



Scottish Community Alliance response to consultation on Building Community Wealth in Scotland

Introduction

Scottish Community Alliance (SCA) welcomes the opportunity to respond to this consultation on 'Building Community Wealth in Scotland'. We view the concept of Community Wealth Building (CWB) and its application as fundamental to transitioning to a wellbeing economy delivering sustainable economic, social, and environmental development that enhances the prosperity of all of Scotland's people and places on an equitable basis. We welcome and support the Government's assertion, as expressed in the consultation paper, that, "*CWB is focused on growing the influence communities have on the economy and ensuring communities receive more of the benefits from the wealth they help to generate.*" SCA also agrees with the Scottish Government's view, as expressed in the consultation paper, that the transition to a wellbeing economy requires a "*whole system transformation*", of which CWB needs to be a core component.

The consultation paper notes that much of the progress on implementing CWB principles to date has largely consisted of specific pilot-based initiatives involving Government working in partnership, primarily with local authorities and other stakeholders. We consider that the forthcoming Community Wealth Building Bill – in tandem with non-legislative policy initiatives – offers an opportunity to permanently embed and mainstream CWB principles within and across the wide range of public policy spheres crucial to achieving the fairer, wealthier, and greener wellbeing economy to which we all collectively aspire.

SCA's response to this consultation is informed by one central proposition. Communities throughout Scotland need to be front and centre in shaping what 'community wealth building' looks like within their localities, and – critically – in deriving substantial benefits from CWB in practice that will sustain them and their places, both now and for the generations to come. In our view, two interlinked strategic issues require to be addressed for that proposition to be realised.

Firstly, and most fundamentally, Community Wealth Building needs to be permanently 'locked-in' as a cross-cutting priority for all Scottish Government policy portfolios. We acknowledge that shifting from the type of siloed policy-making that inevitably affects all governments is challenging. Nevertheless, the Scottish Government has a clear responsibility to ensure that CWB principles are integrated into legislative and non-legislative policy initiatives if the systemic change to a wellbeing economy is to be achieved in practice. It also has a responsibility to ensure that policies are designed in ways that align with, rather than impede, the scope for implementing CWB principles within localities. Proposals for Highly Protected Marine Areas (HMPAs) covering at least 10% of Scotland's seas, and proposals to extend coverage of the Freedom of Information

(Scotland) Act 2003 to community and voluntary organisations are two recent examples of insufficiently nuanced proposed policy initiatives that risk undermining the implementation of CWB by imposing unnecessary regulatory burdens on communities.

Strategic policy co-ordination and facilitation for CWB is therefore essential for that overarching ambition is to be achieved in practice. For example, a genuinely radical and transformative approach to CWB in the service of a wellbeing economy demands that more decision-making power be devolved into the hands of communities. Urgent progress therefore needs to be made on the Local Governance Review to facilitate genuinely local democracy by an enabling state¹. Similarly, CWB must be at the heart of tackling the climate and biodiversity crises in ways that enable communities to benefit from the wealth associated with land and other assets, rather than that wealth being extracted from the places where they live, to little or no community benefit.

Secondly, communities, incorporating both the third sector and other local entities including social enterprises, micro-businesses and sole traders, need to be enabled to take a leading, but not exclusive, role in delivering CWB in practice. That is not to dismiss the crucial multi-faceted role that local authorities and other public bodies have in delivering CWB, as the consultation paper highlights. However, SCA strongly contends that a major part of that role must be for local authorities and other public bodies to 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. That necessitates increasing communities’ capacity via increased direct investment and enabling policy to ensure that they can fully engage with top-down elements of CWB such as public procurement, delivery of services, and asset transfers to communities.

We know from our members’ experience that the community sector already has a proven track-record of delivering CWB in practice within rural and urban places for the benefit of the people who live there. There are countless practical examples of community wealth building led by members of SCA affiliated organisations that we would be happy to share with Ministers and officials.

Against that background, SCA calls for a step-change in the community sector’s CWB role through targeted legislative and non-legislative policy interventions across CWB’s five supporting pillars to increase communities’ capacity to lead locally on community wealth building.

The remainder of our submission considers these issues in more detail. Aside from our views on the proposed CWB duty, we have largely framed our response to address the ‘five pillars’ framework contained in the consultation document and highlight the scope for legislative and non-legislative provisions accordingly.

We note that there is considerable overlap between the five pillars in the framework and we do not consider them to be exhaustive. We contend towards the end of our submission that there is a need for an additional sixth ‘pillar’ focussing on culture and heritage as contributors to enhanced social capital within communities.

In the longer term, SCA argues that if there is to be a genuinely community-led wellbeing economy, there must be a seventh ‘Subsidiarity’ pillar, encompassing a radical reshaping of the public sector itself; rolling back decades of centralisation in favour of devolving power, responsibility and budgets to much more localised levels of governance, with all the attendant benefits for local democracy that entails.

¹ https://d1ssu070pg2v9i.cloudfront.net/pex/pex_carnegie2021/2012/11/09203847/pub14550116191.pdf

A Duty to Advance CWB

The Scottish Government has set out its ambition for Community Wealth Building to function as a bridgehead towards the transition to a wellbeing economy involving a “*whole system transformation*”. There is therefore a requirement to embed and mainstream CWB principles within and across public policies and programmes for that systemic transformation to take place. In turn, that requires a permanent commitment to the principles and practice of CWB to be hard-wired into the policy portfolios of all Scottish Ministers and the functions of all public sector organisations.

SCA therefore welcomes the proposed duty to advance CWB as a fundamentally important step towards ensuring CWB principles are mainstreamed as a core component of the transition to a wellbeing economy. We are strongly of the view that such a duty should be placed upon Scottish Ministers, and public sector bodies including – but not limited to – those bodies involved in community planning (option C in the consultation paper). We set out our views in these regards below.

If Government is serious about mainstreaming CWB principles, both within and across policy portfolios in support of a wellbeing economy, 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. We therefore consider there to be merit in Scottish Ministers producing a high-level Community Wealth Building Statement, similar to the Land Rights and Responsibilities Statement (LRRS), provisions for which were included in the Land Reform (Scotland) Act 2016.

We envisage that the proposed CWB Statement will include principles relating to CWB’s five foundational pillars, together with our proposed sixth ‘culture and heritage’ pillar and seventh ‘subsidiarity’ pillar, that Scottish Ministers must have regard to when developing policy in relation to their portfolios. 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.

We further envisage that all public sector organisations must have regard for the CWB Statement’s principles when undertaking specific statutory and – if deemed applicable – non-statutory functions. As is the case with the LRRS, we envisage that the proposed CWB Statement will be subject to review and possible revision every five years.

In order to operationalise the principles contained within the proposed CWB Statement, we propose that all public sector organisations produce individual time-bound CWB strategies and action plans, specific to these organisations. These strategies and action plans should detail how they will address CWB’s principles in practice in relation to the implementation of specific functions. We do not currently have a firm view as to how frequently public sector organisations should report on progress in relation to their strategies and action plans. However, we consider annual or bi-annual reporting periods to be a reasonable requirement in that regard.

We consider the above duty to be a necessary pre-requisite to delivering the practical and cultural change necessary to make CWB a mainstream function within individual public bodies in the service of a wellbeing economy. However, we recognise that the proposed duty needs to be both *proportionate* in terms of accounting for specific public bodies’ functions, and *flexible* in terms of its application. One size will not necessarily fit all in that regard.

In addition to the above, SCA also considers there to be merit in applying a duty to apply CWB principles upon public bodies involved in community planning partnerships and processes. We see

the main value of such a duty as relating to the development of a shared CWB approach to place-planning under the auspices of community planning structures.

As with the preceding, we envisage such a duty requiring the development of CWB strategies and associated action plans within the context of Community Planning Partnerships, with commensurate reporting mechanisms being applied. We are open to the possibility of such an approach also being applicable at regional levels insofar as it does not compromise the scope for communities to have agency in relation to the development and implementation of associated CWA strategies and action plans on an equitable basis with public sector partners.

We consider that providing statutory guidance to public bodies regarding their duty to develop CWB strategies and action plans is an appropriate approach to adopt, especially given that the duty will be enshrined in statute. The statutory guidance should cover minimum requirements that will be made of public bodies in relation to demonstrating their mainstreaming of CWB principles in their strategies and action plans. We are open to the possibility of including additional non-statutory guidance to complement statutory guidance as appropriate.

A Community Wealth Building Commission

SCA proposes that provisions be included in the forthcoming Bill to establish a Community Wealth Building Commission, as a further important step in embedding CWB as a permanent feature of the wellbeing economy. There is precedent for such an approach in relation to land reform policy with the establishment of the Scottish Land Commission (SLC) as a consequence of provisions within the Land Reform (Scotland) Act 2016.

The creation of the SLC has been instrumental in ensuring that land reform has remained firmly on the Scottish public policy agenda in the intervening years, rather than slipping off that agenda as happened intermittently previously. Our envisaged CWB Commission can fulfil the same vital mainstreaming function as a complementary mechanism to the proposed Duty and CWB Statement discussed earlier.

Pillar 1: Spending

Pillar definition: Maximising community and business benefits through procurement and commissioning, developing good enterprises, Fair Work and shorter supply chains.

Overview of activity: This includes a focus on ways to achieve greater economic, social, and environmental benefits such as growing investment in local businesses, supplier development and innovation, and ensuring the delivery of tangible community benefits.

What this will achieve: Higher levels of spend with SMEs, micro-businesses and inclusive business models resulting in business growth and improved, resilient local and regional economies.

The consultation paper characterises the Spending Pillar of CWB as “*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 is perhaps telling that this pillar is first in the list as it epitomises what SCA considers to be the central flaw in the current conceptualisation of CWB; namely, that it is predicated on the benevolence of public bodies who remain firmly in control of the process and the purse-strings. As the consultation paper puts it, “*CWB seeks to use the economic levers available to ‘anchor organisations’ such as local authorities, health and social care bodies, further and higher education institutions and enterprise agencies, to better support their local and regional economies.*”

As the consultation paper notes, there has been significant recent legislation in this area. The Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016 providing direction to public bodies and set out procurement responsibilities and accountabilities. Public authorities are subject to a sustainable procurement duty and contracting authorities must consider how their procurement processes facilitate the involvement of SMEs, third sector bodies and supported businesses, and how public procurement can be used to promote innovation.

Additionally, the consultation paper proposes that CWB will be furthered through activity such as:

- understanding where spend is going and increased knowledge of local suppliers;
- supporting local businesses and third sector organisations 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 address the needs of local communities.

We note that although the spending pillar is described as “*focused on maximising tangible community benefits through procurement and commissioning*”, the text of this section focusses primarily on procurement (tendering for good and services) with very little attention paid to commissioning, which involves a much broader process of developing and delivering services.

Whilst some progress has been made in terms of opening up public procurement, much more could be done to simplify and make these processes accessible to local organisations, and to truly embed and prioritise social value. In our view the spending pillar of CWB will only be meaningfully delivered by a transition to procurement and commissioning that is “local by default”. That

requires foundational change that transforms public procurement from being a 'blocker' to being a 'champion' of local CWB.²

The 2014 Procurement Reform Act created a sustainable procurement duty which in theory requires the contracting authority to consider the social, environmental, and economic wellbeing of the area where it operates. However, in practice this has not transformed how contracts are awarded because whilst social, environmental, and economic issues are considered, price is usually weighted to be the determining factor in awarding contracts.

If Scottish public bodies are to invest public procurement spend in ways that support CWB, the forthcoming legislation should require that sustainability and CWB are prioritised above price in tender award criteria. Some mechanisms for this already exist, for example stipulating numbers of local jobs, carbon weighting on transport, etc. - and these can also be used to help navigate the difficulty of stipulating 'local'. However, they must form a core part of tender criteria.

Other measures should include:

- Unlocking public sector spending opportunities for social enterprises and local charities without using formal procurement procedures and the related bureaucracy;
- Developing a genuine partnership approach, with shared outcomes between local authorities and local organisations;
- Prioritising the actual economic/social impact of spending and not just initial expenditure as a financial measure. A narrow focus on the control of public spending in localities hides the true economic and social value of investments;
- Long term investment in local community businesses, social enterprises and third sector organisations, rather than short-term spending;
- Public bodies must insist on transparent, genuine and meaningful community benefits in any private sector contract, monitoring success or failure to deliver;
- Providing greater transparency as to which pension and other funds local authority money is invested in. Fossil fuel and arms investment do not benefit local communities;
- Minimising public sector jargon which can be a barrier for local community groups to engage in development processes;
- Ongoing monitoring and improvement of the various aspects of the legislation, regulations and online procurement portals is essential to ensure maximum social impact, locking wealth within local communities.

It is important to emphasise that the above measures apply not only to local authorities, but also the NHS, Police, and all other public bodies, both local and national. They will take time and support to implement effectively. They also imply a fundamental change of culture, and potentially structure, within public sector bodies.

The following case-study examples from the community sector illustrate the need for spending that enables communities to take the local lead on aspects of CWB.

Sector example: Community Transport

Community transport provides flexible and accessible community-led solutions in response to unmet local transport needs, and often represents the only means of transport for many vulnerable and isolated people, who are often older people or people with disabilities. It is often the most reliable, resilient and accessible way of ensuring the broadest range of transport needs

² <https://locality.org.uk/assets/images/LOC-KIL-Report-2022-JUL-WG06.pdf>

can be met. Community transport's role in combating loneliness and social isolation, helping people to remain independent and access their communities can't be overstated.

The experience of community transport providers is that current service commissioning processes (especially by local authorities and NHS bodies) make engagement difficult. Rather than being prioritised, too often they are not considered, even where services could be delivered tailored to local community needs and with much better outcomes. Instead, the default is to commission local commercial taxi and bus operators.

Sector example: Community Health and Social Prescribing

Healthy and thriving communities are central to the aims of community wealth building and the wider wellbeing economy. Scottish Communities For Health and Wellbeing has produced a Blueprint for a Healthier Scotland³ with detailed proposals as to how Scottish Government could generate the investment necessary to support community-led approaches to improving health and well-being. A national framework for social prescribing is required. There are examples of good practice but no consistency across Scotland.

Sector example: Food for Life Served Here

Collaboration and partnership with the third sector are vital if Scotland's public sector anchor institutions are to successfully transform how they approach public procurement. The Food for Life Scotland⁴ programme provides local authorities with free support and expertise which enables them to pursue a Community Wealth Building approach to the food that they source and serve. Through the Food for Life Served Here (FFLSH) scheme, local authorities are supported to serve more fresh, local and sustainably sourced food. Research by the Soil Association has shown that every £1 invested by FFLSH-certified local authorities over three years can give a social return on investment of £4.41 in value into the local economy.

³ <https://www.schw.co.uk/Blueprint%20layout%20V3.0%20final.pdf>

⁴ <https://www.soilassociation.org/our-work-in-scotland/food-for-life-scotland/>

Pillar 2: Workforce

Pillar definition: Increasing Fair Work and developing local labour markets that support the prosperity and wellbeing of communities.

Overview of activity: Ensuring public sector anchor organisations and other employers embed Fair Work principles, promoting the payment of the real Living Wage; recruiting locally, from groups who face inequalities and are furthest from the labour market; and promoting work that is secure, provides flexible working and training opportunities and supports the workforce to have an effective voice.

What this will achieve: Access to local and fair employment opportunities, fairer wages, skills development opportunities and improved wellbeing of employees.

The consultation paper notes that 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 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.

All of these actions are welcome, but they are not systemically transformative. Neither do they necessarily translate into community wealth.

We note Government's tendency to implement some of the above actions in an excessively bureaucratic manner, inherently disadvantaging small and community-based employers.⁵ An additional negative trend is for Government agencies and other public bodies to both reduce staff headcount and concentrate those that remain in centralised administrative and management roles. Public sector employment has long been an important driver of local economies, particularly in rural areas. The gradual loss of local offices and staff in pursuit of often illusory economies of scale has had significant impacts on the sustainability of affected communities.

Devolution of Employment Law

As the consultation paper notes: *“Although the Scotland Act 2016 transferred powers to Scotland to provide employment support for disabled people and those at risk of long term unemployment, all other aspects of employment law and industrial relations remain reserved to the UK Parliament, including employment rights, trades unions, equality and health and safety. This means that the Scottish Government is limited in what it can do to influence changes in workplace practices.”*

SCA considers there to be a strong argument for devolving further aspects of employment law to Scotland, where doing so would help deliver the Fair Work agenda and support community wealth

⁵ E.g. SG agencies making grant receipt contingent on production of a “Fair Work Action Plan”, regardless of whether or not the organisation in question already meets all of the required Fair Work practices

building. We therefore encourage the Scottish Government to pursue such necessary devolution as appropriate.

Other Measures to develop Local Labour Markets

We propose that the following can help develop local labour markets and deliver fair work practices in line with CWB principles:

- Halt and where possible reverse the process of centralisation of jobs in public bodies. That should be complemented by a programme of relocating public sector jobs to fragile rural communities where possible;
- Increase community asset ownership and business development (see *Inclusive Ownership* pillar);
- Target funding support for employing the young, local or unskilled and those going back into the work force, including driving the green skills agenda. This could be targeted specifically towards boosting the capacity of local micro and small businesses, with the right funding, training and support;
- Direct more employability funding to community-based organisations and enterprises to develop work and social value skills within communities;
- Improve public awareness of fair work practices, for example, the Real Living Wage, so that employees feel empowered to bring about workplace change;
- Increase focus on the social value of volunteering to local economies, to get people back to work and simultaneously contribute to CWB;
- Continued development of the procurement system to drive fair work practices, such as the promotion and conditionality of paying the Real Living Wage for the commissioning of contracts.

The forthcoming Agriculture Bill provides an opportunity to advance CWB by ensuring that farmers and new entrants have access to appropriate training and development opportunities, are paid the living real wage, and by ensuring that opportunities for providing local employment are maximised. Changes to the agricultural subsidy system should work in favour of shorter supply chains, encourage co-operative models of working, and provide support for growing local markets.

Ensuring all employers meet high employment standards is, of course, important. SCA considers that the best way to deliver the workforce pillar is through locally control and managed jobs.

Community organisations are significant employers in some areas. They often also fulfil an important role for those looking to enter or re-enter the labour market: delivering skills training and providing opportunities for those starting as volunteers. It is vital that education and training provision delivers the specific and relevant skills required. Local communities are often best placed to recognise local skills gaps and training needs, working in partnership with other stakeholders.

Sector example: Community Sector Engagement with the Business Management Graduate Apprenticeship Scheme

The Business Management Graduate Apprenticeship Scheme helps support capacity building and succession planning needs for the community-led sector across Scotland. Several social enterprises including Tarbert Harbour Authority, Fyne Futures, and Inspiralba employ young people via the Scheme. There is an opportunity to further develop this model, within the policy framework of CWB, to maximise local impact more widely, delivering high quality employment and training opportunities, and providing and retaining key skills within the local economy.

Sector example: The Harris Tweed Industry

In the Outer Hebrides, the Harris Tweed industry provides an example of how education and skills provision, community asset ownership and local public and private sector input have combined to deliver community wealth building in practice in a way that cuts across all of CWB's foundational pillars. As a result of local partnership-working the Scottish Qualifications Authority has established a National Progression Award in Harris Tweed, available to 16–18-year-olds or adults in full-time education.

In 2017 two island women became the first people to achieve Modern Apprenticeship accreditation as Harris Tweed weavers; a first for both the industry and for the Modern Apprenticeship programme which had not previously accredited individuals in self-employment. In addition, two Community Development Trusts used revenue from their renewable energy assets to purchase weaving looms to help create locally based, flexible employment opportunities.

All of the above elements combine to show how educational and skills qualifications, community assets and partnership working can deliver CWB in relation to a local industry of vital economic and cultural significance within a local community.

Pillar 3: Land and Property

Pillar definition: Growing social, ecological, financial, and economic value that local communities gain from land and property assets.

Overview of activity: Productive use of anchor organisation land and property, for example through diversified ownership models including community ownership, and tackling vacant and derelict land and buildings.

What this will achieve: Land and property are used for the common good and benefit communities, SMEs and micro-businesses and the environment.

There is a significant overlap between this pillar and pillar four (Inclusive Ownership). To avoid duplication, we use the Land and Property Pillar to comment on measures that can improve the social, ecological, financial, and economic value that local communities gain from public land and property assets.

Measures that involve or relate to the transfer of ownership of public land and property assets to community bodies and other organisations is covered under the Inclusive Ownership Pillar in the next section of our submission.

Public Land and Property Assets

Scottish Ministers are Scotland's largest landowners, owning ~13% of Scotland land⁶, whilst other public bodies, including local authorities, health boards and UK bodies such as the MoD and Network Rail also have significant holdings. There is considerable scope for rethinking the priorities of these organisations and placing community wealth at the heart of their land management.

There are also several measures which would enhance the social, ecological, financial, and economic value that local communities gain from public land and property assets.

Powers for other bodies to manage land on behalf of Scottish Ministers

Forestry and Land Scotland (FLS) manage the National Forest Estate on behalf of Scottish Ministers and is heavily subsidised to do so. Community bodies wishing to take over management of substantial areas of forest land⁷ have, to date, been required to buy this land through the National Forest Land Scheme (NFLS) or Community Asset Transfer Scheme (CATS), usually at or near market value which necessitates substantial fundraising. Other public bodies, including NatureScot and HIE also manage Scottish Ministers' land.

An alternative model would be for Scottish Ministers to delegate responsibility for land management to community bodies or other appropriate bodies, such as local social enterprises, where they could demonstrate that so doing would deliver additional community and wider public benefit. This model would remove the need to fund an acquisition. It would therefore reduce demand on the Scottish Land Fund as the land would still be owned by Scottish Ministers

⁶ Primarily through Forestry and Land Scotland LS, agricultural estates, also NatureScot and HIE

⁷ A small number of leases have been agreed for hydro schemes and small areas of non-forest land

More sustainable use of the public estate

More sustainable use should be made of the existing public estate for community and Small and Medium-sized Enterprises (SME) use to enable CWB to dovetail with Scottish Government's forthcoming Local Growing Strategy and various other policies including National Planning Framework 4, land reform legislation, and the forthcoming Agriculture Bill. Property teams from local authorities and other public bodies should be mandated and supported to identify and safeguard sustainable unused land to provide community growing sites, especially those that support SMEs for urban, peri-urban and commercial growing, such as market gardens. Criteria should be used to identify these sites so that they are suitable for use (e.g. accessible, adequate services, non-contaminated). There would also need to be a review of potential barriers to use, such as the need for separate insurance policies, etc.

A partnership approach to building community food wealth

Sustainable Food Places (SFP) is a network of food partnerships working on all aspects of the food system to solve pressing social, environmental and economic issues. They are comprised of stakeholders from across the local food system, from local authorities, health boards, and other public sector bodies to food growers, retailers and the hospitality sector. To become a member of SFP, food partnerships must have the proactive involvement of their local authority.

SFPs are an excellent example of CWB in action as they take a place-based approach to food by shortening supply chains, supporting local producers and businesses, and effectively engaging with their communities. There are 15 of these partnerships in Scotland, covering almost half of all local authority areas and over three quarters of the population.

CWB needs to be at the heart of the national and local food plans, as set out in the new Good Food Nation Act, and food partnerships will act as a key delivery mechanism for these. The CWB Bill should include provisions for food partnerships in every local authority area, and for ensuring that CWB principles are used to guide development of Good Food Nation food plans.

Allotments and other community food growing models

A renewed commitment to deliver part 9 of the 2015 Community Empowerment (Scotland) Act is required to provide food growing opportunities through allotments etc. These provisions have been devolved to local authorities to deliver but lack statutory oversight, vision and leadership from Scottish Government, or resources for enforcement. Provision has been a very mixed experience across Scotland, partly due to ongoing pressures on local authorities' budgets.

Sector example: Lauriston Community Farm

Lauriston Community Farm is a well-established example of community growing, with a focus on management for nature restoration and local food growing. A mixed approach is adopted to support the development of local market gardens and invest in community activity to enable community participation. <https://www.lauristonfarm.scot/about>

Development of small-scale landholdings on Scottish Ministers' estate

There is significant potential for the development of affordable small-scale landholdings for ownership or tenancy on Scottish Ministers' land, and an established precedent exists through the work of Farming Opportunities for New Entrants (FONE) and Scottish Land Matching Service (SLMS). In particular, Forestry and Land Scotland (FLS) could be directed by Scottish Ministers to take a more proactive role in developing or facilitating such holdings on the National Forest Estate. These could include woodland crofts, woodland small-holdings and woodlots.

Sector example: Woodland crofts

Woodland crofts and similar models of small-scale woodland management are uniquely well-placed to support the Just Transition, Land Reform, Community Empowerment and Community Wealth Building agendas. A family with access to a woodland croft can sustain a low-carbon lifestyle and livelihood. To date, most community-based woodland crofts have been developed on land acquired from FLS or its predecessor through asset transfer. This process is slow and challenging for communities largely reliant on volunteers.

A new approach, involving the creation and management of new woodland crofts on the National Forest Estate is required, with FLS working with the Woodland Croft Partnership (WCP)⁸ to deliver a step change in the numbers of new crofts and to help address the very considerable identified (and growing) demand.

In the proposed model, FLS would act as an enabler via provision of sites. That approach would minimise the burden on FLS, with the delivery role contracted to the WCP. The latter would be responsible for identification of sites, preparation of regulatory applications for croft creation, the croft letting process, and long term management. We note that the Forestry and Land Management (Scotland) Act 2018 provides more flexibility to FLS (which is already a crofting landlord) than was available to its predecessor in considering such arrangements.

⁸ Partners are the Scottish Crofting Federation, the Community Woodlands Association, Woodland Trust Scotland and the Communities Housing Trust, offering an unrivalled combination of expertise in crofting, community woodland and housing matters.

Common Good Law

Common Good law is a significant aspect of land governance which has been subjected to long-standing neglect. There is a lack of clarity as to how Common Good Funds are administered by local authorities and the extent to which such Funds contribute to Community Wealth Building. There is therefore a pressing need to modernise Common Good governance to systematically integrate it into the evolving CWB agenda. SCA agrees with the Scottish Government-appointed Land Reform Review Group's recommendation in its 2014 report that "*a new statutory framework should be developed to modernise the arrangements governing Common Good property*".⁹ Key elements of such modernisation should include increased transparency regarding the existence of Common Good land and property, and increased scope for community participation in governance arrangements regarding the use of funds relating to Common Good land and property. We are open to the possibility of such modernising provisions being included within either the proposed CWB Bill or in separate bespoke legislation.

Affordable Housing

The chronic lack of affordable housing is the single most important land and property issue for many rural communities. In addition to its negative social and demographic impacts, the housing shortage is a major constraint on the economic development of rural Scotland. That is demonstrated by the Skye Business Housing Needs Survey commissioned by HIE, Highland Council and others in 2022. It reported that between 1,300 and 1,700 vacancies were unfilled due to the lack of accommodation, and that 65% of businesses expected recruitment of permanent posts to get harder and 58% expect the situation to worsen in relation to seasonal posts.

Whilst there may be some rural areas where there is an absolute shortage of housing and the only solution is to build more, the problem is greatly exacerbated by the increasing numbers of second homes and long-term empty properties, which push up prices and reduce the availability of permanent homes to local people.

A raft of measures is needed to address this issue, the most important of which is making holiday houses a separate use class (as is being done in Wales), to give local authorities the option to classify homes as primary residences, second homes or holiday lets. An owner would need planning permission to change a property's classification from a primary residence to a second home.

Other measures should include a power for licensing authorities to include an Overprovision Policy within the current licensing regime for holiday lets and giving local authorities powers to increase Council Tax rates for second homes¹⁰ or apply to increase Land and Buildings Transaction Tax in specific areas to dampen prices.

Alongside the above, there is a need to move away from the predominant view in housing policy that large-scale organisations are best placed to build and manage social housing. SCA contends that Scotland's small, community-led housing providers have been central to enabling such provision and should be supported to both continue and expand their vital role in affordable social housing provision in our rural and urban places.

⁹ <https://www.gov.scot/binaries/content/documents/govscot/publications/progress-report/2014/05/land-reform-review-group-final-report-land-scotland-common-good/documents/00451087-pdf/00451087-pdf/govscot%3Adocument/00451087.pdf>

¹⁰ Proposals to consult on this proposal have recently been announced <https://www.gov.scot/news/tax-changes-for-second-and-empty-homes/>

Pillar 4: Inclusive Ownership

Pillar definition: Developing more local and inclusive enterprises which generate community wealth, including social enterprises, employee-owned firms and cooperatives.

Overview of activity: Promoting greater diversity in the business base by encouraging formation and development of inclusive business models which support the local retention of wealth.

What this will achieve: More inclusive and democratically owned enterprises and assets which means the wealth created locally and by local people stays in those communities in the form of incomes and profits rather than being extracted out.

If Community Wealth Building is to truly succeed, local social enterprises, co-operatives and community-owned enterprises must become the standard and most common business models in Scotland. One of the roles of SCA's proposed Community Wealth Building Commission should be to support the Scottish Government's commitment in Scotland's National Strategy for Economic Transformation to: *"Undertake and publish a review of how best to significantly increase the number of social enterprises, employee-owned businesses and cooperatives in Scotland, supporting regional regeneration and the wealth of local communities. This will learn lessons from best practice in other countries."*

A range of measures is required to drive forward these alternative, more inclusive and sustainable business models. These should focus in particular on essential sectors including food and energy, and involve removing legal and institutional barriers to growing the number and range of such businesses to make them an increasingly mainstream aspect of the local economic landscape. We propose that:

- Mainstream business support must 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.
- The SCDI Business Purpose report recommendations must be fully supported and implemented, to ensure that business of all types and sizes across Scotland, record, measure and improve their social and environmental impacts and prioritise the needs of local communities and local economies.
- Family businesses looking for inclusive and sustainable succession plans should be incentivised to consider a social enterprise model or local employee ownership as standard. Such incentives should also be applicable to any business that is being sold.
- Public sector spin-outs and ALEOs should be developed as local, employee-owned cooperatives and social enterprises.

Land Reform Bill

The consultation paper notes that some relevant CWB measures are expected to be taken forward in a Land Reform Bill to be introduced by the end of 2023, including:

- the introduction of a public interest test for transfers of large-scale landholdings;
- a requirement on owners of large-scale landholdings to give prior notice to community bodies of their intention to sell;
- strengthening the Land Rights and Responsibilities Statement.

The consultation paper on the forthcoming Land Reform Bill focussed exclusively on rural issues. It acknowledged that there are many land-related issues in urban Scotland, stating that “we see opportunities to address some of these in our forthcoming Community Wealth Building Bill.” It also contained a specific commitment that the CWB Bill would address issues around the reform of compulsory purchase orders. However, the current consultation does not cover urban land reform issues in any meaningful way, and there is no mention of compulsory purchase orders within the consultation paper.

SCA responded in detail to the consultation on the Land Reform Bill.¹¹ Whilst broadly supportive of the proposals, we argued that in many areas they did not go far enough, either in terms of the coverage of proposed measures (some of which were unduly restricted to large-scale rural landholdings), or in the extent of changes proposed (some of which were incremental rather than transformational). We strongly urge Government to make good on its commitment to include land reform issues of urban relevance within the CWB if they are not to be included in the Land Reform Bill. We also urge Government to ensure that reform of compulsory purchase orders is also addressed in the CWB Bill.

Harmonising Community Right to Buy and Asset Transfer Criteria

Reform of existing legislation such as the 2003 and 2016 Land Reform Acts and the 2015 Community Empowerment Act is required to simplify procedures and harmonise requirements for Community Bodies, in particular to allow greater cross-eligibility. Specifically, legislative amendments are required to:

- allow Crofting Community Bodies to use other Rights to Buy & Asset Transfer (AT);
- allow AT-eligible bodies to use Community Rights to Buy (CRtB).

We propose that Community Right to Buy eligibility requirements be aligned with Asset Transfer requirements to allow communities of interest to be eligible to use the provisions. We further propose that Scottish Land Fund eligibility requirements should be likewise extended to support all bodies with AT/CRtB compliant constitutions¹².

It would be sensible for this work to be taken forward in a single legislative package, given that harmonisation of approach is a key issue.

Simplifying Community Rights to Buy

The complexity of existing Community Right to Buy mechanisms has severely limited their use in practice. They should be made more accessible for community bodies, e.g. by:

- streamlining the registration process by removing the requirement to identify an owner;
- allowing community bodies to place registrations on all suitable land parcels;
- simplifying the re-registration process;
- extending the time period for exercising CRtB from 8 months to at least 12 months.

¹¹ Response available at <https://scottishcommunityalliance.org.uk/wp-content/uploads/2023/01/Scottish-Community-Alliance-Land-Reform-in-a-Net-Zero-Nation-consultation-response-1.pdf>

¹² We note that the Crofting Community Right to Buy already has an element of “community of interest”, in that tenants of crofts who may reside outside the geographic community are specifically permitted to be members of the Crofting Community Body.

Strengthening Community Asset Transfer

Several of SCA's member networks report a lack of consistency regarding the public sector's engagement with the Community Asset Transfer legislation and how they make public assets available (or not) to communities. There is therefore a need to strengthen the legislation. For example, by introducing greater accountability (and sanctions) for Public Authorities who fail to meet their obligations, and limiting the removal of public assets (e.g. transferring them to arms-length bodies) from the scope of the legislation.

Extending Scope of Asset Transfer to Collective Ownership Models

The Scottish Government has made repeated commitments to more diverse land ownership, most notably in the Land Rights and Responsibilities Statement, which states, "*There should be a more diverse pattern of land ownership and tenure, with more opportunities for citizens to own, lease and have access to land*"¹³, although there is a lack of clarity around both the meaning and objectives of "diversity". In practice, legal and support mechanisms have focused on ownership by narrowly defined community bodies.

Given the prevailing land market conditions which put land ownership beyond the reach of all but a few individuals, participation in collective ownership is for many the only way in which they can have a meaningful share in landownership. SCA considers there to be considerable merit in broadening the scope of, and support for, a wider range of collective ownership models.

Communities of geography or interest attempting to use the Asset Transfer provisions to buy land from public bodies must currently use the same structures as geographic communities (Company Ltd by Guarantee, SCIO or Community Benefit Society) and meet other criteria (open, democratic, non-profit distributing). SCA proposes that mechanisms be developed to support landownership (or lease) by other forms of collective ownership, such as co-operatives and social enterprises, with a wider range of membership structures, where such acquisitions can be demonstrated to be in the public interest.

Private Land

Scotland has a uniquely concentrated pattern of private rural land ownership, the consequence of a long social and political history of exploitation and expropriation. This pattern is buttressed and perpetuated by a suite of tax exemptions and subsidies which incentivise investment in land as an ever-appreciating capital asset and an efficient means of minimising tax burdens, restricting access to land and pricing communities out of the market.

The latest manifestation of this phenomenon has been the recent rush of land acquisitions by so-called "green lairds", comprised of high net worth individuals, corporates and institutions acquiring land ostensibly for the delivery of environmental outcomes but often attracted by the financial returns on offer. Concerns about the impact of green finance on the rural land market are well founded. However, they are symptomatic of the broader issues regarding Scotland's largely unregulated land market and uniquely concentrated pattern of rural land ownership. A range of legislative and fiscal interventions are required to tackle these issues, including:

- Reform of subsidies (e.g. through the new Agriculture Bill) and tax exemptions (including

¹³ <https://www.gov.scot/publications/scottish-land-rights-responsibilities-statement/documents/>

through devolution of powers), ensuring that any future fiscal measures are fully aligned to delivering the full range of Government objectives;

- Regulation of large-scale landownership and land use through a revised Land Rights and Responsibilities Statement, backed by Public Interest Tests;
- A Community Wealth Fund, enhanced community benefit funds and a Community Right to Invest, to ensure a more equitable distribution of benefits (these measures are discussed further in Pillar 5 below).

Pillar 5: Finance

Pillar definition: Ensuring that flows of investment and financial institutions work for local people, communities, and businesses.

Overview of activity: Increasing investment and re-circulating wealth within local economies including through access to affordable credit and business finance.

What this will achieve: Money and investment stays in a local area and is available to support communities and businesses.

The Finance Pillar is last in the list within the consultation paper. However, it is arguably the most critical area, as community wealth building is inherently about centring financial flows on local communities. The first step in this process is ensuring that local communities and organisations are adequately resourced to rise to the challenge.

However, if community wealth building is to truly be delivered then fundamental restructuring of our economy is required, and this implies very significant changes to governance structures. Such changes need to go beyond additional funding opportunities provided by national or regional bodies. Instead, the powers and budgets of those bodies themselves need to be devolved to a more local level. This will also require the development of new, locally constituted and managed bodies to distribute funding.

We outline several proposals below as to how this can be facilitated.

Community-Led Local Development Funding

In our response to the recent consultation on the new Agriculture Bill¹⁴, SCA argued that rural development support through a LEADER/Community-led Local Development programme should attract a much higher share of the funding than has been the case in the past.

Community-led Local Development (CLLD) gives local communities the power to tackle their own local challenges, creating viable and resilient communities by building knowledge and skills, supporting new ideas and encouraging cooperation. CLLD has been delivered through the former LEADER programme for nearly 30 years, with funding decisions made locally by Local Action Groups (LAGs) to projects that helped deliver Local Development Strategies. LEADER has a well-evidenced legacy of successful delivery including projects to:

- drive community action on climate change;
- enhance rural services and facilities, including transport initiatives;
- enhance natural/cultural heritage, tourism and leisure;
- support food and drink initiatives (for example short supply chains, community food);
- build co-operation and share knowledge with other LAGs in Scotland, the UK and Europe.

Since the closure of the LEADER programme, the Scottish Government has made short term funding allocations through the Rural Communities Testing Change Fund and the Rural

¹⁴ Response available at <https://scottishcommunityalliance.org.uk/wp-content/uploads/2023/01/Scottish-Community-Alliance-Agriculture-Bill-Consultation-Response-1.pdf>

Communities Ideas into Action Fund. Despite significant time and eligibility constraints these programmes have been greatly over-subscribed, demonstrating considerable unmet demand.

A future LEADER/CLLD programme should have the following characteristics:

- A significantly larger budget allocation than previous years, with potential to fund multi-year projects;
- Devolution of decision making and project management to Local Action Groups, in keeping with the “locally-led” ethos of CLLD;
- Removal of the excessively bureaucratic Scottish Government reporting requirements which were a feature of previous programmes.

Developing the LAG model

To date, Local Action Groups have largely been based on local authority geographies and been dependent on local authorities to act as accountable bodies. This was a consequence of the model developed by the Scottish Government in the Rural Development Programme. However, there is scope to develop the LAG model to enhance local decision-making and distribution of funds. This would include creating LAG-like bodies operating at smaller geographies than those used for LEADER. Such an approach has been used previously in Highland where most funding decisions were devolved to 7 local area partnerships.¹⁵

There is also much interest at the local level in developing Local Action Groups as independent, constituted bodies (as is common across Europe), with local membership, control and management. These new Local Action Groups could distribute other funds, including those described below. The greater the flow of money through such bodies, the more local the geography they can serve.

A Community Wealth Fund

The Scottish Government should introduce a national Community Wealth Fund, funded through compulsory developer contributions from e.g. onshore and offshore renewables and natural capital investments. To minimise geographic inequalities, the Community Wealth Fund should be distributed equitably across the nation, irrespective of contribution location, but funding decisions on allocations should be made locally.

The Fund should focus on delivering Community Wealth Building that:

- supports communities to acquire and invest in revenue generating assets creating long-term sustainable income for communities to invest in their own wellbeing;
- builds capacity for community asset ownership and business development.

¹⁵ https://www.highland.gov.uk/leader/info/5/what_is_leader/5/local_area_partnerships .

Scottish National Investment Bank

The Scottish National Investment Bank (SNIB) was launched in November 2020 to “provide patient (long term) capital to businesses and projects connected to Scotland to build a fairer, more sustainable economy.”¹⁶

To date, the contribution of SNIB to delivering a just transition or supporting the principles of the Land Rights and Responsibilities Statement has been inconsistent, with the investment of £50m in a land acquisition and commercial forestry scheme aimed primarily at minimising tax burdens of high net worth investors¹⁷ causing significant public concern.

The Bank should be directed to establish a specific fund targeted at providing accessible capital finance to support communities to acquire and develop assets to generate community wealth and resilience.

Tourist Tax

As local authorities cut services communities are increasingly stepping in to manage the basic infrastructure (toilets, carparks visitor information centres) that underpins the visitor experience and supports private tourism businesses. This new role brings significant financial and administrative challenges, including rapid and large increases in energy costs, and increased bureaucracy. The proposed expansion of FOISA regulations to cover voluntary organisations taking over public assets and delivering public services risks adding to that burden of bureaucracy.

Tourist taxes have been posited as a potential mechanism to raise funds to support such core services. The 2022-23 programme for Government includes a commitment to introduce legislation to give local authorities power to apply a visitor levy on overnight visitor stays in accommodation, applying in all or part of their area, to help fund relevant local activities and services.

SCA supports the introduction of a tourism tax in principle and recognises that collection may need to be undertaken by local authorities. However, we are strongly of the view that revenues should be retained within the respective geographic areas in which they are applied. Furthermore, decisions on distributing the revenues should be made locally in partnership with communities, and in the service of Community Wealth Building principles.

Community Benefit Payments

Community benefit payments from renewables developments provide a significant contribution to Scotland’s rural economy, with Local Energy Scotland estimating total annual benefits paid to be almost £25m a year.¹⁸ This is substantially larger than the funds available through the Scottish Land Fund (£10m a year) or through Scottish Government Community-led Local Development (£11.6m). However, it is dwarfed by direct subsidy to agriculture (£500m) and only a tiny fraction of the value of the electricity produced. At current wholesale rates¹⁹, the annual gross income from the 32TWh²⁰ generated by Scotland’s renewables is over £4bn.

¹⁶ https://www.thebank.scot/sites/default/files/2022-11/tb_a4_investment-strategy_fa.pdf

¹⁷ <https://scottishbusinessnews.net/snp-bank-slips-50-million-of-public-money-to-firm-linked-to-tax-avoidance/>

¹⁸ <https://localenergy.scot/community-benefits-map/>

¹⁹ <https://www.ofgem.gov.uk/energy-data-and-research/data-portal/wholesale-market-indicators>

²⁰ <https://www.scottishrenewables.com/our-industry/statistics>

A much greater share of this income should be retained for the benefit of local communities. This could be through enhanced community benefit payments. An alternative but complementary approach would be to provide a genuine community stake in developments. This approach should be extended to a wider range of investments in natural resources.

Local Ownership and Investment

SCA considers the best way to ensure local retention of financial and other benefits from economic development is through local ownership, e.g. through the direct ownership of assets as discussed under the Inclusive Ownership pillar.

However, we recognise that this can also be delivered through local investment, whether through individually acquired community shares and bonds, or through collective community shares in significant developments such as renewables schemes. This latter option could be delivered through the creation of a “community right to invest”, or by requiring that developers provide investment stakes as part of a community benefit package.

Supporting Scotland’s Credit Unions

Scotland’s Credit Unions perform a vital role in retaining and circulating money within local economies by providing straightforward and ethical means for saving and borrowing. It is therefore vital that they are supported in their work as vital engines of local CWB in ways that do not impose unnecessary administrative or regulatory burdens that risk undermining their remit and functions. The Scottish League of Credit Unions (SLCU) notes that Credit Unions already have a natural mechanism to “*harness local wealth and direct it to tackle inequality*”, one of the stated ambitions articulated within the consultation paper. SCA wholeheartedly endorses that view.

SLCU also notes that volunteers are the lifeblood of many community-based Credit Unions and has suggested that:

- A ‘Volunteering Toolkit’ be created to help Credit Unions to recruit, train, retain and reward the right types of capable and competent volunteers;
- Wider engagement in accredited learning opportunities for Credit Union personnel will lead to improvements in organisational governance;
- Skills and training mechanisms such as Modern Apprenticeships be used to attract a younger generation of people into the Credit Union sector, to complement existing experience within the sector.

SCA supports these suggestions and urges the Scottish Government to consider how they can be taken forward within the evolving CWB agenda.

Additional CWB Pillars

As noted in the introductory section of our submission, SCA considers there to be merit in adding the following pillars to the underpinning policy architecture for delivering Community Wealth Building in practice.

Pillar 6: Culture and Heritage

The National Strategy for Economic Transformation (NSET) outlines a vision to create a wellbeing economy in Scotland and notes that the principles of such an economy cannot be achieved through simply redistributing a proportion of wealth. Whilst the five pillars are primarily focussed on economic transformation, it is essential that culture and heritage, core contributors to communities' social capital are not neglected.

The culture and heritage industries are, of course, major components of the economy, and in that respect their needs are covered by our comments under the five pillars above. However, SCA contends that there is a wider context of opportunities for creativity in which the role of culture and heritage builds resilient and cohesive communities through shared experience and the development of local social capital. Community Wealth Building needs to fully encompass the recognition that communities are more than aggregations of economic actors, and fully support the enhancement of environmental, cultural, and social rights, as well as economic rights; all of which are essential in enabling communities' social capital to flourish.

Pillar 7: Subsidiarity

In the longer term, a genuinely community-led wellbeing economy requires a seventh pillar, focusing on a radical reshaping of the public sector itself. That will involve hard wiring the principle of 'subsidiarity' into economic and other governance structures to roll back decades of centralisation in favour of devolving power, responsibility and budgets to much more localised levels, with all the attendant benefits for local democracy that entails.

There are limits to what can be achieved by a 'top-down' re-writing of the public sector rule book. A community-orientated wellbeing economy requires a presumption in favour of bottom-up processes, in which public bodies are enablers of that ambition. It requires all of CWB's pillars to function in harmony with such an approach. Crucially, it also requires genuinely local democratic processes and governance structures that enable CWB to be done *by* communities *for* communities, with enabling support from local authorities and other public bodies. SCA understands that the Local Governance Review is to be relaunched. We strongly urge Government to use that relaunch as an opportunity to take the first steps on the journey towards a wellbeing economy in which locally democratised community wealth building is a foundational feature.

Appendix I:

Community Wellbeing Exchange: A Case Study in Community Wealth Building²¹

Background

The Community Wellbeing Exchange (CWE) has evolved over the past 4 years to the point where 3 networks – the Community Health Exchange (CHEX), Social Enterprise Scotland (SES), Scottish Communities for Health and Wellbeing (SCHW) - are each allocated a small pot of funding (£6 - £8k).

In practice, the CWE is a virtual marketplace for social enterprises offering mental health services to find new business, and for community anchor organisations wishing to provide mental health services to their community to find new, 'not for profit' suppliers. 2023 will see 20 community anchor organisations accessing activities and services from 40 different social enterprises across Scotland. This includes both virtual and face to face sessions for staff, volunteers, and community members. The sessions include counselling, mindfulness, mental health first aid and a range of outdoor activities.

Approach

The CWE uses a partnership approach to deliver local mental health services that hinge on the interaction between different networks and partnerships. This has delivered cost effective mental health services to the grassroots. Additionally, a wide range of new relationships have developed that would not have existed without the catalyst of the CWE to bring them together.

Impact

Despite involving relatively small amounts of money- circa £8k per year- the impact of the CWE has been significant. It has enabled money to be recycled around the sector locally, as well as creating partnerships and networks that have sustained beyond the commissioned piece of work. The approach is meaningfully regenerative and distributive, by supporting the social foundation to strengthen local wellbeing economies and networks.

Benefits

Benefits for social enterprise suppliers include:

- Increased profile of their business and marketing for their services;
- Connected them to new demand for their services;
- Access to new markets & extended reach;
- Provided new & returning customers;
- New relationships;
- Confidence to offer services;
- Helped to explore a sustainable enterprise model.

Benefits for community members, staff and volunteers include:

- Improved mental health and wellbeing;
- Reduced stress and social isolation;
- Providing opportunities for people to look after their wellbeing using creative activities;
- Increasing skills and awareness of mental health and wellbeing;
- Encouraging people in communities care for each other.

²¹ <https://communitywellbeingexchange.scot>