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20 November 2025

Dear Daniel,

SCOTTISH GOVERNMENT RESPONSE TO THE ECONOMY AND FAIR WORK COMMITTEE'S REPORT ON THE COMMUNITY WEALTH BUILDING (SCOTLAND) BILL AT STAGE 1

I write in response to the Economy and Fair Work Committee's Stage 1 Report on the Community Wealth Building (Scotland) Bill.

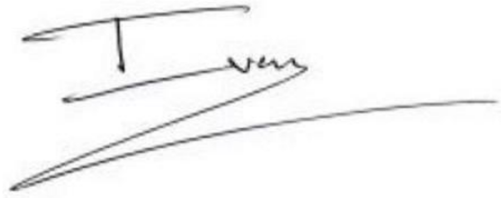
I would like to thank Committee members for their detailed consideration of the Bill, and I welcome the Committee's recommendation that Parliament should support the general principles of the Bill. I am grateful for all of the Committee's recommendations, and I hope my response assists your continued scrutiny.

I would also like to extend my thanks to the Delegated Powers and Law Reform Committee, and to the Finance and Public Administration Committee, for their thorough consideration of the Bill at Stage 1.

Annex A to this letter responds to each of the Committee's recommendations, using the section headings and paragraph numbers from the report. Annex B responds to the recommendations of the Delegated Powers and Law Reform Committee.

I look forward to continuing work with the Committee on this transformative legislation.

Yours sincerely,



IVAN MCKEE

Annex A

SCOTTISH GOVERNMENT RESPONSE TO THE ECONOMY AND FAIR WORK COMMITTEE STAGE 1 REPORT

For ease of reference, the Committee’s points or recommendations are shown in bold text and numbered in line with how they appear in the report. The Scottish Government response is given directly underneath.

Is legislation required?

53. The Committee notes that the Bill's core aims could potentially be delivered through non-legislative means. Some members consider this approach preferable, particularly due to the flexibility it offers at the local level.

I note the variety of views on the requirement for legislation gathered from both the Committee and stakeholders more broadly.

Following consideration of continued voluntary adoption, it was deemed unlikely that consistent, universal implementation of the community wealth building (CWB) approach would be achieved through a non-legislative approach. If passed, the legislation will ensure that, through collaboration and consistent application of CWB, the public sector can maximise the impact of public spend and ensure that all local and regional economies in Scotland benefit.

54. The Committee, however, recognises the arguments made in favour of a legislative framework, such as promoting more consistent adoption of community wealth building, compelling wider participation from key stakeholders, embedding community wealth building principles and importantly, creating an "obligation to act" within the Scottish Government and the wider public sector.

I agree that, by creating “an obligation to act” within the Scottish Government and the wider public sector, this legislation can secure wider participation and support the consistent adoption of the model.

Supporting economic growth

67. The Committee supports the proposal for an overarching community wealth building statement to be published by the Scottish Government. This statement should set the direction of travel for wider Scottish Government policy and guide local authorities in embedding community wealth building as an economic development tool.

I welcome the Committee’s view and support for a CWB statement. I agree that this statement should set the strategic direction and support the conditions for local implementation of CWB actions.

68. The Committee believes that this statement must be clear and unambiguous to avoid misinterpretation. To be effective, it must clearly set out the intended outcomes the Scottish Government wants to achieve through community wealth building. The Committee seeks clarity from the Scottish Government on how it will define and measure these outcomes.

I agree that the CWB statement must set out the intended outcomes the Scottish Government wants to achieve, and that the actions set out should be aimed at ensuring that more wealth is created and retained within local and regional economies.

The development of this statement and the measurement of the relevant outcomes will require careful consideration and consultation with stakeholders. The duty on Scottish Ministers to prepare and lay in parliament a report that sets out the steps they have taken in the reporting period in respect of each measure included in the CWB statement, will include commentary on their effectiveness.

69. The Committee recommends that the Bill should clearly articulate what this statement will include, rather than what it "may" include.

I appreciate the Committee's recommendation and will give this further consideration to the statement and its contents.

<u>Local authority buy-in</u>

78. It is vital that the legislation empowers local authorities and the communities they represent and supports their effective participation and involvement.

I have listened to the views expressed by stakeholders on this matter, and I agree with the Committee's view that the legislation should empower local authorities, their partners and communities to meaningfully collaborate on the development and implementation of CWB actions.

79. The Committee asks the Scottish Government to set out how it will ensure community wealth building action plans become living documents focused on delivery, with community representation and participation at their centre, and supported by mechanisms that enable community-led reviews of progress.

I agree that collaboration with communities, third and business sections, as well as effective mechanisms for accountability, will be crucial to the successful implementation of CWB. I have asked my officials to consider further how guidance and the sharing of good practice can facilitate the Committee's recommendation.

<u>Relevant public bodies</u>

89. The Committee asks the Scottish Government to consider the organisations identified as having been omitted from the list of relevant public bodies and to provide the rationale for their exclusion. The Committee is particularly interested in understanding the reasons for not including the Scottish National Investment Bank, given its prominent role in supporting economic development.

Those public bodies with the most significant local and regional economic levers at their disposal have the greatest role in developing and implementing CWB actions. These bodies, collectively termed the CWB partnership, have significant resources at their disposal and have significant impact on local communities through not only the delivery of statutory services but through their roles as an employer, procurer and commissioner of services, property and land assets and investment potential.

The relevant bodies expected to work in partnership to develop and implement CWB action plans have existing economic development responsibilities, which are set out in their framework documents. They also have responsibility for developing provision and services at a local level, considering local prioritisation of delivery, current statutory expectations and resulting activity. I consider this the most proportionate way to ensure that those public bodies with the most significant local and regional economic levers at their disposal have the greatest role in developing and implementing CWB actions.

On the role of SNIB specifically, the Bank is required to have due regard to guidance to ensure that they further embed CWB principles in their corporate strategies and amplify their impact, including consideration of the impact of its investment on local communities. I think this approach is proportionate.

90. The Committee asks the Scottish Government to explain further the arrangements for public bodies being required to be part of multiple Community Wealth Building Partnerships.

Through existing legislative duties, all relevant bodies already have a statutory obligation to participate in Community Planning Partnerships at a local authority level. This provides flexibility for the discharging of duties, therefore, CWB partnerships may decide to use existing governance structures, which would minimise additional work required.

As introduced, two or more local authorities may act jointly, with the relevant public bodies, to prepare and publish a CWB action plan on a regional basis. This path has been provided for to reflect the growing preference for local authorities and their partners to adopt a regional partnership approach in convening economic development collaborations. This will be at the discretion of the local authorities.

<u>Resourcing</u>

103. The Committee notes that some witnesses had concerns about the lack of estimates for implementation costs in the Financial Memorandum.

As you will be aware, Scottish Parliament Standing Orders rule 9.3.2 states that a Financial Memorandum must set out best estimates of the costs, savings, and changes to revenues to which the provisions of the Bill would give rise, and an indication of the margins of uncertainty in such estimates. The Financial Memorandum submitted with the Bill on introduction focuses, therefore, on the estimated costs associated with discharging the relevant duties as set out in the Bill.

In developing this Financial Memorandum, views were sought from COSLA, local authorities and Scottish Government sponsorship teams for the relevant public bodies, for example those responsible for NHS Boards, Public Bodies, Local Government, and

Enterprise Agencies. The majority of the respondents agreed that the Financial Memorandum is a reasonable reflection of the baseline costs associated with the duties as set out in the Bill. Implementation costs will be dependent on the actions each CWB partnership agrees are necessary in their locality to address specific challenges and maximise local opportunities.

104. The Committee is concerned that, without proper support, the requirement to implement action plans "so far as reasonably practicable" may result in limited or inconsistent delivery of community wealth building.

The CWB partnership must work collectively to take all necessary steps to implement the agreed actions in a manner that is proportionate to their operating circumstances, taking account of each organisation's knowledge, capacity, and available resources. The CWB partnership should be able to demonstrate that it has considered alternative approaches and documented its reasoning. This duty is not static; the partnership must review its position regularly, as what is considered reasonably practicable may change over time in response to new information, additional resources, or changes in the economic environment.

Critically, the duty is relevant to the sum of public investment available to the relevant partners. It is not reliant in discrete or time limited funds.

The role of the third and private sectors and community groups

111. Active and empowered communities are essential to the success of community wealth building. During visits to Alloa and Irvine, the Committee saw first-hand what can be achieved when passionate local people work together to improve their communities. A key factor in this success was the constructive and collaborative relationships with local authorities, who actively supported local groups and businesses while allowing them to take the lead.

I agree with the Committee and views expressed by stakeholders that constructive and collaborative relationships between the CWB partnerships and the communities they serve is crucial to the successful implementation of CWB.

112. The Committee recognises the vital role third sector organisations, community groups, local businesses, community development trusts and like groups can play in delivering essential services across Scotland, when actively enabled and facilitated by local authorities and other public bodies.

While the public sector may represent the catalyst for CWB introduction and development, I agree with Committee that business, the third sector and community organisations can all play an important role in the development and implementation of CWB actions.

113. The Committee recommends that the guidance produced under section 9 of the Bill includes a clear expectation for Community Wealth Building Partnerships to engage third sector interfaces (TSIs), development trusts, and similar organisations from the outset. Their early involvement, actively enabled and facilitated by public bodies, will help ensure these organisations can meaningfully shape, deliver and drive the community wealth building process. The Committee recommends that

consideration be given to recognising a formal role for these organisations on the face of this Bill.

I agree that these organisations can meaningfully shape, deliver and drive community wealth building you will be aware that in areas where CWB is currently being implemented these sectors are represented and active partners in the implementation of CWB actions. I will give further consideration to how such an objective could best be achieved.

<u>Access to finance</u>

124. The Committee calls on the Scottish Government to issue clear and practical guidance to Community Wealth Building Partnerships on how to facilitate the finance pillar of community wealth building. This should include any potential role for local authority pension schemes, credit unions, and community share or bond issues.

I have listened carefully to the views expressed by Committee and stakeholders on these matters and I have asked my officials to ensure clear, practical advice on how to facilitate actions on the finance pillar is included in guidance. This will include involving experts in the field as guidance is developed.

<u>Citizen participation in Community Wealth Building</u>

130. The Committee agrees that communities must have a clear role in holding Community Wealth Building Partnerships to account, both to ensure continued community buy-in and to ensure partnerships are delivering for the communities they are intended to support.

I note the views expressed by stakeholders and the Committee, and I will consider further how best to provide clear guidance on this area.

131. The Committee asks that the Scottish Government develops a mechanism, as part of the guidance produced under section 9 of the Bill, to facilitate this. As suggested by witnesses, this could take the form of citizens' panels, community audits, or another suitable approach.

I note the Committee's request, and I have asked my officials to ensure clear, practical advice on community participation in the evaluation of CWB action plans is included in guidance.

<u>Accountability</u>

138. The Committee recognises the value of some level of consistency in reporting to support the sharing of best practice across local authority areas. This will enable meaningful comparison but still allow flexibility for place-specific goals. The Committee recommends that the Scottish Government works with COSLA to agree a set of core common metrics that all local authorities will report on that will sit alongside area-specific measures. These common core metrics should be included in the guidance required under section 9 of the Bill and will support the sharing of best practice across the country.

I welcome the Committee’s feedback on this issue, and I have asked my officials to consider this further and engage with partners, including COSLA.

139. More broadly, the Committee invites the Scottish Government to reflect on the Federation of Small Businesses Scotland's concerns about the lack of standardised reporting by local authorities on procurement, and to work with COSLA to develop a more consistent approach.

I note the concerns expressed by Federation of Small Businesses Scotland about the lack of standardised reporting by local authorities.

Currently, minimum content for reporting in compliance is set out in the Procurement Reform (Scotland) Act 2014 and further described in Statutory guidance under the Act. The Scottish Government has developed a data template setting out these reporting requirements and routinely communicates them to the wider public sector. A Scottish Procurement Policy Note (SPPN 2/2025) setting out public bodies Procurement Strategy and Annual Procurement Report reporting requirements was published in June 2025.

In response to Economy and Fair Work Committee recommendations relating to the Committee’s review of the Act, a short life working group, with cross-sector representation, was formed to review the Annual Procurement Report data template. The group met from April to October 2025 and will report its findings to the Procurement Policy Forum to determine and act on any changes proposed.

No changes will be made in reporting requirements in FY 2025-2026. Any changes that are required will be communicated in time for public bodies to embed them ahead of Financial Year 2026 - 2027.

140. The Committee suggests one aim should be to increase procurement spend locally with SMEs and local businesses, with the level set in each individual community wealth building action plan specific to the local economy. Local authorities should measure and report on this procurement activity.

Increasing public procurement spend with Scottish companies and SMEs is a long-standing Scottish Government priority where we have made significant progress. We frequently meet with organisations to understand the barriers they face, and to raise awareness of our tools, guidance and initiatives to support SMEs to engage with the public sector and to better enable them to bid for and win public contracts.

The annual report on procurement activity in Scotland 2022 to 2023 shows that SMEs received 47.5% (or £7.1 billion) of the £15.0 billion Scottish public sector procurement spend where the business size was known. This appears to compare very favourably with the recent British Chambers of Commerce report, published May 2025, which stated that ‘only 20% of direct public sector procurement spend was with SMEs in 2024 – a similar figure to 2023 (19%)’ It also compares favourably with the 38% of Scotland’s economy by turnover that SMEs constitute.

SG has traditionally concentrated on addressing visibility of contract opportunities, the use of lower tariff procurement processes such as Quick Quotes and the Dynamic Purchasing System for supported businesses for lower value contracts and supplier development. In current experience this is the approach taken in local areas implementing CWB, and this could include targets to raise the number of local firms being able to access public sector contracts.

141. The Committee agrees that data collection and agreement on metrics are essential for measuring the impact of Community Wealth Building Action Plans and that goals should be set locally by Community Wealth Building Partnerships as part of the plans, reflecting local conditions.

I agree with the Committee that it is for local partnerships to set targets that reflect local conditions and will consider whether there is anything further we can do to assist CWB partnerships. I have asked my officials to consider this further and engage with key partners, including COSLA.

142. Crucially, local communities must be involved in setting these goals and the Committee asks that this be reflected in the guidance produced under section 9 of the Bill.

As noted above, I and will consider further how best to provide guidance on this area, including on the role of local communities.

<u>Governance</u>

148. The Committee is not yet wholly convinced of the rationale for establishing an additional level of governance as proposed in the Bill given that Community Planning Partnerships are already embedded across all 32 local authorities.

As introduced, the Bill does not stipulate that new governance arrangements are required.

The Scottish Government considered whether the current responsibilities of the Community Planning Partnership should be extended to include the development and implementation of CWB action plans. However, it was considered that this approach would place unnecessary burdens on those community planning partners that do not have existing economic development responsibilities or a clear and direct economic impact through their operations. This is considered the most proportionate way to ensure that those public bodies with the most significant local and regional economic levers at their disposal have the greatest role in developing and implementing CWB actions.

149. The Committee requests the Scottish Government sets out more its rationale for creating a new structure, rather than utilising existing governance frameworks and expertise.

As noted above, the Bill does not stipulate that new governance arrangements are required. In discussions with stakeholders, we have been clear that existing governance arrangements, including Community Planning Partnerships, Community Wealth Building Commissions, or Regional Economic Partnerships, could be utilised. This decision will be for each CWB partnership to agree. I have asked my officials to ensure that advice on governance be included in guidance.

Suggested changes to the duties in Sections 5 - 8 of the Bill

151. The Committee asks the Scottish Government to consider the specific suggestions set out in the following table:

Organisation(s)	Suggestion
Co-operatives UK, CfVCooperate Scotland LLP, CfV	Changing the wording on the content of CWB action plans from "may include" to "must include" or "should include" to ensure that each of the five pillars of CWB are included.
Community Energy Scotland, CfV	Expanding the list of measures that could be included in CWB action plans to include diversifying ownership of energy assets.
Development Trusts Association Scotland, CfVScottish Community Development Centre, CfVEconomic Development Association Scotland, 4 JuneScottish Enterprise, NHS Greater Glasgow and Clyde, South Lanarkshire Council, 11 June	Requiring CWB action plans to be aligned with Community Action Plans, Local Place Plans, and Local Development Plans.
What Works Centre for Local Economic Growth, CfV	Requiring CWB partnerships to publish a monitoring and evaluation plan alongside CWB action plans that clearly sets out how progress will be measured.
Development Trusts Association Scotland, CfVClackmannanshire Council, 4 June	Requiring that any progress reports include measurable indicators of community involvement, asset ownership and local reinvestment.
Highland Community Planning Partnership, CfV	Requiring a role for participatory budgeting.

I note the views expressed by stakeholders on these matters and will consider further how best to address these suggestions.

Further policy actions suggested

153. The Committee asks the Scottish Government to consider the wider policy suggestions listed in the following table:

Organisation(s)	Suggestion
Inverclyde Chamber of Commerce, CfVScottish Local Authorities' Economic Development (SLAED), CfVArgyll & Bute, CfVDundee City Council, CfVParticipants at the engagement event in Alloa	Lowering the procurement threshold for mandatory consideration of community benefits.
Fife Council and Fife Partnership, CfVClackmannanshire Council, 4 JuneCOSLA, 18 June	Increasing the procurement threshold for regulated procurements (currently £50k) and allowing direct awards to local suppliers where community benefits can be demonstrated.
Social Investment Scotland, CfVDevelopment Trusts Association Scotland, CfV	Prioritising social value and community benefit in procurement scoring criteria.
Strathclyde Partnership for Transport & Community Enterprise CfVs	Expanding the definition of supported businesses to which public bodies can restrict participation in tender processes.
Strathclyde Partnership for Transport, CfV	Allowing public bodies to restrict tenders geographically or by size of bidding company (citing the England and Wales Procurement Act 2023 as instructive).
Development Trusts Association Scotland, CfVCommunity Energy Scotland, CfV	Allowing local authorities and public bodies to purchase energy from community energy projects.
Scottish Local Authorities' Economic Development (SLAED), CfVArgyll and Bute Council, CfVDevelopment Trusts Association Scotland, CfVClackmannanshire Council, 4 JuneScottish Enterprise, 11 JuneFederation of Small Businesses Scotland, 18 June	Providing support to SMEs, social enterprises and co-operatives to navigate the procurement landscape.
Participants at the engagements event in Alloa and Irvine	Streamlining the community asset transfer process and strengthening public authorities' powers of compulsory purchase, sale, and community right to buy.
Development Trusts Association Scotland, CfV	That public bodies be required to offer surplus land and assets to community organisations before seeking commercial disposal.
Scottish Trades Union Congress (STUC), CfV	To incentivise co-operatives and other democratic ownership structures, stakeholders suggested measures such as tax relief through the non-domestic rates system. For example, in its written submission, the STUC called for legislation to give workers the right to transition their company into employee ownership.
Community Energy Scotland, CfVEDAS, 4 June C41	Reform planning rules to encourage shared ownership of renewable energy projects.
Community Land Scotland, CfVFuture Economy Scotland, CfV	That the recommendations within the Scottish Government's recent review of Inclusive and Democratic Business Models (IDBMs) be implemented.

I appreciate the Committee's recommendation and will give consideration to each of the suggestions made.

154. The Committee highlights the evidence heard about the significant role procurement policy can play in supporting community development and driving community wealth building goals. Witnesses pointed to the potential benefits of lowering procurement thresholds to enable greater participation by local SMEs and social enterprises. They also emphasised the value of proactive support from local authorities in guiding and encouraging local organisations through procurement processes, observed by Committee members during the visits to Alloa and Irvine.

Though the recommendation here refers only to lowering procurement thresholds, the stakeholder suggestions cited in the Committee's report include both lowering the threshold from which the requirement to consider imposing community benefit requirements applies, and increasing the threshold from which the Act, and its duties of equal treatment, applies.

Section 25 of the Procurement Reform (Scotland) Act 2014 requires contracting authorities to consider the imposition of community benefit requirements in the award of a regulated contract worth £4 million or more.

Section 3 of the Procurement Reform (Scotland) Act 2014 sets out the thresholds from which contracts are regulated by that Act, including the requirement for advertising and equal treatment. These are currently set at £50k for goods and services, and £2 million for works.

Ministers have already indicated that they agree that it is time to review the threshold. Consultation on amending the thresholds in that Act commenced on 16 October 2025.

155. In addition to the above suggestions, the Committee recommends ongoing oversight and modernisation of compulsory purchase orders. It also asks that the Scottish Government provides an update on its commitment to introduce compulsory sale orders.

The Scottish Government is taking forward a comprehensive programme of work to reform and modernise compulsory purchase (CP) in Scotland – with a view to making the system simpler, more streamlined and fairer. A consultation on a substantial package of reforms was published in September and runs until 19 December 2025. Subject to the outcome of the May 2026 elections and views of the new Scottish Government, the intention is take forward the reforms through a Bill in the next Parliament.

The Scottish Government has not committed to introduce Compulsory Sales Orders. We committed to consider the justification for and practical operation of them in 2023. Having commissioned a report to look at the practicalities of compulsory sales powers in the context of long term empty homes, we recognise that there may be benefits to a CSO process to complement CPO powers as a tool to tackle long term empty homes, however this would not necessarily result in a simpler, cheaper and quicker tool than existing CPO powers.

The ongoing compulsory purchase reform consultation includes questions on compulsory sale and lease orders, following commitments given to the Parliament earlier this year. Consideration of these orders out with the scope of the CP reform programme.

The justification and benefits of introducing compulsory sale or lease orders needs to be properly and fully considered; the consultation responses will help inform this consideration.

156. The Committee also draws the Scottish Government's attention to the Independent Review of Inclusive and Democratic Business Models (IDBMs) in Scotland. Specifically, it highlights Recommendation 3, which calls for investment in data and evidence on IDBMs to support policy and service design. The Committee asks the Government to respond to this recommendation, particularly in relation to co-operatives and social enterprises.

I appreciate the Committee's recommendation and will continue to work with colleagues on the independent review and its recommendations through the Economic Democracy Group.

Content of guidance

169. The Committee emphasises that clear and consistent Scottish Government guidance is essential for the successful implementation of community wealth building across Scotland.

It is important that the guidance detailing any requirements for the content of plans are fit for purpose and deliverable. This is why I want to take a collaborative approach to the development of guidance. I have instructed officials to establish an inclusive working group of relevant partners to support us in this process.

170. The Committee welcomes the suggestions from witnesses and respondents on what the guidance should include and draws attention to its recommendations in this regard earlier in this report at paragraphs 113, 124, 130-131, and 138-142.

I note the Committee's views and will consider these recommendations further.

171. In addition, the Committee recommends that, at a minimum, the guidance should include:

- **Clear expectations for governance arrangements, including how Community Wealth Building Partnerships will interact with existing structures such as Community Planning Partnerships and Regional Economic Partnerships.**

- **Mechanisms for monitoring and evaluation, to track progress and ensure accountability, including a consistent set of reporting metrics to properly assess progress nationally.**

- **Guidance on stakeholder engagement, including how local authorities should work with communities, the third sector, and other public bodies.**

- **Guidance on practical steps Community Wealth Building Partnerships can take to facilitate the finance pillar of community wealth building. This includes any potential role for local authority pension schemes, credit unions, community share and bond issues.**

I have listened carefully to the views expressed by stakeholders on these matters and welcome the Committee's position.

Specified public bodies

178. The Committee is of the view that the criteria used to select the listed bodies is unclear and asks the Scottish Government to specify the criteria for inclusion more clearly.

The lists of relevant bodies and specified bodies have been tailored to reflect the level of influence organisations and bodies may exert on local and regional economic development. This is considered the most proportionate way to ensure that those organisations and bodies with the most significant local and regional economic levers at their disposal have the greatest role in developing and implementing CWB actions.

179. The Committee agrees with the Delegated Powers and Law Reform Committee that Community Wealth Building Partnerships and the specified public bodies should be consulted on the guidance before its publication. The Committee calls on the Scottish Government to engage with these bodies during the development of the guidance.

I have reflected on the recommendations of the Delegated Powers and Law Reform Committee and the Economy and Fair Work Committee, and I will ensure that the guidance is developed collaboratively. I will also ensure that relevant and specified public bodies are consulted during this process.

<u>How "due regard" will operate in practice</u>

187. The Committee agrees that the guidance must be explicit, clear, and directive. This will ensure that all specified bodies fully understand what is expected of them and can act accordingly.

I note the Committee’s views and I am committed to ensuring that guidance provided adequately details expectations of specified bodies in discharging this duty.

188. Furthermore, the Committee asks the Scottish Government to set out more clearly how it intends to monitor and evaluate compliance with this duty ahead of Stage 3.

This Bill is not about micro-managing the public sector. CWB is a popular policy that many see the merit of. I am confident that the guidance will be scrutinised in detail by our public sector bodies who will take the necessary action to embed CWB in their practices.

189. The Committee is of the view that the Scottish Government itself should have "due regard" to the community wealth building guidance and the Bill should be amended accordingly.

As introduced, the Bill already requires that Scottish Ministers prepare and lay in Parliament a report setting out the steps they have taken in relation to the actions set out in the CWB statement. Given these accountability mechanisms, I do not think it would be necessary to require the Scottish Government to have due regard to guidance it has produced itself. The Statement would in essence be an SG policy document. The primary role of guidance would be to enable CWB partnerships to develop and implement their action plans.

<u>Conclusion</u>

190. The Committee supports the aims of the Community Wealth Building (Scotland) Bill and welcomes its introduction as a significant step toward empowering communities and promoting inclusive economic development across Scotland, laying a strong foundation for embedding community wealth building principles and driving meaningful progress.

I welcome the Committee’s view and agreement with the Scottish Government’s position.

191. During visits to Alloa and Irvine, the Committee saw first-hand the positive impact of the community wealth building approach. The experiences shared by local people clearly illustrated how locally driven economic strategies can strengthen communities, enable collaboration, and deliver tangible benefits.

The experiences of Clackmannanshire, North Ayrshire Council and the other local authorities taking forward CWB across Scotland will be invaluable the guidance required under Section 9 of the Bill is developed.

192. The Committee commends the work undertaken in Alloa and Irvine, the other pilot areas, and by those local authorities developing their own approaches. It recognises the transformative potential of community wealth building when consistently supported by local authorities and other public bodies.

I welcome the views of the Committee and the endorsement of the transformative potential of community wealth building.

193. The recommendations in this report are intended to ensure the Bill's aims are achieved and its benefits felt across all communities in Scotland. The Committee invites the Scottish Government to consider these recommendations and the suggestions from stakeholders for additional reforms that could support successful implementation.

I note the Committee's view and agree that the benefits should be felt across all communities. I will continue to consider the recommendations made and how best to support the successful implementation of CWB across Scotland.

194. As noted throughout this report, while the Bill introduces a welcome obligation to act, it may not, on its own, enable or necessarily drive implementation. The Bill's success will depend on the quality of the guidance developed under it and alignment with wider policy areas.

The Bill provides a consistent platform that supports the good practice already underway and provides the necessary clarity required to improve consistency in the use of the CWB approach across Scotland. The successful adoption and implementation of community wealth building requires effective partnerships and the use of all policy levers to maximise successful implementation.

195. Further legislative and policy changes will be essential to fully realise the Bill's aims. Stakeholders consistently highlighted the importance of reforms in areas such as compulsory sale orders, procurement practices, community empowerment, and asset transfer. The Committee agrees these changes are vital and asks the Scottish Government to outline how the broader policy landscape will be adapted to support the Bill's success.

As I noted during my Committee appearance, work in other policy areas is ongoing and required to support the success of the Bill. I am committed to continuing the current offer of support via the CWB Network and will work with key partners to identify further areas of policy development and support.

196. In conclusion, with the right support and complementary reforms, the Committee believes this Bill can play a vital role in improving the lives of people across Scotland. The Committee therefore supports the general principles of the Community Wealth Building (Scotland) Bill and recommends to the Parliament that they be agreed to.

I welcome the Committee's view and agreement with the Scottish Government's position

Annex B

SCOTTISH GOVERNMENT RESPONSE TO DELEGATED POWERS AND LAW REFORM COMMITTEE STAGE 1 REPORT

For ease of reference, the Committee's points or recommendations are shown in bold text and numbered in line with their report. The Scottish Government's response is given directly underneath.

Review of relevant powers

18. The Committee finds the power acceptable in principle and is content that it is subject to the affirmative procedure.

I welcome the Committee's view and agreement with the Scottish Government's position

Section 9(1): Guidance about community wealth building

35. The Committee notes that it normally expects to see guidance issuing powers to be covered in the Delegated Powers Memorandum and that in accordance with Rule 9.3.3B, the Scottish Parliament's Standing Orders require that a DPM should do so.

I note that guidance issuing powers are not covered in the DPM. I refer to the letter from the DPLRP to the Deputy First Minister and Cabinet Secretary for Economy and Gaelic dated 6 June 2025 asking for reasons for this guidance issuing power and the DFM's response on 19 June 2025 addressing the reasons.

36. The Committee accepts the further explanation provided by the Scottish Government on the purpose of placing the guidance on a statutory footing and requiring community wealth building partnerships and specified bodies to have due regard to it.

I note the Committee's agreement**.**

37. The Committee recommends that the lead committee considers further whether the proposed content of the guidance could be included on the face of the Bill to provide more clarity to those that will be subject to the duties under the Bill.

I appreciate the DPLRC and lead Committee's view and will give further consideration on how best to address this area.

38. The Committee also recommends that the exercise of the power in section 9(1) should be subject to a requirement to consult with community wealth building partnerships and specified bodies before being exercised, and is otherwise content that it is not subject to any parliamentary procedure.

I have reflected on the recommendation and confirm guidance will be developed collaboratively and will include consulting with relevant and specified bodies as appropriate.

Section 10(3): Duty to have regard to guidance

44. The Committee finds the power acceptable in principle and is content that it is subject to the affirmative procedure.

I welcome the Committee's view and agreement with the Scottish Government's position.

<u>Section 11: Ancillary provision</u>

49. The Committee is content with the power to make ancillary provision in regulations under section 11 of the Bill. The Committee is also content that the affirmative procedure applies to any provision which modifies primary legislation and that otherwise the negative procedure applies.

I welcome the Committee's view and agreement with the Scottish Government's position.

<u>Section 13: Commencement</u>

53. The Committee is content with the power in principle, and that it is not subject to any parliamentary procedure.

I welcome the Committee's view and agreement with the Scottish Government's position.