think tank	8			8
Political party, union or lobby group	4		1	5
Private sector company	5		1	6
Professional or representative body	7			7
Public body	17		1	18
Voluntary or not-for-profit sector	24	1	2	27
<b>Total organisations</b>				
	118	2	9	129
<b>% of organisations</b>	<b>91%</b>	<b>2%</b>	<b>7%</b>	
<b>Individuals</b>				
	24	8	5	37
<b>% of individuals</b>	<b>65%</b>	<b>22%</b>	<b>14%</b>	
<b>All respondents</b>				
	142	10	14	166
<b>% of all respondents</b>	<b>86%</b>	<b>6%</b>	<b>8%</b>	

Percentages may not sum to 100% due to rounding

A substantial majority, 86% of those answering the question, thought guidance would be helpful to partners in meeting the proposed duty.

**Please provide a reason for your answer.**

Around 155 respondents made a further comment.

The analysis presented here focuses on whether there should be guidance, whether it should be statutory or non-statutory and then its overall focus. Themes relating to policy or legislative priorities that should be reflected in guidance or legislation picked up at subsequent questions.

### **Advantages of guidance**

Reflecting the broad consensus that guidance is required, general comments included that CWB is still a relatively new concept in Scotland, and the legislation will only be successful if it is accompanied by guidance, support and capacity building that allows those public bodies affected by new duties to implement them effectively.

This was connected to duty-bearing public sector partners understanding their responsibilities and people in communities knowing what to expect and what opportunities are, or should be, available to be involved.

### **Statutory or non-statutory**

Around 100 of those commenting made a clear statement as to whether they favoured statutory or non-statutory guidance or a combination of both.

The majority favoured statutory guidance, with Community development and Voluntary sector respondents tending to support this approach, although a range of others, including a small number of Local Authority or Public body respondents, also did so. Those favouring non-statutory guidance were most likely to be Local Authority or Public body respondents while a relatively small group who favoured a mix of statutory and non-statutory guidance spanned a number of different respondent types.

### **Statutory**

The reasons that respondents gave for preferring statutory guidance included that it would:

- Give the necessary weight to drive implementation, including by proactively steering key stakeholders towards CWB duties. An associated point was that voluntary guidance is not enough to ensure delivery, particularly given the financial pressures many public bodies are under.
- Give the CWB duty parity with the guidance provided within the Fairer Scotland Duty.
- Ensure or promote consistency of approach across Scotland and across disciplines. Also, that it could require local authorities to work together at the regional level.
- Facilitate integration of CWB into all relevant strategies and policies.

Some of those looking for statutory guidance also noted that it should be supported by a range of non-statutory materials, such as toolkits.

### ***Non-statutory***

The most frequently given reason for guidance being non-statutory was to better reflect local circumstances and avoid the potential of a one-size-fits-all approach that could come with statutory guidance. It was seen as important to allow local areas the freedom to decide how they implement CWB in a way that is appropriate for them. Further, it was suggested that statutory guidance would restrict an area's ability to adapt delivery to meet local need, and that the non-statutory route sits better with the place-based nature of CWB.

Other reasons why a non-statutory approach was preferred included that:

- Different partners in the public sector will have diverse duties and influence.
- It means guidance could develop as we learn and test different approaches; it would be more flexible and adaptive.

Respondents also raised concerns about taking a statutory approach, including that:

- It implies targets and performance monitoring; this would only be reasonable if additional finances and resources were provided for community planning partners to deliver CWB.
- Additional bureaucracy or cumbersome reporting can be associated with statutory guidance, and this would be better avoided.

Some of those who did not clearly state whether they supported statutory or non-statutory guidance also referred to it being relatively light touch.

### ***Both***

Some respondents favoured a combination of statutory and non-statutory guidance, including that this should depend on the audience and the extent of their participation. It was suggested that while public bodies will be expected to deliver on a statutory basis, it may be more difficult, or less appropriate, for private and third sector partners to be covered by statutory guidance. In fact, there was a concern that this could deter participation and undermine any benefit that a wider duty may provide.

In terms of which types of issues should be covered under the different types of guidance, suggestions included:

- Statutory guidance on areas of existing policy including procurement, Fair Work and carbon neutrality.
- Statutory guidance on guidelines for reporting around CWB strategies and action plans. Non-statutory anchor organisations will need guidance on reporting and measuring impact.

- A review of existing non-statutory guidance to ensure CWB is threaded through policy areas such as town centre regeneration and the shortening of supply chains to support the Just Transition.

There was also a suggestion that ‘Implementing Community Wealth Building: A Guide’<sup>1</sup> (from the Economic Development Association Scotland and the Centre for Local Economic Strategies), effectively takes the form of informal guidance, and could be built upon and kept up to date with the addition of emerging good practice and case studies. There was also reference to Scottish Land Commission guidance to support the land and property pillar of Community Wealth Building<sup>2</sup>.

It was suggested that further guidance could build on this work and provide clear direction to public bodies on the implementation of their duties. The approach of the LRRS in providing guidance that has statutory underpinning was also highlighted. It was reported that the Scottish Government is considering giving greater statutory weight to the LRRS, and that a similar approach may be helpful in conjunction with a CWB duty.

However, the risk that statutory guidance may lead to bureaucratic overload in the public sector was acknowledged. Nevertheless, it was suggested that, alongside legislation, it may be helpful in clarifying what specific actions the public sector should take in delivering on a public sector duty.

### **Fit with other legislation, policy and guidance**

Connected to a more general theme (covered at the next question) that any CWB measures need to take account of other relevant legislation, policy and practice was the view that any CWB guidance should be well-integrated with other guidance that is already in place. It was suggested that work is required to establish the points at which existing guidance (and duties) touch on CWB approaches and the gaps that could be filled by new statutory or non-statutory guidance.

In terms of specific legislation, strategy, policy or guidance that the CWB guidance would need to consider and work alongside, there was reference to:

- Child Poverty Action Reports
- Children’s Services Plans
- Climate Change Action Plans
- Community Development Plans
- Community Empowerment (Scotland) Act 2015
- Community Justice Outcome Improvement Plans

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<sup>1</sup> Available from the Economic Development Association Scotland’s website at <https://edas.org.uk/community-wealth-building-guide/>

<sup>2</sup> Available from the Scottish Land Commission website at [https://www.landcommission.gov.scot/downloads/623c19fcb8c2d\\_Scottish%20Land%20Commission%20Community%20Wealth%20Building%20and%20Land%20Guidance.pdf](https://www.landcommission.gov.scot/downloads/623c19fcb8c2d_Scottish%20Land%20Commission%20Community%20Wealth%20Building%20and%20Land%20Guidance.pdf)

- Community Learning Plans
- Energy Strategy
- Fairer Scotland Duty
- Fuel Poverty Strategy
- Good Food Nation Act
- Good Practice Principles for Community Shared Ownership and Community Benefits Funds
- Integration of Health and Social Care Plans
- Interim Principles for Responsible Investment in Natural Capital
- Just Transition Plans
- Local Place Plans
- National Planning Framework (NPF4)
- National Transport Strategy (NTS2)
- NHSScotland Property Transaction Handbook
- Onshore Wind Policy Statement
- Scottish Government Procurement Policy

Other policy areas referenced included: climate policy, the nature emergency, the circular economy, participatory budgeting, land reform, crofting reform, and agricultural reform.

There was also a suggestion that CWB guidance could be embedded within existing legislation or policy, such as the Sustainable Procurement Duty or the Fair Work First Policy.

### **Type of guidance**

In general terms, respondents were looking for guidance that is simple, clear and accessible as possible; it was noted that the wider community can find formal and lengthy guidance off putting. A specific suggestion was that it could be framed as a 'Handbook on Community Wealth Building' and as relevant to all stakeholders.

There were less-frequent references to the guidance being specific and detailed; it was reported that when the Public Sector Equality Duty guidance was being developed a number of public bodies called for it to be as broad as possible, but that there are now calls for more prescriptive guidance setting out step-by-step processes for meeting the duties.

Working with a range of stakeholders was seen as a way of ensuring that the guidance draws on existing resources and knowledge and meets the needs of a broad range of audiences. It was reported that many anchor organisations have already produced evidence and work that present a range of options and

recommendations for a fairer and more sustainable society, and that the CWB guidance should draw on this work, rather than re-inventing the wheel.

There were also references to existing guidance or practice materials in other policy areas that could offer a useful model or ideas. Examples given included the LRRS for private businesses and the UN Guiding Principles on Business and Human Rights. It was also suggested that the National Standards for Community Engagement, the Participatory Budgeting Charter, and the Scotland CAN B 'Impact Journey' framework could all be looked at.

Suggestions for the type of content that would be helpful included:

- Links to resources for deliberative democracy, including citizens' panels, and to tools and resources for supporting communities to organise and have influence, including Scottish Community Development Centre resources such as 'Building Stronger Communities' and the participation request resource pack.
- Advice, information and practical tools to support key organisations (both anchor organisations and other significant community organisations) to undertake equalities analysis alongside their CWB planning.
- Good practice examples from Scotland and internationally. In particular, localised case studies as to what CWB means in practice.

Associated with the sharing of good practice was a suggestion for development of networks across Scotland to allow a community of practitioners to come together and share knowledge.

### **Areas to be covered by the guidance**

A general point was that the guidance needs to be sensitive to variations across Scotland, including to different locales, communities and economies.

Respondents also made a range of suggestions relating to the structure of, or themes to be covered in, any guidance. These included:

- Clear definition of terms used.
- Key information about anchor organisations: what they are, what role they play, how to identify them, and how to harness their potential in delivering CWB.
- Defining the role and scope of CWB within the wider national context, for example outlining in which areas and sectors of the economy a local and community-led approach is appropriate and in which areas a more national approach is in the best interest of society.
- Emphasising CWB's role as an economic development model, drawing out the linkages across CWB pillars and demonstrating the added value of taking a holistic approach to CWB.
- Making links to a wellbeing economy and providing appropriate definitions of a wellbeing economy.

- Culture change in the public sector and how this might be achieved.

A number of the suggestions focused on measuring success and compliance. In terms of the guidance itself, it was suggested that the following could be included:

- The overarching CWB principles as a baseline and then tiered levels of compliance.
- Proposals for appropriate monitoring frameworks, including both pillar-specific and overarching indicators.
- Clear and transparent information on who is accountable for delivery and what happens if CWB duties are not delivered.

There was also a call for the creation of a statutory requirement for prescribed public authorities to use the Wellbeing Economy Monitor and Tool in the development of their strategies and plans.

Respondents also highlighted a number of inclusion and partnership-related issues to be covered, including:

- Emphasising the role of communities in shaping CWB.
- Guidance and principles for democratic processes in developing CWB plans and policy.
- Specific measures to ensure that marginalised groups, including women and Black and minority ethnic people, are supported to engage with CWB in their communities.
- Guidance on how to identify and engage with local businesses and suppliers.
- Information on the potential value for communities in working with creative organisations and individuals in local areas, to maximise the potential value and benefit from CWB.
- Specific measures to promote and support volunteering.
- Encouraging partnership working. There was reference to setting out principles for how different organisations at different levels should be working together.

Some were also looking for guidance on how flexibility and judgement can be exercised and how competing priorities should be balanced. Respondents were looking for:

- Clear principles for resolving potential trade-offs between different CWB and wellbeing economy goals, for example in situations where there are choices between more environmentally friendly national, and less-environmentally-friendly local options.
- Information on how and when there is flexibility to tailor approaches to local circumstances, for example how organisations can manage contract arrangements to achieve local community benefit.

- A non-statutory definition of best value, and non-statutory guidance empowering contracting authorities to take further action on community benefits. Support for local government in transforming the articulation of value to local and regional wellbeing economies and detail on how the multiplier effect of CWB should be quantified.

In relation to the CWB pillars, it was suggested that tailored guidance on each of the 5 pillars would be preferable. These pillars are the focus of Questions 3 to 7.

**Q2(a): Are there other non-legislative measures that you believe are required to accelerate the implementation of the Community Wealth Building approach in Scotland?**

Responses to Question 2(a) by respondent type are set out in Table 4 below.

**Table 4: Question 2(a)**

	Yes	No	Don't know	Total
<b>Organisations:</b>				
Community development organisation or company	24	2		26
Housing organisation	2		1	3
Local Authority, Regional Partnership or CPP	27	1		28
Policy development, research or think tank	8			8
Political party, union or lobby group	5		1	6
Private sector company	4		2	6
Professional or representative body	6		1	7
Public Body	16		2	18
Voluntary or not-for-profit sector	25		2	27
<b>Total organisations</b>				
	117	3	9	129
<b>% of organisations</b>	<b>91%</b>	<b>2%</b>	<b>7%</b>	
<b>Individuals</b>				
	25	5	7	37
<b>% of individuals</b>	<b>68%</b>	<b>14%</b>	<b>19%</b>	
<b>All respondents</b>				
	142	8	16	166
<b>% of all respondents</b>	<b>86%</b>	<b>5%</b>	<b>10%</b>	

Percentages may not sum to 100% due to rounding

A majority of respondents, 86% of those answering the question, thought there are other non-legislative measures required to accelerate the implementation of the CWB approach in Scotland.



**Please provide a reason for your answer.**

Around 155 respondents made a comment at this question. The analysis presented below also draws on comments at other questions that related to the themes covered below. Please note that comments were often extensive and detailed and can only be summarised within this analysis. However, all of the submissions made are available in full to the relevant policy teams at the Scottish Government.

### **The potential of CWB**

A number of respondents commented on the potential of CWB, including as means of furthering community empowerment, building resilient local wellbeing economies and supporting a just transition to Net Zero. It was described as fundamental to transitioning to a wellbeing economy and there was also support for the consultation paper's assertion that the transition to a wellbeing economy requires a whole system transformation, of which CWB needs to be a core component.

It was noted that while the pillars are not new, what is new is the combination of the pillars under the CWB banner with a strong connection to the NSET and other Scottish Government policy goals. There was also broad agreement that some fundamental changes will be required if we are to see a departure from traditional concepts of economic development, and that this will require whole-system buy-in and significant cultural change (discussed further below).

In terms of the benefits of achieving this type of fundamental change, empowering communities and tackling inequalities was often the focus; giving due weight to the development of policy that tackles structural disadvantages experienced by marginalised groups was seen as key, as was carrying out a Fairer Scotland Duty assessment of any forthcoming national CWB strategy or Bill. The potential for CWB to raise awareness of the Gaelic language and culture and promote its value to the wider community was also highlighted, and there was a call for the Scottish Government to consider how the needs and potential of Gaelic-speaking communities are integrated into CWB.

In terms of maximising the potential of CWB to drive change, it was noted that it is operating within a complex and ever-developing policy landscape and there was a call for the five-pillar model to be reviewed periodically, in much the same way that the National Performance Framework National Outcomes are.

### **Changes to the economic model and prevailing culture**

As noted above, the extent and depth of the change required was not underestimated.

For some respondents, the focus was on the need for fundamental change to the economic model, and to the traditional model of economic development in particular. There was a call to put CWB aims at the heart of local economic development by changing how wealth is owned and created, and who benefits from it. It was suggested that CWB needs to become the golden thread for all economic

measures that national and local governments deploy, and the central tenet of economic development activity for Scotland.

However, it was also suggested that there is a fundamental conflict between the CWB Bill, and certain aspects of the NSET. The associated view was that the NSET vision is based on a more traditional economic approach which provides returns to private investors, but that CWB requires returns to be under the democratic control of communities. Moving forward, there were calls to:

- Address this contradiction by being explicit that the CWB agenda is given priority in decision-making.
- Use the CWB Framework to evaluate the relative benefits (and disbenefits) of all decision-making and investment decisions made in the context of the NSET.
- Revise the NSET to remove the aim that Scotland become 'a magnet for inward investment and global private capital'.

Some of the other mechanisms identified as drivers of change included fundamental changes to the mandates of certain public bodies, such as Scotland's enterprise agencies. It was suggested that championing local CWB strategies should become embedded in their core mandate, and they should be under a general duty to embed CWB into their corporate plans.

In order to change the approach and emphasis of economic development, respondents also highlighted the need for a change in culture and thinking within some organisations. The focus tended to be on public bodies, including anchor organisations, needing to ensure that plans are created and delivered with and by communities and not done to them. Building a culture of trust and collaboration between community organisations and their local authorities was seen as the foundation for better partnership working of the type required to deliver on CWB's objectives. However, it was reported that this needs to be done with an understanding that some community organisations feel they have been let down by local authorities.

Suggestions for how culture change could be driven included building an understanding between the different sectors and bringing together key individuals from across sectors to work collectively on problems. A national training programme for public sector staff could focus on collective/collaborative working practices and embedding CWB. It was suggested that this could build on the legacy of Collective Leadership Scotland. There was also reference to a Scottish Government funded programme with the Glasgow and Edinburgh Social Enterprise Networks as an example of working together to build capacity.

Leadership at all levels was also identified as a key factor, and it was suggested that this needs to start with political leadership and the mobilisation of all of Scotland's public sector. There was a call for the Scottish Government to support CWB collectively and collaboratively from the top down, whilst also empowering implementation from the bottom up. This direction and leadership was linked to an

interconnected and complementary policy and legislative system which ensures that resources are used most effectively.

There was also reference to culture change in large organisations, including supporting senior leaders to feel confident in taking new or what feels like new, bolder action that is not current convention. It was suggested that this could be achieved by targeting 'how to' leadership training and development packages, organised by pillar, at senior teams across public bodies and professional groups.

Other comments were focused on shifting the emphasis of economic development to provide the third sector, including social enterprises, with at least a level playing field with the private sector in terms of support. It was also noted that these types of approaches are not entirely new; for example, Community Land Scotland's Community Wealth Building guidance gives information on a successful collaboration between Highlands and Islands Enterprise and community trusts, as well as community trusts acting as anchor organisations themselves. It was reported that this approach has been particularly effective when linked to a particular revenue stream, such as renewable energy.

### **Strategic and legislative fit with other agendas**

The relationship between CWB and a range of other legislative measures and policy agendas was also the focus of a number of comments.

### ***The current legislative and policy landscape***

The complexity of the current landscape was noted, with the Scottish Government is currently reviewing several legislative and policy areas related to CWB, including in relation to community empowerment and land reform. Given this context, it was suggested that there may be an opportunity to consolidate the legislative framework underpinning CWB and community empowerment.

A comprehensive approach to considering the interconnectivity of existing legislation was suggested, including the identification of any gaps that may be addressed either through secondary legislation or other supplementary measures; the focus should be on promoting simplification and resource-efficiency and, given that risks, challenges and opportunities will evolve, a dedicated Scottish Government CWB horizon-scanning function was proposed. It was thought that this could provide an evidence-based foundation to inform the development and delivery of CWB policy and legislative support.

It was also suggested that Health Board policy and practice landscape must be decluttered to make economic development work simpler and make it easier for Boards to consider their role in reducing inequality, improving health and the retention of wealth in the local community.

In terms of general approaches going forward, one view was that it would be helpful if CWB legislation becomes the overarching legislation, and specifically that community planning legislation should be subordinate to it. Another suggestion was the adoption of a national level CWB Framework, providing a clear set of commonly

agreed upon metrics; it was suggested that a commitment to the development of a CWB Framework should be included in the legislation. A high-level CWB Statement to guide how Scottish Ministers and public bodies will deliver CWB in practice was also proposed. This was likened to the Land Reform (Scotland) Act 2016 provisions relating to the LRRS.

### ***Climate, nature and the circular economy***

It was considered important to align the CWB framework closely with Scottish Government's ambitions for nature and climate. Associated points included that it would connect strongly with the underpinning objective of creating a wellbeing economy. It was noted that the climate emergency is a core threat to Scotland's communities, and particularly to disadvantaged communities, and there was a call to make the links between CWB and climate and nature issues more explicit.

These links were seen as offering real potential to produce a range of environmental, economic and social benefits, including simply by ensuring that the aims and objectives of advancing CWB are congruent with the Just Transition to Net Zero. However, there was also a concern that the consultation revolves quite heavily around the five pillars of CWB and has not asked about how the Scottish Government can deepen links between CWB, the green economy and a Just Transition.

It was also reported that, with the interim climate target of 2030 nearing, there is a growing necessity to build economies that promote resource efficiency; it was suggested that the circular economy and CWB agenda are complementary and can work together to ensure environmental, social, and economic benefits can be realised in tandem and for the advantage of Scottish communities and individuals. There was a call for a duty on local government to act as promoters, facilitators and enablers to ensure that the opportunities of a circular economy, including CWB, are maximised.

At a whole-system level, it was reported that much more can be done to help align CWB with a rapidly growing green economy in Scotland but that, to accelerate the implementation of CWB across Scotland, more formal and long-term policy, funding and governance links to a Just Transition and green economy policy areas are absolutely necessary.

### **The Place Principle**

In addition to commenting on other legislative and policy agendas, respondents also commented on the fundamental connection between CWB and the Place Principle.

Some noted that they were supportive of the concept, including because it requires a step-change in place-focused collaboration, and hence offers an effective model and key component of delivering and embedding CWB. It was also suggested that CWB would benefit from a stronger recognition of the role that proactive planning and place-leadership can have through the enhanced corporate influence of planning. An opportunity to achieve this through the Chief Planning Officer role,

provisions for which are set out in the Planning (Scotland) Act 2019, was referenced.

### **Genuine partnership, community involvement and empowerment**

One of the most commonly raised themes across the consultation was the critical role that genuine partnership working and collaboration will play in making CWB a success.

For some, this was linked to democratic reform, with a genuinely transformative approach to CWB demanding that more decision-making power be devolved into the hands of communities. There was a call for urgent progress to be made on local governance reform (Democracy Matters 2) which, it was suggested, could be key to unlocking a more democratic economy if brave action is taken. It was also suggested that the findings of the Community Planning Partnership inquiry must also be acted upon if these structures are going to have a key role of coordinating CWB in localities.

Other overarching points included that:

- CWB cannot be implemented successfully by local and regional bodies alone; it requires the Scottish government to create a better framework for devolving power and resources to the local authority and community level.
- The legislation should require the creation of local CWB partnerships comprising local authorities, anchors, inclusive business, and civil society organisations. These partnerships should be on a statutory footing and should be empowered to create and oversee the implementation of local CWB strategies.

### **Communities**

Many respondents stressed the importance of communities being at the heart of CWB and its success. It was noted that engaging with communities is integral to the Scottish Approach to Service Design but also that implementation remains inconsistent.

Further comments included that the legitimacy of CWB is directly proportional to the extent to which community stakeholders are meaningfully engaged and empowered as active participants. Capacity building (discussed further below) was a common theme, with other suggestions for empowering communities including:

- Building community confidence in, and understanding of, decision-making structures.
- Ensuring that the voice of the community is central to the development, design and delivery of both the strategy and action plans.
- Local authorities and other public bodies acting as supportive enablers for communities to generate and retain community 'wealth' from the bottom up; this was linked to both direct investment and enabling policy.

- Decentralising the resources and programmes that are often held at local authority or intermediary agency level to the community; the Strengthening Communities Programme of the Scottish Government was noted as a good example of the transformative potential of such an approach.
- Supporting the development of community ownership and democratic business models, including social enterprises, co-operatives and employee-owned businesses.

It was also suggested that local authorities and other statutory bodies need clear guidance on how they work with and for communities.

### ***Third sector***

The important role of the third sector was also highlighted, including in relation to delivering CWB in practice. Specific comments and suggestions included that there is a need to improve the culture of engagement between local authorities and the third/community sectors to ensure that the latter are meaningfully engaged in decision-making processes around CWB. This collaboration and partnership with the third sector was linked to a need for successful transformation of public procurement, including through the provision of sector-specific support and expertise.

It was also suggested that the CWB legislation should recognise the contribution that the third sector, including advice services, make to successful CWB. A specific point was that the provision of free, independent, and impartial advice and advocacy ensures that communities maximise their incomes and prevents negative outcomes from lack of knowledge of their rights.

### ***Business***

It was also suggested that the Scottish Government, as well as key public sector bodies, should improve ongoing dialogue and partnership with Scottish businesses so they have a better understanding of the business environment both nationally and locally.

There were also calls for the Scottish Government, local authorities and other public sector bodies to:

- Engage with and define a clear role for existing businesses, including in relation to expectations on existing, conventional businesses to build support for CWB. It was suggested that this should build on the existing work and recommendations of the Business Purpose Commission.<sup>3</sup>
- Give pro-active support and assistance to local businesses. It was reported that, in the aftermath of the Covid pandemic and in the light of a wide range of

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<sup>3</sup> The Scottish Council for Development and Industry (SCDI) Business Purpose Commission report 'Now is the time for purpose' is available at <https://www.scdi.org.uk/publications/>.

increased business costs, Scottish small and medium sized enterprises (SMEs) and micro businesses in particular require active assistance.

### ***Sector-specific partnership approaches***

The important role that certain sectors can play in making CWB a success was also highlighted. In relation to food, comments included:

- The CWB Bill should recommend that there is a food partnership in every local authority area and that the CWB principles are used to guide the development of Good Food Nation food plans.
- Sustainable Food Places is a network of food partnerships which work on all aspects of the food system; they are an excellent example of CWB as they take a place-based approach to improving the local food system by shortening supply chains, supporting local producers and businesses, and effectively engaging with their communities.
- A specific Local Food Fund, allocated directly to local authorities on a population basis to help them to invest their local food systems, would be an important element of creating a more diverse and prosperous local food and farming system.

Issues relating directly to food supply are picked up again in relation to an action in the Share Policy Programme (SPP) at Question 2(b).

Comments on other sectors included:

- Local and regional skills planning for the construction industry is required to accelerate the CWB approach in Scotland. There were calls for the development of a series of regional skills plans for construction, with demand planned alongside what is understood about the current regional workforce and the present and future pipeline of work for the industry.
- In order for CWB to address some of the needs of coastal and island communities, the Scottish Government needs to ensure responsible use of public fisheries resource for the public good.
- Arts, sport and cultural activities can be used as approaches to enable local communities to build local capacity, engage with and address issues ranging from economic development to environmental sustainability. There needs to be a broader view of what constitutes an anchor institution to encompass cultural and learning venues such as public libraries, museums, community arts-venues, sports and community centres.

### **Capacity building**

One of the most frequently made points, both at this question but also most others, was the vital role that increased capacity building, and in particular capacity building for communities, will play in delivering CWB.

It was noted that for CWB to be locally-led, local people need the necessary skills, knowledge, time and confidence. The recognition that this will be particularly

important for disadvantaged or 'left behind' communities was welcomed, but was accompanied by a concern that the resources and opportunities for people to develop these capacities are not always present in local communities – particularly in more deprived communities.

Comments on approaches included that communities need to be supported to develop the knowledge and skills required through embedded engagement work over time. Specific suggestions included:

- The Scottish Government should fund bespoke training courses. These could be delivered by an existing public body, such as Skills Development Scotland, a third sector partner such as Community Enterprise in Scotland or a dedicated new body set up to build capacity for CWB across Scotland.
- Existing organisations with a track record in this work should be used, learning from organisations already delivering capacity building work successfully.
- The Democracy Matters approach could be helpful in embedding CWB.

There were also references to existing approaches, including the 'What We Do Now' creative placemaking network, co-developed by the Stove Network and other community organisations, which explores the needs of a place and supports the growth of strategic plans from the grassroots of that place. It was reported that the approach also identifies and develops the local skills and structures needed to implement any plans that emerge through the process.

In terms of specific issues that could be the focus of capacity building measures, comments and suggestions included that communities could be supported to carry out deep mapping of infrastructure that already exists and the current barriers and challenges to implementing actions that deliver CWB principles at a local level.

Although the focus was often on capacity building in communities, there were also comments about building capacity within organisations. These included that:

- Community anchors are led by volunteer boards, and services are often delivered by volunteers alongside or instead of paid staff. There is a clear need to support existing governance training, peer learning and best practice, and on work on succession planning across the sector.
- It will be critical that training and capacity building on CWB is available to a range of staff within local authorities and public bodies, enabling more staff to understand their roles and responsibilities in their capacity as anchor organisations.

The issue of resources was often linked to capacity building, both within organisations and within the wider community; it was suggested that investing in training and education programmes, as well as providing technical assistance to communities and public institutions, can help build the necessary capacity to implement CWB approaches. This issue reflected some of the comments above relating to the potential of CWB and changing the prevailing model and culture; capacity building within public bodies, including both Councils and Health Boards,



was seen as key to driving positive change. However, there were also concerns about whether sufficient resources will be available.

## **Other themes**

Respondents also identified a number of other non-legislative measures that could help accelerate the implementation of the CWB approach in Scotland. These are set out in turn below.

### ***Awareness raising***

It was reported that CWB is not yet well-understood, and there were suggestions that awareness raising activity, is required. Specific suggestions included national and local public facing campaigns to improve general understanding of the concept and what is being delivered.

Holding public events, putting out media on pilot approaches and ministerial visits and speeches were also identified as possible routes, and it was suggested that CWB could feature more prominently in the Programme for Government and the public statements and commitments of the First Minister and Scottish Cabinet. In terms of the focus on any awareness raising, it was suggested that storytelling should be used to promote and celebrate good practice.

### ***Role of anchor organisations***

There were also some comments relating to the role of anchor organisations, including whether their definition could be expanded to include more smaller organisations. This was connected to a view that larger bodies often cannot 'represent' communities needs at a hyper-local level and that communities are often also not supported to be at the tables of decision-making when they are invited.

More generally, and as highlighted in previous sections, there was a call for more recognition of the role of anchor organisations, including because they are likely to have significant spends on infrastructure, may be owners of assets and land, and are often major employers. There was also a call for further recognition of the role of community anchor organisations and community anchor networks.

### ***Community Wealth Building Commission***

A number of respondents were looking for the introduction of a CWB Commission to drive forward the embedding of CWB in policy, and to provide accountability and oversight. It was reported that there is precedent for such an approach in relation to land reform policy with the establishment of the Scottish Land Commission as a consequence of provisions within the Land Reform (Scotland) Act 2016.

It was suggested that the Commission should be led by a paid Commissioner and should have responsibilities including:

- Holding public bodies and Ministers to account.
- Oversight of regional implementation.

## ***Defining and measuring impact***

It was seen as important to be clear about what success will look like and how it may be measured. However, it was also noted that success will mean different outcomes for different communities, and that measures should allow for diversity at local community levels.

Also considering the local level, there was a view that while the Scottish Parliament has a scrutiny role, action on individual local strategies will be the best indicator on the ground. Associated points included that:

- Any duty to assess and review policies and practices means that an equality impact assessment (EQIA) should be an ongoing process, with the initial EQIA process followed up by identifying the actual impact of the strategy once in place.
- Annual reporting provides a good opportunity to keep an EQIA up to date, and will assist in both monitoring impact and designing any changes to the strategy or action plan that may be required to meet intended outcomes.

**Question 2(b): Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme (outlined on page 11 of the consultation paper)?**

Responses to Question 2(b) by respondent type are set out in Table 5 below.

**Table 5 – Question 2(b)**

	Yes	No	Don't know	Total
<b>Organisations:</b>				
Community development organisation or company	15	1	5	21
Housing organisation	1		2	3
Local Authority, Regional Partnership or CPP	25	2		27
Policy development, research or think tank	2		2	4
Political party, union or lobby group	3		1	4
Private sector company	2		4	6
Professional or representative body	5		2	7
Public body	13		2	15
Voluntary or not-for-profit sector	19	3	3	25
<b>Total organisations</b>				
	85	6	21	112
<b>% of organisations</b>	<b>76%</b>	<b>5%</b>	<b>19%</b>	
<b>Individuals</b>				
	9	7	15	31
<b>% of individuals</b>	<b>29%</b>	<b>23%</b>	<b>48%</b>	
<b>All respondents</b>				
	94	13	36	143

<b>% of all respondents</b>	<b>66%</b>	<b>9%</b>	<b>25%</b>	
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A majority of respondents, 66% of those answering the question, thought there are specific actions required to advance delivery of the items contained within the Shared Policy Programme (SPP)<sup>4</sup>.

**Please provide a reason for your answer.**

Around 120 respondents provided a comment at Question 2b. The analysis presented below focuses primarily on comments made about the relationship between the SPP and CWB and the three specific actions contained within the SPP. Other issues raised at this question are covered at the most directly relevant question.

**General observations about SPP and CWB**

It was noted that the SPP is already being delivered by organisations across Scotland, albeit within the existing legislative parameters. For example, one CPP respondent reported that all three of the specific actions already form part of their plan to implement CWB.

However, and reflecting themes covered at Question 2a, there was a concern about mandating local bodies, including democratically elected councils, to adopt a policy agreement between two political parties. It was suggested that local democracy requires that councils are able to adopt their own policies, decided through the normal, local democratic process.

Local context was also seen as important, with the importance of recognising local landscapes and the availability of the economic levers for delivery highlighted. It was seen as important that the principles of CWB should be included in the delivery of the SPP without being too prescriptive to enable local circumstances to be considered. An alternative perspective was that legislation should require public bodies to carry out the actions unless they can show there is strong reason not to.

Another general theme raised was around delivering the actions in a way that is truly inclusive and benefits communities as a whole. Further comments included that:

- Resources need to be put into understanding the barriers to improvement; this needs to be done at a hyper-local level.

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<sup>4</sup> The Shared Policy Programme (SPP) setting out policy positions and commitments that the Scottish Government and the Scottish Green Party Parliamentary Group agree should be delivered was part of the Bute House Agreement. The SPP commitment to develop a CWB Bill includes: working within and developing procurement practices to support local economies, including SMEs and micro- businesses, and improved access to training and labour markets for disadvantaged communities and individuals; encouraging public kitchens, including school canteens, to source more food produced by local businesses and organic producers; and where possible, to base public sector capital and revenue funding decisions on targeted social, economic and environmental outcomes.'

- Taking a gendered approach to how to deliver the actions will be critical; there must be clear recognition of the structural inequalities which women and other marginalised groups face in participation in the economy and access to wealth.

This latter issue was raised more generally, but also with specific reference to the first of the three actions, relating to training and labour markets, covered below.

**...working within and developing procurement practices to support local economies, including SMEs and micro- businesses, and improved access to training and labour markets for disadvantaged communities and individuals**

Some respondents referenced their responses at other questions, and at Question 3 in particular, in relation to this action.

***Accessible procurement processes***

Respondents were most likely to highlight the importance of simplifying the procurement process, with further comments including that current processes are still a barrier to many SMEs.

Nevertheless, there were references to progress being made, including a Local Authority respondent reporting that they have been instrumental in developing procurement practices that are being promoted as best practice. They went on to note that the recently published Scotland Excel/Scottish Government Pathfinder Programme - Community Wealth Building is regarded as best practice when seeking to embed CWB into procurement.

In terms of the types of improvements that could or should be rolled out, some comments related to support and funding to enable SMEs to access public sector contracts. It was suggested that appropriate support is needed for businesses of all forms to be competitive when responding to tender opportunities. A Public body respondent reported that providing support to locally-based enterprises, through organisations such as Growbiz, has complemented the Business Gateway service that is already in place.

More generally, it was suggested that the Supplier Development Programme remains instrumental in delivering free advice, training and support on public sector procurement to micro and SMEs and that additional and longer-term funding should be considered. There was also a query as to whether removing the need for public bodies – and specifically health boards – to pay a fee would increase the Supplier Development Programme’s use, and by extension the access of SMEs to public contracts.

Other suggested ways to make procurement practices simpler and more accessible for SMEs included that:

- Organisations should formalise a commitment to supporting local companies. A Local Authority respondent reported that they have done so through their Corporate Procurement Strategy.

- Larger procurement contracts could be disaggregated to make sure that they are accessible to smaller businesses and their supply chain.
- Regular and specific “Meet the Real Buyer” type events would be beneficial.
- Mapping spend within anchor organisations could help to understand how it is impacting on communities in terms of good job provision and micro and small business support, particularly areas with high deprivation.

### ***Supporting local economies and supply chains***

The importance of building capacity within SMEs and micro-businesses was also highlighted, including in relation to strengthening local supply chains and, by extension, enabling anchor organisations to tap into local businesses as part of their procurement programmes. There was specific reference to the need to increase resilience in local supply chains in rural areas, and to address skills shortages, particularly in the construction industry.

Suggested ways to encourage and support the development of more robust local supply chains included:

- Creating a national approach that focuses on business resilience and addressing red tape; the associated concern was that localised procurement models will increase the cost to the public sector.
- Developing more detailed information and guidance on inclusive ownership models (including employee ownership and co-operatives) and including case studies as illustrative, on-the-ground examples of good practice.
- Looking at sector specific approaches where appropriate, for example by Forestry and Land Scotland to prioritise access to procurement for local, small scale sustainable forestry businesses and community enterprises.
- Being clear on the application of subsidy control legislation and a ‘local market’ element; this was connected to a concern that a risk avoidance approach on financial support to community enterprise – which is a cornerstone of the CWB approach – will stymie efforts to grow social economic activity.

There was also a call to considering the unique contribution of businesses operating as social enterprises, including (as above) by reviewing public procurement processes so they are not overly restrictive for smaller community-focused enterprises.

In relation to workforce and skills shortages, it was suggested that addressing future challenges with an ageing and declining population will require a strategic approach by the Scottish Government to support the rural authorities affected. There was reference to attracting, retaining and developing talent to meet the needs of local employers and to supporting job security and growth within the third sector. Multiyear funding and early notice of funding decisions were seen as key to workforce retention in the sector.

## ***Improving access to training and labour markets***

A number of respondents commented on the importance of improving access to training and labour markets, especially for disadvantaged communities and individuals. There was reference to some of the work that is already underway, including a Local Authority respondent reporting that a comprehensive programme of employability offers for residents is in place in their local area and region. This included a Flexible Skills project and an Inclusion Workers and Investment Fund project to support people closer to and into the labour market.

However, some of the challenges around improving access and training were also noted. These included that:

- There are other policy areas which have a direct impact on the efficacy of employability services, including access to affordable and flexible childcare, and to affordable, regular and reliable transport options, that need to be addressed.
- Elements of the Fair Work agenda will be easier to achieve for larger businesses; it was suggested that Scottish Government, local authorities and others should work with all employers to advance the agenda while being mindful that smaller businesses may move at a slower pace.

In terms of progressing the SPP action through the CWB route, suggestions included that we need to:

- Integrate community benefit opportunities with targeted training and recruitment opportunities for those facing barriers.
- Recognise and reward private businesses that promote CWB and Fair Work, and that have a track record of delivery, through weighting / scoring in procurement processes.
- Progress land reform, including by encouraging the expansion of community owned land and assets; the connection was made to supporting local economies and improving access to training and jobs, most particularly in disadvantaged communities. It was suggested that vibrant local economies in which wealth circulates create conditions for training and improved job prospects, which in turn encourages the retention of young people and the encouragement of migration to the area.

Comments and suggestions about addressing the barriers that disadvantaged communities and individuals face included that we need to:

- Engage with women's labour market inequality; it was reported that women's labour market experience continues to be characterised by low pay, discrimination, insufficient working hours and precarious work, particularly for specific groups of women including young and disabled and those in a racial minority.
- Ensure actions to deliver the proposal that anchor organisations should develop and commit to local or regional fair employment charters, are

adequately gendered, so as not to simply replicate and reinforce existing inequalities.

There was also a call to use procurement practices to compel employers to recognise unions and allow workplace access.

**...encouraging public kitchens, including school canteens, to source more food produced by local businesses and organic producers.**

The importance of schoolchildren of all ages having access to a healthy meal when they are at school was recognised, although a number of respondents highlighted issues that will need to be addressed for public kitchens, including school canteens, to source more food produced by local businesses and organic producers.

There was also a note of caution in relation to the SPP, that duplication of legislation may occur with the introduction of the Good Food Nation (Scotland) Act 2022. It was suggested that there could be a risk of duplication and confusion over an action that is already laid out and covered by the Act.

A different perspective was that strong targets in the Good Food Nation national plan will be crucial in encouraging public kitchens to serve more local and organic/sustainably produced food. There was also a call for the current review of Catering for Change guidance to be used as a driver for CWB for public food, and for consideration to be given to making documents such as Catering for Change statutory in nature to ensure compliance and the enable the embedding of these principles in practice.

***Procurement issues***

Reflecting themes across the consultation, a number of the comments focused on procurement. For example, it was reported that public procurement systems often being inaccessible to small-scale crofting businesses, including because of the quantity and types of foods not matching with the seasonal and small supplies. Other comments included that:

- Consistency and reliability of supply will be needed; it was reported that while local authorities might prefer to use more local produce, they can be let down by lack of distribution and/or service from the suppliers.
- There will need to be reassurance of quality at all stages; it was suggested that accreditation, such as British Retail Consortium certification, will be needed.

Specific ideas included introducing targets for local spend in public procurement of food, and refocusing procurement to consider sustainability and the role a wholesaler or producer plays within local communities. Other suggestions included:

- More guidance on assessing the relative merits of locally produced food from an environmental and ethical perspective; it was suggested that the 'Every Mouthful Counts' toolkit for local authorities could be signposted or the refresh of the 'Catering for Change' document could assist with further guidance.

- In response to the issue about consistency of supply, a central distribution company which could handle orders and deliveries could be set up.
- More emphasis on the opportunities that sub-contracting can bring, for example with local SMEs establishing sub-contracting relationships with distributors.
- Developing networks of small businesses working as a co-operative to provide the necessary scale.
- Encouraging uptake of the Food for Life Programme by the Soil Association Scotland. It was reported that beyond the support for school kitchens in Scotland, the UK programme also encourages other public sector catering resources to consider accreditation.
- Providing further education, information, and training on local supply and the importance of product traceability in school canteens and other public kitchens.

### ***Supply chain issues***

Other comments related to creating and sustaining a robust local supply chain. Points made included that the scope to increase local spend is greatly influenced by the availability of local suppliers that can provide the goods and services required by local authorities. Looking for mechanisms to support more local agricultural and horticultural production was seen as important, with suggestions including:

- Ensuring that resources are in place to enable local authorities to invest in their local food system.
- Working in partnership with stakeholders on opportunities to grow the local business base; a Local Authority respondent reported that they are working with key industry representatives to raise awareness of opportunities across the entire sector. There was also reference to promoting the roll-out of Sustainable Food Places and to the Scottish Wholesalers Association's 'Delivering Growth Through Wholesale' education and training programme.
- Improving data-sharing arrangements, so that enterprise agencies can share client information (where permission is given) with procurement managers in other public bodies.
- Seeking to support existing community provision, such as community markets, by providing sustainable resources to local communities.
- Developing guidance to support the development of the infrastructure that would facilitate local approaches to issues such as food waste or fuel supply.

Finally, there was reference to the potential of the public diners model as an important part of building social as well as economic assets and wellbeing, offering nutritious balanced meals at very affordable prices, enhancing social cohesion and reducing loneliness, as well as providing local employment and supporting local producers.



**...where possible, to base public sector capital and revenue funding decisions on targeted social, economic and environmental outcomes**

One Local Authority respondent reported that their current practice is to base funding decisions on social, economic and environmental outcomes. Others made suggestions relating to how this action could be progressed through CWB, including:

- Making it a requirement for local government to support wellbeing economy approaches in their economic regeneration policies.
- Basing funding decisions on place-based and inclusive growth and wellbeing outcomes included as part of a broader range of socio-economic indicators.
- Explicitly basing decisions on the National Performance Framework and the UN Sustainable Development Goals.

As in relation to other issues, there were also calls to for national procurement legislation to be reformed to allow best value assessments to consider more spending locally. Regarding targeting social, economic and environmental outcomes, it was suggested that community benefit, Fair Work and climate action should be mandatory scoring elements, especially for higher value contracts.

Other comments noted that it will also be important to ensure that approaches can be tailored to local needs.

In terms of the issues that could be considered in the scoring and award of public funding, suggestions included:

- Local procurement and recruitment of local staff and contractors, based on a Fair Work policy.
- Creation of opportunities for local and social enterprises.
- Creation of opportunities for communities to own and manage land and buildings.
- Finance directly or indirectly generated through investment in natural capital resulting in community benefit (as per the Protocol on Responsible Natural Capital and Carbon Management).

### 3. Spending pillar

The spending pillar of CWB is focused on maximising tangible community benefits through procurement and commissioning, developing good enterprises, promoting Fair Work and a drive to create and maintain shorter supply chains. It uses the spending power of anchor organisations to better support local and regional economies including by growing local spend with SMEs, the third sector and supported businesses through activity such as:

- understanding where spend is going and increase knowledge of local suppliers;
- supporting local businesses bases and third sector to enhance their capacity to bid for public sector contracts;
- creating local supply chains to re-circulate wealth in the local and regional economy, create local jobs and support net zero and environmental ambitions;
- maximising community benefits to ensure they deliver CWB ambitions and the needs of local communities.

The consultation paper explains that, as part of early engagement on CWB legislation, stakeholders have suggested a focus on the following areas:

- review the national, sectoral, local and regional frameworks and contracts to ensure that the arrangements in place ensure logical groupings that facilitate access to SMEs, the third sector and supported businesses;
- further investment in supplier development capacity and to improve knowledge of local supplier within anchor organisations;
- investment in capacity to support linkages between local procurement teams and economic development;
- explore opportunities for joint procurement between anchor organisations;
- develop the content of annual procurement strategies and reports to demonstrate how the procurement activity of individual public bodies contributes to CWB;
- an improved focus on place-based thinking in the use of community benefits and reporting to reflect how this is being achieved.

**Question 3: Are there ways in which the law could be changed to advance the spending pillar of Community Wealth Building?**

Responses to Question 3 by respondent type are set out in Table 6 below.

**Table 6 – Question 3**

	Yes	No	Don't know	Total
Organisations:				
Community development organisation or company	22	1		23
Housing organisation	5			5
Local Authority, Regional Partnership or CPP	22	1	3	26
Policy development, research or think tank	5		1	6
Political party, union or lobby group	6			6
Private sector company	3	1	3	7
Professional or representative body	4	1	3	8
Public body	11	2	2	15
Voluntary or not-for-profit sector	20	1	4	25
Total organisations	98	7	16	121
<b>% of organisations</b>	<b>81%</b>	<b>6%</b>	<b>13%</b>	
Individuals	16	9	9	34
<b>% of individuals</b>	<b>47%</b>	<b>26%</b>	<b>26%</b>	
All respondents	114	16	25	155
<b>% of all respondents</b>	<b>74%</b>	<b>10%</b>	<b>16%</b>	

Percentages may not sum to 100% due to rounding

A majority of respondents, 74% of those answering the question, thought that there are ways in which the law could be changed to advance the spending pillar of CWB. This rose to 81% of organisations.

**Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined above which have arisen from early engagement.**

Around 145 respondents provided a comment at Question 3. The analysis presented below considers some of the general issues and themes raised by these respondents, and then moves on to consider views on the stakeholder suggestions set out above and other proposals for change.

### **Views on the spending pillar**

Most of those commenting agreed that legislation should be used to further the spending pillar of CWB, and specifically with an approach to procurement that encourages local spend and maximises community benefits. It was suggested that a focus on community benefits through procurement practices has been shown to be effective in securing additional value for local communities. A number of respondents referred to positive aspects of current procurement strategies and

systems, including examples of procurement approaches that give additional weight to CWB and community benefits.

It was also noted that current procurement legislation and regulations already allow for public bodies to support many of the spending pillar actions. This included reference to specific provisions such as the Sustainable Procurement Duty, Community Benefit requirements and Fair Work First guidance. It was suggested that more could be done to make use of these existing provisions to support CWB.

However, many respondents felt that further change is required to ensure that public procurement can fully support the spending pillar. They highlighted a number of challenges and potential barriers to be addressed. However, it was suggested that an assessment of the effectiveness of existing procurement legislation and regulations should be undertaken before further changes are implemented.

## **Views on stakeholder suggestions from early engagement**

### ***Review frameworks and contracts***

A substantial number of those commenting saw potential for review of existing frameworks and contracts to identify how these can better facilitate access by SMEs, the third sector and supported businesses.

This most frequently related to changes to current procurement regulations to enable frameworks and contracts that support local procurement. For example, a number of respondents suggested increasing the threshold for regulated procurement of goods and services by public bodies (i.e. from the current £50,000 limit) to enable access by local businesses without a full tendering process. An alternative threshold of £100,000, and for future increases to be linked to inflation, were also suggested.

It was also argued that, even for contracts above the regulated threshold, the Quick Quote option should be permitted where there is a local supply. It was noted that this could use a similar model to current procurement regulations for supported businesses, for example allowing public bodies to reserve contracts for local suppliers. While it was suggested that further consideration would be required to ensure that such a change does not have a disproportionate impact on public sector procurement services, it was also noted that the change would have only a limited impact in some areas where the local supply chain is more limited.

Respondents identified a number of ways in which the structure of frameworks and contracts could better support access by smaller suppliers and better encourage local spend. Specific suggestions included greater use of contract lotting, ensuring the geographic scale of contracts does not unnecessarily exclude local and smaller suppliers, and encouraging longer-term contracts and investment particularly for local community businesses, social enterprises and third-sector organisations. It was also suggested that the structure of national frameworks should be reconsidered, reflecting specific concerns that local NHS Boards have limited flexibility in their spend within the National Procurement Framework.

Scotland Excel was cited as an example of approaches that can ensure procurement is more accessible to local SMEs, supported businesses and the third sector. However, it was also suggested that there is scope to further strengthen these approaches, including calls for Scotland Excel (and the Scottish Government) to consider how to attract more local suppliers to join national frameworks. This included reference to potential for better advertising of subcontracting opportunities. Scottish Central Purchasing Bodies were also suggested as having a potential role in reviewing existing frameworks and contracts.

### ***Developing supplier capacity***

A number of respondents discussed local supply bases as a primary consideration in enabling procurement to better support the spending pillar of CWB. Building capacity within local supply bases was identified as key, with several public bodies referring to examples of procurement exercises being affected by a lack of resilience and capacity amongst local supply chains. It was noted that gaps are evident in many local supply bases, and that new suppliers should be identified or established to fill these. It was suggested that there may be a need for scoping exercises to assess best value in developing local supply bases.

Respondents identified several issues that were seen as limiting scope for local suppliers to secure public contracts. These included limited skills and capacity to engage with full procurement processes (especially framework agreements), particular challenges for sectors with more significant regulatory burdens, and a lack of a strong voice for SMEs in some parts of Scotland. There was also reference to wider infrastructure constraints such as distribution and logistics networks, as limiting scope for public bodies to use local suppliers.

In addition to private sector micro and small businesses, there were calls for a specific emphasis on supporting procurement from the third sector and social enterprises, and community ownership. It was noted that many of these organisations and models already support CWB by redirecting wealth back into local economies. However, there was a perceived need for procurement legislation and regulation to better recognise the potential value of these organisations. Specific suggestions included use of legislation to require a minimum proportion of public procurements to be from the sector, providing more accessible tender application processes, and preventing the use of non-committal frameworks in public procurement contracts. Improving anchor organisations' understanding of what is required to make social enterprises and third sector suppliers 'tender ready' was also suggested.

There was also thought to be a need for dedicated procurement support for third sector and social enterprises, with the Supplier Development Programme suggested as a mechanism to provide this tailored support. Specific financial and other support was suggested to encourage development of co-operatives and similarly collaborative approaches to supplying goods and services.

In terms of delivering the necessary supplier development support, the Supplier Development Programme and local Business Gateways were highlighted as potential vehicles. This included specifically in relation to addressing gaps in current

local supply bases. Anchor organisations were also seen as having a key role to play in building relationships with local suppliers and developing capacity, and it was suggested that the Scottish Government needs to provide guidance and resources to support anchor organisations to invest in capacity building, with a particular focus on localities where the local supply chain is less well developed. It was noted that this would require an improved understanding of existing supply chains, and some respondents noted support for sharing of knowledge and business data across public agencies. Improving information on supplier location through the Public Contracts Scotland registration process was also suggested.

### ***Linkages between local procurement and economic development***

Respondents commenting on potential for linkages between local procurement and economic development saw a need for better support for these linkages, including more collaborative working.

Effective linkages between local procurement and economic development were seen as crucial in identifying and responding to gaps in local supply chains. Respondents noted that a focus on local spend will require access to local supply bases that can meet the needs of public bodies, and highlighted the role of economic development activities in strengthening supply bases. This included public bodies citing examples of procurement exercises where there is no local supply base available.

### ***Joint procurement between anchor organisations***

There was support for the principle of joint procurement between anchor organisations and, specifically, for potential to explore opportunities to increase use of joint procurement. It was suggested that partnerships between anchor organisations can have a greater impact than individual councils in terms of CWB. This included reference to positive examples of existing joint procurement approaches, and calls for additional support and incentives for further development of collaborative procurement arrangements.

Discussion around the range of anchor organisations referenced in the consultation paper included reference to the important role played by housing providers in their communities. It was suggested that smaller housing associations should also be regarded as anchor organisations, reflecting the potential of these smaller 'grass-roots level' organisations to deliver direct benefits to their communities.

While most of those commenting on the potential for joint procurement saw this as making a positive contribution to the spending pillar, respondents also identified potential for unintended consequences. For example, it was suggested that care will be required to ensure that more joint procurement does not lead to larger-scale contracts that are beyond the scope of local suppliers.

### ***Demonstrating positive impacts***

Comments around the importance of demonstrating positive CWB impacts indicated a perceived need for improved understanding around the potential for

procurement to influence geographical spending flows, and greater transparency around procurement processes and public investment.

It was suggested that a stronger approach to performance measurement will be required if procurement is to fully support the spending pillar of CWB. This included calls for development of a 'monitoring hub' to support more effective auditing and reporting of impacts across all CWB pillars. It was also suggested that more effective monitoring and reporting mechanisms could help to bolster the commitment to CWB. Respondents referred to improved commitment to CWB across local authorities, but it was suggested that a co-ordinated national approach to sharing impacts and good practice is needed.

Several respondents highlighted the potential complexity of identifying the extent to which contracts contribute to local spend; for example, where local subcontractors are used, where complex supply chains involve local suppliers bringing in goods or services from elsewhere, or where spend levels do not match those captured by existing data. It was also suggested that clarity is required around the distinction between the economics of procurement spending, and the specific community benefits included in contractual agreements.

There was a view that existing data collection is not effective in reflecting these complexities, and a perceived need for improved access to information on local spending. It was proposed that legislation should be used to ensure more consistent and detailed data collection, for example including a proposed requirement for collection of origin information for goods and services. Respondents also wished to see additional research or tools to improve understanding of the positive impacts of a CWB approach to procurement.

There was support for the role of annual procurement strategies and reports as opportunities to demonstrate impacts, and it was suggested that the content of these reports could be further developed. This included reference to setting of realistic local spend targets as a potentially useful approach. However, some also noted that significant reporting requirements already exist around procurement and wished to see efforts to minimise the additional burden of any CWB reporting.

### ***A place-based approach to community benefits***

A number of respondents expressed specific support for the role of community benefits, and wished to see legislative and other changes to ensure that all public contracts incorporate transparent, genuine and meaningful community benefits. This included specific support for the role of place-based thinking in relation to community benefits.

The Place Standard was cited as providing relevant guidance to support a place-based approach to community benefits. In terms of specific approaches, respondents expressed support for more effective tracking of community benefits embedded within the contract management process, and for exploring potential mechanisms to facilitate larger, Scotland-wide anchor organisations to support delivery of CWB through local spend. There were also calls for secondary legislation to require that public procurement decisions give greater weighting to

community benefits and other factors that can contribute to CWB such as social value, locality and sustainability. A minimum weighting was also proposed, with suggestions ranging from 20% to 33%. Respondents referred to use of community wish lists as having demonstrated positive impacts, and saw scope for this to be developed further.

While there was support for a place-based approach to community benefits, some also raised potential concerns around this approach. In particular, the need for consideration of the balance between ensuring sufficient flexibility in procurement to allow for a place-based approach, and avoiding unnecessary variation that can cause confusion and frustration for suppliers was highlighted.

### **Other legislative areas where action could be taken**

In addition to commenting on the stakeholder suggestions from the consultation paper (as above), respondents proposed a range of specific changes to current legislation to better support the spending pillar of CWB. Suggested amendments to the Public Contracts (Scotland) Regulations 2015 included:

- Revising Regulations 19 and 20, and exclusion/selection criteria to permit 'positive discrimination' for local suppliers. It was suggested legislation should set out a 'local by default' approach to procurement for key sectors.
- Extending use of use of Regulation 21 in relation to reserved contracts to include local suppliers.
- Revising Regulation 33 to allow greater scope for direct award of contracts to local suppliers. It was also suggested that further legislation or guidance would be useful to enable public bodies to ensure direct awards are consistent with the principles of best value.
- Revising Regulation 34 to allow more flexibility for call-offs, and relax timescales, while requiring public bodies to evidence best value.
- Revising Regulation 67 to recognise that price can be the determining factor in some cases, and that extensive qualitative criteria can limit local suppliers' access to procurement exercises.
- Revising Regulation 72 to increase scope for modification of contracts.

Other suggestions included:

- Strengthening Section 9 of the Procurement Reform (Scotland) Act 2014 to require public bodies to demonstrate why sustainable procurement duties are not applicable to a specific contract.
- Reducing the current threshold for mandatory community benefits, from the current £4 million. It was noted that some public bodies have already chosen to operate a lower threshold. It was also suggested that consideration should be given to options for community benefit legislation to provide public bodies with actions to take in response to non-delivery of benefits.
- Revision of aggregation rules for contracts to make it easier for SMEs to become suppliers for a portion of a larger contract.



- Amending the Sustainable Procurement Duty to include facilitating the involvement of co-operatives and employee-owned businesses (alongside SMEs and third sector suppliers).
- Strengthening the Scottish specific duty on procurement in the Public Sector Equality Duty through legislation and statutory guidance, ensuring procurement approaches integrate equality considerations – including a particular focus on gender equality within the workforce.
- Embedding the principles of a circular economy into procurement legislation, including assessment of whole-life value and longer-term economic and social impacts.
- Incorporating Fair Work principles and the Fair Tax Mark into procurement legislation.
- Revising the Forestry and Land Management (Scotland) Act 2018 to make reference to CWB.

### **Other issues to be addressed or suggested changes**

Respondents also made several non-legislative suggestions to advance the spending pillar of CWB. A number of respondents wished to see a stronger role for communities and community organisations in supporting the spending pillar. This included a specific focus on the role of communities in identifying potential community and other benefits, and shaping local or regional procurement strategies. There were calls for longer procurement lead-in times to enable more effective engagement.

There was also reference to some of the general themes identified at Question 2(a), especially in relation to resourcing and capacity (including skills development), although respondents also referred to other issues such as funding and the need for culture change. For example, it was suggested that any changes to procurement legislation and strategy will require the support of action plans and associated resourcing, and potentially significant changes to current structures and culture around procurement.

The fit between the spending pillar of CWB and with other policy and legislation was also a key issue raised by respondents. This was highlighted primarily in relation to existing procurement legislation, but it was suggested that the approach to the spending pillar must be consistent with net zero targets, circular economy, Fair Work principles and a wellbeing economy. In this context, mapping of potential links between CWB and existing policy, guidance and legislation was suggested as a first step in determining the need for any further legislation. There was also a call for a rebalancing of the priorities and criteria used in public procurement, for example to prioritise CWB over cost and other considerations. This is reflected in some of the specific proposals for legislative changes noted earlier in this section.

A number of respondents wished to see additional guidance on how CWB and community benefits are expected to fit within wider procurement legislation. This was most commonly related to how CWB can be balanced with the duty on public bodies to ensure best value. In this context, there were specific calls for guidance

around how best value can incorporate CWB principles to ensure that procurement decisions continue to demonstrate best value while supporting CWB. For some, this reflected a wider view that the Scottish Government should acknowledge that more local procurement could increase costs for the public sector, and there were calls for additional resourcing to take account of this.

The potential for any prioritisation of local suppliers to conflict with current procurement regulations and other duties on public bodies around equality and non-discrimination was also raised. This included a concern that any changes to support CWB should incorporate public sector equalities duties.

Respondents also raised potential concerns around what should be considered 'local' for procurement purposes, and the scale at which CWB and community benefits should be considered. It was noted that 'local' can be a complex concept for procurement with reference to examples of locally-based suppliers having operations in other parts of Scotland, of suppliers headquartered elsewhere but with local offices or operations, and the complexity of some supply chains. It was suggested that the definition of 'local' should not be limited only to suppliers in the same local authority area.

## 4. Workforce pillar

The workforce pillar of CWB is focused on driving Fair Work practices and creating meaningful labour market opportunities in local communities that support wellbeing through actions such as:

- anchor organisations and employers committing to Fair Work practices;
- payment and promotion of at least the real Living Wage;
- providing appropriate channels for effective voice;
- action to create more diverse and inclusive workplaces;
- seeking to recruit locally and from groups often excluded from the labour market;
- support for skills development, in work progression and employee wellbeing, including for those at risk of potential exclusion from labour market in the future.

The Scottish Government is limited currently in what it can do in terms of legislation to advance the workforce pillar given that employment law is a reserved area, therefore there no legislative proposals in relation to this pillar.

The consultation paper explains that, as part of early engagement on CWB legislation, stakeholders have suggested a focus on the following areas:

- taking further steps to encourage anchor organisations to pay at least the real Living Wage and become Living Wage accredited;
- anchor organisations should develop and commit to local or regional fair employment charters, these could include a focus on seeking to recruit locally and from groups that are often excluded from the labour market.

**Question 4: Employment law is reserved to the UK Parliament. Are there other devolved areas where the law could be changed to advance the workforce pillar of Community Wealth Building?**

Responses to Question 4 by respondent type are set out in Table 7 below.

**Table 7 – Question 4**

	Yes	No	Don't know	Total
Organisations:				
Community development organisation or company	14	3	7	24
Housing organisation	4		1	5
Local Authority, Regional Partnership or CPP	15	1	10	26
Policy development, research or think tank	1	1	3	5
Political party, union or lobby group	5		1	6
Private sector company	2		4	6
Professional or representative body	2		3	5
Public body	8	1	6	15
Voluntary or not-for-profit sector	12		10	22
Total organisations	63	6	45	114
<b>% of organisations</b>	<b>55%</b>	<b>5%</b>	<b>39%</b>	
Individuals	12	12	11	35
<b>% of individuals</b>	<b>34%</b>	<b>34%</b>	<b>31%</b>	
All respondents	75	18	56	149
<b>% of all respondents</b>	<b>50%</b>	<b>12%</b>	<b>38%</b>	

Percentages may not sum to 100% due to rounding

Half of respondents, 50% of those answering the question, thought there are devolved areas where the law could be changed to advance the workforce pillar of CWB. However, a substantial proportion of respondents, 38% of those answering, did not know.

**Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined above which have arisen from early engagement.**

Around 125 respondents provided a comment at Question 4. The analysis below considers some of the general points made by these respondents, then moves on to consider views on the stakeholder suggestions set out above, and concludes by looking at other proposals for change.

### **Views on the workforce pillar**

The workforce pillar – and in particular Fair Work and the real Living Wage – were highlighted as central for CWB in Scotland. This included reference to CWB as a significant opportunity to achieved better recognition and protection for Scotland's workforce, and the potential for Fair Work to support wider economic priorities.

Respondents also highlighted the range of existing activity that is making a contribution to the workforce pillar of CWB. This included respondents noting that they are real Living Wage employers, and/or referring to having contributed to wider actions to support Fair Work in Scotland, such as through the Fair Work Action Plan. Beyond their direct contribution, respondents also cited a wide range of other policy developments and other activity that has supported the workforce pillar, including some of those referenced in the consultation paper.

## **Views on stakeholder suggestions from early engagement**

### ***Encouraging anchor organisations to pay at least the real Living Wage***

There was widespread support for efforts to encourage more employers – including specifically anchor organisations – to pay at least the real Living Wage. Around half of the comments at Question 4 made positive reference to the role of the real Living Wage.

This included specific support for the forthcoming requirement that public sector grant recipients pay at least the real Living Wage, and suggestions that this should include all recipients of public contracts. There was also support for continuing expansion of the role of conditionality in public contracts to promote the real Living Wage and support the workforce pillar of CWB. A number of respondents highlighted the proposal for more anchor organisations to be encouraged to pay at least the real Living Wage. This was seen as an important element in anchor organisations – and particularly public sector bodies – taking a lead role in relation to the real Living Wage and the workforce pillar more widely.

However, there was some concern that additional powers may be required to achieve real change in access to at least the real Living Wage, including to support enforcement. It was proposed that payment of at least the Living Wage should be mandatory in Scotland, although it was suggested that this would require support and guidance for employers around how the change would be monitored and enforced. It was also recommended that all adults over the age of 16 should be eligible for at least the real Living Wage.

These comments appeared to be linked to a view that additional financial support may be required to support wider uptake of at least the real Living Wage. For example, it was suggested that some employers may currently aspire to pay at least the real Living Wage, but are unable to afford to do so. This was seen as a particular issue for smaller private businesses and third sector organisations that may struggle to afford the real Living Wage as a result of continuing impacts of the Covid pandemic and rising inflation.

There was some concern that the additional cost burden associated with the real Living Wage being made a condition of public sector contracts could result in unintended consequences for some. This included reference to potential for the change to undermine the economic viability of contracts for some suppliers, without additional support. In this context, it was suggested that public grant funding and procured contracts should incorporate an ‘uplift’ to ensure suppliers are able to pay

at least the real Living Wage. Wider financial support for employers to implement the real Living Wage was also proposed.

Other points raised in relation to access to at least the real Living Wage are summarised below.

- Respondents referred to existing Living Wage initiatives as potential models to encourage more employers to pay at least the real Living Wage, such as the Living Wage Places programme cited in the consultation paper.
- Concerns were raised around modern apprenticeship rates of pay, including how these are linked to age. It was suggested that insufficient apprenticeship pay could undermine efforts to achieve Living Wage objectives.
- There was thought to be a need to improve public awareness of the real Living Wage and other Fair Work practices, to enable employees to affect workforce change.
- A central system for public sector suppliers to register as Living Wage employers was suggested.
- It was suggested that additional support is required for third sector organisations, to enable uptake of at least the real Living Wage. In this context, there was support for the recent Scottish Government commitment to progress Fair Funding (including at least the real Living Wage) across its support for the third sector.

Respondents also highlighted the potential role of Living Wage accreditation, and wished to see further promotion and other actions to encourage wider uptake. This included calls for further steps to encourage anchor organisations to become Living Wage accredited, rather than ‘only’ paying the Living Wage. As noted above, it was suggested that this would be a way for anchor organisations to take a leadership role in relation to the Living Wage.

There was also support for Living Wage accreditation being made a condition of public funding and contracts. Some saw this as having potential to support wider efforts to promote implementation of the Living Wage, and adoption of Fair Work practices more widely. It was suggested that the Scottish Government should provide an update on implementation of the requirement that all of its suppliers are Living Wage accredited, including any learning or advice that might be useful for other public sector bodies.

### ***Commitment to local or regional fair employment charters***

A number of respondents expressed specific support for the second stakeholder suggestion set out in the consultation paper – use of fair employment charters as a means of supporting the workforce pillar of CWB. This included specific support for the role of charters in contributing to Fair Work First, and wider economic priorities. It was suggested that these priorities should be key guiding principles for local and regional charters.

Several examples of local and regional Fair Work charters were referenced, including some with a particular focus on the role of anchor organisations through

anchor networks. It was suggested that anchor organisations should have a lead role in ongoing development of fair employment charters. Concerns were also repeated around the capacity of private and third sector employers to implement the real Living Wage and other Fair Work practices. It was suggested that care will be needed to avoid excluding organisations from accessing the support they need to fully implement Fair Work practices.

In terms of the content of fair employment charters, there were calls for guidance to ensure that charters are sufficiently bold and ambitious, including good practice examples. Respondents referred to a range of specific areas as potential priorities for charters, but most commonly identified local recruitment and recruitment from marginalised groups.

In addition to the focus and content of charters, it was also suggested that the Scottish Government must ensure accountability for delivery against identified priorities. This included reference to the importance of monitoring and assessment.

## **Other issues raised**

### ***Fair Work First***

Fair Work First guidance was highlighted as a key element in ongoing efforts to improve access to Fair Work and address low wages. However, there was a call for the guidance to be further strengthened. Specific suggestions included requiring no use of zero hours contracts, and support for union access to workplaces. A Fair Work Enforcement Unit was also proposed to monitor Fair Work standards across public bodies and local authority spending, based on Fair Work First guidance.

Concerns were raised around the potential financial and resourcing implications of Fair Work First guidance. It was suggested that the additional cost of a Fair Work First approach for local authorities should be taken into account in Scottish Government funding allocations, and there were calls for additional support for third sector organisations.

### ***Other current policy and approaches***

A range of other current policy priorities and approaches were also cited as supporting the workforce pillar of CWB, including several of those set out in the Bute House agreement.

For example, there was support for continuing use of conditionality in public funding and contracts to support the workforce pillar, including calls for Fair Work principles to be incorporated across all public funding streams. A number of respondents saw scope to further expand use of conditionality, both in terms of scope (for example, applying across all public funding and all recipients of public contracts) and requirements placed on suppliers (for example, requiring a sustainability strategy and anti-sexual harassment policy). It was also suggested that conditionality could have a role across other sectors, such as grants issued by the third sector and publicly funded business support services.

Ensuring there can be an effective employee voice was also highlighted as relevant to the workforce pillar, and there was support for the importance of providing appropriate channels for this voice. This included reference to research highlighting the importance of effective employee engagement for business growth and innovation. Current examples of positive approaches to employee engagement and developing effective voice were also cited.

The No One Left Behind (NOLB) policy agenda was also identified as particularly relevant to Fair Work and CWB. This included examples of current employability initiatives that specifically incorporate the NOLB approach, and their positive impacts for Fair Work practices. It was suggested that NOLB is especially relevant to support for those who are furthest from the labour market.

## **Reserved powers-related suggestions**

### ***Living Wage and other work-force levers***

A number of respondents noted their broad agreement with the need for further change to improve access to Fair Work practices, and to support the workforce pillar of CWB. This included specific reference to rates of pay, and concern that a substantial proportion of workers in Scotland do not currently receive at least the real Living Wage. Respondents cited evidence around the proportion of staff paid the Living Wage, and uptake of Living Wage accreditation, including data indicating that a proportion of Scotland's local authorities and health boards are not Living Wage accredited.

It was also suggested that a number of anchor organisations and other employers are experiencing difficulties in filling vacancies, especially 'entry level' positions. In addition to contributing to CWB, wider promotion of and access to at least the real Living Wage and other Fair Work practices were seen as an important step in overcoming these recruitment challenges. However, there was some concern around scope for widening access to Fair Work practices without additional support for employers.

In terms of achieving the required scale of change, some were of the view that the most effective 'levers' – such as increasing the Living Wage - are reserved to the UK Government. There was concern that this could be a significant barrier to progressing the workforce strand of CWB, with some expressing scepticism around the scope for the Scottish Government to achieve meaningful change with the powers available.

Others suggested that existing policy, guidance and legislation offer significant scope to further advance the workforce pillar of CWB. These respondents wished to see a focus on using available tools, including the employment powers available to anchor organisations. There was thought to be a need for a mapping exercise to identify existing opportunities to further support CWB, before any further legislative change. The potential value of a focus on desired outcomes as a means of motivating organisations to achieve change was also highlighted, for example in relation to securing more well-paid and fair jobs for local people, and improving support for local businesses.



### ***Other reserved powers-related suggestions***

Relatively few respondents suggested specific changes to employment law or other powers reserved to the UK Government. However, there was a view that devolving further aspects of employment law to Scotland could offer significant benefits in terms of supporting the workforce pillar and delivering the Fair Work agenda. It was suggested that the potential to deliver the Fair Work agenda and support CWB provides a strong argument for the Scottish Government to pursue further devolution.

In terms of specific reserved powers, it was suggested that greater influence over Universal Credit and other working-age benefits would enable more effective support for sustainable transitions from welfare into work. This included specific reference to the barriers facing those with health and disability-related needs, and potential for associated benefits to support CWB. It was also suggested that greater influence over benefits offered potential benefits in enabling further exploration and piloting of Universal Basic Income.

### **Other suggested changes**

Respondents identified a number of policy areas within the Scottish Government's competence where it was suggested that change could better support the workforce pillar of CWB. This included some highlighting the relevance of other CWB pillars to workforce, such as the spending and inclusive ownership pillars. In this context, there was a perceived need for greater clarity around how the CWB approach links with other relevant public sector legislation such as equalities, procurement and the Fairer Scotland Duty to advance wellbeing.

Discussion of potential changes to better support the workforce pillar included reference to a number of specific sectors as potential priorities. These were primarily highlighted as sectors where low pay and staff recruitment/retention are known to be ongoing issues, and where margins may not be sufficient to support investment in skills development and Fair Work practices. Sectors mentioned by respondents included health and social care, childcare, hospitality and catering, cleaning, retail, agriculture and fishing. It was suggested that the real Living Wage and other Fair Work practices offer potential to address workforce issues in these sectors.

A range of specific population and workforce groups were also cited as potential priorities for the workforce pillar of CWB. This included a number of respondents suggesting a particular focus on those facing significant barriers to employment and who are furthest from the labour market, including those with protected characteristics. Other specific groups identified as potential priorities included young people, people with learning disabilities, those with adverse childhood experiences, asylum seekers and refugees, and migrant workers (including those at risk of modern slavery).

Suggestions for change across specific policy areas are summarised below.

## ***Education and skills***

The wider education and skills agenda was highlighted as a devolved legislative area that aligns closely with the workforce pillar of CWB. Respondents noted the importance of access to a diverse and skilled workforce to support CWB priorities, including through expanding access to professional learning and development, such as through apprenticeships and professional skills academies. It was also suggested that a more place-based approach focusing on local needs would further support CWB, including a role for community anchors in enabling local skills development.

Specific proposals for change in relation to education and skills included:

- Supporting small businesses and community organisations to recruit apprentices from local talent pools, and access opportunities for skills development. This included proposals for consideration of current access to funding, and provision of advice and guidance for small community employers regarding the benefits of investing in people.
- Statutory targets for numbers of apprenticeships.
- Removing age-related criteria applied to apprenticeships, both in terms of funding allocation and rates of pay. This included proposals for a specific focus on access to apprenticeships for those with a disability and/or who are care experienced.
- Additional support for professional learning and apprenticeships in rural areas, reflecting wider concern that rural areas are typically disadvantaged in education and skills funding allocation.
- Greater flexibility around use of the Apprenticeship Levy to enable funds to be used to support the workforce pillar.

A number of respondents also discussed the role of employability support in relation to the workforce pillar. This included concern that the current employability support landscape, and in particular the range of funding streams for different sectors and stages, is overly complex. A need to streamline current provision and funding, and to improve awareness of the funding and support available were both suggested, with proposals for a particular focus on support for those furthest from the labour market, a group that often requires longer-term support to overcome barriers to employment.

## ***Business support***

Dedicated support for businesses to encourage and incentivise implementation of Fair Work practices was suggested by some. These respondents noted the extent to which businesses may face challenges in implementing the Living Wage and other Fair Work practices, including access to the resources, skills and knowledge required. It was suggested that financial support would be required – as noted earlier in relation to the real Living Wage – but there was also thought to be a need for advice and practical support. It was also suggested that anchor organisations should set out clear expectations for Fair Working practices when engaging with or providing support to local businesses. More broadly, there were calls for greater

encouragement of collaborative working between businesses and the third sector, including employability social enterprises.

### ***Volunteering***

Volunteering was highlighted as having an important role for Scotland's workforce, including specifically in relation to Fair Work. There was thought to be a need for clearer recognition of volunteering in the approach to the workforce pillar of CWB.

In addition to reference to the contribution of volunteering to community wellbeing and resilience, respondents highlighted the particular role of third sector and community organisations in providing skills development and training, and building confidence for those looking to access the labour market. Volunteering was identified as offering a pathway into (or back into) employment, and an opportunity for retirees to contribute to CWB. The importance of volunteer trustees in providing governance for community anchor organisations was also noted. Research was cited identifying measurable benefits for wellbeing and employability associated with volunteering.

Some also wished to see CWB policy recognise that community organisations are facing unsustainable challenges and pressures, in part due to the enduring impact of the Covid pandemic and cost of living crisis. It was suggested that the sector requires legislation and funding that invest in and protect volunteers working with community organisations.

In terms of specific proposals for change, it was noted that volunteering is not specifically acknowledged in the Fair Work Action Plan. There was also a call for the Action Plan to incorporate the principles of the Volunteer Charter, along with a commitment to Employer Supported Volunteering (as recognised in Scotland's Volunteering Action Plan). Some respondents provided significant further detail around potential approaches to facilitate volunteering and maximise the contribution this can make to CWB. Other proposals included:

- Further development of knowledge and practice of third sector governance to better support the workforce pillar.
- A role for procurement legislation and additional funding and support for the third sector, with a particular focus on volunteering as a key part of the workforce pillar of CWB.
- Legislative changes around employer support for their employees' volunteering activity. It was suggested that this could include a duty on public bodies to allow staff a minimum number of volunteering days each year to support local third sector and community organisations.

### ***Equalities***

The importance of equalities legislation for CWB, and specifically for the workforce pillar, was highlighted. This included reference to the duty on public bodies in Scotland to advance equality, and the particular importance of employment for this duty. As a general point it was suggested that improving the commonality of data

sets and reporting across large employers in Scotland would enable more accurate reporting of progress in addressing inequalities in the labour market.

Respondents also cited evidence around the likelihood of people who share protected characteristics experiencing significant barriers to the labour market. This included specific reference to gender, disability and race as key factors linked to barriers to Fair Work. In this context, some saw scope for a more explicit focus on equalities and the impact of intersectionality on workforce diversity and inclusion. This included reference to addressing the gender pay gap, the disability employment gap, and the multiple barriers faced by many disadvantaged people, including disability, gender, ethnicity and sexuality.

Some wished to see a strengthening of equalities competences to support development of Fair Work charters, and to ensure that charters can identify tangible actions that employers can take to address current inequalities across labour markets. It was also reported that, in the absence of mandatory supported employment, funding constraints have led to gaps in provision of employment support for people with disabilities which have potentially widened the Disability Employment Gap. It was suggested that consideration should be given to making supported employment provision mandatory, with appropriate funding.

A number of specific equalities issues and groups were identified as a particular focus for the workforce pillar, including proposals for specific changes to legislation and policy. Disability was seen as a key focus for the CWB workforce pillar, particularly in terms of removing barriers that limits access to Fair Work. This included specific reference to making employment more accessible for those with learning disabilities, and calls for greater recognition of the barriers faced by those affected by other health conditions, including mental health and substance abuse. It was noted that health and disability are devolved areas of law, and offer opportunities to support Fair Work for disabled people.

Gender was also highlighted as a key factor for employment and Fair Work. This included reference to female-dominated sectors such as social care as failing to deliver on Fair Work, and to evidence around the scale of the gender pay gap in Scotland. Some suggested that funding and support is required beyond the employability stages, and CWB was seen as an opportunity to change long-standing workplace structures that disadvantage women. It was suggested that the approach to Fair Work should reflect the Gender Pay Gap Action Plan in recognising links with factors such as social security and violence against women. It was also proposed that more gender-sensitive approaches to learning and skills development are needed, that recognise the range of gender-related factors that can limit access to skills.

### ***Childcare***

Respondents also made suggestions relating to access to affordable and flexible childcare, which was seen as critical in enabling access to Fair Work and addressing gender inequality in the labour market, and as an area with scope for change to better support the workforce pillar. It was suggested that this should include a specific focus on access to childcare for children with disabilities and/or

additional needs. Legislation should also support flexible working arrangements for parents, for example including tax benefits to incentivise employers and there should be consideration for subsidising childcare costs at a national level.

Better access to at least the real Living Wage and Fair Work across the childcare sector was thought to have the potential to address recruitment challenges.

### ***Other policy areas***

Other suggested changes included that:

- NOLB policy priorities should be reflected in the approach to commissioning employability and Fair Work projects, enabling more person-focused services that can achieve sustainable change for people. This reflected concern that commissioning does not currently allow projects sufficient time to work more closely with people, especially those who are furthest from the labour market. The extent to which funding is based on outcome only payments was also identified as a barrier to a more asset-based approach.
- The 'Anchors Agenda' can support local-level action with a long-term preventative focus on reducing health inequalities, including a particular focus on workforce development to improve the prospects of local people.
- Procurement legislation offers an opportunity to further support the workforce pillar, for example through wider use of conditionality in public procurement to require suppliers to implement Fair Work practices. This could include increasing the thresholds for regulated procurement to provide greater scope to support Fair Work, and a focus on procurement in sectors recognised as under-performing in terms of Fair Work.
- The sustainability agenda and related policy areas such as Net Zero and decarbonisation skills, Just Transition policies, and the circular economy can make a contribution to the workforce pillar of CWB. A number of ongoing projects were highlighted as examples of how this can be taken forward.
- Housing, specifically the supply of affordable housing, has the potential to further support the workforce pillar of CWB. This included concerns around the extent to which access to housing is a factor in the recruitment challenges facing businesses in Scotland.
- Additional support for employers should be provided as the Fair Work agenda is strengthened, to improve understanding and adoption of Fair Work practices. Use of devolved taxation powers can further support Fair Work, for example through a local payroll tax on low-pay employers and/or additional tax relief for Fair Work employers.
- Employee voice should be a legal requirement for employers of all sizes and that sectoral collective bargaining should be implemented in the social care sector.

## 5. Land and Property Pillar

The land and property pillar seeks to grow the social, ecological, financial and economic value that local communities gain from land and property assets. This pillar focuses on maximising the use of land and property including through:

- productive and sustainable use of land and assets to support communities and enterprise;
- promoting and enabling diversified ownership and management of land and buildings;
- supporting community capacity building to grow community ownership;
- tackling vacant and derelict land and buildings to support regeneration including within town centres, increase community wellbeing, create employment opportunities, tackle climate change and protect our natural capital.

The consultation paper explains that, as part of early engagement on CWB legislation, stakeholders have suggested a focus on the following areas:

- review compulsory purchase powers and the case for introducing alternative land assembly mechanisms such as compulsory sales orders;
- explore the scope of existing mechanisms for securing development contributions, such as Section 75 planning obligations;
- explore new mechanisms for enabling land value uplifts to be reinvested in economic, social and community facilities.

**Question 5: Are there ways in which the law could be changed which are not already covered in the proposals for the Land Reform Bill to advance the land and property pillar of Community Wealth Building?**

Responses to Question 5 by respondent type are set out in Table 8 below.

**Table 8 – Question 5**

	Yes	No	Don't know	Total
Organisations:				
Community development organisation or company	22	1	1	24
Housing organisation	3		2	5
Local Authority, Regional Partnership or CPP	21	1	4	26
Policy development, research or think tank	3	1	2	6
Political party, union or lobby group	4			4
Private sector company	2		4	6
Professional or representative body	5			5
Public Body	12	1	3	16
Voluntary or not-for-profit sector	16	2	5	23
Total organisations	88	6	21	115
<b>% of organisations</b>	<b>77%</b>	<b>5%</b>	<b>18%</b>	
Individuals	16	8	10	34
<b>% of individuals</b>	<b>47%</b>	<b>24%</b>	<b>29%</b>	
All respondents	104	14	31	149
<b>% of all respondents</b>	<b>70%</b>	<b>9%</b>	<b>21%</b>	

A majority of respondents, 70% of those answering the question, thought that there are ways in which the law could be changed which are not already covered in the proposals for the Land Reform Bill to advance the land and property pillar of CWB. This rose to 77% of organisations.

**Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined above which have arisen from early engagement.**

Around 135 respondents provided a comment at Question 5.

### **Views on the land and property pillar**

Some respondents who did not see ways in which the law could be changed further to advance the land and property pillar, noted support for the proposals set out in the consultation paper while others expressed a view that Land Reform and Community Empowerment legislation provides the necessary legal framework. There were also concerns around the financial sustainability of some CWB projects and it was argued that benefits delivered for local residents are more important than community ownership *per se*.

However, the majority of respondents who commented at Question 5 did think that there are ways in which the law could be changed to advance the land and property pillar.

## **Views on stakeholder suggestions from early engagement**

### ***Reviewing compulsory purchase powers and the case for introducing alternative land assembly mechanisms such as compulsory sales orders***

Proposals to review compulsory purchase powers were welcomed, with suggestions that the present Compulsory Purchase Order (CPO) process needs to be streamlined or modernised, including to reduce uncertainty, and amend wording that currently limits intervention or proposals to bring forward CPOs. Among benefits that it was anticipated could arise from such reform were: bringing more vacant and derelict land into use; supporting town centre regeneration; reducing costs to the public sector; enabling greater land value capture for public benefit; and supporting implementation of the NPF4 'infrastructure first' policy. It was proposed both that communities should be given the right to initiate a CPO procedure, and that local authorities should receive funding to operate the CPO process.

Introduction of Compulsory Sales Orders (CSOs) was also supported, with views that this could prove more efficient than using CPOs for dealing with vacant and derelict land (VDL) or unused buildings, and that giving local authorities power to sell property that has been vacant or derelict for a defined period could incentivise owners to 'use or lose' their assets. It was argued that CSOs could offer an efficient, low-cost way to bring more land into community ownership, thereby supporting a range of CWB projects, and that it might be an easier route for communities than negotiating the current Right to Buy process. It was suggested that appropriate community groups should both be able to ask the local authority to initiate a CSO and be given notice of a CSO being taken forward.

An alternative view was that it is unclear what CSOs could deliver that CPOs do not, and that proposals for CSOs are unlikely to be legally admissible or deliverable in practice. It was also suggested that administration of CSOs could place a significant resource burden on local authorities, that community groups might not be successful bidders at auction, and that a future CPO could still be required to bring an asset under the ownership of either a council or community body.

It was also argued that use of any CPO/land assembly powers should require a clear evidence base, and that analysis of the land that would potentially be impacted should be undertaken before the proposal is developed further.

### ***Exploring the scope of existing mechanisms for securing development contributions, such as Section 75 planning obligations***

The proposal to explore the scope of developer contributions was welcomed, with the complexity of existing developer contribution process and related delays in infrastructure delivery cited as reasons the process should be simplified. It was also suggested that, in the absence of private sector capital being available at the outset



of a project, local authorities need access to public sector investment and capital borrowing that can subsequently be recouped through legal agreements.

With respect to the level of contributions, it was noted that the capacity for local authorities to seek and for developers to pay Section 75 contributions is largely determined by the viability of a development, taking account of land values, development costs, and the strength of the local market. It was also argued both that Section 75 contributions tend to be relatively small compared with the total land value uplift and, specifically, that the Community Benefit of £5,000 per MW for renewable energy projects is outdated in the face of inflation.<sup>5</sup> There was a broader view that existing mechanisms for securing development contributions cannot support the wider aspirations of CWB and that new mechanisms are required.

Specific suggestions included that there should be:

- Greater transparency around developer contributions, including uploading agreements to the relevant planning portal.
- Greater involvement for communities in decisions on how funds are used, and making funds available for community projects rather than solely for local authority use.
- A requirement to assign contributions to specific projects in the community where development is taking place, rather than being used in other areas.
- Flexibility with respect to developer contributions in respect of community-led affordable homes which, it was suggested, should either be seen as a contribution in their own right, or should be subject to a flat rate rather than being agreed by negotiation.
- A requirement for developers to demonstrate how a project contributes to a wellbeing economy and CWB objectives, for example by supporting local supply chains and creating local job opportunities.

The need to ensure that any changes are based on a collaborative approach and are fair to all parties was also highlighted.

### ***Exploring new mechanisms for enabling land value uplifts to be reinvested in economic, social and community facilities***

Proposals to explore new ways to capture land value uplifts were welcomed, with Scottish Land Commission work on Land Value Capture and Public Interest Led Development highlighted as considering practical ways to capture and share land value uplifts for the public good. Points made by respondents included that:

- Land value uplifts arising from public investment in infrastructure and remediation should be captured for public benefit.
- Active planning approval for a site should not be allowed to inflate the value of vacant land and that compulsory purchase rules could be amended to avoid

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<sup>5</sup> However, it should be noted that Community Benefit and shared ownership are voluntary arrangements that are not considered in the planning process, so seeking them through Section 75 would not be possible.

compensating landowners on the basis of what land would be worth if it ever got residential planning permission rather than its value at the time.

- Where purchase of a long-term vacant site is required to support delivery of CWB, a realistic market value should take account of both costs of development and any liabilities associated with the site.
- Public authorities should be able to acquire land at near use value to ensure uplift in the value of land can be captured to support CWB initiatives.
- Under exceptional circumstances, communities using Right to Buy powers should be able to acquire land at below market value.

While there was a view that only a small amount of land value uplift is presently captured through Section 75 contributions, it was also argued that the current model does enable the public sector to capture some of the uplift accruing through planning processes, and that the cost of these contributions is taken into account in the amount a developer agrees to pay the landowner. In this context, concerns were raised that unrealistic additional requirements could have the potential to block delivery of new homes and that land value should be captured by developer contributions or land value capture, but not both.

Inflated land prices resulting from natural capital investment were also highlighted, and, while the Scottish Land Commission's best practice guidance for natural capital projects was welcomed, it was also suggested that legal changes may be needed to ensure that communities share in the financial benefits associated with land use change. One proposal was that community benefit should be embedded in the carbon credit system.

### **Other suggested changes**

In addition to comments on the actions suggested by stakeholders at the early engagement stage, respondents identified a range of issues where action might be taken to advance the land and property pillar.

### ***Ensuring alignment between CWB and other land rights legislation***

Some respondents called for clear alignment of CWB legislation with the Community Empowerment Act 2015 and/or the Land Reform Bill, or specifically for care that clauses in the CWB Bill do not undermine clauses in the Community Empowerment Act. As an example, it was noted that the Act gives communities the right to request the transfer of any public asset on the basis of management, lease or ownership, and it was argued that the right to seek transfer of public assets into community ownership should take precedence over any other access rights that may be introduced in CWB legislation.

Other points raised with respect to the Community Empowerment Act in the context of CWB included that:

- Greater emphasis on alternative use of assets referenced by the Act could provide greater flexibility for communities.

- Greater commitment to delivering part 9 of the Act is required to provide food growing opportunities – for example through allotments.

There were also calls to review or strengthen Community Right to Buy powers, including a view that more action is needed to address a perceived imbalance between the powers of communities and landowners. Other suggestions included: improving awareness of Community Right to Buy and providing clear guidance; removing the requirement to identify an owner from the registration process; allowing a wider range of community bodies to use the provisions; and extending the statutory time-period for exercising provisions to a minimum of 12 months.

With respect to Community Asset Transfer there were suggestions that the process should be:

- Faster or less onerous. A presumption against restrictive covenants, burdens or clawbacks was suggested.
- Less costly.
- Transparent and supported at a local level.
- Open to all third sector organisations and not just to charities.
- Consistent in approach across public sector bodies to help minimise confusion for those looking to take on assets.

Other actions suggested to strengthen asset transfer included introducing greater accountability (and sanctions) for public authorities who fail to meet their obligations, and limiting the removal of public assets (for example by transferring them to arms-length bodies) from the scope of the legislation. It was also proposed that mechanisms should be developed to broaden asset transfer criteria to support landownership (or lease) by organisations with a wider range of membership structures, where such acquisitions can be demonstrated to be in the public interest. There was also a view that community asset transfer will become progressively more challenging, and that alternative approaches might need to be explored.

The need for local authorities to have adequate resources to process applications was also highlighted.

A number of respondents suggested changes to the draft Land Reform Bill including a proposal to require that community bodies receive prior notice of a landowner's intention to sell, with a period to raise funds then allowed if a community body expresses interest in acquiring the land. It was also argued that some provisions in the draft Land Reform Bill should go further than presently envisaged, for example: by giving communities longer periods to notify their interest or raise funds; by applying provisions in urban areas; by further strengthening the LRRS or placing compliance with the statement and associated guidance on a statutory basis; by extending the requirement to produce management plans beyond large landowners; by introducing a public interest test for transfer of large-scale holdings; or by restricting eligibility for grant funding to land recorded in the Land Register or to owners who are resident in the UK for tax purposes.

Specifically with respect to land reform in urban areas, it was noted that, when the Scottish Government excluded urban areas from provisions in the Land Reform Bill, it committed to including land reform issues of urban relevance within CWB legislation. However, it was argued that the consultation paper does not address urban land reform in a meaningful way.

Other suggestions included:

- Strengthening obligations around community engagement, including a requirement on significant landowners to engage meaningfully with local communities, to produce appropriate community plans as part of their management proposals and to ensure benefit of the community is a key consideration. It was also argued that broad community engagement on the use of land and property are central to building sustainable local economies and supporting a clear stewardship of community assets.
- Introducing new provisions to encourage community-led initiatives to acquire or manage woodland and forestry, for example a requirement for owners of forests and woodlands over 100 hectares to work with local communities, or a legal duty on absentee forest landowners to make a proportion of each forest holding available for community development.
- Creating a presumption in favour of the rights of those accessing land in order to take exercise over the rights of landowners.

Some respondents commented on the impact of land values on the ability of community organisations to acquire assets. Suggestions included that:

- Public sector organisations should not necessarily be required to obtain best financial value when assets are disposed of. The concept of ‘best value’ could be redefined to incorporate CWB values and ensure the best outcomes for communities, and disposal of assets to the private sector should be tested against CWB principles.
- Subject to consideration of the legal implications, there should be circumstances where communities are able to purchase land at below market value, for example if the existing use does not contribute to sustainable development.
- Community groups coming to the end of Community Asset Transfer long leases should be given the opportunity to take over the asset at no or nominal value or that council owned property could be notionally gifted to groups until they no longer require it.

### ***Defining communities and community organisations***

Some respondents addressed issues relating to the definition of communities, particularly in the context of Community Right to Buy or Community Asset Transfer. There were concerns around how an appropriate community can be defined – for example in urban areas where the physical boundaries of a community may not be clear, or where a community of interest covers a large geographical area. It was suggested that, if the areas and populations involved are too large, it may be

impossible for a community organisation to conduct a ballot at the scale or response rate required. There were also concerns that:

- Decisions in relation to what is an appropriate community may be left to individual officers within public bodies, such that a change in personnel can result in a change of view, presenting difficulties for relevant community organisations.
- Use of the electoral roll to determine who should be entitled to a vote can disenfranchise both refugees and other residents who are not on the electoral roll. This is likely to be a particular issue in disadvantaged communities.

With respect to defining community organisations, there was a suggestion that this should be broadened to allow third sector organisations to operate facilities for the benefit of a local community.

It was also suggested that a way must be found to develop and fund facilities in areas where no appropriate community organisations are in place and/or there are no vacant assets that could be subject to asset transfer.

### ***Building capacity within communities***

As at other questions, the need for capacity building within communities was a frequently raised issue, and there were calls for communities looking to take on land or buildings to be provided with sufficient support and resources. Among specific aspects noted were the pressures on volunteers taking over assets previously managed by paid staff and the pressures on volunteer trustees in particular. It was suggested that community organisations should follow the principles set out in the Volunteer Charter<sup>6</sup>.

Suggestions with respect to appropriate support included:

- Training to develop appropriate skills and knowledge and a mechanism to share experience and good practice.
- Improving Community Councils' understanding of CWB principles.
- Help to identify owners of properties or land, and the mechanisms/funding available to bring these into community ownership. Free legal support for communities purchasing land and early-stage support from local authorities.
- A post-acquisition service for all community asset owners, including audits, mentoring, peer support and training.
- Access to necessary skills in dealing with deteriorating buildings and potential contamination.
- Help to overcome particular challenges facing some communities – for example in areas with high levels of poverty or remote rural areas. Support to enable a diverse range of people and communities to be involved.

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<sup>6</sup> The Volunteer Charter sets out the ten key principles which help to underpin good relations within a volunteering environment – see <https://www.volunteerscotland.net/volunteer-practice/quality-standards/volunteer-charter>

- Funding to be made available, not only to buy land but also to provide ongoing support to avoid assets becoming liabilities.

The need for longer term funding was also highlighted, with the short-term nature of current funding models seen as impacting ability to access funding, retain staff and resources, and spend funding allocations within limited timescales.

### ***Tackling Vacant and Derelict Land***

Respondents suggested that further action is necessary if vacant and derelict land is to contribute to CWB objectives and there were calls for enhanced powers and funding, and for simplified or longer-term funding streams for local authorities to bring VDL back into use. There were also calls for more capital grant funding for community organisations that own assets. Although the Regeneration Capital Grant Fund and Vacant and Derelict Land Investment Programme were both noted it was reported that the former is generally oversubscribed, and that both programmes require local authorities to be the lead applicants, creating a risk that projects can miss out on funding opportunities if authorities do not have sufficient staff to support communities in developing and submitting bids. Exploring ways to streamline the application process was suggested.

It was also suggested that, at present, good projects with longer term benefits may be overlooked in favour of the 'shovel ready' projects that fit better with short-term funding programmes. A requirement for funding to help community groups meet costs associated with making sites safe was also highlighted.

A small number of respondents commented specifically on problems associated with small sites, including that the VDL register requires sites to be at least 0.1 hectares. However, a pilot programme was also reported to have been successful in addressing smaller sites, often in built up areas/town centres, and it was suggested that the approach could be developed further. The value of CWB approaches to town centre regeneration were noted.

Derelict croft land was also seen as a potential barrier to CWB if it results in a lack of land for housing or other development. This was highlighted as an issue more likely to affect island communities.

Respondents also suggested a range of other actions that could help in tackling VDL including requiring owners to engage with communities and groups who wish to use VDL and specific action on absentee landlords. It was proposed that owners, particularly remote institutions, should be incentivised to invest in their property assets and evidence their commitment to proactive asset management: failure to do so should trigger an option for communities to take over vacant, underutilised property. However, there was also caution that additional burdens placed on landowners should not cause sites to become undevelopable or economically unviable.

Other suggestions in the context of VDL included: ensuring empty properties are maintained in a reasonable condition until ready for re-use; developing 'meanwhile' use of land or buildings earmarked for future development; giving communities the

opportunity to lease land to create community activity space or community gardens; turning brownfield sites into greenspaces for growing local food in a social enterprise manner; and greening of spaces for environmental and biodiversity benefits.

There were also calls for action to prevent land banking, with some respondents citing examples of land banking acting as a barrier to regeneration.

### ***Clarifying land ownership***

Greater transparency in terms of who owns land in Scotland was suggested as an area requiring further action, with calls for easy access to clear online information. Problems associated with historic deeds were also highlighted.

A recent consultation on a proposed transfer scheme for ownerless property was noted<sup>7</sup> and it was suggested that, if properly designed and implemented, this scheme, which aims to bring ownerless properties back into productive use, has potential to deliver significant benefits for communities.

### ***Considering different ownership models***

A small number of respondents commented on the scope for different models to deliver CWB benefits with one argument that, as well as community ownership, there should be a focus on diversified tenure and collective/co-operative rights of use. It was argued that as a form of land use bringing significant community benefits, crofting should be explicitly supported in CWB legislation. Other suggestions included consideration of opportunities for:

- Shared ownership – for example in relation to commercial windfarms.
- Collective/co-operative ownership and democratic decision making. This included a call for employees who come together in a co-operative to be afforded the same rights to buy land or property being sold by their employer as are afforded to communities of place.

Inclusive ownership models are considered in more detail at Question 6.

### ***Improving use of publicly owned assets***

A number of points were made with respect to use of the existing public estate to further CWB principles, including that CWB considerations should be central to management of land owned by the Scottish Government and other public bodies. It was also suggested that there could be better or more sustainable use of the public estate for community and SME use, including that anchor organisations should identify their own VDL and develop a plan for its development for community benefit, supporting community enterprises to take ownership of underused land and property assets. Some respondents argued the need for cultural and legislative changes to encourage public bodies to see the value in community ownership of land and pro-actively drive this agenda.

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<sup>7</sup> The Ownerless Property Transfer Scheme (OPTS) consultation paper is available at <https://www.kltr.gov.uk/media/ho3e5ruh/opts-consultation-september-2022.pdf>

There was also a view that development of Community-led Action Plans and Placemaking Plans has encouraged communities to consider future options for use of public assets in their area.

As an alternative to communities acquiring land, it was suggested there may be scope for Scottish Ministers to delegate responsibility for land management to community or other appropriate bodies for public benefit. It was noted that this approach would reduce demand on the Scottish Land Fund and other potential funding sources as land would remain in the ownership of Scottish Ministers.

Other suggestions included:

- Maximising opportunities for co-location within anchor organisations and other public agencies. Making better use of existing buildings – for example by using schools in the evening.
- Mandating and supporting public bodies to identify and safeguard sustainable unused land to provide community growing sites.
- Developing small-sale landholdings such as woodland crofts, woodland smallholdings and woodlots for ownership or tenancy on Scottish Ministers' land.
- Making it easier for community groups to acquire land currently owned by Forestry and Land Scotland.
- Ensuring funding to access anchor organisations' facilities has a programme-based approach.

### ***Applying CWB principles to energy projects***

Some respondents argued that local communities should benefit more directly from opportunities in relation to generation of renewable energy, including a presumption in favour of a community's right to lease land for its own renewable energy projects, and giving communities a stake in commercial wind farm licences in the form of shared ownership.

### ***Supporting local supply chains***

Consideration of how to support local spending and the use of local materials and contractors through the procurement processes was suggested, with particular reference to benefits this approach could bring to the supply chains associated with retrofitting energy efficiency measures to buildings. It was argued that the existing Supplier Development Programme should be promoted to energy companies and their supply chains.

### ***Supporting food growing***

As well as creating the impetus for allocation of more land as growing sites, it was suggested CWB legislation should support community growing in smaller spaces, such as corner plots. Other proposals included:

- Including provisions for food partnerships in every local authority area.
- Ensuring that CWB principles are used to guide development of Good Food Nation food plans were also proposed.



- As above, allocating sustainable unused land to provide community growing sites, allowing CWB to dovetail with the forthcoming Local Growing Strategy.

### ***Supporting housing delivery***

Comments with respect to housing included a call for an ongoing commitment to delivery of affordable homes, action on second homes and holiday lets, and the desire to protect green spaces in existing developments from further building. It was also argued that new or retrofitted, buildings should be designed in line with circular economy principles.

Specifically in relation to social housing, one respondent reported that a number of community-controlled housing associations have been taken over by larger regional or national associations, arguing that this is contrary to CWB principles as it means not only loss of influence on the part of the community-led association, but also equates to the loss of assets built up by the community. They proposed that, to protect community empowerment and CWB principles, the Scottish Housing Regulator should be directed to make survival of local housing associations the default option.

It was also reported that RSLs often struggle to acquire both existing housing stock and sites for development, for example limiting opportunities to develop key worker accommodation or to bring properties up to required standards. Additional or more flexible funding was seen as important if a CWB approach is to enable strategic housing development.

### ***Using taxation***

Suggested changes to the taxation system included:

- Levying Annual Ground Rent to encourage owners to dispose of land.
- Imposing additional taxes or fines for neglected land and buildings.
- Bringing all land, including agricultural land into the tax system.
- Applying business rates at a level comparable to activities such as forestry to moorland used for shooting.
- Increasing council tax rates for second homes.
- Reforming other local taxes – for example replacing council tax with a proportionate property tax, replacing non-domestic rates (NDR) with a land value tax for commercial land, introducing a local carbon emissions land tax, and introducing a progressive annual wealth tax on household assets above £1 million.
- Working with the UK Government to investigate whether reducing VAT on retrofitting would increase viability of this option.

### ***Removing barriers local energy generation***

A Local Authority respondent highlighted issues acting as barriers to their own CWB-related energy generation projects. They called for:

- Improvement to the National Grid to allow uptake of new renewable projects.

- Reductions in the lead in time for grid connections.
- Amendment of the national Supply of Electricity Framework to allow for sleeving<sup>8</sup> of electricity, so that power generated by renewable projects on their own land can be sold back to a council at a lower price.

### **Other legislative areas where action could be taken**

As with respect to other pillars there was a recommendation that existing policy, guidance and legislation all provide potential to further support the land and property pillar and that mapping this should be the starting point before any further legislation is considered. The need to avoid duplication of effort or use of resources was highlighted. Others suggested a number of ways that legislation could change to advance the land and property pillar.

### ***NPF4 and planning legislation***

Although it was noted that NPF4 identifies CWB as a central policy for developing productive places and supporting delivery of a range of outcomes, including around Fair Work and communities there was also a view that CWB principles could have been embedded in the planning system. It was suggested that Statements of Community Benefit for development proposals – including affordable homes and service requirements – could be strengthened to demonstrate how a proposal contributes to CWB.

It was also suggested that development proposals should be required to demonstrate proof of engagement with local communities and an ambition to create local wealth in order to access public sector finance, and that a framework for assessing CWB could be developed.

With respect to the ‘infrastructure first’ principle set out in NPF4 (through which infrastructure needs and developer contributions are set out at the plan-stage) it was observed that, although positive in principle, the lengthy periods between the plan-led approach and eventual delivery means parameters including finance and the economy can change. It was also noted that the approach does not work well for small, community-led developments in rural and island locations.

NPF4 policy that directs development ‘to existing city, town local and commercial centres and supports sustainable rural communities, limiting out-of-town and greenfield development’ was also seen as having potential to disadvantage rural and island communities where, it was argued, there needs to be scope for building on some greenfield land.

There was support for strengthening the Place Principle and other place-based approaches in support of achieving CWB outcomes, including requiring public authorities to report on how they have applied the Place Principle or the Town Centre First Principle in their decision making. It was also suggested that Local Place Plans can play an important role in engaging communities in developing

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<sup>8</sup> ‘Sleeving’ is the process whereby the electricity supplier acts as an agent on behalf of the buyer to manage the offtake from the generator’s asset and provides provision for the electricity to be included in the wider supply contract.

CWB approaches but that they require designated funding to support their development. Use of the Place Standard Tool to facilitate broader community engagement in decision making was also recommended.

Other issues raised with respect to the planning system included a call for planning regulations to be relaxed in order to allow local communities to repurpose vacant buildings, and to make it easier to install technologies that support transition to net zero. It was also suggested that:

- Assets of Community Value should be introduced as a designation, with a presumption against the loss of use of such assets.
- More opportunities for local employment could be created by extending enterprise areas.
- Community anchor organisations should benefit from the same reduced planning fees as community councils.
- Permitted development rights for ‘greenwashing’ commercial forestry operations should be removed.

### ***A new Common Good (Scotland) Act***

It was recommended that Common Good legislation should be reviewed, or a new Common Good (Scotland) Act should be introduced to ensure Common Good Funds can play a role in supporting CWB. A new statutory framework to modernise Common Good law would include a clear, legally defined asset lock on all Common Good Funds, enshrine the capacity for the Funds to accumulate new assets, and replace councillor-led governance of the Funds with permanent participatory councils. Other functions would include clarifying requirements for the repurposing of existing assets, enabling redefinition of the geographic boundary of existing Funds and enabling establishment of new Funds.

### ***Amendment of the Scottish Crown Estate Act 2019***

Amendment of Section 11(2) of the Scottish Crown Estate Act 2019 was proposed so that assets may be transferred at less than market value (including for no consideration) if the relevant transaction is likely to contribute to ‘furthering the goals of the Community Wealth Building Act.’ Modernised Common Good Funds could be designed to become the first-choice recipients for the transfer of land previously managed by Crown Estate Scotland.

### ***Amendment of the Land Compensation Act 1963***

Amendment of the Land Compensation Act was suggested so that no account is taken of prospective planning permissions with regards to compensation for land designated for housing and infrastructure.

### ***The new Charities (Regulation and Administration) (Scotland) Bill***

To ensure that charity law reflects ambitions related to CWB, it was argued that the Charities (Regulation and Administration) (Scotland) Bill should address current capacity issues experienced by trustees, and should respond to the current lack of diversity among trustees.

## 6. Inclusive Ownership Pillar

The inclusive ownership pillar aims to develop models of ownership that enables the wealth generated in a community to stay in that locality, including:

- promotion of more generative forms of business models including locally-owned businesses, employee ownership, co-operatives, social enterprises and community enterprises;
- transition of existing companies to employee ownership;
- transition of existing companies to asset or mission locked social enterprises;
- encouraging citizens, communities and the third sector to play a greater role in ownership and control of assets within the economy;
- public ownership for public good as appropriate.

A number of areas regarding the ownership and taxation of companies are reserved to the UK Parliament, constraining what the Scottish Government can do in relation to tax policy. In addition, company law is a reserved area as part of the Companies Act.

The consultation paper explains that, as part of early engagement on CWB legislation, stakeholders have suggested a focus on the following areas:

- greater recognition of the role of inclusive business models in the economy;
- availability and accessibility of start-up support for the establishment of inclusive business models;
- greater acknowledgement of the role of support organisations and the need to ensure they are adequately resourced to maintain and grow outputs;
- a duty for business support services to consider the distinct needs of inclusive business models and to promote these models;
- preparatory work with public sector bodies to improve understanding of inclusive business models in advance of supporting the development of CWB plans and their subsequent implementation;
- a need to increase the knowledge and improve the culture around co-operatives to support new co-operative enterprises or transitions across Scotland;
- supplier development support for inclusive business models including social enterprises to build capacity;
- explore incentives to encourage the establishment of inclusive business models.

There were also proposals about which the Scottish Government is limited in terms of where it can act given they cover reserved matters:

- an 'employee right to buy' when a business is put up for sale which allows a window for employees to consider developing a bid and raising the finances;

- a ‘Marcora law’ which would give workers support to organise a co-operative buyout or rescue when a business is up for sale or under threat.

**Question 6: Are there ways in which the law could be changed to advance the inclusive ownership pillar of Community Wealth Building?**

Responses to Question 6 by respondent type are set out in Table 9 below.

**Table 9 – Question 6**

	Yes	No	Don't know	Total
<b>Organisations:</b>				
Community development organisation or company	20	2	3	25
Housing organisation	4		1	5
Local Authority, Regional Partnership or CPP	19	1	6	26
Policy development, research or think tank	4		3	7
Political party, union or lobby group	3		1	4
Private sector company	3		2	5
Professional or representative body	1		2	3
Public body	9	1	3	13
Voluntary or not-for-profit sector	18	1	4	23
<b>Total organisations</b>				
	81	5	25	111
<b>% of organisations</b>	<b>73%</b>	<b>5%</b>	<b>23%</b>	
<b>Individuals</b>				
	11	7	16	34
<b>% of individuals</b>	<b>33%</b>	<b>21%</b>	<b>47%</b>	
<b>All respondents</b>				
	92	12	41	145
<b>% of all respondents</b>	<b>63%</b>	<b>8%</b>	<b>28%</b>	

Percentages may not sum to 100% due to rounding

A majority of respondents, 63% of those answering the question, thought that there are ways in which the law could be changed to advance the inclusive ownership pillar of CWB. This rose to 73% of organisations.

**Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined above which have arisen from early engagement.**

Around 125 respondents provided a comment at Question 6, although some referred to answers at earlier questions, including Questions 1(a) and 5.

## **Views on the inclusive ownership pillar**

There was broad support for encouragement of inclusive ownership and the areas of focus suggested by early engagement activity although, as at previous questions, some respondents did not see a requirement for any changes to existing legislation.

Comments on the topics suggested by early engagement activity tended to concentrate on the role of support organisations and on issues associated with employee right to buy.

## **Views on stakeholder suggestions from early engagement**

### ***Greater recognition of the role of inclusive business models in the economy***

General comments included that benefits of different models of ownership should be explored on a case-by-case basis, rather than an assumption that some are intrinsically better than others, or that private ownership is inherently a bad thing. However, a more frequently expressed view was that local social enterprises, co-operatives and community owned enterprises will need to be the most common business models in Scotland if CWB is really to succeed. Some respondents highlighted the benefits or particular characteristics of individual models of inclusive ownership including co-operatives, social enterprises and development trusts.

One proposal was for a statutory commitment to a long-term objective of re-orienting the Scottish economy towards a significantly greater proportion of inclusive ownership models, supporting ambitions on employee ownership, social enterprise growth and other models.

It was also argued that a range of models of community ownership should be encouraged, with no one-size-fits-all approach, or that the focus should be on outcome not structure. It was reported that many organisations have models that deliver increased community wealth but do not fit within existing definitions. Specific suggestions included recognising credit unions as democratic, community-based organisations.

Some respondents saw raising awareness of inclusive ownership as a priority, and there was a view that this pillar is less well understood than other aspects of the CWB agenda. Suggestions included:

- Funding and support for public information campaigns across all media with prominent messaging around the features and benefits of various inclusive ownership models.
- The value of showcasing examples of successful projects that could be replicated.
- Encouraging wider education on inclusive ownership models including in schools and in further/higher education.
- Creating a local register to highlight individual community owned enterprises to the public in the same way as a directory of approved traders might do.

Such a register could also assist public sector organisations in identifying local suppliers and allowing supplier engagement work.

***Greater acknowledgement of the role of support organisations and the need to ensure they are adequately resourced to maintain and grow outputs***

Several respondents referenced the work of existing support organisations, particularly Co-operative Development Scotland (CDS) which was reported to provide a valuable service in supporting growth of employee ownership and co-operative business models. It was also suggested that:

- Along with other development agencies, CDS should be reviewed to ensure they are doing all they can to promote inclusive ownership and particularly the development of co-operatives.
- The remit for CDS could be enhanced and that it could be put on a statutory footing as a stand-alone agency.

A requirement for increased resources for both CDS and other support organisations including TSIs and Business Gateway teams was highlighted.

Respondents also referenced:

- Support on procurement and tendering processes available via the Supplier Development Programme.
- Advice on Fair Work available from the Citizen's Advice Bureau/South of Scotland Enterprise Fair Work project.
- The importance of support organisations that can provide a route to engaging specific, potentially hard to reach communities with the CWB agenda.

In terms of types of support that might be required, respondents identified the need for further information, guidance material and advice in relation to employee ownership, co-operative models, social enterprises, community ownership and community asset transfers. However, it was also reported that the support landscape varies across Scotland and can be fragmented, cluttered and difficult to navigate, with some duplication between services. It was suggested that more cohesive a business support is required, and a review of existing services was suggested.

***A duty for business support services to consider the distinct needs of inclusive business models and to promote these models***

There was support for the proposed new duty for business support services and it was reported that some business support services are not fully aware of their role in promoting inclusive models. It was suggested that:

- Mainstream business support should be required to promote social enterprise and similar business models at every opportunity when providing business support to start-ups, as well as established businesses.
- Scotland's enterprise agencies should be mandated to put a stronger emphasis on CWB, including the promotion of plural ownership models.

- There should be specialist business support for co-operative formation and conversion and that mainstream business advisers should be trained to support co-operative development.
- Public bodies should have a duty to promote inclusive ownership models in economic development and business support activity.

It was also reported that specialist support to promote and develop differing ownership models is not widely resourced and that it would be helpful if a legal duty for national agencies to consider and provide resources for the promotion of alternative models of ownership could be implemented.

***A need to increase the knowledge and improve the culture around co-operatives to support new co-operative enterprises or transitions across Scotland.***

It was argued that the proposed statutory duty to advance CWB should be an explicit duty to advance the growth of inclusive business, including explicitly co-operatives, and that public bodies must be provided with guidance, resources and toolkits to do this effectively. Equal prominence for multi-stakeholder co-operatives and employee-owned co-operatives was also suggested.

With specific reference to increasing resourcing and capacity for co-operative development in Scotland, suggested actions included:

- Support for existing co-operatives to thrive and reach their potential in terms of both size and impact.
- Enterprise finance interventions that cater to co-operatives.
- Awareness raising, outreach, supported exploration and pre-technical development.
- Development of peer support and mentoring among co-operatives.

***Supplier development support for inclusive business models including social enterprises to build capacity***

There was a view that the contribution of businesses operating as social enterprises should be considered as a priority, recognising the impact of social enterprises in terms of value added/economic contribution, and varied social impacts across the CWB pillars. It was argued that this approach would reflect commitments within the Social Enterprise Action Plan, one priority of which is to support the development of market opportunities for social enterprises, including access to public procurement opportunities.

It was also suggested that it would be helpful to provide a legal definition of 'social enterprise' and that local authorities need to do more to support the social enterprise sector.



### ***Explore incentives to encourage the establishment of inclusive business models***

Incentives to bring co-operatives together and stimulate opportunities were proposed, for example by ringfencing or reserving a number of local and/or national contracts for collaborative or co-operative models of ownership. It was noted that Regulation 7 of the Public Contracts (Scotland) Regulation 2012 allows public bodies to make a decision to reserve public contracts for supported businesses. Related issues concerning procurement were also raised in comments on the spending pillar.

With respect to business rates, there were calls to support inclusive ownership models by bringing them into scope for exemptions and reliefs through the NDR system and in the reclamation or retention of taxation, in a similar way to the third sector. It was also suggested that reducing NDR for small businesses and third sector businesses could encourage them back into town centres. Further suggestions with respect to business rates discounts or reliefs are discussed under the finance pillar.

### **Reserved powers-related early engagement stakeholder suggestions**

#### ***An 'employee right to buy' when a business is put up for sale which allows a window for employees to consider developing a bid and raising the finances***

While there was acknowledgement of the difficulties in legislating on reserved matters, some respondents indicated their support for an employee right to buy, calling on the Scottish Government to work with the UK Government to enable its introduction or to investigate the extent to which powers could be used within devolved competences. Another view (raised also in relation to the land and property pillar) was that existing Scottish Community Right to Buy legislation could be augmented to give the right to buy, including land and property, to co-operatives formed by employees, and by employees and local communities, without amendment to reserved matters such as corporate, insolvency or employment law.

It was argued that an employee right to buy would allow employees as a community of interest the same rights as are afforded to communities of place. Hybrid ownership models encompassing communities of both interest and of geography were also referenced.

Suggestions included that an employee right to buy could be triggered when a business comes onto the market, subject to its public interest or cultural significance as a community asset, or where an employee buy-out would improve economic resilience, regeneration, social and environmental wellbeing or reduce inequalities.

#### ***A 'Marcora law' which would give workers support to organise a co-operative buyout or rescue when a business is up for sale or under threat***

There was also support for the equivalent of a 'Marcora law', with specific suggestions including that:

- As in relation to an employee right to buy (above), a co-operative formed by employees should be given a preferential option to buy the business they work for, or to buy parts of the business or its assets when the business is put up for sale. Employee ownership could be key to succession planning, for example allowing employees to take a stake in the business or transition to employee ownership on the retirement of existing owners.
- Redundant workers could be facilitated to use accumulated unemployment benefit to capitalise a buyout co-operative.
- There could be a presumption for transfer to employee ownership of businesses in trouble and requiring financial support, allowing employees to grow a greater stake in their own employment and future prospects.
- A state holding company could hold assets of distressed businesses to be acquired through a debt-for-equity approach to business support.

### **Other reserved powers-related suggestions**

Respondents also suggested a number of actions that would require work with the UK to amend reserved powers. These included:

- Considering tax exemptions – for example with respect to corporation tax – for alternative business models.
- Using taxation to incentivise employee ownership models relative to shareholder models, particularly where employees may have concerns about facing additional tax burdens.
- Developing a replacement for Social Investment Tax Relief, that was designed to encourage investment into social enterprises and charities by offsetting the risk to investors, but ended on 5th April 2023.
- Amending the Co-operative and Community Benefit Societies Act 2014 that enables co-operatives to issue equity shares that are repayable at their option and tradable, subject to protections of co-operative purpose, ownership and control.
- Reviewing individual investment limits that place a ceiling on the amount that can be invested in co-operative projects.
- Giving worker co-operatives the same tax rebates or refunds that employee-ownership currently enjoys. It was suggested this would allow a ‘Marcora law’ to empower both employee ownership and worker co-operative models, allowing new start or buyouts of existing businesses to choose the right model for them without either having a significant advantage over the other.

### **Other suggested changes**

#### ***Reviewing Community Right to Buy and Community Asset Transfer***

As referenced above in relation to employee right to buy, and at Question 5 with respect to the land and property pillar, there were calls for amendment of existing Community Right to Buy provisions and simplification of asset transfer processes. Specifically in the context of inclusive ownership it was suggested that Right to Buy provisions could be extended to include the right to buy a business to increase

community ownership of local businesses and preserve employment in a community, whether urban or rural. Such a business could be owned by the community as trading subsidiaries of development trusts to generate income, or 'spun out' into social enterprises or community co-operatives, broadening the base of ownership in particular places.

### ***Capacity building and skills development***

Capacity building in communities was again highlighted, with a requirement that this must be underpinned by resources. It was also thought important that all the responsibilities and liabilities, advantages and disadvantages need to be set out to potential community or employee owners. Both the importance of developing inclusive businesses in Scotland's most deprived communities and the barriers that will need to be overcome in excluded or under-represented communities were highlighted.

In terms of particular skills that may be needed by those starting inclusive businesses, suggestions included:

- Training in leadership and business development.
- Knowledge of up-front finance options and of negotiating taxation.
- Understanding of HR and Fair Work considerations, and of ethical and regulatory issues such as on modern slavery.
- Governance and scrutiny skills, including for volunteer board members and trustees.
- Practical skills, such as maintenance of physical assets.

It was suggested that some element of skills provision could be achieved by partnership working with large community organisations or businesses.

### ***Funding and investment***

A number of respondents highlighted requirements for improved funding streams to support public ownership, with suggestions including that funding bodies should understand and be open to awarding grants to all types of alternative business models, including social enterprises. It was also argued that longer term funding is required to allow organisations to plan and develop their businesses. Specific suggestions for sources of funding, which might or might not require legislation, are noted briefly below, and finance issues are covered in more detail at Question 7.

There were references to:

- An increased Scottish Land Fund to support communities in developing, community assets.
- An Affordable Credit Fund to make it easier for start-up social enterprises that are unable to demonstrate income streams or prove sustainability. Alternatively – and also for start-ups unable to demonstrate income – it was suggested that small funding pots and 'general all-encompassing' support for social enterprises should instead be devolved for use by local authorities to

provide procurement engagement services to the third sector through the existing Supplier Development Programme.

- A fund set up as a National Advisory Board with private sector, public sector, funders, family trust and philanthropist investment. It was suggested that many examples of such funds could be explored.
- A Community Wealth Fund set up by the Scottish Government.
- A dedicated fund to support CWB initiatives set up by the SNIB.
- A Scottish peer-to-peer lending platform to enable support to SMEs and social enterprises.
- Incentives and funding streams linked to conditionality including Fair Work Principles.
- Subsidies that match funds raised in community share models of fund raising.

As a general point, it was argued that any reform of subsidies or tax exemptions must be aligned with delivering the full range of Government objectives.

With respect to issues around the time required to raise funds, a Public Body respondent highlighted their own partnership in an initiative aiming to support communities in acquiring high value land or assets by acquiring the assets on an interim basis, with the aim of selling at market value to a community body once it has been able to raise funds.

Funding issues being experienced by existing community organisations as result of Covid and the cost-of-living crisis were also reported, and there were calls for more and longer-term funding to third sector organisations.

### ***Focusing on essential sectors***

Some respondents argued that actions to develop more inclusive business models should have a particular focus on essential sectors including food and energy where, it was suggested, inclusive businesses could become an increasingly mainstream element of the local economic landscape. With respect to food production, the Community Supported Agriculture approach was highlighted as providing an opportunity for people to invest in their local food supply, either financially, or by volunteering time. There was also support for efforts to create community owned, or community driven co-operative models of food access, such as community food pantries.

With respect to renewable energy there were calls to support community-owned renewables co-operatives in order to encourage community renewable energy investment, and also to develop mechanisms to allow renewable electricity to be used at source for the benefit of communities that may be at high risk of fuel poverty. Energy projects were also noted as an area where shared ownership investment models could be appropriate for some communities, provided that they receive appropriate information and support. It was suggested that renewables developers should be required to ensure that all community bodies, not solely community councils, are made aware of a shared ownership opportunity.

## ***Influencing business culture***

It was argued that the recommendations set out in the SCDI's Business Purpose Commission report<sup>9</sup> should be implemented, to ensure that all types and sizes of businesses across Scotland record, measure and improve their social and environmental impacts and prioritise the needs of local communities and local economies.

Attention was also drawn to a campaign calling on the UK Government to amend Section 172 of the Companies Act to ensure every company in the UK aligns their interests with those of wider society and the environment.<sup>10</sup> It was argued that a national campaign to encourage Scottish businesses to amend their Articles of Association in a similar respect could help to ensure that the interests of wider society and the environment are advanced equally alongside those of shareholders.

## ***Development of a new Social Enterprise Strategy***

It was noted that the NSET committed to 'undertake and publish a review of how best to significantly increase the number of social enterprises, employee-owned businesses and co-operatives in Scotland, supporting regional regeneration and the wealth of local communities.' To this end, it was argued that a new Social Enterprise Strategy should be developed to increase and maximise opportunities for social enterprises to participate in the local economy, thereby enhancing CWB outcomes.

## ***Other legislative areas where action could be taken***

One general point was that the Scottish Government should make sure that any legislative changes relating to inclusive ownership are drafted to ensure that women are able to be part of and benefit from opportunities involving community owned businesses. Respondents also proposed a number of specific ways that legislation could be changed to advance the inclusive ownership pillar.

## ***A duty for officials to consider impact of policy and legislation on co-operatives and other inclusive business models***

It was suggested that there should be an explicit duty for public officials to assess the impact of a policy, programme, legislation or regulation under consideration, on co-operatives and other inclusive business models, with the duty applying where it is reasonable to believe there could be such an impact.

## ***Review the Power of General Competence***

It was argued that this power, available to local authorities in England, Wales and Northern Ireland but not in Scotland – should be considered. It was suggested that this would bring Scotland more in line with the rest of the UK and remove uncertainty surrounding legal obligations under the Supply of Goods and Services Act (1982) and the Local Government in Scotland Act (2003).

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<sup>9</sup> 'Now is the time for purpose' is available at <https://www.scdi.org.uk/publications/>

<sup>10</sup> The Better Business Act – see <https://betterbusinessact.org/> for details.

### ***Review Common Good legislation***

As referenced at Question 5 with respect to the land and property pillar, there were calls for review of existing legislation to ensure that assets and resources held under the legislation are directed for the purpose of CWB. A need for greater clarity around management of Common Good assets was also highlighted.

### ***Amend the Waste (Scotland) Regulations 2012***

It was suggested that the Waste (Scotland) Regulations should be amended to incentivise a view of waste materials as valuable assets and encourage communities to aspire to a stake in the value derived from these assets. Local planning and community development plans could consider how capital investment can be used to support and create community owned facilities to promote resource recovery.

## 7. Finance Pillar

The finance pillar of CWB aims to increase flows of investment within local economies by harnessing the wealth that exists locally and directing wealth to tackle inequality, including through:

- promoting the development and use of progressive forms of finance including credit unions and Community Development Finance Institutions (CDFIs);
- ensuring micro-businesses and SMEs have access to finance;
- promoting and harnessing social investment;
- value-led responsible investment;
- incorporating clear CWB criteria into public forms of investment and business cases.

Financial regulation is a reserved matter, and the Scottish Government has not made any legislative proposals in relation to financial regulation. The Financial Conduct Authority (FCA) regulates the financial services industry in the UK.

The consultation paper explains that, as part of early engagement on CWB legislation, stakeholders have suggested a focus on the following areas:

- exploring if CWB principles and standard criteria could be built into funding and funding assessment criteria;
- encouraging investment funds including, for example, pension funds, to be directed to build local wealth;
- greater recognition of the role of credit unions and CDFIs and explore the establishment of community banks.

**Question 7: Are there ways in which the law could be changed to advance the finance pillar of Community Wealth Building?**

Responses to Question 7 by respondent type are set out in Table 10 below.

**Table 10 – Question 7**

	Yes	No	Don't know	Total
Organisations:				
Community development organisation or company	19	1	4	24
Housing organisation	4	0	1	5
Local Authority, Regional Partnership or CPP	13	3	8	24
Policy development, research or think tank	4	1	2	7
Political party, union or lobby group	2	0	2	4
Private sector company	3	0	3	6
Professional or representative body	0	0	4	4
Public body	8	1	5	14
Voluntary or not-for-profit sector	19	0	6	25
Total organisations	72	6	35	113
<b>% of organisations</b>	<b>64%</b>	<b>5%</b>	<b>31%</b>	
Individuals	11	7	16	34
<b>% of individuals</b>	<b>32%</b>	<b>21%</b>	<b>47%</b>	
All respondents	83	13	51	147
<b>% of all respondents</b>	<b>56%</b>	<b>9%</b>	<b>35%</b>	

A small majority of respondents, 56% of those answering the question, thought there are ways in which the law could be changed to advance the finance pillar of CWB. However, 35% of respondents did not know.

**Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined above which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament.**

Around 125 respondents provided a comment at Question 7. Analysis over the following pages first considers some of the general points raised in relation to the finance pillar, and then moves on to consider views on the stakeholder suggestions set out above and other proposals for change.

### **Views on the finance pillar**

A range of respondents expressed specific support for the finance pillar, with some highlighting the important role of finance as a lever for wider social change, and specifically to support CWB priorities. This included a view that finance is the most critical of the five pillars in terms of delivering CWB priorities.



Respondents noted that the consultation paper references a wide range of ongoing activity to support the finance pillar, such as pension fund investment, credit unions, and social investment. Some respondents also referred to their own involvement in activities and projects that support the finance pillar. It was suggested that these activities and structures provide valuable groundwork for development of a more place-based and community-focused financial ecosystem to support CWB.

## **Views on stakeholder suggestions from early engagement**

### ***Exploring if CWB principles and standard criteria could be built into funding and funding assessment criteria***

In support of the use of funding criteria and conditionality of public funding, respondents referred to the potential for this approach to create community wealth and deliver wider benefits for communities. In this context, it was suggested that all public funding applications should be required to evidence positive impacts across the five CWB pillars. Integration of CWB principles was suggested as a means of strengthening government regeneration funds. It was also suggested that CWB principles should be embedded across other funding streams such as agricultural payments and subsidies.

Respondents also suggested a range of specific criteria that could be used in public funding to further support CWB. These included:

- Local procurement.
- Local recruitment of staff and contracts as part of a Fair Work approach.
- Creation of opportunities for local and social enterprise.
- Creation of opportunities for community ownership and/or management of local assets.
- Requiring delivery of CWB projects to be designed and delivered in partnership with local communities, including community and third sector organisations.
- Embedding of circular economy principles and ensuring wealth generated (directly or indirectly) through investment in natural capital contributes to community benefits.

Changes were also proposed to decision-making tools used to support funding decisions, to better reflect CWB principles. Cost Benefit Analysis was identified as an example of decision-making tools struggling to take full account of CWB and other community benefits.

### ***Encouraging investment funds including, for example, pension funds, to be directed to build local wealth***

Comments on the use of investment funds to support local wealth and CWB sometimes reflected the concerns noted above around limited access to low interest finance for CWB activities. Respondents proposed a range of ways in which pension funds, other public funds and social investment could better support CWB.

More local investment and reinvestment by public sector pension funds was described as a potential source of long-term funding for commercially viable CWB initiatives. This included reference to examples of how pension funds have been used to support CWB across the UK. However, it was also noted that any change to further the use of pension funds to support CWB would need to fit within funds' primary goals in terms of yield and security for current pensioners, and future pensioners' funds. It was also suggested that the approach to the use of pension funds must address concerns around potential conflicts of interest associated with investment in significant local projects.

In terms of changes to enable a stronger role for pension funds in supporting CWB activities, respondents made the following suggestions.

- Ensuring suitable 'architecture' is in place to connect local and regional pension funds with local investment opportunities, including access to investment advice based on a sound understanding of the local economy and investment opportunities.
- Guidance around the options available to pension funds, and how to best use direct investment opportunities to support CWB.
- Further guidance or legislation to support divesting from fossil fuels.
- Scottish Government engagement with local authority pension funds to encourage more local investment, including potential for co-investment with the Scottish Government, the SNIB or other public bodies to help address any concerns around fiduciary duty.
- A duty on public sector pension schemes to direct a minimum proportion of investment to local projects and initiatives.
- Local clearing houses for investment projects, hosted by pension funds.

Respondents also noted other public investment funds which it was suggested could make a greater contribution to CWB. For example, further development of Scotland's Catalyst Fund was proposed as a means of providing businesses with loaned investment that can be repaid on the basis of turnover rather than interest rates.

There was also reference to the consultation proposal for a statutory duty to advance CWB, and calls for this to explicitly require public bodies involved in the flow of finance (including the SNIB) to support growth of inclusive-ownership. It was noted that inclusive businesses such as co-operatives (and CWB-focused businesses more widely) have distinct capital raising requirements that are not currently being met in the market, nor by public bodies such as the SNIB.

Discussion around the potential for investment funds to support CWB included specific reference to the role of social investment. It was suggested that a revised approach to social investment – including a replacement for Social Investment Tax Relief - should incorporate CWB principles. Policy changes to reduce the cost of social investment capital were also suggested, although it was noted that subsidy

consequences may mean that this change would not address the fundamental issue of affordability.

### ***Greater recognition of the role of credit unions and CDFIs and explore the establishment of community banks***

Comments in favour of the role of progressive finance in supporting CWB included a number of respondents for whom this was their primary focus. These respondents referred to a range of potential areas where local credit unions and progressive finance could support CWB, including support for SMEs and local third sector organisations, investment in community-based projects, investment in green projects, investment in financial inclusion services, and support for training and employability support for disadvantaged workers.<sup>11</sup>

Most of those discussing the role of progressive finance referred to community banking and credit unions specifically. This included several who noted that community banking – and credit unions in particular – has had a long-standing role in their area, generating significant social value for communities. Community banking was identified as helping to address poverty and inequality in local communities and to reduce pay-day lending, and there was reference to credit unions as the last remaining ‘counter services’ for some communities. Community banking was seen as particularly relevant in the context of recent cost of living increases, and some suggested a specific focus on improving access to community banks in deprived communities.

However, a number of respondents noted that Bank of England data indicates a decline in the role of credit unions in the UK, and it was suggested that the FCA is moving away from supporting small community banks. There was also reference to significant legal and financial limitations on the level of support that public bodies can provide to community banks.

While acknowledging these trends and potential constraints, respondents wished to see further support for the role of community banks, including credit unions specifically. This included calls for legislative change to allow credit unions to lend to organisations and individuals that can struggle to access mainstream financing – including micro and SMEs, social enterprises and community organisations. It was also suggested that the Scottish Government should take a more active role in supporting community banks as a resource for communities, and to ensure these remain part of the financial services landscape. Specific suggestions here included increasing financial support to credit unions, and developing innovative credit union models for employees within businesses. There was also support for local authorities to work more closely with credit unions, for example in the administration of business support grants and to use credit unions as a business lender.

Other specific proposals for how community banks and credit unions can be enabled to support the finance pillar of CWB are summarised below.

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<sup>11</sup> It should be noted that financial regulation – including specifically in relation to credit unions and CDFIs - is a reserved matter. As such, the Scottish Government would have to work with the UK Government to progress any specific legislative proposals.

- Widening of allowable local funding schemes and associated thresholds to support micro and SMEs.
- Development of a shared credit union service organisation to support the sector, and ensure there is sufficient expertise in underwriting business lending.
- Creation of credit union forums.
- Supporting wider access to payroll deduction for credit unions.
- Supporting wider engagement in professional learning opportunities for credit union staff. This included a proposal for a 'volunteer toolkit' to support credit unions to recruit and retain suitable volunteers.
- Consideration of scope to replicate the US model for credit unions to be supported by capital from local banks.
- Tax relief for credit union investors, similar to the Community Investment Tax Relief or Enterprise Investment Relief available to CDFI investors.
- Enabling credit unions to issue tradeable debt instruments similar to Core Capital Deferred Shares for building societies.
- Extension of the maximum interest rate that credit unions can charge to maximise the reach of credit unions, for example including those with lower credit scores.
- Legislation to allow credit unions and CDFI to work more closely in joint ventures or mergers.
- Legislation allowing credit unions to manage and hedge their risk profile via the derivatives market.

### **Challenges and scope for change**

The number and diversity of activities supporting the finance pillar was also highlighted by some as a potential barrier to access for SMEs and community organisations. It was suggested that this complexity can make it difficult to navigate, and that there is a need to simplify the landscape. It was also suggested that community organisations can lack the capacity to consider the full range of available options.

In this context, some wished to see additional support and capacity building to enable organisations to make best use of available funding options. This included reference to providing better advice and support for organisations assessing social investment options, and building capacity in financial management and forecasting across community and social organisations. There were calls for sector-specific finance training, for example targeting community shops, multi-purpose hubs, housing, energy, cafes, and pubs.

There was also thought to be a need to improve understanding of community benefits and social investment. It was suggested that further clarity is required around the extent to which organisations' legal structures, and constitution or articles, would allow use of this kind of investment. CWB was described as an

opportunity to work directly with communities to improve their understanding of sources of wealth, and to enable greater community control over how wealth is used.

Discussion around understanding of CWB and finance included a view that Business Gateway, Scottish Enterprise and other economic development bodies may require a better understanding of the potential role of democratic finance. There were also calls for changes to make it easier for anchor organisations to offer small investor guarantee funds to support democratic finance investment, and to offer match funding through purchase of community bonds or shares. It was suggested that economic development organisations could use grant income to cover small-scale costs incurred by enterprises undertaking a democratic finance offer.

A number of respondents also referred to challenges accessing finance for SMEs, social enterprises, third sector organisations and other CWB-related projects. This was highlighted both in terms of start-up funding and ongoing revenue funding to support development. Access to finance was identified as particularly challenging for organisations operating where there is market failure and/or to provide services to low income households. Specific gaps in available financing included multi-year funding for social enterprises and community organisations, bridging finance options, options for higher risk start-up funding, more up-front development grants to minimise the need for loans to support cash flow, and long-term secure funding for staff to manage projects and enterprises.

In terms of factors contributing to these challenges, respondents highlighted risk aversion in the finance sector, and noted that the SNIB typically focuses on national-level projects and larger businesses. There was reference to removal of the Social Investment Tax Relief as potentially further limiting access to finance, and the extent to which lower value schemes can be impacted by financial regulation. This was linked to wider concern around the extent to which current tax structures have the potential to create barriers to the creation and growth of community-based organisations.

It was suggested that delivering CWB fully will require very significant changes to governance structures to devolve the powers and budgets of national and regional bodies to a more local level. This included a perceived need for the creation of new locally constituted bodies to manage these funds.

In terms of potential to achieve the required degree of change, respondents acknowledged that financial regulation is reserved to the UK Government, thus limiting scope for legislation to support the finance pillar. It was also noted that any changes must fit within financial regulations, and give due consideration to risk management. The SNIB's loss-making first year of operation was highlighted as illustrative of the challenges and risks involved in aspects of the finance pillar. It was suggested that these requirements are likely to limit the range of options to increase flows of investment within local economies.

However, respondents saw scope for use of available policy, regulation and governance powers to increase flows of investment within local economies. In this context, it was suggested that mapping of existing policy, guidance and legislation would be a valuable first step in identifying how these can further support the finance pillar of CWB.

### **Suggested changes relating to reserved powers**

Reflecting comments on credit unions and CDFI (above), as well as in relation to the inclusive ownership pillar, some respondents noted that the scope for change is constrained by relevant powers being reserved to the UK Government, and there were again calls for the Scottish Government to work with the UK Government to achieve taxation-related changes. These issues are covered in greater detail under the inclusive ownership pillar, but specific issues raised here included reference to:

- Exploring options for taxation to further support CWB, for example exempting credit unions from corporation tax, creating tax incentives for saving with credit unions, and consideration of the issue of VAT in housing development costs for housing co-operatives.
- Updating legislation to enable employee-owned businesses to raise capital through permanent shares, using a similar model to Core Capital Deferred Shares.
- Establishing a CWB-focused funding mechanism from the British Business Bank, and considering how the British Business Bank's forthcoming Investment Fund for Scotland could be aligned with CWB principles.
- Improving access to banking and financial services for third sector organisations.
- Supporting the current private members' bill (Co-operatives, Mutuals and Friendly Societies Bill) as a potential means of providing further protection for co-operatives and other inclusive ownership models.

### **Other suggested changes**

In addition to support for stakeholder suggestions, and discussion of the above reserved matters, respondents made a range of other suggestions to further support the finance pillar of CWB.

### ***Review current instruments and approaches***

Some suggested that a first step should be to review existing financial instruments and resources to identify where these can be better used to support the finance pillar – for example through repurposing or ringfencing. Respondents referred to potentially relevant intervention areas such as regeneration, empowerment, community asset transfer, and specific programmes such as the Regeneration Capital Grant Fund, the UK Levelling Up Fund and City & Region Growth Deals. It was also noted that local authorities and other anchor organisations hold valuable knowledge and skills around weaknesses in the current system, and could help identify how these might be addressed.

There were calls for greater clarity for anchor organisations around how they can – and should – best use finance to support CWB. This included specific reference to clarification around the level of income that local authorities can generate through trading activity outwith the public sector, under the amended Goods and Services Act. It was noted that Ministers have the power to set a statutory limit, and to allow it to be exceeded.

### ***Taxation-related suggestions***

A range of suggestions were made around the potential for taxation to further support the finance pillar of CWB. As in relation to reserved matters, a number of the issues raised reflected those highlighted in relation to the inclusive ownership pillar. There was reference to the potential benefits of providing local authorities with greater scope to make changes to local taxation, and specific proposals included:

- Use of place-based incentives, similar to the Enterprise Zone model, whereby businesses within designated areas would benefit from business rate discounts.
- Business rate relief for organisations adopting inclusive ownership models, especially where these provide key local services.
- Use of other tax reliefs, for example to support Research & Development and recruitment.
- Specific support for the role of housing co-operatives and trusts as a means of increasing local investment flows. Relief from the Land and Buildings Transaction Tax (LBTT) was proposed for housing co-operatives, including partial relief from LBTT (and specific exemption from the Additional Dwelling Supplement) for co-operatives buying property, and full relief from LBTT where co-operatives are buying from a community land/development trust.
- Ensuring income from any Visitor Levy is retained within the respective geographic area, and that decisions on use of income are made in partnership with communities.
- A proposed discretionary Carbon Emissions Land Tax to be levied by local authorities on large landowners, with potential to support local carbon reduction and CWB initiatives.

### ***A right to invest***

Removing barriers and simplifying the process for communities to take ownership of community assets was also proposed. This included reference to the potential for community acquisition of revenue generating assets to create sustainable income for communities, and a specific proposal for a Community Right to Invest. This was proposed in relation to supporting investment in the green economy, through compulsory rights for communities to acquire investment in local renewable and natural capital schemes. It was suggested that this could be supported by a Community Wealth Fund (funded through developer contributions from renewable and natural capital schemes) and/or the SNIB.

## ***The role of SNIB***

Respondents saw scope for the SNIB to play a stronger role in supporting CWB as a provider of low-cost debt financing. This included call for the SNIB to engage with a broader range of organisations and investors to support CWB and, specifically, to direct more investment to community initiatives. Indeed, it was argued that some of the SNIB's larger investments in land purchase by large corporate bodies may have undermined CWB approaches in Scotland.

It was suggested that a more proactive CWB approach to investment for the SNIB could include direct investment in place-based CWB initiatives, and provision of accessible finance to support community acquisition and more plural ownership local enterprise. Respondents also proposed the creation of a dedicated SNIB fund to support CWB initiatives, with specific criteria tailored to the needs and context of CWB. In addition to direct support for community projects, it was noted that the presence of the SNIB in the sector could help to de-risk community initiatives for private investors.

## ***Community wealth funds***

Discussion of progressive finance included reference to the potential role of community wealth funds, and proposals for a national CWB or Community Wealth Fund, similar to the Scottish Land Fund. It was suggested that this could be supported by a National Advisory Board, as a means of bringing together a range of investment sources to supply grant, loan and equity finance to support scaling-up of CWB across Scotland.

Key benefits identified by respondents included supporting a truly community-led approach to local investment, and potential for a co-ordinated national approach to address geographic inequalities in access to funds. Community wealth funds were also suggested as a fourth priority area for the forthcoming UK Dormant Assets secondary legislation.

In terms of funding sources, several respondents suggested that community wealth funds could provide a vehicle to make more productive use of income from renewable energy developments. As noted earlier, renewables and natural capital, green projects and divestment from fossil fuels were highlighted as potential priorities for the finance pillar. Renewables and natural capital in particular were identified as an example of how investment in revenue generating assets can support the long-term sustainability of communities. The link between CWB and the green economy was also evidence in proposals for community wealth funds to be supported by compulsory developer contributions from renewables and natural capital investments. Respondents also highlighted other potential funding sources for a community wealth fund, including taxation, land value capture, and natural resource windfalls.

## ***Democratic finance models***

A number of respondents referred to 'democratic finance' models as a means of providing communities with a more direct say in how funds are used. This included proposals for a national Democratic Finance programme to drive the change



required to support the finance pillar of CWB. There was support for existing mechanisms such as community bonds and community shares, but also a perceived need to expand the range of available democratic finance models.

Discussion of specific democratic finance models included reference to community bonds and community shares as vehicles for citizen investment, with potential for these to be topped up by developer contributions. This included some calling for more support for community investment in significant developments such as renewables schemes, although it was noted that the requirement for community bonds and shares to be issued by a Community Benefit Society could limit scope for growth. Piloting of a Scottish Community Shares Booster programme was proposed.

Citizen investors were identified as a potential means of retaining investment within local communities, including a perceived need for a greater focus on and improved understanding of the potential role of citizen investors. Development of a locally-based 'Citizen Investment Networks' was proposed.

### ***Other suggestions for progressive financing***

In relation to the Community-led Local Development Funding, previously delivered through the LEADER programme, it was noted that current funding programmes are over-subscribed, indicating potentially considerable unmet need. There were calls for a revised approach with a larger budget allocation, potential for multi-year funding, devolution of decision-making and project management to Local Action Groups, and removal of what were described as excessive current reporting requirements.

Other suggestions around the role of progressive finance are summarised below.

- Use of the Community Investment Enterprise Facility to test models of funding.
- Development of Local Action Groups to enhance local decision-making and distribution of funds.
- Support for organisations to use community lotteries.
- Support for community-based legacy gifting.
- Expansion of donation-based crowdfunding.
- A more co-ordinated system for high-net-worth philanthropic giving at a local level.

## Annex 1 - Organisations responding to the consultation

<b>Community development organisation or company (n=29)</b>
Caithness Voluntary Group
Clackmannanshire Economic Regeneration Trust SCIO
Clacks Good Food Partnership
CLIMAVORE CIC
Coalfields Regeneration Trust
Communities for Diverse Forestry
Community Central Hall
Community Enterprise
Community Food Initiatives North East (CFINE)
Community Land Scotland
Development Trusts Association Scotland
Dumfries and Galloway Sustainable Food Partnership
Edinburgh Tenants Federation
Foundation Scotland
Galson Estate Trust
Glasgow Food Policy Partnership (GFPP)
Glasgow's Empowering Communities Co-Operation
Highland Good Food Partnership
Knock and Swordale Community Company
media co-op
Moray Local Action Group
Nourish Scotland
Old School Thornhill
Plunkett Foundation
Scotland CAN B
Scottish Communities Finance Ltd
Scottish Community Alliance
Scottish Community Development Centre
The Stove Network
<b>Housing organisation (n=5)</b>
Communities Housing Trust and Lochaber Housing Association
Edinburgh Student Housing Co-operative
Glasgow and West of Scotland Forum of Housing Associations
Homes for Scotland
Scottish Federation of Housing Associations

<b>Local Authority, Regional Partnership or CPP (n=29)</b>
Aberdeen City Council
Aberdeenshire Council
Angus Community Planning Partnership
Argyll and Bute Council (Officer Response)
Argyll and Bute CPP
Ayrshire Community Wealth Building Commission
Clackmannanshire Council
COSLA
Dumfries and Galloway Council
East Ayrshire Council
East Dunbartonshire Council
East Lothian Council
East Lothian Partnership
Fife Council & Fife Partnership
Glasgow City Council
Glasgow City Region Programme Management Office
Midlothian Council
Moray Anchor Network
North Ayrshire Council
North Lanarkshire Council
Scottish Borders Community Planning Partnership
Scottish Borders Council
Shetland Islands Council
South Lanarkshire Community Wealth Building Commission
Stirling Council
The City of Edinburgh Council
The Orkney Partnership (Orkney's community planning partnership)
West Dunbartonshire Council
West Lothian Council
<b>Policy development, research or think tank (n=9)</b>
Built Environment Forum Scotland (BEFS)
Centre for Local Economic Strategies
Co-operatives UK
Forest Policy Group SCIO
Future Economy Scotland

Scotland for Employee Ownership
Sussex Energy Group, Science Policy Research Unit, University of Sussex
The What Works Centre for Local Economic Growth
Wellbeing Economy Alliance Scotland
<b>Political party, union or lobby group (n=6)</b>
Engender and Close the Gap
Scottish Co-operative Party
Scottish Trades Union Congress (STUC)
Scottish Women's Budget Group
Scottish Women's Convention
Scottish Young Greens
<b>Private sector company (n=7)</b>
Co-operate Scotland LLP
Heaval Distillery & Angels' Share
LandClan
Prickly Thistle Scotland Ltd
SSEN Transmission
Sustainable Procurement Ltd
The Ecommerce Club
<b>Professional or representative body (n=11)</b>
CLD Standards Council Scotland
Construction Industry Training Board (CITB) Scotland
Federation of Small Businesses
Heads of Planning Scotland (HOPS)
Law Society of Scotland
Royal Town Planning Institute Scotland
Scotland Excel
Scottish Crofting Federation
Scottish Wholesale Association
Supplier Development Programme
The Business Services Association (BSA)
<b>Public body (n=22)</b>
Bòrd na Gàidhlig
Cairngorms National Park Authority
Creative Scotland

Crown Estate Scotland
East Ayrshire Health and Social Care Partnership
Equality and Human Rights Commission
Health Improvement Team - Argyll and Bute - NHS Highland
Highlands and Islands Enterprise
Historic Environment Scotland
NHS Ayrshire & Arran
NHS Greater Glasgow and Clyde
NHS Lothian
Police Scotland
Public Health Scotland
Scottish Enterprise
Scottish Futures Trust
Scottish Land Commission
Skills Development Scotland
South of Scotland Enterprise
Strathclyde Partnership for Transport (SPT)
The Scottish Courts and Tribunals Service (SCTS)
Zero Waste Scotland
<b>Voluntary or not-for-profit sector (n=30)</b>
Aberdeenshire Voluntary Action TSI and Aberdeen Council of Voluntary Organisations TSI
Association of British Credit Unions Ltd
Citizens Advice Scotland
Community Woodlands Association
Cormonachan Community Woodlands Ltd
CVS Falkirk & District Third Sector Employability Forum
Diabetes Scotland
Energy Saving Trust
Fresh Start
Glasgow Life
John Muir Trust
Loco Home Retrofit CIC
Mydex CIC
North Edinburgh and Castle Credit Union Limited, trading as Castle Community Bank
Paths for All

Promising Trouble
SCVO
Sistema Scotland
Social Enterprise Scotland
Social Investment Scotland
Soil Association Scotland
SURF - Scotland's Regeneration Forum
The Circle (Circle Scotland CIC)
The National Trust for Scotland
The Poverty Alliance
Trees For Life
TSI Network (EVOC submitting on behalf of Third Sector Interface Network)
Voluntary Action North Lanarkshire
Volunteer Scotland
West Fife Community Trading Limited



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Any enquiries regarding this publication should be sent to us at

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