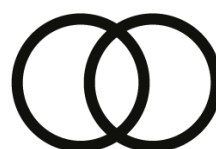


Community wealth building in the Outer Hebrides

Final report – March 2021



CLES
the national organisation
for local economies

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Centre for Local Economic Strategies

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Presented to Comhairle nan Eilean Siar

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Executive summary

The Centre for Local Economic Strategies (CLES) are delighted to present this report to Comhairle nan Eilean Siar and the Outer Hebrides Community Planning Partnership. The work started in December 2021 and this Draft Final Report lays out the context to community wealth building in the Outer Hebrides, outlines the activities that are currently being undertaken and provides recommendations for how the agenda should be taken forward.

Methodology

CLES conducted this work using our community wealth building action planning process. The process involved assessing community wealth building in the Outer Hebrides across the five pillars of community wealth building.

We conducted a document review of key Council strategies to develop an understanding of the Outer Hebrides context and to highlight pillars where existing activity is strong. We supplemented this work with officer, councillor and key stakeholder interviews to understand what has already been done and which areas could be developed.

Findings and recommendations

Our recommendations are aimed at identifying achievable, evidence-based actions to deepen and develop an approach to community wealth building across the Outer Hebrides.

In the Outer Hebrides, there are areas where community wealth building activity is already well advanced and others where it is less so. There are also some areas where the scope for scaling up work is more feasible than in others. This is reflected in the action plan in Section 8, which identifies short, medium and long-term recommendations.

Some of the recommendations are technical in nature, some are more policy-focused and others relate to culture, governance and practice. The audience for this work is Comhairle nan Eilean Siar, wider stakeholders within the Outer Hebrides and Scottish government. The aim here is not to reinvent the wheel, but rather look at ongoing and emerging issues and activity, through the prism of community wealth building. When taken in their entirety they represent a key amplification of community wealth building in the Outer Hebrides and a fillip to the core priorities of the Recovery and Renewal plan.

RECOMMENDATIONS

The Outer Hebrides as a community wealth building place

1) A community wealth building implementation group

A community wealth building group within Comhairle nan Eilean Siar is essential to ensure ongoing leadership and delivery and support for community wealth building initiatives. This working group should include both staff from across the Council and elected members. Community wealth building is interdepartmental in nature and so formal oversight is necessary, particularly in the early stages of implementation, to maintain momentum.

2) Community Planning Partnership (CPP) focus on community wealth building

To enable the success of the suite of recommendations summarised in the action plan in Section 8 of this report, there must be buy in from the CPP. In the first instance, this report should be presented to the CPP and many of the initiatives suggested should be assigned to them. Some of the CPP have shown great leadership in the community wealth building agenda and should be encouraged with formal responsibility. In time, we recommend that the CPP use the “anchor network” approach developed by CLES and operating in areas such as the West Midlands to scale community wealth building practice further.

3) Community wealth building training course for officers

Any reorientation in economic approach must be implemented alongside a training course for those that will be delivering it. The course should have two objectives; to firstly educate officers about the value system and aspirations of community wealth building as a whole and secondly to teach them the practical skills needed for implementation in the Outer Hebrides.

4) A strategy for cultivating the next generation of leaders

We believe a strategy should be developed to cultivate a pipeline of potential future councillors and leaders of Comhairle nan Eilean Siar, above and beyond what “natural” cultivation will take place as a product of our action plan overall. This strategy could involve drawing up civic pride amongst younger people on the Isles, potentially with the instigation of a youth parliament, accompanied by a campaign in schools which would encourage pupils’ awareness of the fact that there are ways for them to directly shape the future of the Outer Hebrides.

Progressive procurement of goods and services

5) Progressive procurement strategy

The Outer Hebrides should work to develop a procurement strategy to ensure that all procurement exercises can benefit local communities. This would involve breaking down contracts or making the process to bid for contracts as simple as possible within the rules and regulations that must be observed. This strategy should also look at more than just financial cost and consider what additional value can be generated through the purchasing power of the Council.

6) Market supply analysis

The Council should enhance their procurement analysis through market supply analysis and increase knowledge of local suppliers. Not only would this help to demonstrate where there are local firms who could be invited to bid or become involved with pre-market engagement activity, but gaps in the market could also be identified where the Council could create locally driven economic opportunities. As part of this analysis, opportunities for consortium working could be identified.

7) Develop the corporate culture of procurement and commissioning and foster a deeper relationship between procurement and economic development

For departments to treat procurement and commissioning with the status that it requires, an awareness-raising campaign should be developed to explain how procurement and commissioning is a lever of community wealth building and the role of community benefits. This should highlight how it is a strategic place-based economic development function just as much as a technical or regulatory one, as regards Council expenditure. Therefore, a close working relationship and alignment of plans should be fostered between procurement and economic development.

8) Develop a robust and bespoke community benefit procurement framework and community benefits "factory"

CLES believe that the potential of community benefits are not harnessed as well as they could be in the Outer Hebrides. The Council report that they do not prescribe community benefits, as local businesses and suppliers already do a lot to benefit the community through activities like sponsoring local football teams. This activity shows a business community willing to engage with the community benefit process, which the Council should build on. To do this, a community benefits "factory" should be created, in which local communities say what sort of things they want to be funded, suppliers can then pick from this "factory". Therefore, a robust and bespoke community benefit procurement framework should be created.

9) Provide community benefit capacity building for suppliers

Whilst it is important that Comhairle nan Eilean Siar develops its own processes internally around community benefits, it is also important that this is effectively

communicated to the market, particularly amongst smaller enterprises and other forms of inclusive ownership. Many businesses will not understand what is meant by community benefits, nor how to effectively respond to community benefit questions as part of the procurement process. Therefore, Comhairle nan Eilean Siar should look to provide capacity building to the market and broker relationships between potential suppliers and organisations that provide support with the delivery of such benefits.

Making financial power work for local places

10) Explore the options for a community wealth building fund from Crown Estate money

The Crown Estate resource represents a significant amount of resource into the Outer Hebrides. Ensuring that this is spent in ways which benefit all communities and sees a deeper social return on investment is key. As mentioned, the fact that Councillors have begun to utilise the Crown Estate resource to directly support community businesses is encouraging, as it shows a willingness and responsiveness to tackling issues with haste and dedicated resource in the Outer Hebrides. The Outer Hebrides could pool this resource into a community wealth building fund.

11) Work with Highland Pension Fund to achieve more local investment and divest from fossil fuels

In 2015 the Outer Hebrides and Highland Councils explored the possibility of investing a portion of their shared pension fund into building social and affordable housing. This could be a useful option for dealing with the challenges of building on the Outer Hebrides and the Fund should explore the options that are available for further investment. This could take the form of topping-up the money given from the Scottish government for building houses, or investing in the Housing Fund for Scotland, which Falkirk Pension Fund have done.

Socially productive use of land and assets

12) Engaging with the Crofting Commission and land trusts

Our recommendation is the development of a strategic plan for engagement with the Crofting Commission. This plan should work to recognise the crofting tradition's history and make the case to the community that new people will ultimately add to the health and wellbeing of the tradition. In time, this could lead to a fast-track process for approval of tenancies, or an acceleration of the process to terminate tenancies due to absenteeism.

There is a significant disparity in the maturity and success of different land trusts on the Isles. Sustained engagement with land trusts is critical to maintaining and developing the health of the sector, as well as crucial to the green jobs plan outlined below. The Council is well placed to build on conversations with Nature Scot and work

in partnership with them and land trusts to develop a feasibility study into the potential for green jobs on the Isles, with an ongoing support package from the Council to assist with implementation. A best practice network could also be incubated by the Council.

13) Accelerating the land needs assessment process and working with communities

A holistic and forward-looking land needs assessment must be developed as part of the Isles plans to retain and attract more working age professionals. This would work to consolidate and streamline efforts of the Housing Land Audits, Calls for Sites and Local Development Plan to:

- assist land trusts in their planning process;
- enable the Hebridean Housing Partnership to better target their plans for affordable housing.

As we believe the Council is planning, following this assessment sustained engagement with land trusts and the Crofting Commission must build the case for further release of land.

14) Advance the Outer Hebrides Home Ownership scheme

The Home Ownership Scheme was a suggestion to Scottish government from the Comhairle nan Eilean Siar as to how best to utilise an element of the Council's Resource Planning Assumption. The Scottish government have not been wholly supportive of this approach. In the first instance, the Comhairle should reopen conversations with the Scottish government to explore opportunities to introduce the Ownership Scheme.

To maximise the potential of the Outer Hebrides Home Ownership Scheme, priority demographics should be revised. Currently, not included in the priority list of groups are those new to the Outer Hebrides. CLES recommends they are.

The scheme could also explore a more formal partnership with the "Trial the Isles" programme, in which it was marketed as part of the "Trial the Isles" package to those that meet the other criteria. The potential of this scheme is explored in Recommendation 19.

15) A sustainable plan for asset transfer and repurposing

In conjunction with a more engaged land trust community, a sustainable plan for asset transfer and repurposing must be developed. This should include an outreach plan to all land trusts across the Isles, potentially including workshops around opportunities available and the establishment of a best practice network. Where a particular

opportunity is identified, the Council should work to guide and nurture communities through the asset transfer/repurpose process, including developing a locally economically generative business plan for the asset. The sustainable plan should also work to identify likely opportunities over the coming years.

Fair employment and just labour markets

16) Public organisations and agencies to have physical presence on the islands

There is the need for public and private sector anchors, with links to the Outer Hebrides, to try wherever possible to have a dedicated team on the islands in order to address the broader issues relating to population decline.

The impact of Covid-19 does mean that most organisations will continue to see home working into the future, which could make this recommendation difficult. However, some organisations are – even within the context of the pandemic – already beginning to take these steps

17) Green jobs strategy

Nature based jobs will be at the forefront of the Outer Hebrides economy in the years to come. As such, the Council should act now to develop a plan to ensure that the benefits of these jobs are felt across the Outer Hebrides. This strategy should link to the wider economic story described in this report and work to reinforce the economic strategy.

18) Repopulation zone

Repopulating the islands will be crucial in achieving the community wealth building vision laid out in this document. As such, supporting the progress which is already underway with the repopulation zones and affordable housing places is a key recommendation, as it could be a way to deeply embed community wealth building into the Outer Hebrides.

It is in these zones that a “Trial the Isles” type scheme could be embedded, to enable workers in key industries to come back to the islands as a way to encourage them to return full time. Any such scheme should be mindful of the identity of the Outer Hebrides and ensure that a unified brand identity is utilised across all media messaging.

Similarly, this recommendation also covers the need to attract locational independents.

19) Adopt an Outer Hebrides good employment charter

Businesses, anchor institutions and the Council are all partners – their co-operation is what will either make or break the project to build community wealth in the Outer Hebrides. A useful way of pushing these agendas and allowing anchors to practically demonstrate their commitment to them is through the development of a good employment charter. This could take the form of an accreditation, awarded to businesses and anchors who meet specific criteria, such as on paying the Scottish Living Wage, offering flexible working criteria, or engaging in targeted hiring from deprived areas in the Outer Hebrides.

Plural ownership of the economy

20) Undertake businesses analysis to pinpoint potential firms for co-operative conversion

We heard from several stakeholders that the Outer Hebrides has a number of family-run SMEs. These could represent potential inception points for co-operative conversion. Business analysis should be undertaken to understand if this could be a viable strategy in the Outer Hebrides. If so, targeted intervention with viable firms could be undertaken by the Council.

21) Developing sector strategies for key industries

Some sectors are key to community wealth building (i.e. food and construction). Therefore a comprehensive strategic approach needs to be considered. This includes a robust sectoral analysis of sector growth through supply and demand, production, distribution and consumption.

1. Introduction and context

This report for Comhairle nan Eilean Siar represents a key element in developing a wellbeing economy through a progressive approach to economic development – community wealth building. In doing so, the Council is amongst the first in Scotland to embark on this journey, joining a progressive movement of Scottish and UK local authorities and areas using this approach.

Community wealth building and a wellbeing economy are central themes of the Scottish government’s Programme for government and national performance framework. The Scottish government is working with five areas, including the Outer Hebrides, to produce bespoke community wealth building action plans. The other four areas are Clackmannanshire, South of Scotland, Glasgow City Region and Tay Cities.

The Outer Hebrides

The Outer Hebrides is a truly unique place. In many ways, the principles that underpin community wealth building and the activity relating to it are already embedded within the Outer Hebrides. Firm links between the community and economy including crofting and community land ownership run deep, with close to 80% of the landmass of the Outer Hebrides in community ownership. This offers a firm and fertile foundation for community wealth building to grow from. Three core documents have formed a crucial part of analysis in CLES’s community wealth building work. These documents and their corresponding strategic priorities and themes, are:

- Recovery and Renewal: 2020-2022
 - Community and public services
 - Economy
 - Energy and climate change
- The Corporate Strategy 2017-2021
 - Economy and jobs
 - Communities and housing
 - Education, skills and training
 - Quality of life, health and wellbeing
- Outer Hebrides Local Outcome Improvement Plan 2017-2027
 - The Outer Hebrides retains and attracts people to ensure a sustainable population.

- The Outer Hebrides has sustainable economic growth and all our people have access to appropriate employment opportunities.
- The islands offer attractive opportunities that improve the quality of life, wellbeing and health for all our people.

With these documents as key elements alongside a range of interviews, CLES has assessed Comhairle nan Eilean Siar's progress across the five pillars of community wealth building. The recommendations contained within this report articulate what needs to happen to make the expansion of community wealth building throughout all areas of economic life in the Outer Hebrides a reality and in so doing help to bring about the ambitious recovery and renewal agenda. Throughout this work, CLES have focused and sought to balance bold ambition and feasibility.

This report presents the findings from our community wealth building action plan in the Outer Hebrides. The report is split into the following elements:

- **Section 1** places the report within the local strategic and wider UK contexts and gives an overview of the methodology employed;
- **Section 2** sets out the overarching community wealth building frame for the Outer Hebrides and what needs to happen for it to be amplified;
- **Sections 3 to 7** are organised by the five elements of community wealth building and for each we outline the key issues, review Comhairle nan Eilean Siar's existing strategies and present emerging recommendations in each area;
- **Section 8** summarises our recommendations, in the form of an action plan, to build a community wealth building approach in the Outer Hebrides.
- **Appendix 1** provides a list of stakeholders consulted and documentation reviewed all of which fed into this report.

What is a wellbeing economy?

A wellbeing economy is a key strategic aim for Scotland, based on an approach to economic development that is built on and supports the wellbeing of citizens, now and for future generations. Instead of trends in the levels of GDP, a wellbeing economy approach actively pursues an economy that prioritises human and planetary wellbeing¹ and is focussed on social goals, social justice, environmental sustainability and prosperity for all.

A wellbeing economy considers how social benefits flow from, or feed into, economic activity. In this, a wellbeing economy is less interested in inclusion after the fact of growth, but in reorienting goals and expectations for business, politics and society to deliver good lives for people first time around.² This agenda is

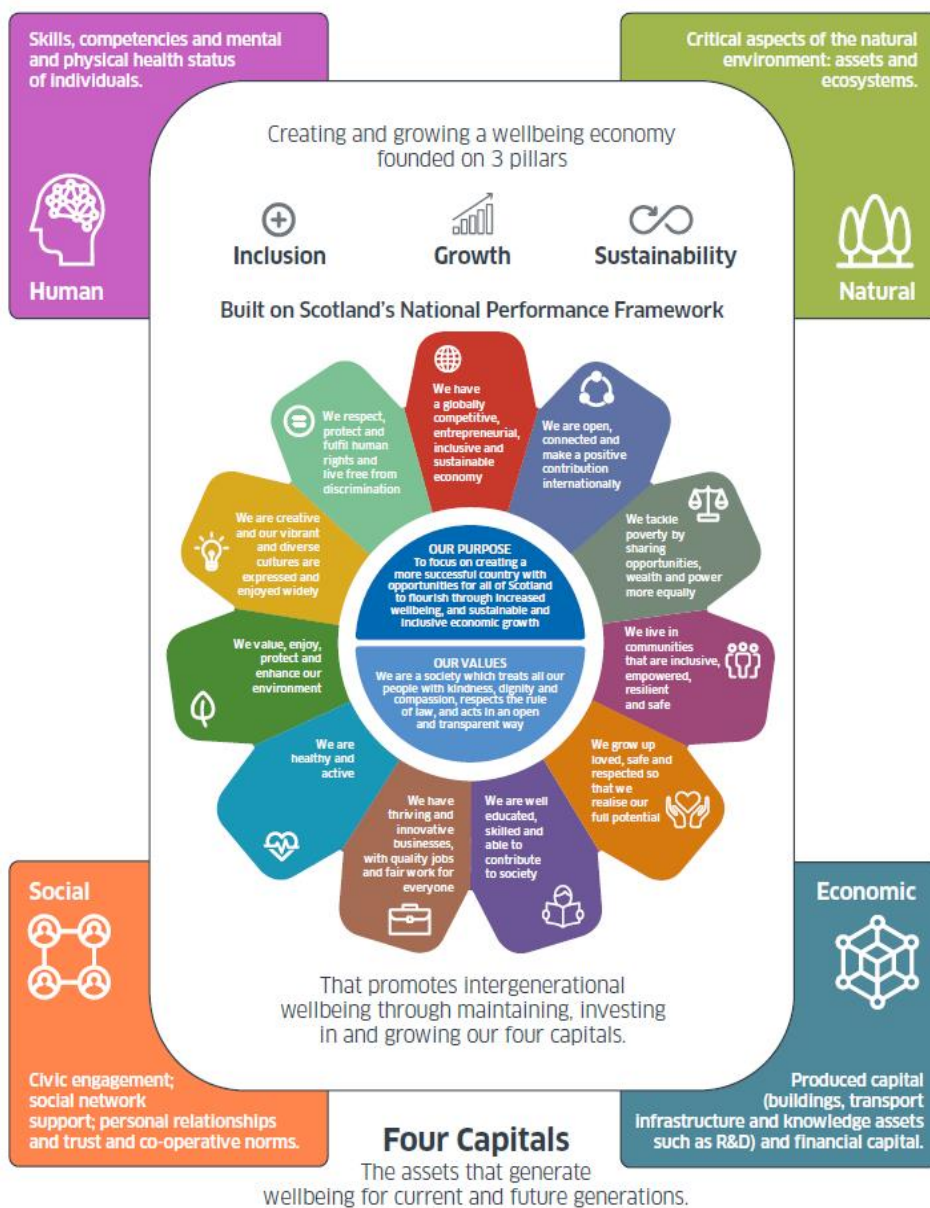
¹ What Does a Wellbeing Economy Look Like (2020). Smart Economics for the Environment and Human Development (SEED). [Read](#).

² Hough-Stewart, Trebeck, Sommer & Wallis (2019). What is a wellbeing economy?. Well being Economy Alliance. [Read](#).

aligned to a belief in community wealth building, heterodox economics and new forms of economic democracy and urban development such as new municipalism.³

In recent months, there has been a sharp focus on the need for an inclusive and sustainable approach to economic recovery from the Covid-19 economic shock. The Scottish government set out a framework for a national wellbeing economy in its response to the recommendations of the Advisory Group on Economic Recovery. That framework highlights the importance of inclusive growth and sustainability, as well as the need to invest in economic, environmental, social and human capitals, to ensure Scotland have a robust economy that is resilient to future shocks.

A wellbeing economy in Scotland



³ Calafati & McInroy (2017). Local government & the commons: the time has come. Centre for Local Economic Strategies. [Read.](#)

What is community wealth building?

Scotland is a wealthy country, with one of the highest GDPs in the world. However, the wealthiest 10% cent of households own 43% of all private wealth in Scotland, with poverty, wage stagnation, underinvestment and low productivity now entrenched features of the Scottish economy and economies.

In the last decade, wealth in Scotland has grown much faster than incomes, with wealth now more than seven times GDP. Furthermore, wealth distribution is hugely uneven, with the top 10% owning 200 times more wealth than the bottom 10% (median wealth of £1.3m compared to £6k). Indeed, the wealthiest 10% own 43% of all wealth in Scotland, with the least wealthy 40% only owning 5%. Furthermore, in looking at wealthy individuals we see that some of the richest people in Scotland live elsewhere, including low tax countries such as Monaco or the Isle of Man. This stands in contrast to 25% of Scottish people who have less than £500 of net savings and 7% who have zero savings or are in debt.

At a local level, the prevailing model of economic development has often failed to engage with questions of wealth distribution, focusing instead on generating contributions to GDP.

In response, community wealth building has emerged as a powerful new approach to local economic development. Emerging first in the USA and taken forward in the UK by CLES in partnership with a range of local municipalities, community wealth building is a fundamental driver of a wellbeing economy. Community wealth building aims to reorganise the local economy so that wealth is not extracted but broadly held and generative, with local roots, so that income is recirculated, communities are put first and people are provided with opportunity, dignity and wellbeing. In this, community wealth building seeks to hotwire social, economic and ecological benefits into the economy.

The economic development directorate of the Scottish government has adopted community wealth building, committing to working with five areas on community wealth building action plans which build on learning from work already underway in North Ayrshire. These five areas are Outer Hebrides, Clackmannanshire, South of Scotland, Glasgow City Region and Tay Cities. There is also a growing set of areas in Scotland now progressing community wealth building under their own steam, with Scottish government support.

Building strength and empowerment in local economies and communities is key to Scotland's collective recovery and community wealth building has the potential to bring tangible local benefits quickly. Taking this approach ensures that local people and businesses have a genuine stake in producing, owning and enjoying the wealth they create and moves us closer to the more just, equitable and sustainable society we want to see in a post Covid-19 Scotland.

Anchor institution approaches

Community wealth building has a particular focus on the activities of anchor institutions. These anchor institutions are large commercial, public and social

sector organisations (including local authorities) which have a significant stake in a place. Anchors can exert sizable influence in impacting upon economic, social and environmental priorities, by adopting community wealth building strategies. In terms of public institutions, community wealth building asserts the strong democratic oversight of those institutions, with a strong role for local political leadership.

At the heart of the community wealth building approach are five strategies for harnessing existing resources to enable local economies to grow and develop from within.

Five principles of community wealth building



Plural ownership of the economy – community wealth building seeks to develop a more diverse blend of ownership models: returning more economic power to local people and institutions. As such, community wealth building asserts that small enterprises, community organisations, co-operatives and forms of municipal ownership are more economically generative within the local economy than large companies or public limited companies.

Making financial power work for local places – community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, rather than by seeking to merely attract national or international capital. For example, local authority pension funds can be encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow and regional banks charged with enabling local economic development are established. All of these are ideally placed to channel investment to local communities while still delivering a steady financial return for investors.

Fair employment and just labour markets – often the biggest employers in a place, the approach anchors take to employment can have a defining effect on the employment prospects, incomes and overall prosperity of local people and local

communities. Commitment by anchors to pay the living wage, have inclusive employment practices, recruit from lower income areas, build progression routes for workers and comprehensive union recognition can stimulate the local economy and bring social improvements to local communities.

Progressive procurement of goods and services – progressive procurement is a means through which greater economic, social and environmental benefits can be achieved for local places and people. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services. CLES have pioneered and been at the forefront of work around progressive procurement in the UK, helping to develop a dense local supply chain of local enterprises, SMEs, employee-owned businesses, social enterprises, co-operatives and other forms of community ownership.

Socially productive use of land and assets – anchors are often major land, property and asset holders. These represent an asset base from which local wealth can be accrued. In community wealth building the function and ownership of these assets is deepened to ensure any financial gain from these assets is harnessed by citizens. Furthermore, there is a desire to develop local economic uses and extend local social/community use of those assets. Indeed, much public sector land and facilities are the commons and should be used to develop greater citizen ownership of the built, open space and natural environment.

CLES has worked with dozens of institutions across the UK to develop the community wealth building movement, with each locality taking on a different blend of activities based on the five elements outlined above. 14 million people now live in community wealth building neighbourhoods, which is 21% of the UK's population.

Methodology: community wealth building action planning

The methodology CLES adopt is based on assessing and then identifying activity, which is already happening, whilst also identifying new opportunities. In this, CLES has undertaken a desk-based review of key documents as a means of assessing the extent to which the tranches of work Comhairle nan Eilean Siar is currently undertaking (i.e. in policies, strategies and actions) are reflective of a progressive and inclusive local economic approach. These are structured around the five pillars of community wealth building.

A series of semi-structured interviews with officers, councillors and key stakeholders were undertaken, in order to assess existing and future possibilities for community wealth building. See Appendix 1 for a full list of stakeholders we engaged with.

We have used the findings from this process, alongside the desk based work and wider experiences and insight from CLES's work on community wealth building to make recommendations across the five pillars.

These recommendations feature at the end of each section. These obviously relate to the Council, but also have relevance to the wider set of Outer Hebrides anchors

and, in some instances, the Scottish government. The aim here is not to reinvent the wheel, but rather look at ongoing and emerging issues and activity, through the prism of community wealth building. When taken in their entirety they represent a key amplification of community wealth building in the Outer Hebrides and a fillip to the core priorities of the Recovery and Renewal plan.

This report also includes an action plan, in Section 8, which sets out next steps for each recommendation.

2. The Outer Hebrides as a community wealth building place

This section sets out the overarching strategy of the Comhairle nan Eilean Siar and what CLES see as the key challenges and opportunities going forward. It outlines the likely futures for the Isles and makes recommendations as to where CLES thinks there is opportunity to make the bold step to deepen community wealth building work.

Introduction

Given the pandemic, climate crisis and new spatial economic questions, the Outer Hebrides is, like many places, at a critical juncture. In this it may be helpful to think of two possible scenarios. One future sees an escalation of current trends in the area, primarily an ageing and declining population, with fewer industries on the Isles. This future will see poorer quality and fewer jobs, with increased dependence on the mainland and further afield.

However, there is and can be a very positive future. Out of the many localities that CLES has worked with, the Outer Hebrides has one of the most fertile contexts in which the deepening and scaling of community wealth building could be achieved. We believe that a reorientation of economic development strategy, underpinned by a community wealth building approach, would afford the Outer Hebrides an opportunity to forge a sustainable, prosperous and self-sufficient future. Reaching this future involves building on the traditions in the area; working to support and scale the activity that is already demonstrative of community wealth building.

Importantly, the realisation of this future involves the Comhairle nan Eilean Siar undergoing a bold step-change in its approach to its objectives. The Council has comprehensively identified the issues the area faces and CLES believes now is the time to scale and deepen its remedies for them. CLES believes that an aggressive implementation of the community wealth building agenda could not only put the Outer Hebrides on the path to a prosperous and sustainable future but be an example to the world of how an advanced rural island community can deliver for its citizens of today and tomorrow.

In this the ambition of Comhairle nan Eilean Siar is clear, with both politicians and those working at officer level driven by public values and a palpable municipalist enthusiasm. This is reflected across the Council documents we reviewed and in our interviews with stakeholders.

The challenge for the Council is to translate this energy into the deepening of community wealth building practice at all levels. We believe that a community wealth building approach is more than possible in the Outer Hebrides, indeed it has deep roots and strong foundations, as one interviewee said:

'We try and make sure that at Comhairle nan Eilean Siar we are always striving to make sure our work is what's best for the Isles, not just the Council.'

Context

Many of the contextual features of the Outer Hebrides act as both challenges and opportunities for a community wealth building agenda. In this section we briefly explore the primary features which we perceive as being the most relevant to advancing community wealth building, before laying out our recommendations.

From ambition to deep democracy

Within the Council leadership itself there are significant ambitions to nurture and scale community wealth building values and approaches. Furthermore, there is a good recognition of the scale of the challenges the Outer Hebrides faces and a willingness to embrace alternative economic approaches.

As discussed throughout this report, the Outer Hebrides is a truly unique area of the United Kingdom. The local and place-based relationship that employees have with the Isles is important in building an economy that relates deeply with community. However, the level of knowledge, experience and accountability that comes from this could be capitalised on even further.

Broad based economic planning with significant devolution are a crucial ingredient to increasing democracy. Through our interviews the appetite for this is strong. However, the Community Planning Partnership (CPP) is not powerful enough and – as is common in other parts of the country – is not as action focussed as it could be. Recommendations for other activities that could serve to scale the level of democracy and agency within the Isles, such as the Islands Deal and locality planning, are outlined below.

Looking at the Council overall, at elected leadership level the lack of diversity of gender, race, age and visible disability is striking. There are no non-male councillors, no racial diversity and the average age of the councillors is over 50. A community wealth building approach argues that any leadership team must reflect the community it seeks to serve. A more active approach to accelerate democratic diversity is needed.

Negative demographic and financial trends

As discussed above, achieving a self-sufficient, prosperous and sustainable future would involve bucking the current predicted trends. Population projections from 2014 predict a severe decline in the population of the Outer Hebrides of 13.7% in

the next 25 years, the largest in Scotland. They also predict a decline in the working age population of 21% over the same period, again the largest in Scotland.

Alongside this, we have also seen the dramatic squeezing of public sector budgets over the last decade. Comhairle nan Eilean Siar's budget for 2017/18 was £105m compared to £117m in 2012/13. Council forward projections anticipate that savings in the region of £20m could be required by 2022/23. To add to this, Brexit has seen many EU Structural Funds withdrawn from the region.

Plural identities in the Outer Hebrides

The Outer Hebrides is rightly a place with great pride in its identity, history and culture. Many families can trace their roots back to the area through four or five generations and there is a strong understanding of the Outer Hebrides' uniqueness within broader Scottish culture. However, our consultation has shown that this pride in place does not extend to the Isles as a whole, rather, it applies itself to localities within the Isles; individual Islands, communities and families.

As it currently stands, the future of the Outer Hebrides could be one in which the tourism industry has far greater precedence than any other industry. Of course, the benefits that increased tourism to the Outer Hebrides could bring to the economy should not be overlooked. However, the fear and danger is that a greater focus on tourism and the possible reversal of demographic trends could weaken the traditional identity and culture of the Outer Hebrides. Indeed, a booming second home and holiday rental market which continues to crowd out local people from accessing housing, coupled with the literal erosion of the physical assets of the Outer Hebrides that an over-provision of tourism could bring and an ageing and declining population, could point to a challenging future.

As such, a future which preserves, evolves and spreads the identity and culture of the Outer Hebrides is not one where economic growth is stimulated at any cost, but one where wealth is both created and diversified in the Isles, held broadly across and remains recirculated through the Isles.

Covid-19 – an opportunity for renewal through location independence

Covid-19 will permanently change the locational dependence for many industries nationally and internationally, as working from home takes precedence over office-based working. This will result in a generation of working age professionals looking to live in areas not previously an option. The Outer Hebrides can and should capitalise on this. Indeed, one of the key tenets of our roadmap is an effort to attract new working age professionals to the Isles.

A critical prerequisite to the implementation of the strategy to attract new working age professionals, both working remotely and for industries based on the Isles, must be a comprehensive, Outer Hebrides-wide understanding of who it is and how it is a unified whole. It is only through the development of this can the Outer

Hebrides' "offer" be understood by and marketed to this target demographic. Unpacking this below, we explore different approaches to making this happen.

A community wealth building future for the Outer Hebrides

Through this report, we argue for a reorientation in the approach to economic development, underpinned by community wealth building. The future we believe is possible for the Outer Hebrides has four primary differences to the Outer Hebrides today, namely:

- **A retention and expansion of the population** enabled by a drive to create a new swathe of green job opportunities in the area, a programme to attract professionals from a variety of fields to live and work on the area and an effort to attract "locational independents" the Covid-19 crisis has produced.
- **A more diverse economy**, with an invigorated tourism sector playing a smaller but more profitable role in the local economy overall.
- **A more self-sufficient economy**, through an audit to assess current and needed local supply chains and an incubator programme to cultivate new needed SMEs and an augmented public sector procurement strategy to give the new and existing local businesses more contracts.
- **The barrier to access land and build property reduced**, alongside new options for community ownership developed. Alongside other benefits, we believe this would contribute to a new generation of community leaders being cultivated, laying the ground for local municipalism further into the future.

Recommendations

1. A community wealth building implementation group

A community wealth building group within Comhairle nan Eilean Siar is essential to ensure ongoing leadership and delivery and support for community wealth building initiatives. This working group should include both staff from across the Comhairle and elected members. Community wealth building is interdepartmental in nature and so formal oversight is necessary, particularly in the early stages of implementation, to maintain momentum.

2. Community Planning Partnership focus on community wealth building (see case study)

To enable the success of the suite of recommendations summarised in the action plan in Section 8 of this report, there must be buy in from the CPP. In the first instance, this report should be presented to the CPP and many of the initiatives suggested should be assigned to them. Some of the Community Planning Partners have shown great leadership in the community wealth building agenda and should be encouraged with formal responsibility. For example, CLES heard that health

bodies in the Outer Hebrides are good at thinking about social return on investments, including co-benefits to health. Education could be empowered to lead on the apprenticeship section in recommendation 20. This important learning needs to be extended to other public bodies in the Outer Hebrides.

A community wealth building approach argues that in any locality, there must be good networks and cohesion within anchor institutions. Within an isolated economy such as the Outer Hebrides, the need for this is even more pressing. In time, we recommend that the CPP use the “anchor network” approach developed by CLES and operating in areas such as the West Midlands, to scale community wealth building practice further.



Birmingham Anchor Network

The Birmingham Anchor Network was established in January 2018, following an eighteen-month project led by CLES, to understand the role anchor institutions play in the Birmingham economy. The Anchor Network is made up of Birmingham City Council, Birmingham NHS Foundation Trust, West Midlands Police and Crime Commissioner, The Pioneer Group, Bournville Village Trust, Aston University and the University of Birmingham.

The Anchor Network works to support the seven participating organisations to maximise the benefit they bring to the Birmingham economy both individually and collectively. With combined budgets of over £5bn and a workforce of over 50,000, these anchor institutions are major economic agents. By collaborating on work in key areas of procurement, employment and management of land and assets, they have the potential to play a powerful role in shaping the city economy⁴. The Network:

- Provides advice, technical support and training to anchor institutions to build their capacity to harness their spending power, role as employers and asset owners to stimulate equitable local economic development.
- Brings anchor institutions together to collaborate on shared priorities, amplifying the impact of their individual activity.
- Extends take-up of community wealth building approaches among anchor institutions in Birmingham and West Midlands through advocacy activities.

⁴ Birmingham Anchor Network response to the Covid-19 pandemic (2020). Centre for Local Economic Strategies. [Read](#).

The Anchor Network seeks to deliver change at three levels:

- **Individual anchors** – develop organisational capacity to direct their assets for local economic and social benefit.
- **Network** – harness the collective economic weight of Anchors to drive a more inclusive West Midlands economy.
- **Birmingham** – drive positive change in the functioning of the Birmingham economy.



The Wigan Deal

A new social contract between council and citizens

In 2011, Wigan Council in Greater Manchester had to make unprecedented savings after significant cuts in funding from central government. Drastic measures were needed, including a radical reshaping of the relationship – or social contract – between the Council and residents⁵. This became known as the Wigan Deal, which has since evolved to become The Deal 2030.

The Deal 2030 provides a unifying strategy for the whole of the borough. It was created after the biggest ever consultation undertaken by Wigan Council, called The Big Listening Project, which visited 83 locations across the borough, spoke to 6,000 people directly and collated 10,000 brilliant ideas.

The Deal 2030 has been officially approved by the Council and many other public sector organisations have adopted the strategy as a “plan for the place” of Wigan Borough. Each priority of the strategy, identified through consultation, now has to be delivered on and the Council and its partners will be held accountable on whether this is achieved through a number of partnership boards and its own governing bodies. The council will also produce a public annual report which will show how much progress it has made on each priority⁶.

⁵ Wellings & Naylor (2019). Lessons from the Wigan Deal. The Kings Fund. [Read](#).

⁶ The Deal 2030 (2019). Wigan Council. [Read](#).

3. Community wealth building training course for officers

Any reorientation in economic approach must be implemented alongside a training course for those that will be delivering it. The course should have two objectives; to firstly educate officers about the value system and aspirations that community wealth building has a whole and secondly to teach them the practical skills needed for implementation in the Outer Hebrides.

To be of everyday use, the second objective is crucial and with insufficient focus on it the course runs the risk of becoming a broadening horizons exercise. The course must work to help officers understand the *why and how* of community wealth building in the Outer Hebrides.

4. A strategy for cultivating the next generation of leaders

We believe a strategy should be developed to cultivate a pipeline of potential future councillors and leaders of Comhairle nan Eilean Siar, above and beyond what “natural” cultivation will take place as a product of our action plan overall. This strategy could involve drawing up civic pride amongst younger people on the Isles, potentially with the instigation of a youth parliament, accompanied by a campaign in schools which would encourage pupils’ awareness of the fact that there are ways for them to directly shape the future of the Outer Hebrides. This is crucial – many young people do not want to leave the Isles but feel that there is an uncertain future with limited opportunity. As such, engagement with schools and young people about the community wealth building agenda would not only generate buy in but develop aspirations that are tied to the Outer Hebrides.

In time, we would encourage Comhairle nan Eilean Siar to build on the success of its 2019 project “Women in Politics” and deepen its relationships with organisations such as the Parliament Project, a charity which works to get woman and non-binary people into all levels of government.

3. Progressive procurement of goods and services

The procurement and commissioning of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. It is vital the Council and key partners use their purchasing power and convening abilities to deliver economic, social and environmental justice to the people of the Outer Hebrides through the progressive procurement and commissioning of goods and services.

By progressive procurement and commissioning, we mean a number of things. First, it is about increasing the importance of procurement as a corporate function. Second, it is about increasing levels of spend with local organisations and Small to Medium Sized Enterprises (SMES). Third, it is about using procurement and commissioning levers to address the local economic, social and environmental challenges faced.

It is this third element that CLES's focus in the Outer Hebrides hones in upon. This element needs a rigid deployment of community benefits and the development of markets that can deliver them. As such, CLES are particularly interested in how community benefits are embedded in the different stages of the commissioning and procurement cycle, alongside supply development.

In this we consider wider how community benefits:

- Can be a **primary aspect of some** commissioned services and procured goods (i.e., social care or purchase of solar panels)
- Should be a **secondary aspect for all** commissioned services and procured goods.

The progressive procurement and commissioning cycle

The process of commissioning and procurement should be viewed as a cycle with each of five stages complementary and interlinked for it to become more progressive. The image below demonstrates this cycle, with each theme explained in more depth.



Theme 1: Governance and strategy

Governance and strategy should drive the way in which commissioning and procurement is undertaken politically, strategically and operationally. This includes the need for political buy-in, regular spend analysis, effective and bespoke frameworks and a culture within an organisation in which community benefits are significant considerations across all commissioning and procurement activities.

Theme 2: Commissioning

Commissioning encapsulates all things that those responsible for designing goods and services can think about prior to going to tendering and the market. This includes service user engagement, cross-departmental relationships, appropriate community benefit weighting.

Theme 3: Pre-procurement

Pre-procurement refers to all activities which local authorities can undertake to make potential suppliers aware of upcoming procurement opportunities. This includes information provision on the scale, strength and size of various markets and meet the market events.

Theme 4: Procurement and decision-making

Procurement and decision-making include actions which local authorities can take in the tender process itself and in evaluating the responses of potential suppliers. This includes asking specific questions as part of the tender process around community benefits and effective qualitative and quantitative evaluation.

Theme 5: Delivery

Delivery involves the things which local authorities can do during the actual delivery of the contract by the chosen supplier. This includes legal and contractual terms and active monitoring.

What Comhairle nan Eilean Siar is doing

There is political ambition in the Council for progressive procurement of goods and services. Councillors and Officers had an understanding that understanding “best value” in terms of lowest cost is short-sighted and the Council are trying to be more outward looking to see how spend impacts upon the local economy. It was well understood by elected members and officers that “procurement should be a tool we use to get the best value for our islands” and there is an understanding of the role that anchors have in shaping the market and a desire for local bodies to work with local firms wherever possible.

However, there is a need for education for employees on every level of procurement within Comhairle nan Eilean Siar. This goes beyond the procurement team, to commissioners and budget holders as well. There is a slight disconnect between political ambition and procurement practice, in that there is a very good technical procurement team in the Council who run a professional and efficient department that matches all procurement legislation. There is more that could be done to push procurement to do more for local businesses, grow the local economy and extend community benefits.

Supply chains and animation of supply

There is some need to firm up corporate consistency, in how procurement and commissioning is perceived. For example, there is good understanding of spend, as regards local actual and potential suppliers and the Council has 24 different service lots and for big contracts runs “meet the market” events.

However, in contrast there is also a perception that there is a need to get a better understanding of what the local offer is in terms of suppliers and a firmer appreciation of the wider social, ecological and local economic benefit of procurement spend and that more could be done and more innovation is possible within the system.

To do this, procurement should have closer links with economic development. This is explored in Recommendation 8.

In terms of animating and developing supply, it was reported that competition is another problem facing the Outer Hebrides. The Council is beginning to think about how to grow and develop markets, however at times when the Council have tried to stimulate collaboration, it has often been difficult. For example, the Council has tried to encourage collective bids for contracts that would be difficult to break down further. However, the businesses involved in this collective bid struggled with the bureaucracy that the public sector sometimes demands. The Council reported that they would be keen to take away this bureaucracy in some way, to help local business people access council contracts. This is explored in Recommendation 22.

There are also some issues as regards capacity of local supply chains and there are opportunities around local supply post-covid. For instance, people are relying more on their local offer and lots of businesses have set up over the last year. This provides great space for progressive procurement to assist and encourage and foster wherever possible.

Challenges

Community benefits

There seems to be a limited understanding, or question of the merits of, community benefits within the Council. Respondents described community benefits as “wishy washy” and “always coming with a cost.”

community benefits are weighted at 5% and are considered in the case of each contract. The Council does not overly formalise or impose community benefits as “many suppliers have good ideas we haven’t thought of” or “are already benefitting local community, by sponsoring local football teams etc.”

community benefits are at present not included in quick quotes process of contracts under £50,000. Green conditions are not really included in procurement decisions, further than legal requirements. It was reported that this is because there would be a danger of discrimination against mainland firms, “even if that means we can’t discriminate against a firm that has to travel 1000 miles to the Outer Hebrides” to deliver the contract.

Similarly, community benefits are not formally monitored and it was reported that community benefits are difficult to objectively evaluate. For example, in 2018/19 the Comhairle nan Eilean Siar procurement report found that there were no regulated procurements with a value in excess of £4m, however, just one contract awarded included a Community Benefit clause. While community benefits are considered for inclusion in all regulated procurement exercises, they often are omitted. Furthermore, when procuring council contracts, suppliers are asked to list community benefits, but enforcement of those can slip through the net.

Wider community benefit value / SROI measurement is not done, but it was reported that it would be useful. It was reported that some community benefit monitoring tools are being explored with other councils, but officers felt that the Outer Hebrides is not big enough for its own monitoring framework. CLES would disagree with this: the closed economy of the Outer Hebrides is small, but there is

the scope for a community benefit framework which includes monitoring. This is explored in recommendation 4.

The council did acknowledge that more work could be done to engage the local community to find out their needs and priorities around community benefits. CLES explores one way of doing this in Recommendation 8.

National frameworks

National procurement frameworks do not work very well for the Outer Hebrides. As such they have very little uptake on the islands and in general commissioning frameworks are viewed as unwieldy. Officers and Councillors all reported the desire for flexibility in these frameworks, alongside more options for commissioning locally.

For example, a Scotland-wide framework for an energy efficiency contract saw the provider who was appointed to deliver the contract in every authority in Scotland pull out of delivery in the Outer Hebrides, despite delivering the contract everywhere else. The company faced no repercussions. This highlights the necessity for all decisions at the national level to be either inclusive of the Outer Hebrides and island communities or devolved more fully.

Recommendations

5. Progressive procurement strategy

Progressive procurement is a key part of community wealth building. The Outer Hebrides should work to develop a procurement strategy to ensure that all procurement exercises can benefit local communities. This would involve breaking down contracts or making the process to bid for contracts as simple as possible within the rules and regulations that must be observed.

This strategy should also look at more than just financial cost and consider what additional value can be generated through the purchasing power of the Council. While cost always must play a role in procurement, the Council can take a wider look at their spend and choose to support local business and communities where possible. This has a ripple effect in all local economies, let alone an economy such as the Outer Hebrides where community ownership is already well established and where there is potential for less leakage in spend due to geography.

Progressive procurement in Scotland is driven by the Procurement Reform (Scotland) Act 2014 which requires commissioners to think about their stakeholders before they begin a procurement process, the impact of the services they intend to buy and how they intend to buy them. The Act is viewed as a social reform agenda, in which procurement is seen as a driver for economic growth to be delivered by placing sustainable and socially responsible purchasing at the heart of the process⁷.

⁷ Armitage (2017). Social Value in Scotland. Social Value Portal. [Read](#).

The rest of the recommendations in this section would all form elements of a Progressive Procurement Strategy.

6. Market supply analysis

The council should enhance their procurement analysis through market supply analysis and increase knowledge of local suppliers. Not only would this help to demonstrate where local firms are who could be invited to bid or become involved with pre-market engagement activity, but gaps in the market could also be identified where the Council could create locally driven economic opportunities.

As part of this analysis, opportunities for consortium working could be identified. It was reported that construction firms rely heavily on public sector contracts, but also that they have struggled in the past to work as consortia due to the bureaucracy within local government contracts. As such, the Council should explore local firms who could act as intermediary to manage the bid and tender process on behalf of local tradespeople, enabling them to focus on delivering the contract.

7. Develop the corporate culture of procurement and commissioning and foster a deeper relationship between procurement and economic development.

For departments to treat procurement and commissioning with the status that it requires, an awareness-raising campaign should be developed to explain how procurement and commissioning is a lever of community wealth building and the role of community benefits in that. Highlighting how it is a strategic place-based economic development function just as much as a technical or regulatory one, as regards council expenditure.

Therefore, a close working relationship and alignment of plans should be fostered between Procurement and Economic Development. Doing so should enable a real cultural amplification as to the reasons why community benefits are important and maximise the ability for both functions and wider Council to build community wealth.

Procurement and commissioning are key economic development levers with which to advance a wellbeing economy. As such, the relationship between Procurement, Commissioning and Economic Development is significant. The Outer Hebrides is a small council and relationships are already there. However, they should be deepened and strengthened wherever possible.

8. Develop a robust and bespoke Community Benefit Procurement Framework and community benefits Factory

CLES believe that the potential of community benefits are not harnessed as well as they could be in the Outer Hebrides. The council report that they do not prescribe

community benefits, as local businesses and suppliers already do a lot to benefit the community through activities like sponsoring local football teams. This activity shows a business community willing to engage with the community benefit process, which the Council should build on. To do this, a community benefits “factory” should be created, in which local communities say what sort of things they want to be funded, suppliers can then pick from this “factory”.

Therefore, a robust and bespoke Community Benefit Procurement Framework should be created. This Framework should be an easy-to-use tool for Commissioners to identify relevant community benefits when designing goods, services and works opportunities. The Framework would ensure community benefits are adopted consistently as part of quick quotes (threshold from £10k to £50k) and would detail:

- The bespoke Community Benefit **outcomes** which the Council is seeking to achieve through procurement and commissioning.
- The types of Community Benefit **activities** which suppliers and the market (for example, construction would be very different to catering) could potentially deliver in relation to those outcomes.
- The **questions** that could be asked as part of a procurement exercise in relation to each outcome and accompanying activity.
- The way in which the responses to the Questions from potential suppliers could be **evaluated**.
- The types of goods, services and works for which particular Outcomes, Activities, Questions and Evaluation ways are relevant – effectively a **matrix**.

9. Provide community benefit capacity building for suppliers

Whilst it is important that Comhairle nan Eilean Siar develops its own processes internally around community benefits, it is also important that this is effectively communicated to the market, particularly amongst smaller enterprises and other forms of inclusive ownership. Many businesses will not understand what is meant by community benefits, nor how to effectively respond to Community Benefit questions as part of the procurement process. Therefore, Comhairle nan Eilean Siar should look to provide capacity building to the market and broker relationships between potential suppliers and organisations that provide support with the delivery of such benefits. Here political leadership will be crucial in conveying what is expected of suppliers to Comhairle nan Eilean Siar. Thus, forms of conveying community benefits should be developed, including statement of websites, letter to suppliers and participation in supplier events. Mainland suppliers need to know that there are certain expectations which differ from that elsewhere.

There is a key gap around contract monitoring, particularly in relation to monitoring the Community Benefit achievements of suppliers. As part of the development of the Community Benefit Framework (described in Recommendation 9), Comhairle nan Eilean Siar should develop a monitoring tool which enables the outputs of

suppliers to be tracked in relation to community benefits and the impacts measured.

4. Making financial power work for local places

Community wealth building seeks to increase flows of investment within local economies and make sure that existing flows are generative. It does this by harnessing the wealth that exists locally and ensuring most local benefit is harnessed from attract national or international capital. For example, local authority pension funds are encouraged to redirect investment from global markets to local schemes. Mutually owned banks are supported to grow and regional banks charged with enabling local economic development are established. Ensuring there are ethical lenders such as credit unions is also key in ensuring local people are not sent into unmanageable debt. As such, access to finance is fundamentally important to the success of community wealth building.

Context

SMEs are vitally important – both in the Outer Hebrides and across the UK economy. They account for 99.9% of all private sector businesses, 60% of private sector employment and 47% of private sector turnover across the country. In the Outer Hebrides, SMEs make up 96% of businesses, employing over 5,500 people and with a total Scottish turnover of £449 million in 2020⁸. However, traditional banks are preferring not to take the perceived risk of lending to SMEs, increasingly implementing stricter lending criteria. In 2019, the value of bank loans to SMEs fell in more than half of the country.

Getting funding to SMEs is crucial. Doing so acts as a poverty alleviation strategy – by helping local firms to flourish, grow, invest and hire – and as a way of building a robust and resilient local economy, which is not vulnerable to the shocks that can occur through the closure or departure of a large private employer. Indeed, all of this is even more true in the wake of Covid-19.

The Scottish National Bank was launched in November 2020 as state-owned financial institution intended to deliver infrastructure development and strategic investments. The SNIB are a “mission-led” development investment bank for Scotland, wholly owned by the Scottish Ministers on behalf of the people of Scotland, but established to operate commercially and operationally independent

⁸ Businesses in Scotland: 2020 (2020). Scottish Government. [Read](#).

from government. The SNIB has three key missions, set by the Scottish government which guide everything they do⁹. These missions are:

- Supporting Scotland's transition to net zero by 2045
- Building communities and promoting quality by 2040
- Harnessing innovation to enable our people to flourish by 2040

The Council should maintain an awareness of the Scottish National Investment Bank and how it could realise opportunities for the Outer Hebrides. At least two of the missions of the SNIB could present opportunity for the Outer Hebrides as it takes the green economy agenda forward.

What Comhairle nan Eilean Siar is doing

Credit unions

The Highlands and the Outer Hebrides Credit Union – HI-Scot – was reported to be well supported, with officers at the Council paying a small amount of money from their salary each month into it. HI-Scot is the consolidation of Stornoway-based HI-Scot Credit Union and Highland Communities Credit Union and was an initiative of the Comhairle nan Eilean Siar. The Credit Union was planned and achieved accreditation through the Comhairle's Economic Development service and has strengthened the credit union movement in the Highlands and Islands, with 4,000 people now members.

Marine assets

In the first year of devolved management, the Scottish Crown Estate's marine assets have generated £7.5 million of revenue for Scotland. The Outer Hebrides received £1.7 million of this share, split between all wards on the islands. Clearly, this is a significant resource. Comhairle nan Eilean Siar used some of this money (£25,000 from each ward in Lewis and Harris) to support the beneficiary organisations who lost funding from community energy generators as a result of the failure of the Skye-Harris sub-sea electricity cable. This saved jobs and helped organisations from going under during the pandemic. Thinking through how this resource could be utilised to tackle some of the key challenges facing the Outer Hebrides through a community wealth building lens, will be a worthwhile task for the Council to consider over the coming months.

Business finance

Comhairle nan Eilean Siar have an excellent track record regarding supporting businesses in the wake of Covid-19. In April 2020, the Comhairle launched a COVID-19 Local Business Support Scheme to help businesses unable to access support from existing Scottish and UK government business schemes. The scheme made grant funding of up to £5,000 available to support local businesses through the crisis and prepare them for recovery. In total, 122 grants worth £1.22 million were

⁹ About: for a better Scotland bank (2021). The Scottish National Investment Bank. [Read.](#)

given out to small businesses, with a further 17 grants worth £425,000 were delivered to retail, hospitality and leisure venues in the Outer Hebrides. The council also offered all small businesses a three-month deferral on loan repayments and supported tenants in council properties.

Islands Deal

Significant resource will come to the Outer Hebrides from the Islands Deal, with £100 million split across the Outer Hebrides, Orkney and Shetland islands. Some key cross-island capital projects have been identified, including the Islands Centre for Net Zero Carbon, which aims to create quality jobs for the future. However, work is still ongoing with partners to agree Heads of Terms, which were agreed and signed on December 17th 2020 and set out the key projects and investment against each. There is opportunity as individual projects are developed and implemented to shape them through community wealth building approaches and for the Outer Hebrides to take on the mantle of becoming the community wealth building leader in the Islands Deal, sharing expertise and encouraging similar practice from Orkney and the Shetlands.

Recommendations

10. Explore the options for a community wealth building fund from the Crown Estate money

The Crown Estate resource represents a significant amount of resource into the Outer Hebrides. Ensuring that this is spent in ways which benefit all communities and sees a deeper social return on investment is key. As mentioned, the fact that Councillors have begun to utilise the Crown Estate resource to directly support community businesses is encouraging, as it shows a willingness and responsiveness to tackling issues with haste and dedicated resource in the Outer Hebrides.

CLES has identified several Scottish councils who are trying to use this resource in a more socially generative way. For example, Orkney created a Crown Estate Fund to carry forward any of the allocation that had not been spent on additional expenditure in 2019-20. Orkney Council adopted several guiding principles for using this, including to support and empower coastal communities across all of Orkney to deliver projects to realise sustainable social, economic and environmental benefits.

Similarly, North Ayrshire Council has a Community Investment Fund which supports proposals and projects that tackle inequalities in North Ayrshire such as financial deprivation, poorer health outcomes, reduced employability, limited access to good food, or reduced access to services. While this is not from Crown Estate Funding (it was established instead by the Community Planning Partnership), this model has elements that could offer part template for the Outer Hebrides.

The Outer Hebrides could pool this resource into a community wealth building fund. This could be used as a funding source for social entrepreneurs and community businesses. It could also be used to progress some of the short-term actions recommended in this report, such as the consultation exercise or the land audit. Having a dedicated resource behind community wealth building could be a useful key driver in establishing community wealth building in the Outer Hebrides.

11. Work with Highland Pension Fund to achieve more local investment and divest from fossil fuel investments (see case study below)

In 2015 the Outer Hebrides and Highland Councils explored the possibility of investing a portion of their shared pension fund into building social and affordable housing. This could be a useful option for dealing with the challenges of building on the Outer Hebrides and the Fund should explore the options that are available for further investment. This could take the form of topping-up the money given from the Scottish government for building houses, or investing in the Housing Fund for Scotland, which Falkirk Pension Fund have done.

Similarly, the Outer Hebrides should encourage and cajole other members of the Pension Fund to encourage more local investment opportunities. This is especially important in the context of the pandemic: the pension fund investing in local investment opportunities could not only see dividends for pension holders but act in the interest of the place in the long term, in terms of supporting development activity at a time of crisis.

Crucially, the Outer Hebrides should also lobby the fund to divest from fossil fuel investments. Currently, the Highland Pension Fund invests £39.8 million in mining-related companies and £24.4 million in oil-related companies. It also has £8.5 million invested in AIA who are the target of the Kick Out Coal Campaign because of their stake in at least \$3 billion of coal projects. Whilst appreciative of need to accrue investment returns for pension holders, these forms of investment are antithetical to any and all efforts to build a green economy and tackle climate change in the Outer Hebrides. Diverting these investments into community energy projects could see significant financial return, while also supporting the community energy sector in the Outer Hebrides (and the Highlands) to expand and grow.

Local Pension Fund Investments

Lancashire and Preston

In much the same way that Outer Hebrides' local government pension fund is managed by Highlands Council, Preston's pension fund is managed by Lancashire County Council. As part of the "Preston Model" of community wealth building, these two organisations worked together to localise pension investment in Preston. Since 2013, £100m has been allocated in Preston and South Ribble, with investments in student housing and hotel redevelopment. This strategy ensures stable returns also benefit local people and the local economy.

Albion Community Power

The Albion Community Power fund has assets of c.£105m and specialised in the renewables sector. Strathclyde Pension Fund invested £10 million in Albion Community Power, who own hydro stations with the capacity to power 4,000 homes. Albion Community Power also have invested £5 million in hydro power projects in the Highlands.

5. Socially productive use of land and assets

Socially productive use of land and assets form a key element of community wealth building. Whilst a traditional economic development approach might only measure the value of these assets in economic terms, the Outer Hebrides has a rich history of harnessing these assets for the common good, akin to a community wealth building approach. To accelerate a comprehensive community wealth building approach, this section looks at building on deep foundations to formalise and scale current activity on the Isles.

Context

The stakeholders consulted, from officers to community land trusts to the construction sector, expressed both a mature understanding of the value in using land and assets in a productive way and identified the same overarching challenges of the current approach in the Outer Hebrides. It was generally appreciated that current approaches to land and property are on the whole well-intentioned but need formalising and further scaling to unlock significant economic development for the area.

The desire to take a more holistic approach to community wealth building through the socially productive use of land and assets has been historically limited by pressing demands to maximise capital receipts as well as internal capacity issues. However, as the Council aspires to attract more “locational independents” and retain more of its existing working age population, the challenges around affordable housing and access to land are increasingly pressing. This is mirrored in the Local Outcome Improvement Plan, which lists as its top priority area for strategic partnership working that the Outer Hebrides will “retain and attract people to ensure a sustainable population”.

A community wealth building approach necessitates that socially productive use of land and property must be viewed as part of a wider economic development strategy. To this end, as part of efforts to make the Outer Hebrides more economically self-sufficient, this section will also unpack strategies to diversify and strengthen the construction sector.

Affordable housing

Lack of affordable housing is a pressing issue in the Outer Hebrides. This is due to interlinked issues of limited land, difficult building conditions and the increasing influence of the rented sector for tourism and second, often largely underused, holiday homes. Together, these create barriers for young people to acquire land and build or buy homes. There is a strong tradition of building one's house in the Outer Hebrides which increases the importance of access to land for building.

These factors are compounded by the fact that it is not always financially viable to build affordable housing in the Outer Hebrides with the money from Scottish government £5M Islands Housing Fund, with the money from the Scottish government's Affordable Housing program benchmarked at £84,000. To achieve funding above benchmark there is an extended process with Scottish government, that many respondents to our consultation suggested slows and ultimately diminishes the number of new homes built. As one respondent said, often the building process begins with an aspiration of "a decent house and then you have to cost in engineering to do something that's doable but suboptimal." Land trusts reported that many projects that have applied for the cross-subsidization have been rejected on the ground of being too expensive. There is a clear bottom line here, its costs much more to build decent houses in the Outer Hebrides.

An example of these factors in action occurred when a local construction company bought a disused hospital with the view to making shared equity housing but had to make major financial concessions to allow the project to move forward.

The Hebridean Housing Partnership will not work to build houses in advance of demonstrable need, as their methodology is built on demonstrable demand, evidenced through their waiting lists. However, it is evident that there is "a latent pool of people who are desperate to come back to live and work" but do not have a house to come back to. The recommendations below aim to tackle this deadlock.

Best practice examples

One example of a project with great potential to address multiple of the challenges the Isles face is Rural Housing Scotland's initiative to develop community and collective forms of ownership and housing. They are currently test bedding the idea within Uist, with a toolkit being finalised for the community by the end of March. The proposed co-operative housing model will create a digital hub and a co-working space. The project takes its inspiration from LILAC, a co-housing community of 20 eco-build households in West Leeds. Within LILAC, the homes and land are managed by residents through a Mutual Home Ownership Society, a pioneering financial model that ensures permanent affordability.

Initial feedback from the community in Uist on this project has been very positive and this is an exciting opportunity to take ownership of affordable housing in an area outside of the economic and cultural magnet of Stornoway. This kind of

collective and co-operative approach to housing has not previously been seen on the Isles.

Another example of good practice in this area is the methodology officers at the Council have developed for an affordable housing scheme that would work for the specificity of the Outer Hebrides. The Outer Hebrides Home Ownership Scheme (OHHS) would seek to introduce an additional housing option aimed at assisting families into homeownership through the subsidised build of a starter home. The proposed model would follow the principles of Low Cost Home Ownership and using Affordable Housing Supply Programme funding. It would be aimed at first time owners who cannot access existing grant funding schemes. The OHHS would help address housing needs and would also have a significant positive impact on population retention, particularly in fragile areas. Furthermore, one criteria for applicants is access to non-croft land on which to build, which we are concerned may contribute to the demonstrable demand before supply deadlock.

This scheme aims to take the bureaucracy out by allowing individuals to bid in, enabling houses to be built locally and reflect what local people want, rather than going through the standard framework. Officers argued that this scheme could be more efficient and cost effective, but would need the Scottish government to relinquish some control. The Council are very keen to pilot this scheme, to targets that could be set by the Scottish government, to test the process.

Access to land

House building has a long tradition in the Outer Hebrides. However, a lack of access to land deters citizens from building a home and ultimately a life in the region. The two primary vehicles through which to acquire land are community land trusts and the Crofting Commission, both of which could be doing more to lubricate this process. This will assist in realising the Council's aspiration to develop the spread of new houses into rural parts of the Isles.

Community Land Trusts

Community Land Trusts have been a real success story for the Isles. Community land ownership stands at around 70% and the majority of residents live on community land. Economic development has accelerated in tandem with and often as a result of community land acquisition, creating a newfound confidence in many communities. However, there are large differences in the Trusts' maturity and approach to development. Our recommendations work to bring all land trusts up to the standard of the most socially productive performers. Some examples of the range and history of land ownership on the Isles;

- a) North Harris Trust acquired land from a private owner who took an interest in community affairs, employing many locals. The opportunity was given to the community to buy the land out before anyone else and by all accounts the transition has gone very

smoothly. The Trust has set up the North Harris Trading company, which operates to promote community and household Energy Conservation, deliver Energy Generation projects, enhance community Recycling Facilities and identify measures to tackle fuel poverty in North Harris. They operate under a hybrid ownership structure with a private owner retaining some of the sporting rights to the area. While one of the more established land trusts in the Outer Hebrides, it is notable that 40% of housing within North Harris is under holiday/second home ownership.

- b) Formed in 2012, Galson Community Regeneration Trust works to advance rural regeneration and community development. It takes great pride in its development, using profit from its recently installed wind farms to support community run businesses in the area.
- c) North Uist remains very landlord led, with the landlord living and working there too. He appears to reject any form of community land ownership, one stakeholder describing him as “vehemently opposed”. North Uist is the only place on the Isles where there are active farms.
- d) Purchased in 2006 for £4.6 million, South Uist estate remains the largest community buyout since Scotland's Land Reform Act in 2003. 3000 local people raised enough capital to buy 93,000 acres of real estate from a syndicate of owners. Like in Galson, a portion of the revenues from the local wind-farm are distributed to organisations and individuals within the community for developments, initiatives and business that will be of economic, social or cultural benefit to the community as a whole. Another success of the estate has been the construction of the new Marina in 2015. It now provides the infrastructure for the further development of leisure sailing, fishing and industrial shipping in the islands. This has also allowed new land to be available for commercial and housing units. The estate has also restored a golf course and acquired an exclusive sporting lodge, both generating income for the community.

Crofting Commission

The Crofting Commission and the Grazing Committees that sit below them wield significant power on the Outer Hebrides, when it comes to land. The Grazing Committees can be reluctant to give up land for new buildings and the process is at times arduous. There is also a fear of cultural dilution within these committees, which may contribute to their attitude. The Outer Hebrides takes great pride in its history and rich cultural traditions and there is an understandable anxiety around the possibility that an influx of non-indigenous residents may challenge cultural and historical preservation.

Furthermore, the 200+ grazing committees across the Isles are run by volunteers, resulting in a lack of time and specialist knowledge. As such there is a lack of a strategic view of land with a degree of one off, individual decision making precedence. They also retain the right to pass on hereditary crofts to family members who do not use or visit them.

From individual to embedded good practice

As demonstrated above, there is inconsistency in the Outer Hebrides' approach as a whole to socially productive use of land. There are many good initiatives taking place to enable further community land transfer, primarily through Highland and Islands Enterprise (HIE). HIE manages the Scottish Land Fund on behalf of Scottish government. The fund is intended to facilitate community ownership of land and property.

One interesting project from a community wealth building perspective is a £52m project in Barra working to build a community campus for early years to upper ages – a cradle to grave community asset. There will also be a hospital, elderly care centre and space for the police and ambulance service within the centre, alongside flexible use hubs with multifunctional office space.

Community asset transfer and the Council's register of assets

The Council has a good asset register, that is small but comprehensive. There is not a great turnaround regarding assets, but those we spoke to at the Council were confident in their processes around surplus assets. The Council owns relatively little land in the Outer Hebrides. When it comes to community asset transfers, there was a sense in which officers tried to informalise the process in order to lower the barrier to entry, guiding communities with which they have close links through the process. However, the slight concern here is around a sustainable and systematic approach to this; inevitably relying on personal connections may accelerate some community asset transfers but hamper the development of others.

A community wealth building approach to asset transfers would argue for holistic nurturing of communities to maximise empowerment and development.

Recommendations

12. Engaging with the Crofting Commission and land trusts

While the Crofting Commission has a resource and capacity issue, our interviews exposed that contributing to their cumbersome bureaucracy was a fear of cultural dilution. The history of the Crofting Commission is not insignificant here; with the Crofters Holdings Act of 1886 being one of the hardest won pieces of legislation in Scottish history. We believe ahead of any demands being made of the Commission, comprehensive sustained engagement is needed to bring communities together.

Therefore, our recommendation is the development of a strategic plan for engagement with the Commission. This plan should work to recognise the crofting tradition's history and make the case to the community that new people will ultimately add to the health and wellbeing of the tradition. In time, this could lead to a fast track process for approval of tenancies, or an acceleration of the process to terminate tenancies due to absenteeism.

There is a significant disparity in the maturity and success of different land trusts on the Isles. Sustained engagement with land trusts is critical to maintaining and developing the health of the sector, as well as crucial to the green jobs plan outlined above. The Council is well placed to build on discussions with NatureScot and work in partnership with them and land trusts to develop a feasibility study into the potential for green jobs on the Isles, with an ongoing support package from the Council to assist with implementation. A best practice network could also be incubated by the Council.

13. Accelerating the land needs assessment process and working with communities

A holistic and forward-looking land needs assessment must be developed as part of the Isles plans to retain and attract more working age professionals. This would work, with assistance from the Community Wealth Building Implementation Group to consolidate and streamline efforts of the Housing Land Audits, Calls for Sites and Local Development Plan to:

- Assist land trusts in their planning process
- Enable the Hebridean Housing Partnership to better target their plans for affordable housing

As we believe the Council is planning, following this assessment sustained engagement with land trusts and the Crofting Commission must build the case for further release of land. This outreach must both be mindful of existing community tensions, such as differences in economic development aspirations and make sure those leading the outreach are free from commercial interests. Ideally, locals from the community will be employed by the Council to lead this outreach. As one respondent said, "people want to stay, but I don't know if we're doing enough to make them want to stay". Demonstrating there is available land and affordable housing is a key antidote to this issue.

14. Advance the Outer Hebrides Home Ownership Scheme

The Home Ownership Scheme was a suggestion to Scottish government from the Comhairle nan Eilean Siar as to how best to utilise an element of the Council's Resource Planning Assumption. The Scottish government have not been wholly supportive of this approach. In the first instance, the Council should reopen conversations with the Scottish government to explore opportunities to introduce the Ownership Scheme.

To maximise the potential of the Outer Hebrides Home Ownership Scheme, priority demographics should be revised. Currently, not included in the priority list of groups are those new to the Outer Hebrides; CLES recommends they should be.

The scheme could also explore a more formal partnership with the “Trial the Isles” programme, in which it was marketed as part of the “Trial the Isles” package to those that meet the other criteria. The potential of this scheme is explored in Recommendation 19.

15. A sustainable plan for asset transfer and repurposing

In conjunction with a more engaged land trust community, a sustainable plan for asset transfer and repurposing must be developed. This should include an outreach plan to all land trusts across the Isles, potentially including workshops around opportunities available and the establishment of a best practice network. Where a particular opportunity is identified, the Council should work to guide and nurture communities through the asset transfer/repurpose process, including developing a locally economically generative business plan for the asset. The sustainable plan should also work to identify likely opportunities over the coming years.

Working from home, as discussed in other sections, is likely to be more normalised as we move beyond the pandemic. This is an opportunity to look at the assets the Council currently uses for office space, to decide if they are still fit for purpose. The Council respondents told us that currently, 20% of Council staff want to work at home all the time, 30% need office space, the rest want a bit of both. An assessment of office space requirements could produce the case for further public agencies being located in the Council's office building, as downsizing is likely to be mirrored across the public sector. This could result in the case for one public estate being accelerated, as the health board, Nature Scot, SDS, EPA, Highlands and Islands enterprise, Scottish Futures Trust) move to one Isles based location.

6. Fair employment and just labour markets

Employment and skills are a key element in developing an inclusive local economy. Both in terms of equipping people with the commensurate skills that the economy needs, but also developing self-worth and growth of people and supporting all people to reach their full potential.

Context

In Scotland, the Fair Work agenda is central in driving elements of this pillar. The Scottish government's commitment to promoting Fair Work is set out in Scotland's Economic Strategy, National Performance Framework, Economic Action Plan and Labour Market Strategy.

The actions the Scottish government is taking through the Fair Work Action Plan cover three broad themes aiming to:

- Support employers to adopt fair work practices.
- Deliver fair work to a diverse and inclusive workforce.
- Embed fair work across the Scottish government.

The community wealth building agenda supports all of these themes, as reflected in the recommendations in this section which are explicitly focused on encouraging employers to adopt fair work practices and to ensuring a diverse and inclusive workforce.

There has also been good progress around these themes in the Outer Hebrides. For example, employers paying the Living Wage increased from 8 in 2017 to 14 in 2019. Seeing this number increase will be important in coming years, especially in relation to the tourism industry. If this industry expands, it will employ people from the islands. The task of the Council is to ensure that these companies pay decent wages and avoid exploitative employment practices such as zero-hour contracts in order to ensure that the people of the Outer Hebrides are benefiting from this industry and having a real stake in the ownership of it, rather than simply servicing second home holidaymakers and making hoteliers rich.

In thinking about the workforce of the future, nature-based jobs are crucial. Currently, 7.5% of the Scottish workforce are in nature-based jobs and Nature Scotland report that these jobs have grown five times more than any other sector in the last five years.

In the Outer Hebrides, this is a key sector to develop as there is the potential for hundreds of well-paid and highly skilled jobs. This would see a huge growth in workforce, which would have clear knock-on effects on the population challenges facing the Outer Hebrides, addressed in “Outer Hebrides as a community wealth building place” – section two of this report.

What Comhairle nan Eilean Siar is doing

In the context of the Outer Hebrides, the most powerful thing you can do is create public sector jobs that are tied to place. The public sector is the biggest employer across the islands, which is why the Council are keen to explore options surround the One Public Estate.

Other major employers include the various components of the Harris Tweed sector, which employs around 300 people. The social enterprise sector also generates 12% of jobs outside of public sector – explored in “Plural ownership of the economy” – section seven of this report.

Historically, shellfish and salmon farming have been important, but post-Brexit there has been a complete, perhaps temporary collapse of the fishing industry. The industry can't redistribute the fish and prices are down 80%. A similar picture has emerged regarding construction: this is a key industry but is reliant on public sector spending. As such, it was reported that construction is teetering on a cliff edge, with challenges around finding apprentices to fill roles and even the possibility that the last tar pit on the islands could close.

Challenges

Population decline

A major challenge facing the Outer Hebrides is population decline. The Recover and Renew document reports that:

“Projections predict a 6.1% decrease in the population of the Outer Hebrides over the 10-year period from 2018 to 2028. This is one of the largest decreases in Scotland.” This decline will be particularly focused on the younger population (the 0–15-year age group is predicted to decline by 13%) and the working age population (decline of 6%).”

In order to address this skewed population, a key target for the Council is to achieve net in-migration of 1500 people in the 16-40 age range in the next ten years. However, in interviews it was reported that attracting new talent to the Outer Hebrides has been challenging. Some respondents felt that one of the biggest selling points of the Outer Hebrides – “that in all industries you are able to take one more responsibility in your career and can diversify your skillset in such a small economy” – is not properly sold.

It was also reported that while the Outer Hebrides “are great at marketing the place for tourism”, the same cannot be said for attracting people to move and work there.

This is especially true on the back of Covid-19, where focus has been more on the potential of tourists not able to fly abroad, rather than locational independents now able to move out of urban conurbations. Some officers had ideas of how to solve this issue, including a “Trial the Isles” programme or the idea of “repopulation zones.” Ahead of progressing with any programme to market the Isles to working age professionals, the Council and CPP should carefully consider the identify of the Outer Hebrides and ensure that a unified brand identity is utilised across all media messaging.

These repopulation zones would take the narrative away from de-population and decline, instead focusing on active steps the Council can take to repopulate the Outer Hebrides. In this project, the Council want to work with Scottish government around regulation and legislation to establish a re-population zone pilot, that would allow them to bring in new people to create business and new opportunities within the economy outside of the bounds of national legislation as it currently stands. In these zones, the Council want to pilot their affordable housing methodology (for detail see the “Affordable Housing” section of “Socially just use of land and property” – section five of this report). A task force has been established with representatives from Argyle and Bute, North Ayrshire, Highlands and the Outer Hebrides to progress this project over the next few months.

These ideas are encouraging. They demonstrate that there is clear ambition in the Outer Hebrides. Furthermore, they tally with community wealth building and – if designed with a community wealth building frame and in tandem with the suite of recommendations in this report – could go some way in unlocking the potential of the Outer Hebrides into the future.

Another aspect that is crucial when considering the declining population of the Outer Hebrides relates to organisations removing people from the islands. This was exemplified by one respondent who told CLES that Highlands and Islands Airports are moving to remote working, which will see ten or so highly skilled staff and their families relocate to Inverness. For a small island community, the loss of ten families will have massive repercussions throughout the rest of the economy. This is a clear example of national government policy working counterintuitively against other policies in a way that could decimate the Outer Hebrides, while also costing the national government far more in the long run.

Further, many organisations which are critical to the economy of the Outer Hebrides have no physical presence or teams based on the islands. These include Calmac, who have only ticket offices and harbour staff on Islands. Also, Bòrd na Gàidhlig – the Gaelic Development Agency has no presence (other than temporary project staff) in the Gaelic heartland, with all staff in Inverness or Edinburgh.

Construction industry and apprenticeships

As briefly outlined, the construction industry is fragile in the Western Islands. If the last tar pit closes, there will be dramatic impacts across the islands. This will have implications in more remote communities where it was reported to already be difficult to, for example, get an electrician.

To some extent, these issues are beyond the scope of community wealth building: a construction industry reliant on public sector spending clearly requires a public sector with money to spend, which is increasingly difficult in the broader context of public sector spending cuts in the UK over the last decade.

Therefore, projects within the Islands Deal, the affordable housing methodology and repopulation zone outlined in this report could be crucial insofar as they represent major infrastructural investments in the Outer Hebrides. Ensuring that local construction firms and tradespeople can deliver these contracts, through a community wealth building approach to progressive procurement, could prevent the industry from completely collapsing.

In relation to this pillar though, the issue of apprenticeship uptake is also crucial. While there has been progress in recent years, with 100 modern apprenticeship starts in 2017/18 being the highest number delivered in five years, there are other challenges. There are apprenticeships offered across a wide range of fields including civil engineering, renewables and brickwork. However, there is a desperate need to better encourage the uptake of apprenticeships in local schools, as emphasis seems to be on getting to university, which means leaving the WI and often never returning.

The uncertainty around the future of the Outer Hebrides and the future of the construction industry also means that there is a struggle getting apprenticeships filled, as young people do not see it as a sustainable option. Efforts to remedy this should feed into work around developing a unified identity for the Outer Hebrides, as explored in “Outer Hebrides as a community wealth building place” – section two of this report.

Strategic partnerships for work and employment

One way to address the issues around uncertainty which are manifesting through a struggling construction industry and low apprenticeship uptake, is through deeper strategic partnership.

It was reported to CLES that “something wrong with the nature of partnerships” in the Outer Hebrides, with crucial anchor organisations “not working strategically as we should” and important economic anchors such as the college not being recognised as such.

The council run modern apprenticeships, provide placements and do the training. They also deliver most of the vocational classes in schools. The college has been brought on to deliver apprenticeships and other training schemes as a provider, rather than as a strategic planning partner. This must be addressed

Indeed, the lack of good joint working has particularly bad knock-on effects for jobs. For example, in the green sector:

“You can see how there could be a new green army of people moving to the Outer Hebrides, as well as people getting jobs in this industry. Clearly that would need

good partnership working – you need the business development, economic development, as well as education, schooling and higher education, the landowners and all that... they need a whole range of partners coming together to do that green economy. But the partnership is not working. And that's an issue. Because we need an all-island effort to build the green economy, not just little bits of doing but nothing joined up."

Recommendations

16. Public organisations and agencies to have physical presence on the islands

There is the need for public and private sector anchors, with links to the Outer Hebrides, to try wherever possible to have a dedicated team on the islands in order to address the broader issues relating to population decline.

The impact of Covid-19 does mean that most organisations will continue to see home working into the future (of which the benefits are explored in Recommendation X), which could make this recommendation difficult. However, some organisations are – even within the context of the pandemic – already beginning to take these steps. For example, in December 2020 the Crofting Commission created four new posts based in the Outer Hebrides. This could either see four individuals and families moving to the islands or provide secure work to people already on the islands.

Other organisations that should consider moving more senior staff to the Outer Hebrides include Calmac, Bord na Gaidhlig, Scottish Water, Scottish Environment Protection Agency and Marine Scotland, particularly as around 25% of all Scottish Waters are in the Outer Hebrides Marine Area.

17. Green jobs strategy

Nature based jobs will be at the forefront of the Outer Hebrides economy in the years to come. As such, the Council should act now to develop a plan to ensure that the benefits of these jobs are felt across the Outer Hebrides. This strategy should link to the wider economic story described in this report and work to reinforce the economic strategy.

Alongside community energy projects, the key sectors which could be explored in this strategy are:

- Peatland restoration
- Retrofitting insulation
- Kelp beds
- Carbon sequestration

Outer Hebrides should work with key partners who have expertise on this, including Nature Scotland.

18. Repopulation zone

Repopulating the islands will be crucial in achieving the community wealth building vision laid out in this document. As such, supporting the progress which is already underway with the re-population zones and affordable housing places is a key recommendation, as it could be a way to deeply embed community wealth building into the Outer Hebrides. It is in these zones that a “Trial the Isles” type scheme could be embedded, to enable workers in key industries to come back to the islands to encourage them to return full time.

Similarly, this recommendation also covers the need to attract locational independents. In the wake of Covid-19 there is clear opportunity for people working in urban centres to move to more rural communities to work from home. This is part of what Rural Housing Scotland are trying to do with the incubator space and digital space explored in “Socially productive use of land and assets” – section five of this report.

19. Adopt a the Outer Hebrides Good Employment Charter (see case study below)

Businesses, anchors and the Council are all partners – their co-operation is what will either make or break the project to build community wealth in the Outer Hebrides. A useful way of pushing these agendas and allowing anchors to practically demonstrate their commitment to them is through the development of a good employment charter. This could take the form of an accreditation, awarded to businesses and anchors who meet specific criteria, such as on paying the Scottish Living Wage, offering flexible working criteria, or engaging in targeted hiring from deprived areas in the Outer Hebrides.

Such a system creates a virtuous circle, whereby employers and anchors can demonstrate their commitment to Outer Hebrides, whilst simultaneously pushing up employment conditions for the people of Outer Hebrides.

As well as celebrating the work of local employers there is also a need to challenge those who are not playing their part. Help and guidance should be offered to firms who want to pay the Scottish Living Wage – but there should also be a willingness to make clear when other firms who could afford to do so are choosing not to.

An aspect of this is also that Comhairle nan Eilean Siar should discontinue the use of the National Minimum Wage for Apprentices and explore any flexibility where rates are set by an Industry Board to ensure that, as far as possible, apprentices receive at least the minimum rates agreed by Council for their employees. In doing so, all Council employment opportunities would represent best practice in fair employment and could become a leader for other anchors and a standard for the wider the Outer Hebrides place.

Greater Manchester Good Employment Charter

Leaders across Greater Manchester have agreed a Good Employment Charter to encourage and support employers to identify and provide good jobs, deliver opportunities for people to progress and develop and help the city region become more productive.

The model for the Charter has been co-designed and put together with input from business owners, employers and employees across the city region and involved two public consultations to develop and agree the proposals. The Charter will have a tiered approach to help support and encourage employers to share excellent practice, access support to progress to higher standards and help them become more successful as a result.

The three tiers identified through the consultation process are:

Tier 1: Supporters – for those employers who support the aims of the Charter and Greater Manchester Strategy, but are not yet in a position to meet the requirements of accreditation.

Tier 2: Membership – requiring employers to demonstrate excellent practice in key characteristics of employment practice, these are: secure work; flexible work; a Real Living Wage; workplace engagement & voice; excellent recruitment practices & progression; excellent people management; a productive & healthy workplace.

Tier 3: Advocates – employers who meet high standards in all the key employment characteristics to be members and then go out to other employers to encourage them to raise employment standards and join the Charter process¹⁰.

¹⁰ Greater Manchester's Good Employment Charter model revealed (2019), Greater Manchester Combined Authority. [Read](#).

7. Plural ownership of the economy

Plural ownership of the economy refers to the element of community wealth building concerned with the governance, ownership and management of the businesses and enterprises which make up the everyday economy. This means creating an economy where there are more SMEs, municipally owned companies and other forms of ownership such as co-operatives, community businesses and mutually owned businesses.

The idea of moving the economy towards more plural models of ownership is to make the overall economy less “extractive” (wealth is taken out of the economy and more “generative” (wealth is broadly held by all). The purpose of this work is to rebalance the economy so that it becomes more generative of wealth for all.

Context

As demonstrated throughout this report, the Outer Hebrides has a history of plural ownership in many different sectors – energy and land being the most pertinent examples. Alternative business models more generally also thrive on the Outer Hebrides, indeed social enterprises account for 12% of all employment outside of the public sector.

Food is an area where good practice could be scaled up within the Outer Hebrides. The Outer Hebrides has a history and pride in local food production and there are aspirations to further this as part of the Islands Deal. Successful food businesses are exporting their produce, for example a gin distillery in Harris and the “Essence of Harris” shop.

One project we learned about, funded by the Islands Deal, is on Uist and is working to convert an old steadings on a community land trust site into a local food produce centre. The project involves partnerships with local food producers and the centre aims to be more than a shop but a location in which producers can meet consumers and form deeper relationships. This is an exemplar project in which to build community wealth. The Council should work to decipher how this project could be used to build community wealth, perhaps with a training and apprenticeship scheme with the local college or similar.

Recommendations

20. Undertake business analysis to pinpoint potential firms for co-operative conversion (see case study below)

Across the UK, there are around 120,000 family-run SMEs likely to face a change of ownership in the next five years.¹¹ Research has shown that these firms are likely to face issues around succession and that there is a danger that a lack of planning can mean companies closing and local jobs being lost. We heard from several stakeholders that the Outer Hebrides has a number of family-run SMEs. These could represent potential inception points for more co-operative conversion.

Business analysis should be undertaken to understand if this could be a viable strategy in the Outer Hebrides. If so, targeted intervention with viable firms could be undertaken by the Council. This analysis more generally will be useful in developing a sense of the business base in the Outer Hebrides.

Support, guidance and funding could be placed on the agenda of Community Wealth Building Implementation Group meetings, so as to help bring about these changes collaboratively – further expertise should be sought from organisations such as the Employee Ownership Association. A target could also be set to increase the number of local co-operatives and/or local employment proportion within co-operatives as part of the economic strategy.

21. Develop sector strategies for key industries blended ownership structures for needed industries – the construction and food sectors

Some sectors are key to community wealth building (i.e food and construction).

Local authorities and public intervention are key in developing these sectors. A deep understanding of the magnitude of the fast-moving impacts resulting from the pandemic will be necessary to appreciate the scope and scale of the interventions needed to build new local economies. It will be vital to develop a granular picture of how exposed they are.

We need re-localised food systems which increase the capacity for local food production, processing and distribution with dense local supply chains, that support existing and future local businesses within the social economy. This increases employment and ensures that wealth recirculates in local areas for the benefit of communities.

Therefore a comprehensive strategic approach needs to be considered. This includes a robust sectoral analysis of sector growth from supply and demand, production, distribution and consumption. A key link to public sector procurement must also be made.

¹¹ Lawrence, Pendleton & Mahmoud (2018). Cooperatives Unleashed. The New Economics Foundation. [Read](#).



Employment ownership and co-operative development

North Ayrshire

The Scottish government has been one of the most active administrations in the UK in advancing an agenda of employee ownership and co-operative development. Scottish Enterprise¹² provides information on both succession planning and employee ownership, whilst the Scottish government has formed an industry group – Scotland for EO (Employee Ownership) – to help further develop this agenda.¹³

This work is advancing too at the local authority level, particularly in North Ayrshire Council, where CLES has undertaken work on community wealth building. The Council is keen to push forward on this strategy, helping to keep firms active, the local economy resilient and money flowing in local areas – through developing an agenda of employee ownership and conversion for viable local SMEs without succession plans.

¹² Employee Ownership (2021). Scottish Enterprise. [Read.](#)

¹³ Scotland for Employee Ownership (2016). Can Do. [Read.](#)

8. Action plan

While CLES has sought to recommend actions which should not require major resource in the first instance, it is important to note that resource and capacity issues could impact upon some of the recommended next steps in this Action Plan. This has, where possible, been addressed in terms of flexing other types of resource, but additional resource may also be required. Comhairle nan Eilean Siar is also listed as the lead organisation for all these actions (bar Recommendation 2), however this could and should change in the short term if other partners on the Outer Hebrides are identified as willing and able to take the lead, while remaining true to the community wealth building aspirations of the Comhairle nan Eilean Siar.

Outer Hebrides as a community wealth place

Recommendation	Lead organisation(s)	Time horizon	Next steps
1) A community wealth building implementation group	Comhairle nan Eilean Siar	Short-term	<p>We see this recommendation as a priority and a precursor to the vast majority of others. As this implementation group will be responsible for maintaining engagement and motivation for advancing the Outer Hebrides' community wealth building agenda, suitable leaders from across Council Departments should be brought together as soon as possible to discuss the report and the suitable individuals for the implementation group.</p> <p>We recommend that once established, a representative of the Implementation Group is present at all significant meetings for the below recommendations.</p>

Recommendation	Lead organisation(s)	Time horizon	Next steps
2) Community Planning Partnership (CPP) focus on community wealth building	Comhairle nan Eilean Siar/Community Planning Partnership	Short to Medium-term	<p>As this report is in the first instance for Comhairle nan Eilean Siar, in the first instance it will be incumbent on the Council to lead this recommendation and generate buy-in from the CPP.</p> <p>Efforts should be made to include senior individuals from both Comhairle nan Eilean Siar and the CPP at the earliest opportunity. In time, we would see Comhairle nan Eilean Siar stepping back from leading the recommendation.</p>
3) Community Wealth Building Training Course for Officers	Comhairle nan Eilean Siar	Medium-term	<p>This recommendation should be executed once Comhairle nan Eilean Siar has confirmed the time frames for adopting these recommendations and thus can give officers a comprehensive understanding of the delivery plan. We recommend that this the Training Course takes place once, at a minimum, Recommendations 1, 2, 10, 13 and 21 have begun.</p>
4) A strategy for cultivating the next generation of leaders	Comhairle nan Eilean Siar	Medium to Long-term	<p>The execution of this strategy is inherently a long-term endeavour. Feeding into it will be the successful delivery of Recommendations 12, 14, 16, 17 and 18. Therefore, while the deployment of the strategy should begin in the medium term, Comhairle nan Eilean Siar should aim for it to reach fruition at a later stage to most Recommendations.</p>

Progressive procurement of goods and services

Recommendation	Lead organisation(s)	Time horizon	Next steps
5) Progressive procurement strategy	Comhairle nan Eilean Siar	Medium-term	The breaking down of contracts and simplification of the bidding process is complex and should not be rushed. The next step should be a review of the 2020 procurement report for Comhairle nan Eilean Siar upon release and a comparison of progress with previous annual reports. The Procurement Department, with support from CWB working group, should work to develop a strategy that unblocks barriers to the scaling of community benefits and procurement from local suppliers.
6) Market supply analysis	Comhairle nan Eilean Siar	Short-term	This is a relatively discreet and quick exercise that should be expedited to inform Recommendations 5, 20 and 21. Should Comhairle nan Eilean Siar not have the capacity in house, we would recommend seeking a local analyst to undertake this work as a priority.
7) Develop the corporate culture of procurement and commissioning and foster a deeper relationship between procurement and economic development	Comhairle nan Eilean Siar	Medium to Long-term	<p>Developing a relationship of trust and co-operation is a long-term endeavour. The heads of both the procurement and economic development departments should meet to better understand the barriers to co-operation and decide on an appropriate path forward to deepen the relationship across the departments.</p> <p>Those involved with this recommendation need to assess how this would be undertaken, focusing on how procurement and commissioning is a</p>

Recommendation	Lead organisation(s)	Time horizon	Next steps
			<p>strategic place-based economic development function just as much as a technical or regulatory one.</p> <p>Further, if funding from the Islands Deal can be flexed for community wealth building, some should be allocated as a shared resource between procurement and economic development.</p>
<p>8) Develop a robust and bespoke Community Benefit Procurement Framework and community benefits Factory</p>	<p>Comhairle nan Eilean Siar</p>	<p>Medium to Long-term</p>	<p>Economic Development should work with Procurement to develop a robust Framework. Work should begin to identify the types of community benefits actually needed by the Council and communities of the Outer Hebrides, to begin to create the "Factory".</p> <p>This Framework should include a monitoring tool to enable the outputs of suppliers to be tracked and impact measured.</p>
<p>9) Provide community benefit capacity building for suppliers</p>	<p>Comhairle nan Eilean Siar</p>	<p>Long-term</p>	<p>The Leader and key figures responsible for commissioning and procurement should begin to communicate that Comhairle nan Eilean Siar is particularly keen to do business with organisations that will help support the Council's priorities. This could be done through a statement on the website, letters to suppliers and even through local press.</p> <p>Meet the Buyer style events should include a brief explanation of what Comhairle nan Eilean Siar</p>

Recommendation	Lead organisation(s)	Time horizon	Next steps
			mean by community benefits and how organisations (especially smaller enterprises and other forms of inclusive ownership) can effectively respond.

Making financial power work for local places

Recommendation	Lead organisation(s)	Time horizon	Next steps
10) Explore the options for a community wealth building fund from Crown Estate money	Comhairle nan Eilean Siar	Short to Medium-term	A review of the money given out thus far, looking at the extent to which it was a productive force in multiplying community wealth, should take place. Following a more comprehensive understanding of where the money has gone and to what extent it aligned with the Comhairle nan Eilean Siar's strategic objectives,
11) Work with Highland Pension Fund to achieve more local investment and divest from fossil fuels	Comhairle nan Eilean Siar	Medium-term	Comhairle nan Eilean Siar should use the significant weight being the first community wealth building council in Highlands pension pot to encourage and cajole other members of the Pension Fund to look for more local investment opportunities.

Socially productive use of land and assets

Recommendation	Lead organisation(s)	Time horizon	Next steps
12) Engaging with the Crofting Commission and Land Trusts	Comhairle nan Eilean Siar	Medium to Long-term	A meeting should be called by the Community Wealth Building Implementation Group with all the departments in the Comhairle nan Eilean Siar working on this, as well as other relevant public bodies, to assess progress and streamline efforts. Our consultation highlighted the desire to progress work in this area and given the pressing land needs of the Outer Hebrides it is crucial that efforts are joined up and streamlined.
13) Accelerating the land needs assessment process and working with communities	Comhairle nan Eilean Siar	Short-term	As the land needs assessment process is already underway, in the first instance a meeting should be called by the Community Wealth Building Implementation Group with all those working on it to take stock of its progress so far and develop a process to expedite its completion. Furthermore, this meeting begin to develop an outreach and engagement plan for consulting with communities,
14) Advance the Outer Hebrides Home Ownership scheme	Comhairle nan Eilean Siar	Medium to Long-term	Conversations with Scottish government need to be reopened around the Ownership Scheme's application within the Outer Hebrides. The plans for the Scheme should be presented by the Comhairle Eilean nan Siar as part of the wider intentions to advance a holistic community wealth building agenda in the Outer Hebrides.
15) A sustainable plan for asset transfer and repurposing	Comhairle nan Eilean Siar	Short-term	Developing the Register and Plan is central to all community wealth building activity underneath the land and property pillar. As such, it should be

Recommendation	Lead organisation(s)	Time horizon	Next steps
			<p>viewed as a top priority for the Comhairle nan Eilean Siar.</p> <p>In the short-term, Comhairle nan Eilean Siar should explore whether there is funding available to hire another member of staff to take responsibility of the strategic asset register and management plan moving forward. If funding is not available, whatever resource there is must be flexed as much as possible to allow for the development of this Register.</p> <p>The Management Plan must also be developed from a community wealth building frame to ensure that Register can be sifted for sites that could be used for social, ecological and economic benefit.</p> <p>A meeting could be convened with other CPP represented organisations around their estate portfolio and a call for action could be put to the wider the Outer Hebrides community around vacant and derelict land.</p>

Fair employment and just labour markets

Recommendation	Lead organisation(s)	Time horizon	Next steps
16) Public Organisations and agencies to have physical presence on the islands	Comhairle nan Eilean Siar	Medium to Long-term	A roundtable should be called by Comhairle nan Eilean Siar and the public organisations listed in this report under this recommendation to discuss current barriers to recruitment for the Outer Hebrides based roles. Following this, a strategy for alleviating those barriers should be developed, if possible with resource allocated to it. Going forward, we recommend quarterly progress meetings with this group.
17) Green Jobs Strategy	Comhairle nan Eilean Siar	Medium to Long-term	Economic Development at the Comhairle nan Eilean Siar should convene a meeting with senior management of the Council, to discuss progress to date on developing the Green Jobs agenda and assign someone to hold the pen on the development of this strategy. A draft of the strategy should be circulated with the CPP, including proposed roles for members of the CPP.
18) Repopulation zone	Comhairle nan Eilean Siar	Long-term	<p>While the final aim of this recommendation is to have a successful “Trial the Isles” scheme, strategies to turn the dial on the success of repopulation zones should begin as a priority.</p> <p>As this recommendation inherently involves coherent work across numerous agencies and issues (housing, land, green jobs etc.) the Community Wealth Building Implementation Group should hold the pen on ensuring progress.</p>

Recommendation	Lead organisation(s)	Time horizon	Next steps
			In time, greater involvement of the CPP, on which many instrumental organisations sit, would be desirable.
19) Adopt a the Outer Hebrides good employment charter	Comhairle nan Eilean Siar	Medium-term	A meeting should be convened with the senior management of the Comhairle nan Eilean Siar to discuss the implementation of a Good Employment Charter. The model for the Charter could be co-designed with input from business owners, employers and employees across the city region and public consultations to develop and agree the proposals could be progressed.

Plural ownership of the economy

Recommendation	Lead organisation(s)	Time horizon	Next steps
20) Undertake businesses analysis to pinpoint potential firms for co-operative conversion	Comhairle nan Eilean Siar	Medium to Long-term	A meeting should be convened with the senior management of the Comhairle nan Eilean Siar and relevant external parties. This could become a recommendation for another organisation to take the lead on after initial scoping work.
21) Developing sector strategies for key industries	Comhairle nan Eilean Siar	Short-term	The Community Wealth Building Implementation Group (Recommendation 1) should identify who within the Comhairle nan Eilean Siar would be best placed to lead on the development of these strategies, as well as a prioritisation of which

Recommendation	Lead organisation(s)	Time horizon	Next steps
			sectors should take priority. The food and construction sectors have been highlighted to CLES as industries which need development in the Outer Hebrides.

Appendix 1

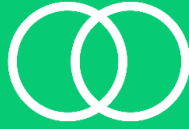
I. List of stakeholders consulted

Name	Position / Area
Calum Ian MacIver	Communities Director, Comhairle nan Eilean Siar
Calum MacKenzie	Head of Property and Infrastructure, Comhairle nan Eilean Siar
Councillor Donald Crichton	Chairman of Sustainable Development, Comhairle nan Eilean Siar
Councillor Roddie Mackay	Leader, Comhairle nan Eilean Siar
David MacIennan	Area Manager, Argyll & Outer Hebrides, Nature Scotland
Derek Logie	Chief Executive, Rural Housing Scotland
Donald McKay	Calmax Construction
Hayley Pryor	Stòras Uibhist
Ian MacInnes	Owner and Project Manager, McInnes Brothers
Joe MacPhee	Head of Economic Development and Planning, Comhairle nan Eilean Siar
Lisa Maclean	Chief Executive, Galson Trust
Kathleen Macleod	Procurement Manager, Comhairle nan Eilean Siar
Michael Hunter	Manager, North Harris Trust
Murdo Mackay	Development Manager, Comhairle nan Eilean Siar

Name	Position / Area
Rachel Mackenzie	Area Manager, Highlands and Islands Enterprise
Robert Emmott	Director of Finance, Assets and Resources, Comhairle nan Eilean Siar
Sue Macfarlane	Principle and Chief Executive of Lews Castle College
Tim Langley	Legal and Procurement Manager, Comhairle nan Eilean Siar

II. List of documentation reviewed

- Recovery and Renewal: 2020-2022
- The Corporate Strategy 2017-2021
- Outer Hebrides Local Outcome Improvement Plan 2017-2027
- Economic Impact Assessment of the University of Highlands and Islands
- Lews Castle College (LCC) UHI Strategy Ro-innleachd 2020-2025



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