



The Scottish Parliament
Pàrlamaid na h-Alba

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Local Government,
Housing and Planning Committee
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By email only

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Dear Tom

Community Wealth Building

As you know, the Local Government, Housing and Planning Committee has been conducting pre-legislative scrutiny of Community Wealth Building ('CWB'), in anticipation of its future scrutiny of a Community Wealth Building Bill.

Further to our recent correspondence, the Committee held a round-table discussion in March with a range of stakeholders, hearing from them about the value of CWB and their experiences of its delivery in practice. We were particularly interested to hear from them about how legislation could help accelerate the adoption of CWB across Scotland.

We agreed to write to you with a summary of the key points which were raised in our discussion with stakeholders, which is attached at Annex A. In addition, there were some issues which Committee members highlighted as being of particular interest, which I have summarised below. These are connected with our ongoing interest in the community empowerment agenda and the important role that community planning partnerships have.

You have advised that possible CWB legislation is still under consideration following the public consultation carried out by the Scottish Government last year, and so the points highlighted in this letter are given in the spirit of supporting the Scottish Government with that ongoing work. The Committee recognises the value of CWB in bringing real benefits to local communities, and understands that

it could be particularly beneficial given the current economic challenges which many communities are facing.

I would welcome your response to the particular proposals I have outlined below, and would also ask that you take into consideration the more detailed points raised in Annex A.

1. The Committee heard examples of how CWB can help underpin Scotland's ambition to become net zero by 2045. These include the opportunities afforded by the local distribution of wealth generated by renewable energy. Will the Scottish Government therefore consider adding Climate Change as an additional 'pillar' in order to help deliver its targets?
2. Barriers to delivering CWB include the resources, skills and confidence which are needed at community level, but which are often more prevalent in affluent areas. Community engagement can often be short-lived and needs to be matched with community organising skills in order to sustain projects. The Committee heard how in England there has been investment made in community organising; does the Scottish Government recognise there is a similar need in Scotland? Will it look at how best to provide the education and support that is necessary?
3. CWB clearly cuts across a number of policies – economic, social and environmental - and it could be a unifying force for those, although there is a danger of it getting 'lost' amongst them. How will the Scottish Government ensure that CWB takes primacy?

In responding I would also welcome any update you can provide us on timings for the Bill's introduction and your current thoughts on what you are seeking to achieve through legislation.

Yours sincerely,

Ariane Burgess
Convener, Local Government, Housing and Planning Committee

Annex A

Community Wealth Building round-table 26 March 2024: Summary of evidence heard

[Meeting of the Parliament: LGHP/26/03/2024 | Scottish Parliament Website](#)

Value of CWB

- People need more control over wealth, not just wealth redistributed towards them. Pre-distribution gives people a fundamental stake in the economy.
- CWB can be an amplifier, scaling up practice. CWB is a very practical approach that can deliver a wellbeing economy and an inclusive economy
- CWB as a tool for tackling regeneration and inequalities.
- CWB provides different levers eg fair work is distributive
- CWB's strength is its organic nature, with it in effect being 'done' already for many years in some areas.
- CWB links economic, social and environmental policies and helps tackle inequalities.
- In Preston, interest in CWB has led to funding opportunities and cooperatives being established
- CWB is pro-environment and pro-social, helping ensure that wealth is not extracted from land, neighbourhoods, localities and the nation.
- In the South of Scotland CWB is seeing the local procurement of energy efficient retrofits, starting with RSLs as anchor institutions.
- Fife has connected its economic development approach with tackling poverty and public sector reform.
- CWB has a preventative impact on health (example of mental health improving in Preston)
- Local ownership provides control (example of Steeple Quarter in Dumfries).

Challenges to delivering CWB

- Confusion over what CWB is; need to build a national consensus.
- Requires multi-tiered buy-in across sectors – collaboration is key.
- Difficulty in getting big anchor organisations like NHS to change
- CWB needs dedicated resource, and political direction and leadership
- Can be long-term – eg took years to change procurement policy in Preston
- UK has a very small cooperative economy
- Issue of late payments to small businesses
- Lack of skills and qualifications an issue (SOSE example of a CWB pilot project retrofitting homes)
- Barriers to shared ownership by communities, with concerns about governance, risk and capital raising
- Energy production could be big income for communities, but difficult to raise capital; Scots should own their energy but barriers to community investment

- Land Reform Bill is lacking – CWB will need to fill gaps

Actions that are needed

Legislation

- Legislation could help with coordinated delivery; also needs to be sufficient capacity and resources
- CWB needs a strategic aim and meaningful action plan.
- A CWB Bill would help make it a national priority and create a critical mass of engagement;
- Statutory targets for spend/procurement have been effective in Clackmannanshire (since procurement reform there has been a decline in spend with smallest businesses). In its 2019 strategy, Clacks Council set target of local spend to 21.5% by 2022, hitting 23.4% by 2021. Fife Council went from >20% in 2010 to >40% in 10 years
- Collective/sectoral pay bargaining should be expanded and included in a CWB Bill
- A high-level statement in legislation could set out the first principles of CWB that CPPs should comply with (example of Land Reform Bill); also need something like the Scottish Land Commission

Delivery and governance

- CWB needs to be locally designed and resourced
- Need more democracy in the economy – example of the Marcoro Law in Italy which gives tax incentives for workers to acquire a business and run it as a cooperative, and the California Employee Ownership Act (designed to help employees to buy a firm when its owner retires)
- CWB so far driven by regional economic partnership in South of Scotland
- CPPs need to be refashioned if they are to be part of CWB governance
- Opportunities to measure impact – eg Ayrshire looking across the socioeconomic and environmental wellbeing indicators.
- Importance of infrastructure as part of CWB eg energy, transport (such as local bus services),
- Important role of third/community sector in shaping CWB.
- CWB must have primacy across all policy areas, including Local Governance Review, Circular Economy Bill.
- Fund community organising, not just community development

Finances

- NHS needs to recognise itself as an economic player - Scottish economy is embedded in institutions such as NHS.
- Opportunities include local pension fund investment, eg just 1% into the local economy could raise millions (Preston's example)
- Tax law can incentivise investment in businesses
- Public Contract Scotland needs to be refreshed; Quick Quote threshold should be increased
- Increasing the procurement threshold would allow more scope for locally awarded quick quotes
- Existing funds could be rationalised to be more impactful; need to re-plumb and re-work the existing system

- Preston – establishing a NW Bank; Welsh Assembly – setting up regional cooperative bank

Net zero/circular economy

- Circular economy can deliver elements of CWB if designed right;
- SoSE horizon-scanning work into potential future value of community benefit from onshore wind.
- Need a Scots energy company involving many communities owning land, to produce and distribute energy locally and to Scotland, with mechanisms such as a coordinating national network body
- Climate should be added as an additional 'pillar' to CWB
- Ownership of community renewables needs to be made easier (ownership has declined in recent years)
- The community benefit of offshore renewables should mean millions of pounds going into communities. Opportunity to create a Community Wealth Fund that could support acquisition of assets and put communities on front foot.

Land and housing

- Needs to be auditing of land - in Scotland we don't know who owns what (often pension funds); identify where public sector land could be used
- Ayrshires – have a Land and Asset workstream - mapping the estate across anchor partners to identify surplus land; provides funds to repurpose derelict land; pilot town-centre projects
- Work with anchor institutions with substantial land holdings, and RSLs to maximise among of affordable housing
- Use planning system to ensure that developers provide affordable housing
- Look at buildings as assets including their components; create an asset register of buildings
- Opportunities from compulsory sales orders