



COMMUNITY WEALTH BUILDING (SCOTLAND) BILL CONSULTATION

Report by Chief Executive

PURPOSE

- 1.1 The purpose of the Report is to seek homologation of a submitted response to the Scottish Government's consultation on the Community Wealth Building (Scotland) Bill.

EXECUTIVE SUMMARY

- 2.1 The Scottish Government Economy and Fair Work Committee recently consulted on the Community Wealth Building (Scotland) Bill, which closed on 23 May 2025. The introduction of the Bill seeks to ensure Community Wealth Building is implemented consistently across Scotland as an economic development tool.
- 2.2 The Bill proposes to do three things:
- It would place a duty on the Scottish Ministers to publish a Community Wealth Building (CWB) Statement which sets out the measures they will take to facilitate CWB.
 - It would require local authorities and 'relevant public bodies' to publish and implement a CWB plan for their area.
 - It would require 'specified public bodies' to have due regard to CWB guidance when developing their corporate plans and associated delivery strategies.
- 2.3 The Comhairle is already proactive in its approach to CWB and has in many ways been an innovator in this area through local community shared ownership and benefit schemes and leveraging of job creation and training opportunities through procurement. The Comhairle's submitted response therefore welcomes a national strategic focus on CWB though raises a number of considerations regarding the proposed implementation.
- 2.4 For many years the Comhairle has inherently utilised a CWB approach, yet the statutory requirement for some of the duties of the Bill broach duplication and diversion of resource. To achieve truly successful CWB implementation a coordinated approach to regulation reform in several key areas is required along with additional support to public services and proposed benefactors to capitalise on CWB opportunities, with efforts best placed on enabling these features.
- 2.5 However, as a proposed tool for Economic Development, the CWB Bill does also for the first time, effectively place a statutory duty on public bodies to deliver this Service, which is welcomed considering its integral role within the Islands, along with allocated finance to support provision of implementation.

RECOMMENDATIONS

- 3.1 **It is recommended that the Comhairle homologate the response to the Scottish Governments consultation on the Community Wealth Building (Scotland) Bill**

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Appendix 1: Response to Scottish Government consultation on Community Wealth Building (Scotland) Bill

IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	The Financial Memorandum of Bill includes resource allocation to Local Authorities and varying degrees of financing to the other 'relevant' public bodies within the Bill.
Legal	The introduction of the Bill would place a statutory duty on Local Authorities and other listed public bodies, to develop a CWB Plan that requires to be reviewed and updated at a minimum of 5 years.
Staffing	Financial resource allocated is directly related to supporting staffing requirements for implementation.
Assets and Property	The Inclusive Ownership pillar of CWB model encourages and proposes to prioritise disposal of public body assets to local community enterprises and organisations.
Strategic Implications	Implications/None
Risk	Increasing statutory obligations diverting from other priorities
Equalities	The Bill seeks to redress inequalities through the generation, circulation and retention of wealth within communities
Corporate Strategy	Supports the Corporate Strategy 2022-2027 priority to Strengthen the Local Economy
Environmental Impact	None
Consultation	The Comhairle has responded to Scottish Governments consultation on the CWB Bill, and if Royal assent is granted, the Comhairle will also be committed to undertake consultation on future CWB plans as per the statutory requirements of the Bill.

BACKGROUND

5.1 Community Wealth Building is an internationally recognised model of economic delivery designed to tackle long standing systemic challenges facing local, regional and national economies by considering the ways in which money can be generated, circulated and distributed. The CWB model aims to direct and retain more wealth within communities through five key pillars:

- **Spending** – maximising community benefits through procurement and commissioning; developing good enterprises, fair work and shorter supply chains
- **Inclusive Ownership** – developing more local and social enterprises which generate community wealth, including social enterprises, employee-owned firms and cooperatives
- **Finance** – ensuring that flows of investment and financial institutions work for local people, communities and businesses
- **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

5.2 CWB started gaining traction in Scotland prior to COVID with the Scottish Government committing funding to five pilot areas in its 2020-21 Programme for Government to develop CWB Plans, of which the Outer Hebrides was one. The Centre for Local Economic Strategies (CLES) appraised CWB within the Outer Hebrides and made future recommendations across all pillars of CWB.

- 5.3 The Outer Hebrides CWB plan noted areas where CWB activity is already well advanced with a range of time-related opportunities for scaling up CWB in other areas where it is less active. Several technical areas relating to culture, policy, governance and practice were highlighted and the Comhairle has since advanced these steps, embedding CWB into practice as referenced throughout policies and strategies including the Corporate Strategy and Economic Development Strategy.

COMMUNITY WEALTH BUILDING (SCOTLAND) BILL

- 6.1 Community Wealth Building (CWB) is an approach to economic development that tries to use the power of 'anchor organisations' to grow and retain wealth within a local economy. These anchor organisations can be public, private, or third sector bodies that have a large enough presence in a local area to enable change to economic outcomes.
- 6.2 Each of these pillars help to create a local economy in which members of the community have a stake in, and benefit from, the generation and sharing of wealth. Not all organisations will be able to take actions towards every one of these pillars, however individual actions taken by different organisations can be incorporated into an overall CWB strategy for an area.
- 6.3 Scottish Government recognise that all of Scotland's local authorities are currently working with their own CWB models, though that they are not always underpinned by formal plans, with the extent of implementation varying. The introduction of the Bill seeks to ensure Community Wealth Building is implemented consistently across Scotland as an economic development tool.
- 6.4 The Bill proposes to do three things:
- It would place a duty on the Scottish Ministers to publish a Community Wealth Building (CWB) Statement which sets out the measures they will take to facilitate CWB.
 - It would require local authorities and 'relevant public bodies' to publish and implement a CWB plan for their area.
 - It would require 'specified public bodies' to have due regard to CWB guidance when developing their corporate plans and associated delivery strategies.
- 6.5 The CWB statement must set out measures that reduce economic wealth inequality between individuals and communities and support economic growth in and across Scotland. Should the Bill receive Royal Assent, Scottish Ministers must publish this Statement within 18 months which will include a further consultation process.
- 6.6 Statutory obligations will be placed on Local Authorities and a shortlist of 'relevant public bodies', referred to as a 'Community Building Partnership' to prepare a Community Wealth Building action plan for their local authority area in accordance with the published Statement, within a 3-year period. Scottish Government will issue guidance on CWB action plans and for facilitation, and supporting the generation, circulation and retention of wealth in local and regional economies.
- 6.7 The CWB Plan must set out measures the CWB Partnership will undertake to facilitate and support the generation, circulation and retention of wealth within the local economy. Preparation of the plan requires necessary consultation and CWB Partners must actively implement the plan, and keep it under review, revising as appropriate at a minimum of every 5 years. A long list of 'specified public bodies' are required to have due regard to CWB guidance when developing their corporate plans and any related delivery plans.
- 6.8 The Financial Memorandum published with the Bill outlines associated financial resources that will be allocated to Local Authorities and specified public bodies to implement the duties of the Bill, to a varying degree.

CONSULTATION RESPONSE

- 7.1 As an active champion and implementor of Community Wealth Building, the Comhairle's submitted response welcomes and recognises the need for a more consistent and coordinated national approach to CWB to fully realise the benefits. However, the following key considerations are raised:
- The need for regulation reform across a number of key areas to support true implementation of CWB, including procurement, crofting, land, planning and energy.
 - Implementation of metrics that will clearly evidence the additionality of the Bill's introduction.
 - Review opportunities to use existing mechanisms to support delivery, avoiding potential duplication and further layers of bureaucracy i.e. Community Planning Partnerships.
 - Awareness of the increasing statutory burdens being placed on shrinking public sector bodies and potential impacts on other priorities.
 - Recognition of the additional resource, support and stimulation required to enable the proposed benefactors of CWB to adequately capitalise on the opportunities.
 - Options for alternative funding mechanisms to support a locally coordinated and balanced approach to CWB.
 - Review of resource allocations anticipated to support meaningful implementation.
 - To acknowledge and have awareness of the acute challenges that the Islands face that may impact on CWB implementation and its potential to create further inequalities rather than redress them.

CONCLUSION

- 8.1 The Comhairle welcomes the introduction of a more prioritised and prominent approach to Community Wealth Building from Scottish Government. As a long-time animator of CWB in partnership with other local sectors and organisations, the Comhairle is aware of the benefits that can be reaped within our communities and how crucial this is to grow and sustain our economy. However, over the years, clear challenges to maximising these benefits have been faced in relation to conflicting regulatory requirements; it is felt that removing these barriers should be prioritised and coordinated to enable achievement of CWB across Scotland.
- 8.2 Awareness of the existing disparities within Scotland's regions should also be targeted to prevent CWB increasing inequalities, with communities and organisations that are already well-placed to capitalise on arising opportunities only set to gain further than those who are not.

QUESTIONS

1. The Scottish Government's objective is to ensure consistent implementation of Community Wealth Building across Scotland.

(a) Do you think the proposed Bill will achieve this objective?

The proposed introduction of the Bill will achieve a consistent approach to Community Wealth Building (CWB) across Scotland through proposals to place a statutory duty on development of Plans and Reporting and inclusion of wider public sector anchors. However, implementation itself is likely to be varied, depending on the capacity, structures and resources within each local authority area.

The Comhairle has been progressive in its implementation of CWB principles, with more than 70% of the population living on community owned land and Community Estates, providing early leadership in Shared Community ownership and Community Benefit initiatives derived through land, assets and renewable energy sources. However, there are many communities within the Islands still facing acute challenges, and without additional support and resourcing to leverage the opportunities of CWB, the Bill has the potential to create further inequalities and disparities across these communities unless carefully managed.

Comhairle nan Eilean Siar was an early pilot area for CWB and developed a CWB Strategy through support from Centre for Local Economic Strategies (CLES). Whilst fully supportive of the CWB model and proactive in embedding and advancing the delivery model locally, without adequate resourcing, supporting national priorities and an enabling policy/ legislation framework, it has been difficult for the Comhairle to implement CWB at the scale and consistency that it aspires to.

The Comhairle is pleased to see that recognition of the resource requirements of the Bill have been considered with a pledge to provide additional funding to local public bodies. However, it is felt that the requirements outlined may be under-estimated, especially as organisations are already significantly under-resourced with other conflicting priorities.

Additional resources to support businesses, enterprises and community organisations to leverage opportunities is also likely to be required along with additional capital investment to act as a catalyst for CWB, especially for those communities that are 'cash poor' and in rapid decline.

(b) Does the Scottish Government need to change the law to achieve this objective?

Yes/ No

Pease explain answer:

Whilst not essential, it is recognised that the legislation of CWB will accelerate and support nation-wide delivery across all public anchors, highlighting the shared economic responsibility of the initiative.

The perception is that without legislation delivery of CWB will not be spread throughout the region and be dependent on local leadership and political willingness. However, in the case of the Comhairle, and no doubt other local authority areas, it can be argued that CWB has long been embedded in our approach to economic development, though not formally detailed within a plan or measured, though benefits are still being achieved and circulated within the local economy.

To assist in achieving successful implementation, there are other areas of law that may be required to change to fully realise the objective, which relate to Procurement, Land Reform, Crofting, Finance and Subsidy Control (*covered further in question 4 response*).

(c) Are there other ways in which the Scottish Government could achieve this objective?

The introduction and embedding of policy-driven CWB mandates and Strategies, as per CWB approaches within National Planning Framework 4, could be applied, ensuring measurement of CWB is captured.

Building out requirements of existing mechanisms, such as Community Planning Partnerships (CPP) and Local Outcome Improvement Plans to incorporate economic actions would support complementary action and avoid confusion/ duplication of roles and responsibilities between CPPs and the proposed Community Wealth Building Partnerships.

Targeted finances could be provided to resource local delivery that supports a place-based approach, distributing CWB incentives across local sectors.

The Comhairle's Corporate Strategy and Economic Strategy already includes proposals of continuing work on CWB and embedding the approach into practices without application of statutory duties.

2. The Bill would place extra duties on some public sector organisations. Are these duties proportionate? Do these organisations have the capacity and resources to meet the duties placed on them?

At present the organisations mentioned would not have the capacity and resources to meet these duties. However, it is noted and welcomed to see financial contributions outlined along with estimations of time requirements.

Whilst welcome and critical to meaningful delivery of CWB, further resource and support will likely be required to enable the local supply chain and community enterprises/ organisations to capitalise on the opportunities of CWB.

Delivery of CPPs is currently challenging due to resourcing restrictions yet increasing statutory requirements continue to be placed on each of the Partners, many of whom are listed within the CWB Bill. Additional burden is also placed on the shrinking Local Authorities as the Lead partner with overall responsibility of the Bill's statutory duties resting with them; measures to ensure meaningful participation from all CWB Partners should be considered and implemented. Should these measures require additional management from the Lead Partner then this should also be accounted for in resource requirements.

There is currently no statutory duty for economic development delivery within Local Authorities, with the CWB Bill in essence providing the first economic statutory commitment of its kind. However, this comes after many years of under resourcing of this critical Service due to the significant cost-saving measures that LAs have been faced with year-on-year. Additional support for local authority Economic Development services would enable a more strategic, coordinated supported approach to CWB against each of its Pillars.

Key pillars relating to Spending, Land and Assets and Inclusive Ownership would all have resource implications for Local authorities in relation to procurement, planning and community support and engagement, which are also currently under resourced and facing increased pressures.

As Government is aware, the Outer Hebrides are at the precipice of an unprecedented level of structural development within our Islands in relation to SSEN's HVDC link Project and planned onshore and offshore wind investment, which will all require experienced Planning and Housing support from already under resourced services and restrict local supply chain availability. There is concern that statutory reporting requirements of CWB in relation to land and assets could place further, undue pressure on Services, unless additional resources are provided.

Housing is also an acute issue within the Islands with the highest rates of empty homes, and highest build/ redevelopment costs. There are various issues in relation to land availability, conditions and cost which stifle opportunities for developments.

Consideration should also be given to the expectations being put on the ability for SME's, social enterprises and community organisations to leverage and sustain operation of CWB opportunities; in the Islands most

organisations rely on regular funding and are poorly resourced, often relying on volunteers, who are at burnout.

3. Do you agree with the list of relevant public bodies proposed in the Bill? If not, how should these be changed?

Broadly, yes, though inclusion of the Third Sector is suggested as they play a significant role in enabling and supporting economic activity within our communities and should be included to increase that facilitation.

The important role of communities, including formal structures such as social and community landlords but also less formally constituted bodies such as area forums and community interest groups, should not be forgotten, and a CWB plan would be considerably less effective if it did not include input from community organisations.

4. Are there any ways the law in devolved areas could be changed to facilitate Community Wealth Building that are currently not proposed in the Bill?

State Aid – Acknowledged that this is not a devolved issue but may still have implications and restrictions on practical application of CWB that need to be investigated and mitigated.

Public procurement – progressive procurement in relation to the Spending pillar is seen as the biggest lever for CWB, but has to date, been a significant barrier to implementation. There are various options to build CWB into procurement, including requirement of local benefit clauses, apprenticeships, and potentially percentage diversion payments into a publicly managed CWB fund for dispersal. Removing restrictions to favour local suppliers, including emphasis on value for money and competition, mandating of community benefit clauses, weighting to local economic and social value in the awarding of contracts, would be required through procurement reform.

Yet, it should be highlighted that these proposed CWB clauses have associated costs and increase the price of procurement, so there is an additional cost to the public purse and more-so in the Islands. In an island setting, this can also limit the number of contractors and supply chain availability, whereas conversely on the mainland it serves the intended purpose of reducing the number of bidders for works.

Streamlined and proportionate Public Procurement processes are also needed to reflect the capacity of local SME's, social enterprises and cooperatives to engage with CWB opportunities. It is proposed that the threshold for Quick Quotes publications should also be increased to account for inflation and increased cost of doing business on the Islands and other rural areas.

Crofting – Nearly all the land in the Outer Hebrides is under crofting tenure, with over 6000 registered Crofts, with many not being utilised. Mechanisms for Croft purchase/ allocation and ownership require reviewing to support loan/ mortgage opportunities and streamlining of processes whereby land resumption is required would support CWB development opportunities.

Planning – Strengthening of community wealth building initiatives on land developers and streamlining of processes for SME's, social and community enterprises should be considered.

Finance – There is a need to provide and enable alternative financial mechanisms that allow for fair dispersal of CWB opportunities and for communities to access and leverage the opportunities associated with CWB. Within the Islands, Local Authorities have a more prominent investment role than mainland counterparts and devolution of funding and/ or opportunities for LAs to manage, accumulate and reinvest share of economic returns locally to support a more balanced approach to CWB throughout Communities should be considered.

Application of a CWB policy within the Scottish National Investment Bank and other national financial organisations to stimulate CWB investment is suggested, reducing intervention rates and also amending the

eligibility of local authorities, in recognition of the innovating and investment role they play in Island economies in the absence of private leverage.

Removal of competitive public funding and ability of longer-term finance models to invest through CWB pillars will support balanced circulation public funds and increase generation opportunities.

Energy – Although not devolved, recognition of the need for reform of the energy sector and pricing structures must be highlighted as this is crucial to enable transformational CWB opportunities. *See Comhairle's responses to Scottish Government's consultation on Community Benefits from Net Zero Developments for further comments on this.*

Public Sector Reform - Comhairle nan Eilean Siar has a clear policy position in favour of developing a Single Authority Model (SAM) for the Outer Hebrides, with the aim to bring services and organisations, and their resources, together into one public authority, so as to ensure more efficient and effective use of resources, streamlining systems, structures and 'bureaucracy', and delivering holistic and more publicly accountable decision making, and developing community empowerment where that is the wish of communities. A SAM is not about losing vital jobs in the islands' public sector, which forms an essential element of population retention and growth, but about strengthening the public sector, ensuring that there is capacity for local political and community leadership and delivery of services, recognising the financial and workforce pressures locally and nationally.

Decision-making in CNES over the 50 years of truly local government in the Outer Hebrides has always sought to place all our island communities, from Lewis to Barra, at its heart. The introduction of an SAM would further empower those communities, as local decision-making by accountable decision-makers would result in improved decisions, better delivery and more sustainable use of resources, as there would be better local knowledge of what is required.

A Community Wealth Building Partnership would work well inside of a single authority model, as it would reflect the importance of procurement, land management, workforce and economic development in the consolidation of community development and empowerment.

5. Are there any potential unintended consequences to the proposed Bill?

Smaller public organisations that are already resource-strapped may struggle to meet the duties placed on them, diverting attention from other statutory and non-statutory priorities. There is a risk that implementation will be uneven across Scotland, and indeed the Islands, resulting in further inequality rather than redressing it.

There are significant infrastructure restrictions and fragilities that affect our Islands, in relation to digital connectivity and transportation which also impacts supply chain availability and increases costs. Whilst these anomalies should be adequately accounted for through the development of the Bill, the Comhairle is extremely disappointed to note that the initial Islands Community Impact Assessment (ICIA) results of the Bill concluded that a full ICIA was not required as *'it has been determined that this Bill is not likely to have an effect on an island community which is significantly different from its effect on other communities'*.

The Bill requires Ministers to:

- reduce economic and wealth inequality between individuals and communities in and across Scotland, and;
- support economic growth in and across Scotland,

Due to our ageing demographics, increase in cost-of-living and cost-of-doing-business on Islands, fragile infrastructure in relation to roads, digital and transport connectivity, lack of private investors, land development restrictions, limited supply chains and significant over-reliance on a shrinking public sector, it can be demonstrated that the overall impact of the Bill will have a differing impact on our Islands from mainland public bodies with the potential for current inequalities in the Islands to further increase in

comparison to mainland areas and that a full ICIA is required. The findings of the SRUC Case Study on Community wealth Building on Scotland's pilots, commissioned by Novel Insights on Rural and Island Economies (NISRIE) specifically mentioned the need for Scottish Government to review how it can best support rural and island Community Wealth Building approaches in Scotland, further highlighting the differing challenges/ impacts.

The restrictions placed on crofting land, of which the majority of the Outer Hebrides is compiled off, also places additional burdens on the Islands and their ability to meaningfully engage with all pillars of the Bill; this is further compounded by the abundance of peatland and requirements for restoration and management placing further restrictions and associated costs on the Islands opportunities for development.

The Comhairle is already actively delivering against the principles of CWB. However, the addition of statutory requirements for consultation, planning and reporting may result in excessive bureaucracy and a 'one size fits all' approach that will impact our ongoing implementation of CWB. Local authorities are facing a plethora of increased statutory planning and reporting duties from areas such as LCPARs, Good Food Nation Plans and also now, CWB, with the risk that more time spent on compliance with national requirements rather than bespoke approaches that can achieve tangible benefits for communities. Whilst CWB is supported and valued, clear metrics of additionality from the CWB Bill should be clearly outlined. To support effective CWB, resources should be deployed on removing these barriers and providing enabling features.

Encouraging procurement from local suppliers and social enterprises conflict with existing procurement rules, risking legal challenge if not carefully managed, along with subsidy control implementations. There is also the potential to discourage external investment or create unfair advantage for certain types of businesses who are more readily equipped to capitalise on CWB opportunities. Due to supply chain limitations, island public bodies should not be penalised if unable to fully capitalise on local procurement leveraging.

6. To what extent will small businesses benefit from this Bill?

The Bill will encourage public bodies to prioritise local procurement with small businesses, supporting local mapping and visibility of these businesses and provision of opportunities to bid for and win contracts that may have otherwise gone elsewhere.

New customers and potential options for growth and diversification may start to develop through more cohesive support, including local skills initiatives.

Conversely, small businesses may be subject to further pressure through Fair Work practices due to additional burdens on contracts, fair wages and balancing operational delivery. A significant number of small businesses within the Islands are often independent workers or organisations who require flexible support. SMEs may require additional support to navigate procurement processes that public bodies have to adhere to, highlighting the need for collaborative and supportive business engagement, simplified and accessible procurement processes, otherwise disparities will continue to grow for those who can leverage the opportunities and those who cannot.

7. To what extent will local community organisations benefit from this Bill?

The CWB Bill aligns the Community Empowerment (Scotland) Act 2015 and the upcoming Land Reform (Scotland) Bill, strengthening weighting for asset transfer and leveraging of in-kind support such as apprenticeships, mentoring and community upgrades.

Opportunities to diversify operations and enhance sustainability through CWB procurement, spending and inclusive ownership is created, though the tools to undertake and mobilise these opportunities are potentially missing. Asset-based CWB works best when communities are able to take on and run facilities or land; however, vacant and derelict properties, in rural or depopulated such as the Islands are becoming increasingly costly to refurbish and sustain, and transferring or repurposing these assets for communities or

enterprises is financially unrealistic without significant subsidy and support, meaning that productive leveraging or local economic benefit through those related pillars may be challenging.

Recent procurement returns and quotes in the Outer Hebrides to redevelop properties such as former schools through the Community Asset transfer process are reaching - and met in some cases - 8 figures, which is a simply unachievable level of funding for communities to acquire, but also to manage in terms of cash flowing, for new entities and those managing/ balancing existing operations.

Community organisations have long been at the heart of economic development, increasing regeneration, resilience and sustainability; however, the current economic climate has brought acute challenges to development and sustainability of community and enterprise facilities and further coordinated measures to stimulate this action will be required to enable true achievement of Community Wealth Building.