

Members' Library Service Request Form

Date of Document	09/05/23
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Document Title	Response to the Scottish Government's Consultation on Community Wealth Building in Scotland

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Date	10/05/23

For Office Use Only:	
Library Reference	38/23
Date Received	11/05/23
Bulletin	May23

REPORT TO: MEMBERS' LIBRARY SERVICE

MEETING DATE: May 2023

BY: Executive Director for Place

SUBJECT: Response to the Scottish Government's Consultation on
Community Wealth Building in Scotland

1 PURPOSE

- 1.1 To inform elected members of the response submitted by the council to the Scottish Government's consultation on Community Wealth Building in Scotland.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the council's response to the Scottish Government's consultation on Community Wealth Building in Scotland and that a report on the council and East Lothian Partnership approach to Community Wealth Building will be brought forward in autumn 2023.

3 BACKGROUND

- 3.1 Community Wealth Building (CWB) is an internationally recognised model of economic development designed to tackle long standing systemic challenges facing local, regional and national economies by considering the ways in which wealth is generated, circulated and distributed. CWB is based on a five pillar model which seeks to direct and retain more wealth in communities by creating new fair work opportunities; helping local businesses and inclusive business models to expand; and placing more assets in the hands of local people and communities. The five pillars are:

- **inclusive ownership** – developing more local and social enterprises which generate community wealth, including social enterprises, employee owned firms and cooperatives.
- **spending** – maximising community benefits through procurement and commissioning: developing good enterprises, fair work and shorter supply chains.

- **finance** – ensuring that flows of investment and financial institutions work for local people, communities and business.
 - **workforce** – increasing fair work and developing local labour markets that support the wellbeing of communities.
 - **land and property** – growing the social, ecological, financial and economic value that local communities gain from land and property assets.
- 3.2 Key to advancing and enabling Community Wealth Building is the role of local anchor organisations principally local authorities, other public bodies including NHS Boards (NHS Lothian has committed to being an Anchor Institution', colleges, universities as well as community and social enterprises and private businesses. As large employers, purchasers of goods and services, and owners of land and property, these anchors exert significant influence on the local economy and labour market.
- 3.3 The Scottish Government has issued a consultation paper on Community Wealth Building in Scotland - [Community wealth building consultation - Scottish Government - Citizen Space](#). The consultation focusses on proposals for legislation on the CWB and the five pillars. The deadline for responses to the consultation was extended from 25th April 2023 to 9th May 2023.
- 3.4 Following discussion about (CWB) at its meeting in February 2023 the East Lothian Partnership Governance Group established a short life working group to consider how the Partnership should take forward the CWB agenda. The working group includes officers from several council services, including Policy, Economic Development and Procurement as well as representatives from NHS Lothian and Volunteer Centre East Lothian.
- 3.5 The working group prepared a draft response to the consultation paper which was submitted to and agreed by the ELP Governance Group as its response. The response (Appendix 1) has also been submitted as the council's response.
- 3.6 The 2022-2027 Council Plan and Action Plan establish support for Community Wealth Building and commit the council to *'Establish a circular economy framework for East Lothian and support Community Wealth Building through an approach to procurement prioritising local jobs and promoting diversity.'*
- 3.7 To be successful Community Wealth Building needs to be taken forward by the anchor institutions referred to above (para 3.2). Therefore it is important that the council collaborates and works closely with its partners in the East Lothian Partnership to develop a joint approach to CWB. The East Lothian Partnership's CWB working group's report on the East Lothian approach to CWB will be presented to the Council in the autumn 2023.

4 POLICY IMPLICATIONS

- 4.1 The CWB working group is preparing a strategy for the East Lothian Partnership to develop, promote and deliver CWB in East Lothian, which will set out how the

council will meet its objective to *'Establish a circular economy framework for East Lothian and support Community Wealth Building through an approach to procurement prioritising local jobs and promoting diversity.'*

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

6 RESOURCE IMPLICATIONS

- 6.1 Financial - none
6.2 Personnel - none
6.3 Other - none

7 BACKGROUND PAPERS

- 7.1 Appendix 1: East Lothian Partnership and East Lothian Council response to the consultation on Building Community Wealth Building in Scotland
- 7.2 Scottish Government consultation paper on Building Community Wealth Building in Scotland - [Community wealth building consultation - Scottish Government - Citizen Space](#)

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DATE	9 th May 2023

Appendix 1: Building Community Wealth Building in Scotland - Draft East Lothian Partnership Response

General Advancement of the Community Wealth Building Approach

Q.1a We are proposing a duty to advance Community Wealth Building, which form do you think this duty should take:

Option A) a duty requiring Scottish Ministers and prescribed public sector bodies¹⁸ 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 All of the options create different opportunities for ensuring the involvement of local communities. For Option B and Option C, there could be a statutory requirement to include business, third sector and communities in the development of a strategy and action plan.

If Community Wealth Building (CWB) is to be delivered collectively following the established 5 pillar model there does need to be some statutory requirement or standing for the model. However, the implementation of this should not place new burdens on Local Authorities unless other requirements / burdens are lifted or lessened, e.g. use of or repurposing of existing powers, structures, reporting etc. Locally delivered economic development currently has no statutory standing, the implementation of and embedded CWB approach to local community planning, community development, employability, education and skills, community ownership etc. requires that there be a statutory duty to coordinate and deliver local economic development.

Local authorities already have a Power of General Competence and delivering CWB could be accomplished using this power. However, since CWB can only really be delivered by partnership working between local authorities and other public bodies working with the community and business sectors the vehicle for planning, promoting and delivering CWB at a local level should be the Community Planning Partnership.

The Community Empowerment (Scotland) Act 2015 which sets out the legislative basis for Community Planning could be amended to incorporate a duty to plan, deliver and promote CWB. Section 5 of Part 2 of the Act states: *'In carrying out functions conferred by this Part, a community planning partnership must act with a view to reducing inequalities of outcome which result from socio-economic disadvantage unless the partnership considers that it would be inappropriate to do so.'* This section could be amended to include the duty on community planning partnerships and their members to plan, promote and deliver CWB.

A prerequisite of delivering a coordinated approach to CWB at a local level requires that local authorities and other partners are properly funded and that core and grant based funding is simplified and aligned. CWB cannot be delivered in a context of uncertain annualised and / or competitive funding streams. Some aspects of CWB are best delivered

at the local or hyper local level (such as City region Deal areas), and others regionally or nationally and statutory system of applying CWB should allow for local, regional, and national approaches to collaboration.

The implementation of CWB, if it is to be successful, must be facilitated by the Scottish Government at all times, aligning policy, aims, and outcomes to ensure consistency and efficiency. Option B appears to be the approach that would allow local authorities and others to update current community planning models to align around CWB, therefore options B or C could be adopted, subject to the comments and caveats above.

Q.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.

Implementation of CWB should be fully supported with guidance, resources, case studies, examples of best practice, templates, standard approached / wording etc. However, guidance should be relatively light touch as CWB must relate to, and reflect, local circumstances and be planned, promoted and delivered by community planning partners to take account of local priorities, circumstances, resources and capacity.

Q. 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.

See comments for Q1a – aligned policy, strategy and funding, multi-year non-competitive funding linked to aligned outcomes.

Q. 2b Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme outlined on page 11?

- 'working within and developing procurement practices to support local economies, including Small and Medium sized Enterprises (SMEs) and microbusinesses, 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.

For example, simplified procurement routes for SMEs and micro businesses, specific support and funding to access public sector contracts, a national approach to developing local and regional supply chains, focus on business resilience and addressing systems (red tape). New localised procurement models will increase the cost to the public sector, this must be factored into financial settlements.

Spending Pillar

Q.3 Are there ways in which the law could be changed to advance the spending pillar of Community Wealth Building?

Yes.

We would request that the current threshold in the Procurement Reform (Scotland) Act 2014 for Regulated Procurements\ Contracts be increased (Current Thresholds - Equal to or greater than £50k for goods\services and £2m for works up to the GPA threshold(Reform Act)). The threshold for goods and services should be increased from £50k to enable a greater number of quick quotes for low value/ low risk procurements to be issued, which Local Suppliers could be invited to participate in.

Will resources to support any new Duty be made available to Local Authorities and other public sector bodies meet additional administration costs, any increased costs of sourcing products and contracts locally?

How will local suppliers be supported to deliver on / support net zero and circular economy commitments, beyond "air miles"?

Workforce Pillar

Q.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?

Response

'Anchor' institutions can and should lead by example, but need the resources to do so.

The Scottish Government should implement and support (eco) systems that support the delivery of Fair Work practices / living wage+ / investment in staff and training / educational attainment and real demonstrable positive destinations / support disability confident+ along with enhanced support for employers and workers to overcome barriers.

Focus policy on desired outcomes and support with suitable multi-year funding. Could Employer Recruitment Incentive (ERI) be further targeted to incentive the delivery of CWB outcomes?

Land and Property Pillar

Q.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?

Response

Review Compulsory Purchase Order (CPO) legislation to simplify and reduce cost to the public sector in taking action. Introduce a community right to 'initiate' a CPO procedure subject to safeguards to address vacant and derelict land and buildings. Introduce compulsory sale order power for vacant and derelict land and buildings. Both of the above

with a focus on regeneration and transfer of assets to communities and to be backed with funding or funding models that facilitate the policy outcomes.

Scottish Government action is required to tackle the problem of private developer land banking.

Inclusive Ownership Pillar

Q.6 Are there ways in which the law could be changed to advance the inclusive ownership pillar of Community Wealth Building?

Response

Divorce (as appropriate) charitable activity and 'social' enterprise to focus on enterprise models, i.e. some activities are true public services or are charitable activity, others have the potential to be enterprises.

Provide Third Sector Interfaces (TSIs) with the resources and capacity to support the development of social enterprises, community ownership and community asset transfers.

Consider giving employee groups 'first refusal' to take ownership/ control of businesses being sold, focus support on community/employee ownership as key to succession planning.

Consider how employee membership of boards and other governance structures can enhance CWB and Fair Work practices.

Finance Pillar

Q.7 Are there ways in which the law could be changed to advance the finance pillar of CWB?

Response

The law probably does not need to be changed as there are already many routes for increased investment to tackle inequality.

However, the funding is not always available. Therefore there is a need to secure appropriate aligned local and / or regional multi-year funding settlements for local government and other partners that focus on agreed and desired outcomes relating to CWB.