Community wealth building (Scottish Government Consultation)

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland. For information only to England, Northern Ireland and Wales

1 Executive Summary

The Scottish Government are inviting views on a new Community Wealth Building duty. They would like to explore which new powers, abilities and duties will enable local authorities and other public bodies in taking action to support Community Wealth Building in their local area. The consultation closes on 9 May 2023.

Link to the consultation: https://consult.gov.scot/economic-development/community-wealth-building-consultation/

Link to the consultation paper: https://www.gov.scot/publications/building-community-wealth-scotland-consultation-paper/

2 Background

The Scottish Government has released a consultation on the advancement of Community Wealth Building through a new duty. Community Wealth Building is an internationally recognised approach to economic development that is used to achieve wellbeing economy objectives. This is achieved through "harnessing the economic leverage of local anchor organisations to tackle long standing systemic challenges and structural inequalities within our communities".

The Scottish Government have been working on this with local authorities and other partners across five pilot areas: Clackmannanshire, Fife, Glasgow, South of Scotland and Western Isles. More information on each pilot can be found here. The 2021-22 Programme for Government confirmed plans to introduce legislation to accelerate the delivery of Community Wealth Building and address some of the blockages identified by organisations during the pilots. Tom Arthur MSP believes that "Scotland is fast becoming a global leader in Community Wealth Building [and] the legislation will cement the progress made so far and ensure we go further and faster in the implementation of Community Wealth Building across Scotland".

Community Wealth Building is about enabling the local community to access and benefit from the

wealth the economy generates and can deliver more and better jobs, community-owned assets and business growth, as well as shorter supply chains. The five pillars of Community Wealth Building are: spending, workforce, land and property, inclusive ownership and finance. This involves maximising community benefits through procurement, Fair Work, developing local labour markets, growing the value local communities gain from land and property, social enterprises, increasing investment within local economies through affordable credit and many other drivers of local wealth. A more detailed overview of each individual pillar can be found below:

Pillar #1 - Spending

This pillar is focused on using the spending power of anchor organisations to better support local and regional economies. This can involve things such as supporting local businesses so they can bid for public sector contracts, creating local supply chains, creating local jobs and increasing knowledge of local suppliers. Early engagement stakeholders have suggested focusing on reviewing frameworks and contracts, exploring opportunities for joint procurement, developing the content of annual procurement strategies and improving the focus on place-based thinking.

Pillar #2 – Workforce

The workforce pillar is focused around driving Fair Work practices and creating meaningful labour market opportunities in local areas that support wellbeing. This includes the payment and promotion of the real Living Wage, undertaking actions to create more diverse and inclusive workplaces, seeking to recruit locally and from excluded groups, and to support skills development. Early engagement stakeholders would like to focus on the development of local or regional fair employment charters and encouraging organisations to pay the real Living Wage and become accredited.

Pillar #3 – Land and Property Pillar

The third pillar is focused on what the social, ecological, financial and economic value that local communities can gain from land and property assets. This includes supporting community capacity building, tackling vacant and derelict land and buildings, and enabling diversified ownership. The focus for early engagers was on exploring the scope of existing mechanisms for development contributions (e.g. Section 75 planning obligations), exploring new mechanisms for land value uplifts and reviewing compulsory purchase powers.

Pillar #4 – Inclusive Ownership

The fourth pillar is focused around developing models of ownership that enable the community generated wealth stays in the locality. This includes promoting business models such as co-operatives and social enterprises, transitioning existing companies to employee ownership, encouraging people and communities to take greater ownership roles. The suggested focus by early engagers was on the accessibility of start-up support, more acknowledgement of support organisations, a duty for business support services to consider the distinct needs of inclusive business models, exploring incentives to encourage the establishment of inclusive business models, and an 'employee right to buy' when a business is put up for sale.

Pillar #5 – Finance

The final pillar is focused around increasing the flows of investment within local economies by

harnessing the wealth that exists locally and directing it to tackle inequality. This includes ensuring micro-businesses and SMEs have access to finance, promoting social investment, and promoting the use of progressive finance; this would also include incorporating a clear Community Wealth Building criteria into public forms of investment. Stakeholders suggested focusing on encouraging investment funds, greater recognition of the role of credit unions and exploring if Community Wealth Building principles could be built into funding and assessment criteria.

3 Consultation Questions

Q1. a) We are proposing a duty to advance Community Wealth Building, which form do you think this duty should take Option A, B, C, Other or No Duty?

Option A) a duty requiring Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies

Option B) a duty requiring those public sector bodies statutorily obliged to be involved in community planning to produce a collective CWB place-based strategy and action plan which contains specific actions across the five CWB pillars to advance the CWB model of economic development in their local authority area. This requirement could be taken forward at a regional level if neighbouring local authorities and their community planning partners have a preference for that approach

Option C) a combined option – featuring a union of both options set out above

Q1. b) 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?

Q2. a) Are there other non-legislative measures that you believe are required to accelerate the implementation of the Community Wealth Building approach in Scotland?

Q2. b) Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme outlined on page 11?

Q3. Are there ways in which the law could be changed to advance the spending pillar of Community Wealth Building?

Q4. 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?

Q5. 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?

Q6. Are there ways in which the law could be changed to advance the inclusive ownership pillar of

Community Wealth Building?

Q7. Are there ways in which the law could be changed to advance the finance pillar of Community Wealth Building?

4 APSE Comment

APSE commends our member local authorities that have taken part in the Community Wealth Building pilots and encourages all to respond to this consultation. The ongoing Cost of Living Crisis has more than ever demonstrated the need to focus attention onto the drivers of local wealth.

APSE continues to discuss and promote community wealth building through our advisory groups and other membership meetings. Previous presentations have been undertaken by APSE member authorities including Preston City Council please click here to view and North Ayrshire Council please click here to view. Our Scottish advisory group meetings are open to all officers and elected members across Scotland and for more information on these please click here.

The options presented in the consultation include a Community Wealth Building duty includes a duty requiring public sector bodies to be statutorily obligated to produce a collective place-based strategy and action plan around the five pillars, so it is important that the views of council officers and elected members are fully considered.

Community Wealth Challenges and the Importance of Direct Service Provision in the Public Sector

Whilst the principles of Community Wealth are generally to be supported APSE would not suggest that alternative forms of public service provision should ride upon the coattails of Community Wealth Building principles. For example, past privatization of public bus services were presented as 'employee ownership' models of delivery but quickly led to the divestment of shares to bigger corporations resulting in the widespread private ownership of formally public services. In addition to this, existing public services, such as directly provided frontline services in local government are already capable of positive influence on economic levers. For example, the majority of local councils are already real living wage employers, support skills and apprentice training and often adopt local supply chains in their own services where possible. APSE suggests that this approach of direct services should be at the heart of Community Wealth Building strategies, ensuring that the levers that councils are already able to pull are maximized for local benefit.

It is necessary to retain a clear distinction between democratically accountable public services and democratic organisational forms, such as cooperatives, set up to deliver public services. APSE would be unequivocal in its opposition to models of public service delivery that hollow out the core role of directly provided and accountable public services. However, there is clearly a role for local councils in supporting the development of progressive economic models which encourage diverse ownership models in the wider local economy. This distinction has been explored in numerous APSE research publications. It may be of interest to view the issues of Community Wealth through the ability to generate Community Wealth and better outcomes for democratically

accountable public services through APSE's Insourcing Research, which explores the ability to reset services that are insourcing to meet social and environmental outcomes as well as service improvement. You can download the research using this link.

APSE has also conducted numerous roundtable and research events on the issues of alternative models of public service provision, which includes the challenges of capital and revenue funding, a need for incorporation, financial and accountability weaknesses. If APSE Members in Scotland feel that they would benefit from a specific roundtable on Community Wealth please email Glee@apse.org.uk and we would be happy to facilitate that event.

Click here to submit your response to the consultation.

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Sign up for APSE membership to enjoy a whole range of benefits

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email enquiries@apse.org.uk.

Our national advisory groups include:-

- FM and Building cleaning
- Catering (School Meals)
- Cemeteries and Crematoria
- Cost of Providing/Cost of Living Network
- Highways and Street Lighting
- Housing, Construction and Building Maintenance
- Local Authority Commercialisation, Income and Trading Network
- Parks, Horticulture and Grounds Maintenance
- Recovery and Renewal
- Renewables and Climate Change
- Roads, highways and street lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
- Waste Management, Refuse Collection and Street Cleansing

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