
**RESPONSE TO THE SCOTTISH GOVERNMENT'S
CONSULTATION ON COMMUNITY WEALTH BUILDING**

8 June 2023

1 PURPOSE AND SUMMARY

- 1.1 This report sets out the Community Planning Partnership's response to the Scottish Government's Consultation on Community Wealth Building.**
- 1.2 The Scottish Government's consultation on Community Wealth Building (CWB) opened on 31 January 2023 and closed on 9 May 2023. The consultation provided the opportunity to express views on the creation of a statutory duty related to Community Wealth Building, as well as on potential legislative and non-legislative developments which could facilitate the creation of community wealth in Scotland.
- 1.3 The Community Planning Partnership's (CPP) response highlights support for CWB as a strategic objective. It notes however that there is no unified CPP position relation to the creation of CWB statutory duty pertaining to CWB. The CPP makes a number of suggestions which could improve the creation of CWB, notably calling for a simplified policy landscape, the publication of further non-statutory guidance on CWB, and assistance to enable suppliers to access public sector contracts.

2 RECOMMENDATIONS

- 2.1 I recommend that the Strategic Board notes the response as set out in Appendix 1 to the Scottish Government's consultation on Community Wealth Building.**

3 BACKGROUND

- 3.1 The Scottish Government, in its 2021 Programme for Government, committed to introducing a bill related to Community Wealth Building within the current parliamentary term¹. Community Wealth Building (CWB) is “a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people”². As such, from a strategic standpoint, it aims at the creation of a wellbeing economy at the local level, via anchor institutions such as local authorities, and other public sector partners.
- 3.2 CWB relies on five core principles:
- **Spending:** Maximising community benefits through procurement and commissioning, developing good enterprises, fair work and shorter supply chains.
 - **Inclusive Ownership:** Developing more local and social enterprises which generate community wealth, including social enterprises, employee owned firms and cooperatives.
 - **Workforce:** Increasing fair work and developing local labour markets that support the wellbeing of communities.
 - **Finance:** Ensuring that flows of investment and financial institutions work for local people, communities and businesses.
 - **Land and Property:** Growing social, ecological, financial and economic value that local communities gain from land and property assets.
- 3.3 The deadline for responding to the consultation did not allow time for a response to be drafted for the approval of the Strategic Board. An extension was agreed with the Scottish Government which enabled the Programme Board to attend a briefing on the consultation and approve a response at their meeting on 17 May 2023.

4 COMMUNITY PLANNING PARTNERSHIP RESPONSE TO THE CONSULTATION

- 4.1 The CPP’s draft response to the consultation is attached at Appendix 1. The consultation focuses on legislative changes which would introduce a new statutory duty bearing on public sector bodies to embed CWB within their practice. It gives a number of options outlining how this would be done, and asks respondent to indicate their preference and suggest potential legislative changes which would support CWB as a strategic outcome.
- 4.2 Whilst the CPP is committed to CWB, as evidenced by the current Work Plan agreed by the Strategic Board at their meeting on 8 September 2022, there was no unified response to the question of the creation of a new statutory duty as detailed in the response.

¹ Scottish Parliament Official Report – Session 6, Meeting of the Parliament (Hybrid), Wednesday 25 May 2022, p. 24. T. Arthur (MSP), available at: [Official Report \(parliament.scot\)](https://www.parliament.scot/Official-Reports/2022/20220525)

² [Community wealth building - Cities and regions - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/cwb-cities-and-regions/)

5 IMPLICATIONS

5.1 Financial

There are no costs attached to any of the recommendations contained in this report.

5.2 Risk and Mitigations

There are no risks associated with this reports which contains the response to the Scottish Government's Community Wealth Building consultation.

5.3 Integrated Impact Assessment

An integrated impact assessment has been conducted. The findings indicate that while Community Wealth Building is of relevance to the Equality Act and the Fairer Scotland Duty, a full assessment does not need to be undertaken. This is because this report limits itself to examining the Community Planning Partnership's draft response to the consultation.

5.4 Sustainable Development Goals

Community Wealth Building is relevant to the sustainable development goals, in particular Goal 1 (No Poverty), 8 (Decent Work and Economic Growth), 9 (industry innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 13 (climate action), 15 (life on land) and 17 (partnerships for the goals). However, this report limits itself to the CPP's consultation response, and thus has no impact on the United Nations' Sustainable Development Goals.

5.5 Climate Change

The recommendations contained within this report do not impact climate change, as they are limited to the Community Planning Partnership's response to the CWB consultation.

5.6 Rural Proofing

N/a

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

6 CONSULTATION

- 6.1 The Acting Chief Financial Officer, the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received incorporated into the final report.

Approved by

Jenni Craig

Director, Resilient Communities

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Appendix 1

Building Community Wealth in Scotland

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
 Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
 No

Questionnaire

Question 1a

We are proposing a duty to advance Community Wealth Building, which form do you think this duty should take:

- Option A
- Option B
- Option C
- Other
- No Duty

Please provide a reason for your answer. In your answer please include views on:

- which bodies should be covered by the proposals
- how to best ensure accountability for implementation to the Scottish Parliament
- how to best ensure the involvement of local communities, business and the third sector in the implementation of the duty

As highlighted by the consultation, Community Wealth Building (CWB) entails a paradigm change in the delivery of economic development across Scotland. The Scottish Borders Community Planning Partnership (the 'CPP') is fully committed to the CWB as a strategic outcome, and as a way to develop a wellbeing economy amongst the Region.

The current Work Plan of the CPP outlines several outcomes directly tied to CWB objectives, notably:

- *'The Borders is a more equitable and fair place to work'.*
- *'Build, redirect and retain wealth in the Scottish Borders local economy, and place wealth back into the hands of local people'.*

Similar commitments have been made by statutory and non-statutory partners within the CPP: Community Wealth Building features for example within Scottish Borders Council's Council Plan from April 2023 and South of Scotland Enterprise Five Year Plan 2023-28, and several projects and pilot projects are already being progressed across the Borders and the South of Scotland to deliver CWB outcomes.

The novel and far-reaching nature of CWB means a number of approaches, legislative or non-legislative, could be pursued to ensure that CWB is mainstreamed within Scotland. Community Planning Partners have discussed at length the value of providing an additional legislative duty to implement CWB, but no unified position was reached on the question. This, in many ways, is a reflection of the inherent complexity of CWB and indicates that there is no single right answer to the implementation of this strategic objective. As was recognised by partners, on the one hand the creation of a statutory duty could provide added value by providing a clear impetus towards change. On the other hand, the current policy landscape is already highly complex for public sector bodies and other partners, and the implementation of Community Wealth Building obligations could represent a significant impact on limited capacities amongst key stakeholders within the sector, deflecting that capacity to duty compliance rather than our shared outcomes.

Regardless of the approach undertaken by Scottish Government, Scottish Borders Community Planning Partners would highlight the following points:

1. There is a need for CWB, as a strategic outcome, to be pursued across all public sector organisations to ensure that the benefits which can be gained from this new approach are maximised. This would allow for CWB to be considered by a broader range of anchor organisations, thus better supporting the creation of a wellbeing economy.
2. CWB is highly complex, and its successful implementation could represent a sizeable commitment for many public sector bodies, especially given a currently challenging financial landscape. A successful implementation of CWB is therefore dependent on the provision of adequate support, whether this support takes the form of additional funding, or the provision of further guidance, training, and the sharing of best practice across sectors and across Scotland.
3. CWB ought to reach beyond the public sector itself and be adopted by the private sector, the third-sector, and communities.
4. The policy approach adopted by SG ought to provide for sufficient flexibility to ensure that CWB is implemented in a place-based manner, and to provide it with the means to adapt to future changes in policy, as implementation becomes more widespread.
5. The policy landscape when it comes to community wealth, community empowerment and economic transformation is highly complex and rapidly changing, as is the funding landscape supporting it. The development of a CWB strategic approach within government could provide an opportunity to simplify this landscape, which would facilitate implementation for key stakeholders.

Finally, to ensure the successful implementation of CWB, the development of strong, local, resilient supply chains is essential to ensure that sufficient capacity exists to meet future needs at a local level. This question, however, is complex and will likely require lengthy developments. This further emphasises the need for a policy approach which is sufficiently adaptable, allowing it to respond to a changing economic landscape.

Question 1b

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

- Yes
 No
 Don't Know

Please provide a reason for your answer. In your answer please include views on:

- areas in which it would be helpful for this guidance to focus on, e.g. areas to consider when implementing the five pillars, links to further support materials
- whether the guidance should be statutory or non-statutory

Further guidance outlining good practice on community wealth building would be welcome. At the moment, the landscape is fairly cluttered, as recognised by the consultation. National guidance and a way to share knowledge at the national level between anchor organisations may enable public sector partners to have a greater impact. In order to guarantee the place-based nature of CWB, this guidance should, however, remain non-statutory.

Furthermore, a non-statutory definition of best value, and non-statutory guidance clarifying the notion could facilitate the work of contracting authorities and empower them to take further action on community benefits. It would also increase certainty for suppliers by incentivising contracting authorities to adopt a similar approach to best value. Currently, practice varies across the public sector, which, while it is representative of a place-based approach can sometimes lead to confusion on the supplier-side.

Question 2a

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

- Yes
 No

Don't Know

There are two main challenges to furthering the CWB agenda:

1. Limited capacity: more inclusive procurement practices which benefit local communities and reduce supply chains can often create additional costs for public sector bodies. Delivering outcomes on this front within limited budgetary envelopes will be challenging for community planning partners if additional funding streams supporting these policy aims are not provided. The same applies to the workforce pillar of CWB, with salaries representing the largest proportion of budgets across community planning partners. As such, provision of additional capacity would be one of the key enablers for advancing CWB at a local level.
2. Simplifying the policy landscape: Scottish Government is currently reviewing several legislative and policy areas related to community wealth building, chiefly via the Regional Policy Review and via the review of the Community Empowerment act, but also through SG's Land Reform bill. These developments provide a key opportunity to consolidate the legislative framework underpinning community wealth build and community empowerment, which would greatly simplify CPP's role in this context.
3. Building on existing best practice: collective experience of CWB grows across Scotland, there would be merit in developing an online, regularly updated library of best practice as a reference point for interested parties. This would help to broaden understanding of the practical implementation of CWB. Consideration could also be given to a directory of resources, including organisations which provide expert advice, such as the Supplier Development Programme, Co-operative Development Scotland and third sector and alternative finance providers.

Please provide a reason for your answer.

Question 2b

Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme outlined on page 11 of the consultation paper?

- 'working within and developing procurement practices to support local economies, including Small and Medium sized Enterprises (SMEs) and micro-businesses, and improved access to training and labour markets for disadvantaged communities and individuals.
- encouraging public kitchens, including school canteens, to source more food produced by local businesses and organic producers.
- where possible, to base public sector capital and revenue funding decisions on targeted social, economic and environmental outcomes'

Yes

No

Don't Know

Please provide a reason for your answer.

Building capacity within SMEs and micro-businesses is essential in order to strengthen local supply chains enabling anchor institutions to tap into local businesses as part of their procurement programmes. At the moment, increased resilience within local supply chains, especially in rural areas, is a key enabler to deliver the programme outlined above. In particular, further support and guidance to SMEs and micros is key in ensuring access to public sector contracts.

A potential way of doing this would be supplier development programme run sessions for suppliers to support and encourage them onto national frameworks such as Scotland Excel. In general, more needs to be done, whether from a regulatory standpoint or not, so that the process of accessing public sector contracts does not act as a deterrent for smaller businesses.

In order to deliver on the second point, a key action would be to provide further education, information, and training in school canteens and other public kitchens on local supply and the importance of product traceability in that context.

Question 3

Regarding the third point, focus could be put on the reduction of road miles amongst public sector supply chains. This would be key in delivering against Scotland net-zero ambitions while supporting local suppliers.

Yes

No

Don't Know

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

Currently, section 25 of the Procurement Reform (Scotland) act 2014, mandates the use of community benefit requirements for contracts over a value of £4m. Allowing for the quick-note threshold to be used from £50,000 onwards would make more procurement opportunities available to smaller businesses which may not have the capacity to undertake enter full procurement exercises. This would, however, have to be considered in more details as such a reform may have a disproportionate impact on procurement services within public sector bodies.

Further non-statutory guidance would also be welcome on what community benefits should entail, within the notion of Best Value. It appears at the moment that practice varies amongst the public sector. While this variance can be positive in that it allows for a more place-based and flexible approach, it can also be a source of frustration and confusion for suppliers as different organisations will have different expectations. Moreover, beyond legislative changes, building up capacity within private sector SMEs is key in unlocking the potential of the spending pillar. Currently, despite willingness to extend contracts to local enterprises, partners have found challenges in a lack of resilience and capacity amongst local supply chains.

Question 4

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

Yes

No

Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament. We will cross-reference to responses received as part of the Fair Work Nation consultation which was held in 2021.

As the consultation paper notes, employment law is currently a reserved matter. As such, there is limited scope for legislative changes in advancing the employment pillar of CWB.

From a non-statutory standpoint, further encouraging the adoption of a real living wage across anchor organisations and the private sector would provide a clear avenue to realise the benefits of the employment pillar. Action is already taking place on that front within the Borders CPP Work Plan, but further support from Scottish Government should facilitate the implementation of this key strategic objective.

Question 5

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

- Yes
 No
 Don't Know

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

There appears to be a mismatch between the general approach which is outlined in NPF4, and the realities of delivery'. In particular, the 'Infrastructure First' principle which is promoted in NPF4 is a good aspiration and can be articulated at the plan-stage. However, there can be a fairly lengthy time frame from the plan-led approach until delivery, and many of the parameters change, not least finance and the economy within that timeframe.

Furthermore, the developer contribution process is complex in relation to infrastructure and other matters, such as biodiversity offsetting and archaeology contributions, eventually leading to delays in terms of delivery. As such, there might be value in simplifying the process overall, in order to unlock CWB benefits by encouraging developments which benefit local communities.

It is also recognised that town centre regeneration is a key issue across many locales in Scotland. This issue would clearly benefit from a Community Wealth Building approach which would enable local communities to develop and benefit from vibrant and resilient town centres.

Finally, a strong read across between CWB considerations and the Land Reform Bill is essential in delivering on the outcomes covered by the land and property pillar and ensure that both pieces of legislation work in tandem.

Question 6

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

- Yes
 No
 Don't Know

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

As noted in the paper, one of the key challenges when it comes to the inclusive ownership pillar of CWB is capacity within local communities. The Community Empowerment Act and other legislation which enables communities to acquire assets, already provides communities with a fairly broad right to request asset transfer against an extensive list of relevant authorities. It is unclear to Scottish Borders Community Planning Partners whether any legislative changes would increase communities' capacity to manage and own assets, or would facilitate the process of asset transfers.

In general, however, the current process for community asset transfers, within and outwith the CEA is fairly cumbersome, and streamlining it may be beneficial to incentivise acquisition of assets by community groups.

Question 7

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

- Yes
 No
 Don't Know

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

Access to finance by community groups, social enterprises and other CWB related projects is currently challenging. There is a multiplicity of actors providing finance across the public sector, from the enterprise agencies to the Scottish National Investment Bank, with the addition of multiple other funding streams across Scotland and the UK.

Simplifying this landscape, and providing additional finance for smaller community projects would be key in progressing the finance pillar. In particular, reducing the amount and complexity of applications for funding which need to be completed by community groups would be key in enabling them to access financing. Currently, the administrative burden engendered by funding applications can be problematic for smaller groups which therefore fail or struggle to access public funding.