

Report

Report to:	Community Wealth Building Commission
Date of Meeting:	28 February 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Community Wealth Building Scottish Government Consultation
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ bring to the Commission's attention a consultation on Community Wealth Building (CWB) launched by the Scottish Government and to propose that a joint response be developed by the Progress Group on behalf of the Commission.

2. Recommendation(s)

2.1. The Commission is asked to approve the following recommendation(s):-

- (1) that the contents of the report be noted;
- (2) that the Progress Group be tasked with developing a draft response on behalf of the CWB Commission;
- (3) that the draft response, once approved by the Chair of the Commission, be submitted in response to the Scottish Government consultation by the closing date of 25 April 2023; and
- (4) that the final submission be formally tabled at the next meeting of the Commission on 6 June 2023.

3. Background

- 3.1. In the Programme for Government 2022/2023, the Scottish Government indicated that it would hold a consultation on CWB legislation. The consultation was launched on 31 January 2023, seeking views on what is required to accelerate and deepen CWB in Scotland. The closing date for responses to the consultation is 25 April 2023.
- 3.2. This report outlines the consultation document and questions and proposes that a joint response be developed by the CWB Commission.

4. Consultation Paper

- 4.1. The consultation paper, Building Community Wealth in Scotland, sets out a vision for CWB as part of a strategic approach to the development of a wellbeing economy. The commitment to the introduction of legislation on CWB in this Parliamentary session is seen as part of a strategic approach to creating a wellbeing economy, empowering communities and supporting local and regional economic development.

- 4.2. Other activity to support this agenda includes the upcoming Land Reform Bill, the commitment to a series of Just Transition Plans, the National Planning Framework 4, the Refreshed Fair Work Action Plan and the review of the Community Empowerment Act.
- 4.3. The consultation paper has 3 parts: part 1 describes what CWB is, provides an overview of CWB activity in Scotland and outlines the background to and ambitions for CWB legislation; part 2 sets out proposals for a duty to advance CWB and explores each of the pillars in turn, looking at what might be required to advance CWB in Scotland, with suggestions collated from stakeholder engagement so far; and part 3 provides details on how to respond to the consultation and next steps.
- 4.4. The consultation paper is attached as appendix 1 to this report and the question set is attached as appendix 2.

Duty to Advance CWB

- 4.5. Following the introductory material in part 1, part 2 focuses on the substance of the consultation, outlining the issues and providing supporting materials. The first and most significant topic within the consultation is the proposal to implement a duty to advance CWB. The consultation paper offers 3 options for how this might work:-
- ◆ 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 5 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 prefer that approach)
 - ◆ option C - a combined option – featuring a union of both options set out above
 - ◆ “other” or “no duty” are also available as options
- 4.6. Respondents are asked to include views on which bodies should be covered by the proposals, how to best ensure accountability for implementation to the Scottish Parliament and how to best ensure the involvement of local communities, business and the third sector in the implementation of the duty.
- 4.7. The consultation asks whether the Scottish Government should support any new duty through guidance and if so, what areas the guidance should cover and whether it should be statutory or non-statutory.
- 4.8. Finally, on supporting CWB as a whole, respondents are asked to consider if there are non-legislative measures or specific actions required to advance the implementation of CWB in Scotland.
- 4.9. In relation to the options for the proposed CWB duty, the document states that within the period of the consultation there will be specific engagement with, for example, local authorities, health boards, community planning partnerships and Regional Economic Partnerships, in addition to wider engagement.

Support for the 5 Pillars

- 4.10. Further questions address each of the 5 pillars of CWB, with respondents being asked to give a view as to how the pillar could be supported. The question for each pillar is the same: Are there ways in which the law could be changed to advance this pillar? To assist respondents' deliberations, the consultation document provides examples of suggestions which have been made by stakeholders in the course of engagement on CWB to date.
- 4.11. Table 1 below summarises stakeholder suggestions which are offered within the consultation document.

Table 1: Stakeholder suggestions on how the pillars could be supported

Pillar	Suggestions from Early Engagement
Spending	<ul style="list-style-type: none">• 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.
Workforce	<ul style="list-style-type: none">• Taking further steps to encourage anchor organisations to pay 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.
Land and property	<ul style="list-style-type: none">• 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.
Inclusive ownership	<ul style="list-style-type: none">• 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;

	<ul style="list-style-type: none"> • 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 cooperatives to support new cooperative 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; • 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. Whilst the Scottish Government would be keen to further explore suggestions around employee right to buy and Marcora law, these proposals are heavily focused on reserved matters.
Finance	<ul style="list-style-type: none"> • 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.

5. Conclusions and Next Steps

- 5.1. This is a wide-ranging consultation on measures which could have significant implications for public sector partners.
- 5.2. The closing date for responses to the consultation is 25 April 2023. With the approval of the Commission, the Progress Group will develop a draft response to be circulated to members of the Commission for approval within the timescale allocated to the consultation.
- 5.3. The Progress Group will draw on the expertise and knowledge of subject experts in each of the pillars and will engage with lead officers across the partners to compile responses appropriate to each pillar.
- 5.4. The Commission is asked to delegate final sign off of the response to the Chair of the Commission to enable the submission to meet the consultation deadline.
- 5.5. The development of a joint response on behalf of the Commission does not preclude partners from submitting their own responses, informed by and in the light of the Commission response.
- 5.6. As noted at 4.9 above, within the consultation period the Scottish Government intends to undertake specific engagement in relation to the CWB Duty with a range of stakeholders such as local authorities, health boards, community planning partnerships and Regional Economic Partnerships.
- 5.7. The final submission will be formally tabled at the next Commission meeting on 6 June 2023.

6. Employee Implications

6.1. There are no direct employee implications.

7. Financial Implications

7.1. There are no direct financial implications.

8. Climate Change, Sustainability and Environmental Implications

8.1. There are no climate change implications as a result of this report.

9. Other Implications

9.1. None.

10. Equality Impact Assessment and Consultation Arrangements

10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

Paul Manning

Executive Director (Finance and Corporate Resources)

3 February 2023

Link(s) to Council Objectives/Values/Ambitions

◆ Accountable, effective, efficient and transparent

Previous References

◆ None

List of Background Papers

◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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