
NORTH AYRSHIRE COUNCIL

2 May 2023

Cabinet

Title:	Scottish Government Consultation on Building Community Wealth in Scotland
Purpose:	To update Cabinet on the development of Community Wealth Building legislation by the Scottish Government and to seek approval for the proposed submission to the consultation on Building Community Wealth in Scotland.
Recommendation:	That Cabinet: <ul style="list-style-type: none">a) Notes the Scottish Government's intention to develop Community Wealth Building legislation in the current Parliamentary term;b) Notes the Council's participation in the Bill Steering Group and other Scottish Government events to inform the development of the legislation;c) Notes the extensive cross-service engagement to inform the proposed consultation response;d) Notes that a separate regional response is being prepared on behalf of the Community Wealth Building Commission; ande) Approves the submission of the proposed consultation response provided at Appendix 1.

1. Executive Summary

- 1.1 North Ayrshire Council is recognised as a sector leader in Scotland and the UK in adopting a Community Wealth Building (CWB) approach to local economic development. The Council launched Scotland's first CWB Strategy and established a CWB Commission in 2020. The Commission was subsequently expanded to support regional working in 2020 and drives forward a regional approach to CWB through a workstream approach. The 3-year £3 million Ayrshire Growth Deal CWB Programme commenced in 2021 and provides support to enterprises at a regional level.
- 1.2 The Scottish Government has committed to develop CWB legislation within the current Parliamentary term. As a recognised Local Authority leader in CWB, North Ayrshire Council has been a member of the Bill Steering Group and participated in other Scottish Government and partner events to share our expertise and learn from others. The consultation on Building Community Wealth in Scotland was formally launched on 31 January 2023 and closes on 9 May 2023.
- 1.3 This report seeks approval for the proposed consultation response as provided at Appendix One. The Council's work to date has provided a wealth of experience and

expertise in the practical adoption of the CWB model, as a Local Authority and key regional anchor organisation to inform the consultation response.

2. Background

- 2.1 North Ayrshire Council's pioneering approach to CWB is recognised nationally and internationally. This has progressed from its origins in an Inclusive Growth Diagnostic pilot undertaken from 2016-2018 and a follow up CWB Diagnostic completed in 2019, to the establishment of a CWB Commission and the development and publication of the North Ayrshire CWB Strategy in 2020, the first of its kind in Scotland.
- 2.2 The 5-year strategy sets out how the Council will work in partnership with local communities, businesses, and wider regional anchor institutions to create a fairer local economy to tackle poverty and inequality. This includes a comprehensive 55-point action plan which works across all 5 pillars of CWB. It provides a practical means to achieving a wellbeing economy in North Ayrshire. To support delivery of the strategy, eight new CWB posts were created across the Council. The first CWB progress report from May 2020 to April 2021 was launched in October 2021. Progress from 2021 onwards is recorded and reported through the Council's Corporate Performance Monitoring.
- 2.3 The North Ayrshire Council CWB Commission was expanded in 2020 to form Ayrshire CWB Commission. This is a partnership of nine anchor institutions including all three Ayrshire Councils, NHS Ayrshire & Arran, Ayrshire College, The Ayrshire Community Trust (3rd Sector Interface), Police Scotland, the Scottish Fire and Rescue Service and Scottish Enterprise. The purpose of the Commission is to progress and promote the development of a collaborative approach to CWB in Ayrshire. North Ayrshire Council acts as secretariat for the Commission which drives forward a regional approach to CWB through a workstream approach.
- 2.4 The Council launched a CWB Anchor Charter in October 2020 to aid collaboration and support anchors to use their economic levers and amend practices to align with CWB. The Charter has 16 pledges aligned across the 5 CWB pillars and a 6th pillar of Climate Action. There are currently 11 organisations signed up to the Charter including all 3 Ayrshire Integration Joint Boards.
- 2.5 The Economic Policy team hosts the £3m Ayrshire Growth Deal CWB programme which offers support to enterprises at a regional level. The 3-year programme commenced in spring 2021 and is comprised of:
 - Three CWB Locality officers within each Ayrshire Local Authority who work directly with local enterprises supported by a Programme Manager;
 - The Fair Work Ayrshire service to support businesses to embed Fair Work activities delivered by a Programme Manager and 2 Fair Work Officers;
 - A £1m CWB Business Support Fund to support CWB activities including social enterprises, employee ownership transition, cooperative development, and supplier development activities.
- 2.6 In 2021 the Ayrshire Regional Economic Partnership agreed to commission the development of a new Regional Economic Strategy for Ayrshire. North Ayrshire Council has led on the development of this strategy on behalf of the Regional Strategy Working Group. CWB is embedded throughout the strategy, highlighting the importance of this approach locally and regionally. The Strategy was adopted by the

Ayrshire Regional Economic Partnership and approved by the Ayrshire Regional Economic Joint Committee in February 2023.

- 2.7 The 2021-22 Programme for Government set out a commitment to bring forward a CWB Bill in the current Parliament. A commitment to CWB legislation was also reiterated within Scotland's National Strategy for Economic Transformation, published in March 2022. The Scottish Government consider CWB and other progressive commitments such as the upcoming Land Reform Bill, Just Transition Plans and the Refreshed Fair Work Action Plan as supporting economic reform and the transition to a Wellbeing Economy.
- 2.8 In January 2023, the Scottish Government launched a consultation paper on "Building Community Wealth in Scotland". The deadline for responses is 9 May 2023. The purpose of the consultation is to seek views on a proposal for a new duty to advance CWB and identify whether new legal measures or changes to existing laws are required to accelerate the implementation of CWB. The Council has valuable learning and substantial experience to draw upon from its CWB journey which has informed the proposed response to the consultation.
- 2.9 North Ayrshire Council was represented on the Bill Steering Group which developed the consultation paper. The Council has also led on engagement with Scottish Government officers and MSP Tom Arthur, Minister for Community Wealth and Public Finance, through the work of the CWB Commission. In preparing the proposed response to this consultation, officers have consulted widely across Council services, to ensure that the response is robust and comprehensive. Officers also engaged with anchor organisations through the CWB Commission, and a separate Commission response has been developed.
- 2.10 The main focus of the consultation relates to a 'duty to advance CWB', with three options proposed:
- Option A: a duty requiring Scottish Ministers and prescribed public sector bodies, covered by the Fairer Scotland Duty, to embed the CWB model of economic development into their corporate plans and wider strategies.
 - Option B: a duty requiring those public sector bodies statutorily obliged to be involved in community planning to produce a collective CWB place-based strategy and action plan which contains specific actions across the five CWB pillars to advance the CWB model of economic development in their Local Authority area.
 - Option C: a combined option, featuring a union of both options set out above.
- 2.11 The consultation notes that for Option B and Option C, there could be a statutory requirement to include business, third sector and communities in the development of a strategy and action plan. North Ayrshire Council is broadly delivering Option C through our CWB strategy and in collaboration with regional partners via the Commission. The proposed response favours Option C, with issues highlighted around ongoing resource and capacity, and around the capacity of anchors.
- 2.12 The consultation also poses questions about the five pillars of CWB: spending, workforce, land and property, inclusive ownership, and finance. This includes whether legislative change could help to remove barriers to progressing work under the pillars. The proposed response to the consultation is provided at Appendix 1 and includes proposals for potential legislative change drawn from across Council services.

2.13 Key points from the proposed response include:

- Emphasising the need for any legislative change, including a potential Duty, to be accompanied by financial resources to embed CWB within anchor organisations.
- Recognising the importance of Economic Development to protect funding, empower Local Authorities and ensure they have appropriate resources and capacity to deliver CWB.
- Recommending a flexible approach which would enable local circumstances to determine which Statutory Community Planning Partners are appropriate to be included in the development of a collective CWB strategy.
- Recommending that the Third Sector Interface (TSI) of each Local Authority is involved as a local or regional collaborative partner.
- Recommending flexibility to allow partners to prioritise CWB activity based on capacity and local needs and challenges.
- Outlining that a more simplified and coordinated approach to short-term and competitive funding would allow for a well-developed and genuinely CWB-focused delivery of services and activities.
- Suggesting a potential amendment to the Procurement Reform (Scotland) Act 2014 to allow preferential treatment to local suppliers, where the supply base exists. Noting that consideration could also be given to increasing the regulated threshold for supplies and services to allow more scope to award locally via Quick Quote.
- Proposing standardisation of the living wage rate and financial support for employers to increase National Minimum Wage to Living Wage rates, which would address in work poverty and support employers financially to pay the living wage and improve staff retention.
- Recommending the introduction and use of incentives to develop cooperative culture in Scotland and grow cooperative models of business ownership.
- Suggesting that the Scottish National Investment Bank (SNIB) adopts a proactive CWB approach such as investing in place based CWB initiatives and building capacity to support and grow more plural ownership models for enterprise.

2.14 A further report will be brought to Cabinet on the review and refresh of the Community Wealth Building Strategy. The review will be informed by the outcome of this consultation and will be aligned to the legislation and any associated duties arising from this.

3. Proposals

3.1 That Cabinet:

- a) Notes the Scottish Government's intention to develop Community Wealth Building legislation in the current Parliamentary term;
- b) Notes the participation of the Council in the Bill Steering Group and other Scottish Government events to inform the development of the legislation;
- c) Notes the extensive cross-service engagement to inform the consultation response;
- d) Notes that a separate regional response is being prepared on behalf of the Community Wealth Building Commission; and
- e) Approves the submission of the proposed consultation response provided at Appendix 1.

4. Implications/Socio-economic Duty

Financial

4.1 The new legislation that could arise from the consultation would place requirements on the Council that could initially require financial resources to embed CWB approaches further within the organisation to ensure that these duties can be met. There may be an ongoing resource implication associated with this. The consultation response emphasises the need for any legislative change, including a potential Duty, to be accompanied by financial resources to embed CWB within anchor organisations.

Human Resources

4.2 Eight posts were created across the Council to support the delivery of the CWB Strategy and CWB in North Ayrshire. Most of these are temporary funded posts therefore budget would be required going forward to sustain levels of delivery. A further thirteen posts support the delivery of the Ayrshire Growth Deal CWB programme on a temporary basis at a regional level. The consultation response emphasises the need for any legislative change, including a potential Duty, to be accompanied by financial resources to embed CWB within anchor organisations.

Legal

4.3 The new legislation that could arise from the consultation would result in legal implications and potentially duties for the Council. Legal Services have contributed to and reviewed the proposed response provided at Appendix 1.

Equality/Socio-economic

4.4 The Council's existing work on CWB focuses on actions to create a wellbeing economy where wealth and opportunities are spread more evenly throughout society. If legislation arises following the consultation, this will have a positive impact on the Council's efforts to ensure equality of opportunity and to improve socio-economic conditions for North Ayrshire.

Climate Change and Carbon

4.5 The CWB approach in North Ayrshire considered climate change to be a cross-cutting theme. Our work through the CWB Commission has also adopted a Climate Action pillar in addition to the five key CWB pillars. If legislation arises following the consultation, this could create further benefits in terms of climate action and carbon reduction, depending on the form the legislation takes.

Key Priorities

4.6 If legislation arises following this consultation, this would be relevant to the following Council Plan priorities:

- North Ayrshire has active and strong communities;
- North Ayrshire's children and young people have the best start in life;
- North Ayrshire has an inclusive, growing and enterprising economy;
- North Ayrshire's residents and communities enjoy good life-long health and well-being;

- North Ayrshire is a sustainable environment; and
- North Ayrshire is a vibrant, welcoming and attractive environment.

Community Wealth Building

4.7 The focus of this report is on CWB and the proposed response to the consultation on potential legislation. The proposed response is informed by the learning and experience obtained from the Council's CWB journey to date.

5. Consultation

5.1 The proposed consultation response has been informed by extensive consultation with Council Services. Officers have also sought the views of external partners through engagement with the CWB Commission anchor organisations. This included a session for Council Services where Scottish Government officials presented on the consultation and answered questions.

5.2 The consultation has been discussed at the CWB Commission Lead Officer Working Group and at the March Commission meeting which was attended by the (then) Minister for Planning, Public Finance and Community Wealth Building, Tom Arthur. Discussions at this level have allowed for input from the anchor organisations to be considered in the proposed response. This forum also allowed Officers the opportunity to discuss the consultation with the Elected Members who sit on the Commission.

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For further information please contact **Emma McMullen, Senior Manager - Economic Policy**, on **Microsoft Teams** or **01294 324766**.

Background Papers

North Ayrshire Council, Community Wealth Building Strategy, May 2020

Appendix One – Proposed Consultation Response

Building Community Wealth in Scotland Scottish Government Consultation Closing date: 9 May 2023

North Ayrshire Council (NAC) welcomes the consultation on the proposed Community Wealth Building (CWB) (Scotland) Bill and the opportunity to participate in this important development in Scottish economic policy. NAC is proud to be a pioneer of the CWB approach to economic development in Scotland, being the first Scottish Authority to adopt this model over other, more traditional approaches to economic development.

We began our CWB journey in 2016, with an Inclusive Growth Diagnostic pilot which ran until 2018. On the back of this, we commissioned the Centre for Local Economic Strategies (CLES) to undertake a CWB Diagnostic in 2019. This led to the establishment of the North Ayrshire CWB Commission later in the same year. CWB was central to our 2019-2024 Council Plan, and we launched our CWB Strategy, the first of its kind in Scotland, May 2020. The Council's first CWB progress report from May 2020 to April 2021 was launched in October 2021. Progress from 2021 onwards is recorded and reported through the Council's Corporate Performance Monitoring.

We have gained a wealth of experience and expertise in the practical adoption of the model, as a Local Authority and key regional anchor organisation. This includes resourcing eight new CWB posts across different Council services to truly embed CWB throughout the organisation, in addition to managing the CWB Commission and providing capacity building support to the anchor institutions. We have also created a CWB Expert Advisory Panel which brings together experts from the UK, Europe and the US, to debate and advise on emerging ideas in CWB within the Local Authority.

In June 2020, agreement was reached at a regional level to expand the North Ayrshire CWB Commission into an Ayrshire CWB Commission, currently involving nine anchor institutions, and NAC remains as secretariat. Furthermore, in April 2021, the Ayrshire Growth Deal CWB Programme was launched, led by NAC. This £3m programme offers support to private and third sector enterprises across the region, in the form of business advice, grant funding for CWB activities and support to embed fair employment principles through Fair Work Ayrshire.

The North Ayrshire administrative boundary encompasses the islands of Arran and Cumbrae which have unique challenges and opportunities. Like most island economies, their infrastructure and rurality can be a limitation and they are highly dependent on their ferry services. The islands face a range of other key challenges, which the pandemic has tested the limits of including a lack of affordable housing, a reliance on and the impact of tourism, labour shortages and demographic changes.

The defined island geography can enable CWB approaches including developing local partnerships and buying and employing locally. A CWB and a place-based approach is therefore central to our approach to supporting our islands to recover from the impact of the pandemic and the current economic crisis. This aims to ensure a more inclusive economy going forward, aligned to the Islands Act and National Islands Plan.

With support from Scottish Government, Highlands and Islands Enterprise and North Ayrshire Council, both islands now have their own 10-year Local Island Plans. The Plans have been developed with and for the island communities that will drive the development of community, economic and environmental wellbeing of Arran and Cumbrae. These form the foundations on which to address long-standing issues and challenges faced by both islands and assist in

maximising the potential of Arran and Cumbrae. Island communities have been at the heart of shaping the plans through a range of engagement activities. The partners are also funding a new Senior Islands Officer post as part of a Recovery and Renewal Pilot. This aims to test new ways of working across stakeholders whilst delivering objectives of the Scottish Government's National Islands Plan and principles of CWB.

As outlined, our commitment to CWB cannot be underestimated and our approach is making a genuine difference, raising awareness of the concepts around CWB and delivering economic benefits for our communities. However, this work has required a substantial level of resource. At a local level in North Ayrshire, the total annualised salary cost in 2021/22 of eight CWB posts was £399,276. At a regional level, a sum of £3m has been invested in CWB through the Ayrshire Growth Deal. A further £123,832 has been invested in the Islands Recovery and Renewal Pilot project.

At a time of economic crisis nationally and at a UK level and with austerity and reducing budgets, never has the adoption of a CWB approach been more critical. It is however precisely because of the current economic climate that NAC is faced with reducing resources to allocate towards CWB. Therefore, our response to this consultation focuses on the need for any legislative change to be accompanied by:

- financial resources, or at least a refocusing and reprovisioning of existing resources to allow for more flexibility;
- a more joined up approach between the UK and Scottish Governments;
- less requirement for competitive bidding and the lost resources involved in that process; and
- thinking beyond the current short termism of economic development and regeneration funding.

NAC's approach to CWB is bold and again we would highlight our practical experience of delivering CWB activity since 2019. Whilst we would agree with terminology around 'rewiring the economy' and a 'shift change in approach' we would not, from experience, agree that this can be achieved through repurposing existing Local Authority resources. This is reflective of the fact that effecting change within our own organisation takes time and resources. Furthermore, supporting anchor organisations who don't have their own economic development teams takes considerably more time and resource.

In preparing our response to this consultation, we have consulted widely across Council Services, to provide as robust a response as possible. We have also engaged with our anchor organisations through the Ayrshire CWB Commission and a separate Commission response has been submitted.

Consultation Questions

Our response to the consultation questions is as follows:

Question 1a

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

- Option A
- Option B
- Option C
- Other

No Duty

Please provide a reason for your answer. In your answer please include views on:

- which bodies should be covered by the proposals
- how to best ensure accountability for implementation to the Scottish Parliament
- how to best ensure the involvement of local communities, business and the third sector in the implementation of the duty

Views on CWB Duty

North Ayrshire Council (NAC) has shown economic leadership with the launch of Scotland's first [Community Wealth Building \(CWB\) strategy](#) in May 2020 which sets out a bold new economic model focused on wellbeing and inclusion. As a result, our response is informed by our extensive experience of working in partnership with local stakeholders, supported by an expert panel of leading economic experts to create an inclusive local economy and the delivery of our strategy.

NAC is currently broadly delivering Option C through the NAC CWB Strategy and in collaboration with regional partners via the CWB Commission. NAC leads the CWB Commission which includes the following partners: North, East and South Ayrshire Councils, NHS Ayrshire and Arran, Ayrshire College, Scottish Enterprise, Police Scotland, Scottish Fire and Rescue Service, and The Ayrshire Community Trust (TACT). Although the Commission does not have a specific CWB strategy, it does have an agreed workplan. This is currently being delivered on 3 of the 5 CWB pillars, procurement, land and assets and fair employment. The intention is to progress work on the other two pillars when resources allow.

NAC is in support of Option C and a statutory duty on prescribed public sector bodies would broadly align public bodies that are not presently delivering CWB with the approach of the Council. As noted above, this generally encompasses the approach currently taken by NAC. The ability to deliver Option C is however dependent upon the continuation of NAC CWB resources, some of which are temporary posts, and the capacity of partners to engage. We have concerns around the capacity and capability of our anchor partners to support the other two pillars of financial power and plural ownership. We would therefore recommend that there is flexibility within the duty to allow partners to prioritise CWB activity based on capacity and local needs and challenges.

In relation to embedding a CWB model of economic development within corporate plans, coordination across various services would be required as well as ongoing monitoring and coordination of activities to ensure maximisation of the approach. In our experience, the time and capacity required to embed CWB across an organisation should not be underestimated and requires on-going activity. CWB is a transformational approach which must be appropriately resourced to ensure maximum benefits.

North Ayrshire has invested in dedicated resources to deliver on specific CWB outcomes. These include a new Community Benefits Officer, one of eight dedicated CWB posts created in 2020, to review and update Community Benefits policy and associated KPIs and ensure our approach to Community Benefits meets the needs and ambitions of our communities. It is recognised that similar resources may be required by partner organisations to ensure they are able to deliver on specific CWB outcomes.

In relation to a coordinated partner based CWB Strategy and Action Plan, this would require a lead organisation to coordinate development of a strategy and action plan, monitor ongoing progress and outcomes and feedback to Scottish Government as required. The coordination of anchor activity and collaboration takes time to develop strategic and officer buy-in. It also

requires focussed effort to support organisations not traditionally involved in economic development to recognise their role as economic influencers and to take forward CWB in the way most appropriate to their respective organisations. In recognition of the importance of this work, NAC has invested in a CWB resource to support and coordinate the activity of the CWB Commission and Ayrshire Anchor Charter.

Best Value

It should be noted that in relation to the duty there is potential for issues and contradictions around securing best value if Councils also have overarching CWB duties. This should therefore be considered in the drafting of any duty and the legislation.

The requirement for a Local Authority to make best use of its financial and other resources, and to work with partners to maximise the use of their respective resources, is currently outlined in the Best Value Guidance issued by the Scottish Government under section 2(1)(a) of the 2003 Local Government in Scotland Act.

However, when determining the preferred option or tender for capital developments, it is difficult to measure Community Wealth Outcomes against the financial implications of project delivery, particularly in the current economic climate. For example, a feasibility study for a capital development is undertaken, and Option A is the lowest development cost, with Option B in second place. However, Option B will deliver additional CWB outcomes. Currently there is no mechanism to evaluate the additional financial investment required versus the additional outcomes.

We would suggest the following be considered:

- The best value definition be reviewed and redefined as appropriate, reflecting the principals of Community Wealth Building
- Development of an evaluation tool that provides measurements for different types of Community Wealth Building outcomes including socio economic and sustainability outcomes. This would allow them to be evaluated alongside the capital investment required. i.e., justification of spending £x to deliver y additional outcomes is reasonable.
- The implementation of projects that deliver the greatest Community Wealth Building outcomes, may not be the lowest cost option, additional funding could be made available to support these circumstances.

Bodies to be covered by the proposals

We would be supportive of proposed organisations covered by the Fairer Scotland Duty and Community Planning Partners to be included within proposals. If Option C is adopted there should be a clear list of organisations who are bound by a CWB Duty together with clear expectations of the requirements of the Duty and whether requirements are different for some organisations.

While we welcome Community Planning Partners being included within a CWB Duty, Schedule 1 of the Community Empowerment (Scotland) Act 2015 expands the list of Statutory Partners to include the following organisations:

- Historic Environment Scotland
- The health and social care Integration Joint Board for the area
- A National Park authority
- The board of management of a regional college
- A regional strategic body under the Further and Higher Education (Scotland) Act 2005
- Scottish Environment Protection Agency
- Scottish Natural Heritage

- Scottish Sports Council (i.e., Sportscotland)
- Skills Development Scotland
- VisitScotland.

As some of these organisations do not operate within all Local Authority areas, we would suggest a flexible approach is appropriate for each area. This would enable local circumstances to determine which Statutory Partners are appropriate to be included in the development of a collective CWB strategy.

We would strongly recommend that Third Sector Interfaces (TSIs) are also included within proposals. TSIs provide a crucial and important link to ensuring a CWB Strategy and action plan is relevant to the needs and opportunities of the Third Sector in that area. We consider this to be the best way to involve the Third Sector in the implementation of the Duty.

We would encourage the inclusion of the Scottish National Investment Bank (SNIB) in the proposals. We recognise the SNIB is included within the proposed list of organisations that are covered by the Fairer Scotland Duty. National agencies such as Scottish Enterprise, Cooperative Development Scotland and Supplier Development Scotland have a key role to play in delivering CWB. They should therefore have CWB built into their everyday activities including how support is provided to enterprises but also as a key focus through engagement with partners. Importantly, national agencies and the Scottish Government should be embedding CWB throughout their organisations as a matter of course if this is the preferred economic development model for adoption nationally.

Ensuring Accountability

There are potentially several options for ensuring accountability for implementation. These include:

- A CWB compliance tool as an addendum to the Equality and Human Rights Impact Assessment, which also incorporates the Fairer Scotland Duty and Island Proofing. This would provide a mechanism for organisations to consider projects and policies via a CWB 'lens' and encourage approaches to be designed with CWB in mind.
- If the preparation of a CWB strategy is statutory, then ministerial approval is likely to be required, impacting on time and resources. Furthermore, in terms of monitoring and evaluation of progress, the lead organisation for the review would need to be identified. This may include completion of a self-assessment by Councils on annual progress and submission to ministers for consideration.

Whichever method of ensuring accountability is chosen, it will be important to have agreed and clear measures or KPIs which are relevant to local areas' focus on economic development activity and outputs. For example, there could be an agreed long-list of KPIs to enable organisations to select those appropriate to their local context. The method adopted should also take account of public bodies' duties in relation to Best Value and associated auditing requirements.

The Council's first CWB progress report from May 2020 to April 2021 was launched in October 2021. Progress from 2021 onwards is recorded and reported through the Council's Corporate Performance Monitoring frameworks.

Involvement of local communities, business and the third sector

Local autonomy and flexibility should allow for decisions on how to involve local communities, businesses and the wider Third Sector. This may include consideration to involve key community groups, Community Development Trusts, businesses, the Chamber of Commerce

or Federation of Small Businesses.

We would suggest the statutory obligation would be to 'invite' rather than 'include' business, third sector and communities in the development of a strategy and action plan. This is reflective of the fact that Local Authorities are unable to guarantee the level of engagement or participation by others. Furthermore, the levels of these stakeholders will vary across different Authorities.

We would recommend that the Third Sector Interface (TSI) of each Local Authority is involved as a local or regional collaborative partner. There is a risk the CWB duty could become a policy led, top-down approach. Meaningful engagement and collaboration with the Third Sector will be essential to ensure CWB delivers benefits and opportunities appropriate for the local area.

To support and develop the Third Sector, the economic potential and capabilities of the sector should be mapped and baselined to understand what economic activity is currently underway. It should identify organisations that can transition away from a grant-led model and focus attention on those organisations to build capacity. This would require a focussed resource and is something that should be led at a national level.

CWB initiatives and projects can also actively involve local communities or businesses. For example the North Ayrshire [Community Benefits Wish List](#) has been designed to work closely with communities and the Third Sector in North Ayrshire (via the TSI) to ensure Council contractors deliver community benefits which are requested by the communities and Third Sector themselves.

Question 1b

One way the Scottish Government could support the implementation of the proposed Community Wealth Building duty is to provide statutory or non-statutory guidance. Would this be helpful to partners in meeting the proposed duty?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your answer please include views on:

- areas in which it would be helpful for this guidance to focus on, e.g. areas to consider when implementing the five pillars, links to further support materials
- whether the guidance should be statutory or non-statutory

Areas of Guidance Focus

Due to the potential for CWB being misunderstood in our experience, it would be helpful for guidance to clarify and simplify language around CWB. This should emphasise its role as an economic development model and ensure consistency across any materials produced. Any guidance should seek to deliver a whole systems approach and draw out the linkages across CWB pillars and demonstrate the added value of taking a holistic approach to CWB.

It would be useful to link the CWB approach to aspirations for a Wellbeing Economy and provide appropriate definitions of a Wellbeing Economy. Measurement indicators of CWB and a Wellbeing Economy which can be adopted at a local or regional level could also be provided. Consideration could be given to the establishment of a support network of CWB practitioners working across Local Authorities and other public sector institutions to help facilitate collaboration and share learning. NAC has already instigated discussions on this with

the Scottish Government.

Statutory or non-statutory guidance

At this stage we feel we cannot answer whether the guidance should be statutory or non-statutory. However, we would suggest that any guidance should be developed with practitioners. For example, this could be prepared via a steering group, in order that any statutory and non-statutory elements can be developed to best progress CWB at a local level across Scotland, to ensure delivery of the duty is feasible and realistic within the existing remit of Local Authorities, and to set out packages of support to public sector bodies to assist them in delivering any statutory elements of the duty.

Question 2a

Are there other non-legislative measures that you believe are required to accelerate the implementation of the Community Wealth Building approach in Scotland?

- Yes
 No
 Don't Know

Please provide a reason for your answer.

Resourcing Economic Development

CWB is a local economic development approach and therefore requires Local Authorities and anchors to be empowered to make changes locally and drive forward CWB. Finance is hugely restrictive for Local Authorities and other public services, with competing priorities and increasing pressures placed upon Services. Economic Development is not a statutory service however is essential for economic recovery from the effects of Covid-19 and to establish a wellbeing economy. The importance of Economic Development should be recognised to protect funding, empower Local Authorities and ensure they have appropriate resources and capacity to deliver CWB, particularly if there is a CWB Duty.

Within North Ayrshire, the Council currently has a comparatively well-resourced Economic Development service. Some other Local Authorities do not and many of our anchor organisations do not have this function at all. At a time of reducing budgets, it is essential to consider the protection of Economic Development services for organisations at the start of their CWB journey and to enable continued progress by organisations like NAC.

CWB is a transformational approach which requires new ways of working both within public sector organisations and in terms of relationships with other public bodies and local businesses and communities. Dedicated resources are essential to drive change, embed new initiatives and ensure true impact by making links across services and between CWB pillars. For example, the employability linkages with the Fair Work Ayrshire service, delivered as part of the AGD CWB Programme, mean that individuals are being matched with good quality local employment opportunities. This delivers better outcomes for the individuals and their local communities.

In 2020 North Ayrshire Council invested in several temporary posts which are focussed on progressing the 55 actions within the North Ayrshire CWB Strategy. These roles are as follows:

- Community Benefits Officer
- Procurement Development Manager
- Development Manager (Regeneration)

- 2 Regeneration Officers
- Community Wealth Building Co-ordinator
- Community Economic Development Officer
- Estates Surveyor Community Wealth Building

The roles above are in addition to the posts supported by the Ayrshire Growth Deal CWB Programme. In North Ayrshire this includes a CWB Programme Manager, three Locality Officers, a Fair Work Ayrshire Programme Manager and two Fair Work Ayrshire officers. The Fair Work Ayrshire staff posts are hosted by NAC but deliver on a regional scale. These posts are temporary, as they are funded for 3 years utilising allocated Ayrshire Growth Deal CWB programme funding.

It is our opinion that if the true transformational potential of CWB is to be realised through the proposed duty and/or legislation, Local Authorities and other public sector organisations must be appropriately resourced.

CWB and a Just Transition

NAC recently provided a response to Scottish Government's draft Energy Strategy and Just Transition Plan. It is recognised that there is a strong parallel between CWB and a Just Transition to net zero. CWB seeks to empower local economies and communities through diverse ownership models, such as local energy generation, and fair and good quality employment opportunities. Just Transition means that "nobody is left behind" in the transition to a net zero and climate resilient future.

The response noted that NAC broadly supports the vision and Just Transition outcomes set out in the consultation paper, however, to ensure Scotland can achieve this vision it is crucial to address the structural and economic barriers to a Just Transition. The following requirements were highlighted:

- increased funding for Local Authorities as a key delivery vehicle for net-zero;
- streamlining of the external grant funding landscape;
- investment in grid capacity, reduction of grid connection timescales and simplifying of the grid application process to unlock municipal energy opportunities; and
- skills development and capacity.

Short Term and Competitive Funding

Throughout this response and our engagement with Scottish Government officers, we have highlighted the importance of any legislation being accompanied by adequate resources. We do not agree that a CWB approach can be achieved simply by delivering Economic Development services in a different way with no additional resource or capacity. However, we are also cognisant of the current economic climate, reducing available revenue resources for Local Authorities, and the difficulty of creating an 'ask' to deliver CWB activity. If resources are not to be made available to accompany any legislation, we would like to see as a minimum a smarter and simplified approach to external funding for economic development and regeneration activity.

Competitive and short term funding rounds can be problematic, time consuming and a drain on resources particularly if bids are unsuccessful. Often funding is required to be used within very tight timescales, causing a preference for "shovel ready" projects. In some circumstances money also requires to be handed back to funders due to being unable to allocate funds within short timescales. There is a need for Scottish and UK Governments to look at the funding landscape and create funding opportunities over 3 or more years. This would enable a more proactive approach, ensure maximisation of benefits and outcomes and prevent funds

being returned. A more coordinated approach with funding allocated to places on a non-competitive basis would allow for a well-developed and genuinely CWB-focused delivery of services and activities, ultimately leading to the achievement of a wellbeing economy.

Other non-legislative measures

A CWB approach should be embedded in Growth Deals, with support to educate staff and embed CWB within business as usual practices. The Ayrshire Growth Deal (AGD) was originally envisaged as having CWB approaches built into the programme however there is considerable opportunity for a more proactive approach beyond the dedicated AGD CWB Programme. To enable more CWB prominence, a request was made to the Scottish Government to provide training for the AGD however this has not been actioned to date due to capacity issues. It is recommended that training and capacity building support to Programme Management Offices is provided by the Scottish Government.

The Scottish Government should ensure that CWB and inclusive economy aspirations are embedded within national investment decision making. This should include Scottish and UK Governments to ensure investment is targeted in places that need it most and that it advances wellbeing.

Question 2b

Are there specific actions required to advance delivery of the items contained within the Shared Policy Programme outlined on page 11 of the consultation paper?

- 'working within and developing procurement practices to support local economies, including Small and Medium sized Enterprises (SMEs) and micro-businesses, and improved access to training and labour markets for disadvantaged communities and individuals.
- encouraging public kitchens, including school canteens, to source more food produced by local businesses and organic producers.
- where possible, to base public sector capital and revenue funding decisions on targeted social, economic and environmental outcomes'.

- Yes
 No
 Don't Know

Please provide a reason for your answer.

Capacity and Resources

Capacity and resources to develop and grow the local supply base are essential. Aspirations to procure from more local suppliers are admirable however support is needed to grow the local supply base and work with suppliers to ensure they are suitably equipped and "tender ready".

In North Ayrshire we have worked within legislation to facilitate more local access to Quick Quotes up to £49,999 for supplies and services and £499,999 for works. This has generated excellent results and is delivering opportunity for local growth. Our Procurement team monitors local spend to understand trends and informed by this our Business Development team works with the local business base to support growth and build capacity where feasible. Capacity within Local Authorities and across national agencies such as Scottish Enterprise, Cooperative Development Scotland and the Supplier Development Programme is essential to support the growth and development of Scotland's supply base.

While it may be possible to break down some frameworks and contracts into separate lots to

encourage more small and local suppliers to tender, the practicality of doing this is sometimes prohibited or limited by the capacity within the procuring service to manage several different contracts.

Question 3

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

- Yes
 No
 Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement.

Legislative Considerations

Procurement Legislation

There is potential for amendment to the Procurement Reform (Scotland) Act 2014 to allow preferential treatment to local suppliers, where the supply base exists. Reserving contracts over the regulated threshold for local providers would only exclude non-local providers in certain circumstances as the supply base does not exist in North Ayrshire for all requirements.

The regulated threshold could also be increased for supplies and services, from £49,999 to potentially a figure of £100,000 to allow more scope to award locally via quick quote with future increases being linked to inflation. This would enable Local Authorities to progress open quick quotes that are a lot less onerous than a full tender process to encourage more local bids. We understand that the quick quote threshold has not increased in several years, ignoring inflationary pressures.

Cooperative Incentives

There needs to be incentives to bring cooperatives together and stimulate opportunities. This could potentially be achieved by ringfencing or reserving a number of local and/or national contracts for collaborative or cooperative models of ownership. Currently public bodies in Scotland can make the decision to reserve public contracts for Supported Businesses. This is enacted in Scotland by Regulation 7 of the Public Contracts (Scotland) Regulation 2012 and as a public body councils can make use of these regulations to restrict the tendering process for goods or services to Supported Businesses only.

Historically Supported Businesses were enterprises where over 50% of their workforce had a disability. Fairly recent changes have refined this definition further to 30% of the workforce being from a disadvantaged background. We do not want to create competition between Supported Businesses and Cooperatives however if a Cooperative emerges from a disadvantaged area and employs a high proportion of disadvantaged people and is owned by those employees, reserved contracts could provide a strong incentive for local implementation.

Community Benefits

Consideration of community benefit legislation (i.e. community benefits need to be deliverable and proportionate and there can be legally supported actions available to contracting organisations for non-delivery) would also be worth exploring as contractors who choose to not engage currently face no repercussions for doing so. Consideration could also be given to

lowering Community Benefit thresholds from the current £4 million for compulsory community benefits noting that some organisations have voluntarily reduced their levels. If this was pursued this would increase the volume and necessitate the need for Community Benefits officers to monitor progress.

Non-Legislative Considerations

Local Spend Targets and Measurement

Any targets in relation to local spend must be set locally and should be realistic and appropriate to the local area. Different areas will have different strengths and weaknesses within their supply base and may have substantial gaps for some goods or services that public organisations are likely to procure. For example there are no Tier 1 construction companies based within North Ayrshire.

There must be a review and clear guidance on the measurement of local spend as this sometimes does not accurately reflect true local spend. For example Tier 1 contractors could use local suppliers however it is not possible for Local Authorities to measure this. The Local Government Benchmarking Framework (LGBF) excludes under £1000 spend. The location of head offices of some contractors are also outwith the local area even though they may be delivering the contract from a local site and employing local people.

Supply of Electricity Framework

Action is required to improve the national Supply of Electricity Framework as it does not allow for sleeving of electricity, albeit utility companies do offer such an agreement, out with the framework. Requests to include the provision for sleeving have been repeatedly made to Scottish Procurement, prior to the forthcoming framework in 2024. Sleeving is the industry term used to describe the process whereby the electricity supplier acts as an agent on behalf of the buyer to manage the offtake from the generator's asset and provides provision for the electricity to be included in the wider supply contract. Under such an arrangement power generated by the solar PV Farms project would be sold back to the Council at a lower price and enable utilisation of the energy generated in North Ayrshire.

This represents a barrier to Local Authorities pursuing large scale renewable projects, as maximum returns cannot be achieved to support business cases and nor will they be for the next 3-5 years under the new framework. This could have a significant impact on activity under the Community Wealth Building land and assets pillar.

Other Potential Areas to Consider

We would suggest that the following also be considered:

- Resource and incentivise for anchors to develop collaborative models of service delivery for example through simplified collaborative procurement frameworks and arrangements.
- An overhaul of the Public Contract Scotland (PCS) system to make it more accessible to smaller business.

Question 4

Employment law is reserved to the UK Parliament. Are there other devolved areas where the law could be changed to advance the workforce pillar of Community Wealth Building?

- Yes
 No
 Don't Know

Please provide a reason for your answer. In your response you may wish to consider the

stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament. We will cross-reference to responses received as part of the Fair Work Nation consultation which was held in 2021.

Pay

Standardisation of the living wage rate and financial support for employers to increase National Minimum Wage to Living Wage rates would address in work poverty and support employers financially to pay the living wage which will improve staff retention. Legislation around flexible working arrangements for parents would also be beneficial with the return of 10am – 2pm positions which are currently not as available but would offer suitable working hours and create a more flexible workforce for employers. For example, this could include tax savings for these types of positions to incentivise this for employers.

The concept of fair work is universally accepted however the ability for some sectors to adopt is limiting. Devolved power should specifically allow for support to be targeted in the sectors where margin challenges don't allow for investment in staff and so on. The main areas this affects include retail, hospitality and care.

Rates of pay for health and social care providers are too low and need to be increased. Low rates of pay are causing recruitment shortages. Local providers can't take on new care packages because they can't deliver within existing staff capacity and work is being handed back to the council. This acts as a barrier to growing local care suppliers, with more delivery by Local Authorities or large national care agencies.

The introduction of a Social Enterprise Rehearsal could also be explored. This would allow individuals to start up an enterprise without initially affecting benefits.

Question 5

Are there ways in which the law could be changed which are not already covered in the proposals for the Land Reform Bill to advance the land and property pillar of Community Wealth Building?

- Yes
- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement.

Developer Contributions

As noted in the consultation paper, Local Authorities have existing mechanisms for securing financial or in-kind contributions towards infrastructure, affordable housing and other elements including open space, community infrastructure and public art from those undertaking development. These are sometimes informally referred to as 'developer contributions' for example, through Section 75 planning obligations.

Such obligations are required to meet the tests set out in Circular 3/2012. This includes being necessary to make the proposed development acceptable in planning terms; serving a planning purpose; and relating to the proposed development, for example to address a direct consequence. The capacity for developers to pay and Local Authorities to seek such

contributions is largely determined by the viability of any development. This takes account of land values and development costs, and the strength of the local market.

In this context, it is not considered that existing mechanisms for securing development contributions could support the wider aspirations of CWB and in particular the maximisation of land and property, especially in respect of privately-owned land. As such, it is considered that new mechanisms are required for enabling land value uplifts to be reinvested in economic, social and community facilities.

In the same way that a developer would be required to demonstrate how a proposed development would minimise lifetime greenhouse gas emissions or be 'nature positive', we consider that developers should also have to demonstrate how their proposals would contribute to the creation of a well-being economy and support CWB. For example, this could be demonstrated through developments supporting local supply chains and creating fair work opportunities.

In this regard, it is considered that Policy 16b of NPF4, represents a missed opportunity to embed CWB principles within the planning system. This policy requires a Statement of Community Benefit for development proposals that include 50 or more homes, and smaller developments if required by local policy or guidance. This Statement explains the contribution of the proposed development to meeting local housing requirements, including affordable homes; providing or enhancing local infrastructure, facilities and services; and improving the residential amenity of the surrounding area. This could have been broadened to demonstrate how the proposal contributes to CWB.

We would highlight the Central Lancashire Employment Skills SPD as an example of an approach that has been taken to support CWB through planning. The SPD requires 'Employment Skills Statements' (ESS) to be submitted alongside development proposals for housing (30+ units) and commercial floorspace (1000 m²+) setting out key performance indicators, targets and measures to promote local employment and skills opportunities; use of local supply chains; and the identification of community projects that can be supported by development. Once the content of the Statement has been agreed an accompanying Action Plan sets out how the ESS will be implemented.

There is merit in examining this approach further to consider how this, or an equivalent approach, could be adopted in Scotland, including in supporting the implementation of Policy 25 of NPF 4. NAC would welcome the Scottish Government's views and input into this. In particular, we would welcome guidance on whether the appropriate measures exist or are required to ensure developers evidence and deliver on any contributions towards CWB strategies agreed at the consenting stage.

Barriers to Local Energy Generation

NAC is commencing the construction of solar PV farms at two former landfill sites in North Ayrshire, demonstrating the alternative use of council owned land in conjunction with a commitment to reduce carbon emissions. However urgent action is needed to support Local Authorities in the uptake of emerging and existing large-scale renewable projects. Action is required to improve the national Supply of Electricity Framework as it does not allow for sleeving of electricity, albeit utility companies do offer such an agreement, out with the framework.

Sleeving is the industry term used to describe the process whereby the electricity supplier acts as an agent on behalf of the buyer to manage the offtake from the generator's asset and provides provision for the electricity to be included in the wider supply contract. Under such an

arrangement power generated by the solar PV Farms project would be sold back to the Council at a lower price and enable utilisation of the energy generated in North Ayrshire. Requests to include the provision for sleeving have been repeatedly made to Scottish Procurement, prior to the forthcoming framework in 2024.

The purchase of energy at a lower rate will maximise Council investment and enable reinvestment into communities. Local energy generation where profits are generated and invested and/or circulated locally is also an example of diversifying ownership in the sense that energy generation is not owned by large multi-nationals who extract the profit. Furthermore, the use of the former landfill sites as locations for the solar farms demonstrates the alternative use of council-owned land for the benefit of the wider community.

This represents a barrier to Local Authorities pursuing large scale renewable projects, as maximum returns cannot be achieved to support business cases and nor will they be for the next 3-5 years under the new framework. Furthermore, action is required to improve the electricity network to allow uptake of new solar farms and resource provided to Distribution Network Operators (DNOs) to reduce the lead in time for grid connections. The National Grid and DNO element of solar farm development is currently considered another barrier.

Consideration must also be given to the land use when considering large scale solar farm projects. North Ayrshire Council are currently developing two solar PV farm projects on former landfill sites and have first-hand experience of the complexities relating to power purchase agreements and grid connections.

Community Asset Transfer

Exploring the establishment of a consistent approach to Community Asset Transfers across public sector bodies would be beneficial. Organisations have different processes which can cause confusion for communities, businesses and the third sector looking to use or take on assets. There could also be greater emphasis on alternative use of assets as referred to within the Community Empowerment Act in order to provide greater flexibility for communities.

Other Potential Amendments to Consider

We would suggest that the following also be considered:

- Where the land purchase of a long-term vacant site is required to support the delivery of CWB, the market value of land should be determined on the basis of a realistic market value, taking account of the costs of development and any liabilities associated with the site. For example, a long-term vacant property with an active planning approval for residential use may be valued at £100,000, yet it is a blight to the local community. However, if the planning approval is not in place or has lapsed the value of the site may be c.£40,000. If a land purchase is then required, the owners' value expectations may be more than the current market value. We suggest that a mechanism should be developed to restrict an active planning approval inflating a land value at a point in time, when the condition of the land remains consistent, and potentially still a blight on communities.
- Changes in legislation are required to enable unproductive land to be restored to productive use for the benefit of local communities. This may include amendment to wording of current legislation that limits intervention or proposals to bring forward Compulsory Purchase Orders.
- Alternative use / maximisation of assets requires to negotiate various policies and doesn't always present a clear pathway to achieving CWB aims. For example, the concept of "best value" could be reconfigured to incorporate CWB values and ensuring best outcome for communities and/or enterprises, rather than something that exclusively represents best value to a Local Authority.

- Consider extending designation of enterprise areas or further creating incentives for individuals and enterprises. These would create more opportunities for local employment alongside supporting and growing the local business base.

Question 6

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

- Yes
 No
 Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament.

Cooperative Incentives

There is a requirement for incentives to bring cooperatives together and stimulate opportunities. Potentially ringfence or reserve a number of local and/or national contracts for collaborative or cooperative models of ownership. Currently public bodies in Scotland can make the decision to reserve public contracts for Supported Businesses. This is enacted in Scotland by Regulation 7 of the Public Contracts (Scotland) Regulation 2012 and as a public body councils can make use of these regulations to restrict the tendering process for goods or services to Supported Businesses only.

Historically Supported Businesses were enterprises where over 50% of their workforce had a disability. Fairly recent changes have refined this definition further to 30% of the workforce being from a disadvantaged background. We do not want to create competition between Supported Businesses and Cooperatives however if a Cooperative emerges from a disadvantaged area and employs a high proportion of disadvantaged people and is owned by those employees, reserved contracts could provide a strong incentive for local implementation.

Other areas to consider

We would suggest that the following also be considered:

- Development of a new Social Enterprise strategy to increase and maximise opportunities for social enterprises to participate in the local economy, thereby enhancing CWB outcomes.
- Provision of start-up accelerator support, particularly for employee-owned businesses.
- To align CWB with municipal ownership, the Power of General Competence should be reviewed in Scotland. This is currently available to Local Authorities in England, Wales and Northern Ireland but not in Scotland. It would bring Scotland more in line with the rest of the UK and removes uncertainty surrounding legal obligations under Supply of Goods and Services Act (1982) and Local Government in Scotland Act (2003).

Question 7

Are there ways in which the law could be changed to advance the finance pillar of Community Wealth Building?

- Yes

- No
- Don't Know

Please provide a reason for your answer. In your response you may wish to consider the stakeholder suggestions outlined in the consultation paper which have arisen from early engagement. You may also wish to consider areas that the Scottish Government could work with the UK Government on if you have proposals regarding changes to the law which remain reserved to the UK Parliament.

Law Changes

Work to ensure the Scottish National Investment Bank (SNIB) adopts a proactive CWB approach to investments would be welcomed. This could include investing in place based CWB initiatives and building capacity to support and grow more plural ownership models for enterprise. The Scottish Government should ensure progressive finance models are part of the financial services model and develop innovative credit union models for employees within businesses.

Tax and Business Rates incentives could help to advance the finance pillar. For example, similar to Enterprise Zone benefits, businesses locating or located in a designated area could benefit from a local business rates discount. The potential for Research and Development and recruitment tax relief could also be explored.

Clarification around the Supply of Goods and Services Act (1982) is also required. The inclusion of a restriction on the amount of income that a Council can generate from trading activity conducted outside the public sector under the amended Goods and Services Act. This statutory limit is to be set by Ministers, who are also provided with a power to allow it to be exceeded. No such limit has ever been set, leading to a divergence of opinion over whether it is therefore zero or unlimited.