



Local Government, Housing and Planning Committee

Colin Smyth MSP
Convener
Economy and Fair Work
Committee

21 May 2025

Dear Colin,

Community Wealth Building (Scotland) Bill

During this Session the Local Government, Housing and Planning Committee has taken an interest in the concept of 'community wealth building' (CWB) given its potential impact on local authorities, and its cross-cutting links to other areas of Committee interest such as community empowerment.

Given your Committee is the lead committee scrutinising the Community Wealth Building (Scotland) Bill at Stage 1, I am writing to contribute our findings to your consideration of evidence at this stage in scrutinising the Bill.

In March last year we held a [round-table evidence session](#) where we heard from a range of stakeholders about their experience of community wealth building, and sought their views on the impact that legislation might have on its adoption more widely across Scotland.

That was preceded by a Committee visit to the island of Cumbrae where we visited examples of local CWB in action, facilitated by North Ayrshire Council, which as you know has been progressing CWB for some years.

Contact: Local Government, Housing and Planning Committee, The Scottish Parliament, Edinburgh, EH99 1SP. Email: localgov.committee@parliament.scot. We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

I wrote to the then Minister for Community Wealth and Public Finance with a summary of the key points raised during our round-table evidence session and made specific proposals around:

- Including Climate Change as an additional 'pillar' to CWB
- The importance of investment in community organising, which underpins much of CWB
- The need to ensure that CWB is a unifying force across economic, social and environmental policy areas.

The Minister responded in September 2024, and I have appended a copy of both letters below at Annexes A and B, and a report on the Committee's visit to Cumbrae at Annexe C.

Yours sincerely,



Ariane Burgess
Convener, Local Government, Housing and Planning Committee

Annexe A: Letter to Minister for Community Wealth and Public Finance, 7 May 2024
Annexe B: Reply from Minister for Employment and Investment, 11 September 2024
Annexe C: Committee report on visit to Cumbrae, North Ayrshire

Annexe A



Tom Arthur MSP,
Minister for Community
Wealth and Public
Finance

Local Government,
Housing and Planning Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Email: localgov.committee@parliament.scot

By email only

7th May 2024

Dear Tom

Community Wealth Building

As you know, the Local Government, Housing and Planning Committee has been conducting pre-legislative scrutiny of Community Wealth Building ('CWB'), in anticipation of its future scrutiny of a Community Wealth Building Bill.

Further to our recent correspondence, the Committee held a round-table discussion in March with a range of stakeholders, hearing from them about the value of CWB and their experiences of its delivery in practice. We were particularly interested to hear from them about how legislation could help accelerate the adoption of CWB across Scotland.

We agreed to write to you with a summary of the key points which were raised in our discussion with stakeholders, which is attached at Annex A. In addition, there were some issues which Committee members highlighted as being of particular interest, which I have summarised below. These are connected with our ongoing interest in the community empowerment agenda and the important role that community planning partnerships have.

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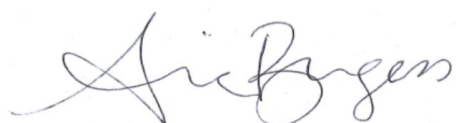
You have advised that possible CWB legislation is still under consideration following the public consultation carried out by the Scottish Government last year, and so the points highlighted in this letter are given in the spirit of supporting the Scottish Government with that ongoing work. The Committee recognises the value of CWB in bringing real benefits to local communities, and understands that it could be particularly beneficial given the current economic challenges which many communities are facing.

I would welcome your response to the particular proposals I have outlined below, and would also ask that you take into consideration the more detailed points raised in Annex A.

1. The Committee heard examples of how CWB can help underpin Scotland's ambition to become net zero by 2045. These include the opportunities afforded by the local distribution of wealth generated by renewable energy. Will the Scottish Government therefore consider adding Climate Change as an additional 'pillar' in order to help deliver its targets?
2. Barriers to delivering CWB include the resources, skills and confidence which are needed at community level, but which are often more prevalent in affluent areas. Community engagement can often be short-lived and needs to be matched with community organising skills in order to sustain projects. The Committee heard how in England there has been investment made in community organising; does the Scottish Government recognise there is a similar need in Scotland? Will it look at how best to provide the education and support that is necessary?
3. CWB clearly cuts across a number of policies – economic, social and environmental - and it could be a unifying force for those, although there is a danger of it getting 'lost' amongst them. How will the Scottish Government ensure that CWB takes primacy?

In responding I would also welcome any update you can provide us on timings for the Bill's introduction and your current thoughts on what you are seeking to achieve through legislation.

Yours sincerely,



Ariane Burgess
Convener, Local Government, Housing and Planning Committee

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Community Wealth Building round-table 26 March 2024: Summary of evidence heard

[Meeting of the Parliament: LGHP/26/03/2024 | Scottish Parliament Website](#)

Value of CWB

- People need more control over wealth, not just wealth redistributed towards them. Pre-distribution gives people a fundamental stake in the economy.
- CWB can be an amplifier, scaling up practice. CWB is a very practical approach that can deliver a wellbeing economy and an inclusive economy
- CWB as a tool for tackling regeneration and inequalities.
- CWB provides different levers eg fair work is distributive
- CWB's strength is its organic nature, with it in effect being 'done' already for many years in some areas.
- CWB links economic, social and environmental policies and helps tackle inequalities.
- In Preston, interest in CWB has led to funding opportunities and cooperatives being established
- CWB is pro-environment and pro-social, helping ensure that wealth is not extracted from land, neighbourhoods, localities and the nation.
- In the South of Scotland CWB is seeing the local procurement of energy efficient retrofits, starting with RSLs as anchor institutions.
- Fife has connected its economic development approach with tackling poverty and public sector reform.
- CWB has a preventative impact on health (example of mental health improving in Preston)
- Local ownership provides control (example of Steeple Quarter in Dumfries).

Challenges to delivering CWB

- Confusion over what CWB is; need to build a national consensus.
- Requires multi-tiered buy-in across sectors – collaboration is key.
- Difficulty in getting big anchor organisations like NHS to change
- CWB needs dedicated resource, and political direction and leadership
- Can be long-term – eg took years to change procurement policy in Preston
- UK has a very small cooperative economy
- Issue of late payments to small businesses
- Lack of skills and qualifications an issue (SOSE example of a CWB pilot project retrofitting homes)
- Barriers to shared ownership by communities, with concerns about governance, risk and capital raising

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- Energy production could be big income for communities, but difficult to raise capital; Scots should own their energy but barriers to community investment
- Land Reform Bill is lacking – CWB will need to fill gaps

Actions that are needed

Legislation

- Legislation could help with coordinated delivery; also needs to be sufficient capacity and resources
- CWB needs a strategic aim and meaningful action plan.
- A CWB Bill would help make it a national priority and create a critical mass of engagement;
- Statutory targets for spend/procurement have been effective in Clackmannanshire (since procurement reform there has been a decline in spend with smallest businesses). In its 2019 strategy, Clacks Council set target of local spend to 21.5% by 2022, hitting 23.4% by 2021. Fife Council went from >20% in 2010 to >40% in 10 years
- Collective/sectoral pay bargaining should be expanded and included in a CWB Bill
- A high-level statement in legislation could set out the first principles of CWB that CPPs should comply with (example of Land Reform Bill); also need something like the Scottish Land Commission

Delivery and governance

- CWB needs to be locally designed and resourced
- Need more democracy in the economy – example of the Marcoro Law in Italy which gives tax incentives for workers to acquire a business and run it as a cooperative, and the California Employee Ownership Act (designed to help employees to buy a firm when its owner retires)
- CWB so far driven by regional economic partnership in South of Scotland
- CPPs need to be refashioned if they are to be part of CWB governance
- Opportunities to measure impact – eg Ayrshire looking across the socioeconomic and environmental wellbeing indicators.
- Importance of infrastructure as part of CWB eg energy, transport (such as local bus services),
- Important role of third/community sector in shaping CWB.
- CWB must have primacy across all policy areas, including Local Governance Review, Circular Economy Bill.
- Fund community organising, not just community development

Finances

- NHS needs to recognise itself as an economic player - Scottish economy is embedded in institutions such as NHS.
- Opportunities include local pension fund investment, eg just 1% into the local economy could raise millions (Preston's example)

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- Tax law can incentivise investment in businesses
- Public Contract Scotland needs to be refreshed; Quick Quote threshold should be increased
- Increasing the procurement threshold would allow more scope for locally awarded quick quotes
- Existing funds could be rationalised to be more impactful; need to re-plumb and re-work the existing system
- Preston – establishing a NW Bank; Welsh Assembly – setting up regional cooperative bank

Net zero/circular economy

- Circular economy can deliver elements of CWB if designed right;
- SoSE horizon-scanning work into potential future value of community benefit from onshore wind.
- Need a Scots energy company involving many communities owning land, to produce and distribute energy locally and to Scotland, with mechanisms such as a coordinating national network body
- Climate should be added as an additional 'pillar' to CWB
- Ownership of community renewables needs to be made easier (ownership has declined in recent years)
- The community benefit of offshore renewables should mean millions of pounds going into communities. Opportunity to create a Community Wealth Fund that could support acquisition of assets and put communities on front foot.

Land and housing

- Needs to be auditing of land - in Scotland we don't know who owns what (often pension funds); identify where public sector land could be used
- Ayrshires – have a Land and Asset workstream - mapping the estate across anchor partners to identify surplus land; provides funds to repurpose derelict land; pilot town-centre projects
- Work with anchor institutions with substantial land holdings, and RSLs to maximise among of affordable housing
- Use planning system to ensure that developers provide affordable housing
- Look at buildings as assets including their components; create an asset register of buildings
- Opportunities from compulsory sales orders

Annexe B

Minister for Employment and Investment

11 September 2024

Dear Ariane

Thank you for your letter of 7 May 2024 regarding the pre-legislative scrutiny by the Local Government, Housing and Planning Committee of a Community Wealth Building (CWB) Bill. I would like to apologise for the delay in replying.

I appreciate the ongoing support of the Committee for CWB legislation.

The Programme for Government 2024-25 confirmed that a CWB Bill will be introduced in Year 4 of the current session of parliament. The Bill will seek to address economic and wealth inequality by supporting the retention of more wealth in local and regional economies by ensuring consistent implementation of the CWB model of economic development across Scotland.

I would like to take this opportunity to thank you and the other Committee members for the information and specific proposals outlined in your letter, and I have provided some further information on the Scottish Government's position on those proposals below:

1. Will the Scottish Government therefore consider adding Climate Change as an additional 'pillar' in order to help deliver its targets?

The Scottish Government remains committed to becoming net zero by 2045. This is an ambitious target and one that the Cabinet Secretary for Net Zero and Energy is working hard to achieve within her portfolio responsibilities. Action on climate change, like CWB, is a cross-cutting policy and officials will continue to work closely with colleagues from the Directorate for Energy and Climate Change to ensure alignment and avoid duplication. We have adopted the five internationally recognised CWB pillars as the basis for CWB legislation and while there is not a specific 'Climate Change' pillar, climate change initiatives, such as opportunities regarding renewable energy, can be incorporated into all of the existing pillars.

2. The Committee heard how in England there has been investment made in community organising; does the Scottish Government recognise there is a similar need in Scotland? Will it look at how best to provide the education and support that is necessary?

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The implementation of CWB across Scotland will require collaborative work with communities. We have seen significant progress made in the pilot localities and regions; Clackmannanshire, South of Scotland, Western Isles, Tay Cities/Fife and Glasgow City Region, with all developing and embedding bespoke CWB action plans, supported by the Scottish Government.

However, recent work with local communities directly linked to the implementation of CWB, an economic development policy, builds on past and current activity to empower communities across Scotland by enabling collaboration across a range of policy areas.

Our vision for public participation is that people can be involved in the decisions that affect them, making Scotland a more inclusive, sustainable and successful place. We are an active member of the Open Government Partnership, an organisation that brings governments and civil society together to work to empower the public and to make governments more transparent. We want to see a Scotland where everyone can play a full part in society, with empowered communities able to shape their individual and collective futures. We welcomed the proposal for the development of a National Participation Strategy and are progressing work internally to establish a Participation Unit to take this action forward.

Community participation is also a fundamental principle of effective community planning and central to the success of CWB initiatives. The voices of communities themselves, especially those experiencing socio-economic disadvantage, are integral to successful community planning. All community planning partners, and particularly those with additional leadership and governance responsibilities, have a role in supporting and resourcing community participation effectively. The Scottish Government will continue to work closely with COSLA and wider partners to support community engagement. For example, in 2024/2025 we funded the Improvement Service in 24/25 to work with and re-invigorate the Community Planning Network to ensure it is a forum sharing best practice.

The findings of the Local Governance Review's community engagement process on the future of local decision-making Democracy Matters will also be published later this month. A key subject the process asked communities about was how they can better interact and engage with local partners. The Scottish Government looks forward to taking these findings forwards with COSLA and the community sector as outlined in the recent Programme for Government.

3. CWB clearly cuts across a number of policies – economic, social and environmental – and it could be a unifying force for those, although there is a danger of it getting 'lost' amongst them. How will the Scottish Government ensure that CWB takes primacy?

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I agree that CWB is and should be viewed as a cross-cutting initiative with extensive links across Scottish Government policies, and I have seen many examples already demonstrate in practice how the CWB approach can bring economic, social and environmental benefits across local places and economies. One such example is from North Tolsta in the Western Isles where revenue from a community owned wind turbine is being used to support a number of local jobs and community organisations within the village.

As you will be aware, anchor organisations are typically large employers with a strong local presence in an area which can exert sizable influence through their commissioning and purchasing of goods and services, through their workforce and employment capacity, and by creative use of their facilities and land assets. When anchor organisations apply a CWB lens to their economic development activities, they not only ensure that they support local economic growth and wealth retention, but they can also reduce demand on some public services and support the delivery of others through their increased tax revenue. We will seek to harness the power, influence and economic agency of these anchor bodies to advance CWB.

CWB legislation will continue to demonstrate the Scottish Government's commitment to CWB as an economic policy measure that can create jobs, sustain jobs, help local businesses grow and stabilise local and regional populations and economies. I want to assure you that there will be continued reflection on the suggestions and observations made by Committee members and stakeholders as we work towards introduction of a Bill.

Yours sincerely

TOM ARTHUR

Annexe C

Local Government, Housing and Planning Committee

Report on Committee visit to Cumbrae, North Ayrshire, November 2023

Background

1. The Scottish Government has consulted on proposals for a Community Wealth Building bill, and this visit to Cumbrae in North Ayrshire provided Committee members with the opportunity to visit examples of community wealth building in practice.
2. Community Wealth building (CWB) is an internationally recognised approach designed to address economic challenges and transform local and regional economies through a partnership between sectors. It aims to see wealth being generated, circulated and retained locally within communities.
3. During session 6 the Committee is visiting a number of local authorities to learn first hand about the issues they face, in order to take them into account throughout its work. On their visit to Cumbrae, members took the opportunity to have a wider conversation with North Ayrshire Council leaders and senior officials about the issues faced in North Ayrshire.
4. This brief report notes the key issues that were discussed during the Committee's visit.

Community Wealth Building ('CWB')

5. North Ayrshire Council see CWB as a practical approach which supports local business, particularly in the absence of inward investment. Local spend has increased to 26%, from 19% in 2020. After undertaking a CWB 'diagnostic' to identify existing practice and where opportunities lay, the council developed Scotland's first CWB Strategy and Action Plan in 2020. This has 55 actions and takes a locality-based approach, with CWB staff in place to support its delivery.
6. The buy-in and investment in CWB by the council's leadership has been key to its success, with the council now leading the way in Scotland in taking a CWB approach. CWB unifies 'anchor' organisations with communities and wider partners, and provides a shared language. Ideally it is a shared responsibility and helps to tackle inequalities, but at present the local authority is the main driver behind it. An 'Anchor Charter' was established in 2020 to help drive that collaboration.

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7. The wider Ayrshire area (North, East and South Ayrshire councils) is working together to support CWB, and are joint members of a CWB Commission which includes 6 other anchor organisations including NHS, Police Scotland, Scottish Fire & Rescue, Scottish Enterprise, North Ayrshire's TSI, and a Further Education College. The three local authorities have undertaken a joint exercise to map their procurement, to help identify opportunities to support more local procurement. An Ayrshire Growth Deal involves the three authorities, and a new Regional Economic Strategy was launched in 2023, which has CWB embedded within it.
8. North Ayrshire Council supports the proposal for a CWB Bill, with it providing an opportunity to increase both the buy-in and the flexibility of wider partners who are sometimes currently restricted in their actions (for example in procurement).
9. 'Community' is critical to CWB, and the council's investment in community engagement has been highlighted by Audit Scotland. Its Connected Communities team helps build capacity, and it proactively asks communities what benefits they want to see, ensuring CWB is not just 'done to' a community. It also supports community asset transfers of facilities into community ownership, both practically and through providing funding if needed. A Community Investment Fund is available in its 6 locality areas, providing a place-based approach to tackle inequalities.

Examples of Community Wealth Building on Cumbrae

10. Committee members were able to visit three different local projects which each represent aspects of CWB in practice.
11. Millport Town Hall is being restored to provide a community venue, with its ownership being transferred to the community through a community asset transfer, supported by the local authority. This significant building project is being managed by local volunteers who have successfully gained funding from almost 50 different grants, including Scottish Government Regeneration Capital Grant Funding and NAC Community Investment Funding. The building will provide facilities including a performance venue and an accessible meeting space together with revenue from self-catering holiday accommodation.
12. Isle of Cumbrae distillers is a locally owned business committed to sustainability and local training and employment opportunities. Their products have won a number of awards. An all-female owned business, they are actively creating employment and training opportunities for island residents, including people with disabilities. They are a Living Wage employer and a Young Person's Guarantee

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Employer, and proactively support other local businesses and the Millport Town Hall project.

13. Jack's Alt Stays was established last year to provide self-catering cabins and help build the local tourist economy. Another locally-owned business it is environmentally conscious, receiving funding to instal solar panels, and proactively works with other local businesses to source local produce and sign-post local services and attractions.

Other issues discussed

14. A 10-year Cumbrae Island Plan is in place, co-designed with the community. Flood prevention works are underway, and a Marine Tourism project has been developed. A new marina will be partly run by the community, and the island will provide a site for research into international marine science and environmental issues.
15. Wider work by the council to provide sustainability include the creation of 2 photovoltaic solar farms, owned and built by the council, from which it projects there will be a significant net financial return over 20 years.
16. Council leaders highlighted to Members the importance of public services being designed around local need, as with the Single Island Authority model. Local flexibility is key to local authorities meeting those needs. The spending of any revenue raised from a Visitor Levy for example should not be restricted.

Committee Clerks
November 2023