

COMMUNITY WEALTH BUILDING (SCOTLAND) BILL

EXPLANATORY NOTES

INTRODUCTION

1. As required under Rule 9.3.2A of the Parliament's Standing Orders, these Explanatory Notes are published to accompany the Community Wealth Building (Scotland) Bill, introduced in the Scottish Parliament on 20 March 2025.
2. The following other accompanying documents are published separately:
 - a Financial Memorandum (SP Bill 62–FM);
 - a Policy Memorandum (SP Bill 62–PM);
 - a Delegated Powers Memorandum (SP Bill 62–DPM);
 - statements on legislative competence made by the Presiding Officer and the Scottish Government (SP Bill 62–LC).
3. These Explanatory Notes have been prepared by the Scottish Government in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.
4. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

THE BILL

Overview

5. The Scottish Government has adopted the internationally recognised community wealth building (CWB) approach to economic development as a means by which progress can be made towards realising the Wellbeing Economy vision outlined in the National Strategy for Economic Transformation (NSET)¹. CWB acts as a strategic framework to build on policy actions already underway in Scotland, including in Fair Work, Sustainable Procurement, Community Empowerment and asset transfer. The Bill aims to create a statutory framework to unite these actions and ensure consistent implementation of the CWB model of economic development across Scotland by public sector anchor organisations.

¹ [Scotland's National Strategy for Economic Transformation - gov.scot](https://www.gov.scot/publications/nset/2023-01-10/html/index.html)

6. The Bill makes provision for CWB in three ways: it places a duty on the Scottish Ministers to produce and publish a CWB statement setting out measures to be taken by the Scottish Government in relation to CWB; it requires local authorities, acting with certain public bodies within the local authority area, to produce CWB action plans setting out the measures to be taken within the local authority area in relation to CWB and to implement those plans so far as reasonably practicable; and finally it places a duty on the Scottish Ministers to produce guidance in relation to both the production of action plans and the inclusion of CWB measures in strategic planning by public bodies.

Crown application

7. Section 20 of the Interpretation and Legislative Reform (Scotland) Act 2010 provides that the Crown will be bound by an Act of the Scottish Parliament or Scottish statutory instrument unless the provision expressly exempts it. This Bill applies to the Crown in the same way as it applies to everyone else.

Commentary on provisions

Section 1 - community wealth building statement

8. Section 1(1) places a duty on the Scottish Ministers to prepare a community wealth building statement. Subsection (2) provides detail about the required content of that statement, providing that the statement must give information about things that the Scottish Ministers are doing, or will do, to reduce economic and wealth inequality and to help economic growth in Scotland. Those actions should be aimed at ensuring that more wealth is created within local and regional areas, and that wealth when it is created in, or comes into, an area should stay in that area. This might mean, for example, taking actions that would make it easier for businesses to operate in their local areas.

9. Subsection (3) gives some examples of the kinds of actions that the Scottish Ministers might include in the community wealth building statement. This list is non-exhaustive, and includes, at paragraph (g), any other measures that the Scottish Ministers consider appropriate. So the statement might include actions which are not included in this list.

10. Subsection (4) requires the Scottish Ministers to publish a draft of the statement, and consult persons that they think it is appropriate to consult, before the statement is finalised.

Section 2 – publication and laying of statement

11. Section 2 requires the Scottish Ministers to publish the community wealth building statement, and to lay a copy of the statement before the Scottish Parliament. Subsection (2) provides that both of these things must be done within 18 months of section 2 coming into force. Subsection (3) provides that, after the Scottish Ministers have published the statement and laid it before the Scottish Parliament, they must publish a report. The report must set out how the duty to consult persons about the statement, which is placed on the Scottish Ministers by section 1(4), was carried out. This might mean that the report lists the persons who were consulted, and the ways in which they were invited to give their views. The report must also give details about how

the opinions which were expressed during the consultation were incorporated into the statement, or if they were not incorporated.

Section 3 – review of statement

12. Section 3 places a further duty on the Scottish Ministers to keep the community wealth building statement under review, and to revise the statement if they think it appropriate to do so. The effect of subsection (2) is that the Scottish Ministers must revise the statement at least every 5 years. Subsection (3) makes clear that the requirements about the content of the statement, set out in section 1(2) and (3), the requirement to carry out a consultation on the statement, set out in section 1(4), and the requirements about reviewing the statement, set out in section 3, all continue to apply in relation to a revised statement.

Section 4 – reporting on statement

13. Section 4 sets out the requirements of the Scottish Ministers in relation to reporting on the community wealth building statement. Subsection (2) defines the reporting period as each period of 5 years, the first such period beginning with the day the statement was first published. Subsection (1)(a) provides that the report must set out what steps the Scottish Ministers have taken during the reporting period in relation to each action which is listed in the statement, and to keep the statement under review. This might mean steps that they have taken to monitor the actions for their effectiveness, in case they need to be changed. Subsection (1)(b) requires the Scottish Ministers to publish the report, and subsection (1)(c) requires the Scottish Ministers to lay a copy of the report before the Scottish Parliament.

Section 5 – community wealth building action plan

14. Section 5 creates a new duty which is placed on local authorities and relevant public bodies. The relevant public bodies are listed in subsection (8), and they are defined in relation to local authority areas. So in each local authority area, a public body listed in subsection (8) will only be subject to the duty in subsection (1) to the extent that the body operates within the area. Subsection (9) allows the Scottish Ministers to make regulations to add bodies to the list, or remove them, or change the descriptions of bodies on the list. Such regulations are subject to the affirmative procedure.

15. Subsection (1) requires each local authority and the relevant public bodies in the area of that local authority to prepare a community wealth building action plan, within 3 years of section 5 coming into force. Subsection (2) then places responsibility on the local authority to publish the action plan as soon as reasonably practicable after it has been prepared.

16. Subsection (3) explains that a local authority and the relevant public bodies in the area of that local authority are referred to together as a community wealth building partnership, when carrying out the duties or powers placed on them or given to them under the Bill. They can each be referred to individually as a community wealth building partner.

17. Subsection (4) provides that each action plan must set out things which the community wealth building partnership is doing, or will do, to ensure that more wealth is created within the area for that local authority, and that wealth when it is created in, or comes into, the area stays in

the area. Subsection (5) provides some examples of the kinds of actions that the community wealth building partnership might include in the action plan. This list is non-exhaustive, and includes, at paragraph (h), any other measures that the partnership consider appropriate. So the plan might include actions which are not included in this list.

18. Subsection (6) places a duty on local authorities, when they are contributing to the creation of an action plan, to consult persons that the local authority thinks are likely to be directly affected by the action plan, as well as any other persons that the local authority thinks it is appropriate to consult. Subsection (7) requires both local authorities and the relevant public bodies for the area of the local authority to have due regard to guidance about action plans which is published by the Scottish Ministers under section 9(1)(a) of the Bill.

Section 6 – local authorities acting jointly

19. Section 6 makes provision for a situation where 2 or more local authorities might want to work together produce a community wealth building action plan which covers the areas of all of the local authorities who have chosen to work together. Subsection (1) provides that this is permitted. Subsection (2) requires local authorities who have chosen to work together to act jointly in relation to the action plan in all respects – this will mean, for example, that the consultation duty contained in section 5(6) must be carried out by the local authorities acting together, instead of separately. Paragraph (b) of subsection (2) ensures that where local authorities have chosen to work together, references in the Bill to a local authority, or to the area of a local authority, are to be read as references to the authorities who are working together. The duties imposed on the relevant public bodies in relation to action plans will apply in relation to the combined area, to the extent relevant to each body.

Section 7 – review of action plan

20. Section 7 places a further duty on community wealth building partnerships to keep their action plan under review, and to revise the action plan if they think it appropriate to do so. The effect of subsection (2) is that the community wealth building partnership must revise the action plan at least every 5 years. Subsection (3) requires the community wealth building partnership to publish the revised action plan. Subsection (4) makes clear that the requirements to carry out a consultation on the action plan and to have due regard to guidance about action plans, and the requirements about reviewing the action plan, all continue to apply to a revised statement.

Section 8 – implementation of action plan

21. Section 8 places a duty on local authorities and the relevant public bodies for the area of each local authority to implement, so far as reasonably practicable, the measures set out in the action plan for that area, for the period to which the plan relates.

Section 9 – guidance about community wealth building

22. Section 9 places a duty on the Scottish Ministers to issue guidance about community wealth building action plans, and about facilitating and supporting the generation, circulation, and retention of wealth in local and regional areas. Subsection (2) requires that the guidance is published with 18 months of section 9 coming into force. Subsection (3) requires the Scottish Ministers to review the guidance from time to time, and allows them to revise it. Subsection (4)

requires the Scottish Ministers to publish guidance as soon as possible after they issue the original guidance or any revised guidance. Subsection (5) makes clear that, where persons are required under the Bill to have due regard to guidance produced under this section, that includes any revised version of the guidance.

Section 10 – duty to have due regard to guidance

23. Section 10 places a duty on the specified public bodies, listed in the schedule, to have due regard to the guidance produced by the Scottish Ministers under section 9(1)(b), when preparing their corporate plan, and their strategies for delivering that plan. Subsection (3) allows the Scottish Ministers to make regulations to add a body to the list in the schedule, remove a body, or change the description of a body on the list. Those regulations would be subject to the affirmative procedure.

Section 11 – ancillary provision

24. Section 11 provides that the Scottish Ministers can make ancillary provision, by regulations, where appropriate. Regulations made under this section may modify any legislation, including this Bill, once enacted. Where they textually amend primary legislation they are subject to the affirmative procedure. Otherwise they are subject to the negative procedure.

Section 12 – interpretation

25. Section 12 contains directions to definitions of certain terms used in the Bill.

Section 13 – commencement

26. Section 13 sets out when the provisions of the Bill will come into force (i.e. have legal effect). Most provisions will be brought into force by regulations as determined by the Scottish Ministers. These regulations will be laid before the Scottish Parliament but will not otherwise be subject to any parliamentary procedure. However, this section and sections 11 (ancillary provision), 12 (interpretation) and 14 (the short title) come into force on the day after Royal Assent.

Section 14 – short title

27. Section 14 provides for the short title.

This document relates to the Community Wealth Building (Scotland) Bill (SP Bill 62) as introduced in the Scottish Parliament on 20 March 2025

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