

# Community Wealth Building for a Wellbeing Economy

*WEAll Scotland's response to the Scottish Government's consultation on Community Wealth Building - May 2023*

WEAll Scotland is the Scottish Hub of the Wellbeing Economy Alliance, a collaboration of organisations and individuals working to redesign our economy to put people and planet first.

A Wellbeing Economy is an economy designed to deliver good lives on a healthy planet. A successful Wellbeing Economy in Scotland would have to provide for the following five fundamental needs:

- **Purpose:** The collective wellbeing of people and planet is the driving goal behind decision-making. Economic activities and behaviours that contribute to this purpose are valued, and our institutions serve the common good.
- **Dignity:** Everyone has enough to live in comfort, safety and happiness. Poverty becomes a thing of the past.
- **Nature:** The economy operates well within planetary boundaries, enabling ecosystems to regenerate to provide a restored and safe natural world for all life.
- **Fairness:** The economy is designed to ensure a just distribution of income, wealth, power and time. Inequalities are reduced to a small fraction of today's levels.
- **Participation:** The shape of the economy is determined by people's active voices and is locally rooted. People participate in the decisions that affect their lives, whether it is in their countries, communities, or workplaces. Participatory processes are designed to hear the voices of marginalised and oppressed groups.

Delivering on these Wellbeing Economy Needs will require a redesign of our economy so that it prioritises building and distributing economic, ecological and social wealth for the benefit of those who are currently lacking a secure livelihood and healthy natural environment. For example, the poorest half of Scotland's households currently own well below 10% of the country's economic wealth.<sup>1</sup>

We consider that Community Wealth Building (CWB) principles and practice offer an important contribution to building such an economy, as local government institutions, democratic enterprises and community groups have to play an important role in achieving this goal. And CWB has been demonstrated as a powerful way to harness their potential to embed fairer and more democratic outcomes into our economy.

We therefore support a much wider and deeper rollout of CWB across Scotland with the clear purpose to pursue the vision of a Wellbeing Economy to provide decent livelihoods within planetary boundaries.

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<sup>1</sup> Scottish Government, 2022. [Wealth in Scotland 2006-2020](#)

**Q1. a) We are proposing a duty to advance Community Wealth Building, which form do you think this duty should take:**

We support the creation of a duty to advance Community Wealth Building and consider that option C is the best option, representing a combination of requirements to embed CWB principles into existing strategies as well as to develop specific CWB strategies to complement where appropriate.

In order to mainstream CWB into the Scottish economy we believe that the creation of duties in legislation is important for the following reasons:

- to set out a clear definition of CWB principles to create a common understanding for implementation, while ensuring that sufficient flexibility is left to ensure their adaptation for specific local contexts.
- to align CWB efforts with wider social aims and national outcomes. The duties and principles in the bill should be made coherent with the duties responsibilities that might be introduced as part of the proposed Wellbeing & Sustainable Development Bill, for example by setting out how embedding CWB principles and practices can help to further collective wellbeing and sustainability.

We believe that CWB will only be successful in redesigning the Scottish economy if it is embedded widely in the work of the public sector. Any duties to embed CWB principles and develop CWB plans should therefore broadly apply to all bodies with significant spending power, including but not limited to:

- Ministers
- Local authorities
- Health boards
- Enterprise agencies
- Community Planning Partners

We believe that such duties should be flexible enough to be adapted to different local contexts. We also believe that such duties should not be about asking such public bodies to perform additional work, but they are about doing existing work differently. Recognising the already cluttered landscape of duties on public bodies, we suggest that the proposed CWB and Wellbeing & Sustainable Development bills are used as an opportunity to streamline existing duties and set clear priorities.

We envision that such duties would include responsibilities:

- to embed CWB principles in any economic strategies, investment plans, procurement and other relevant work. CWB and the Wellbeing Economy should not become something that is done in addition to conventional economic development approaches, but it needs to be embedded across all economic (and other) policy work.
- to ensure that such efforts include all five pillars, as the effect of CWB will be limited if it is focused on only a subset of the pillars.
- to do so in a participatory way with the input of citizens, communities and the third sector to ensure that the CWB plans pursued by public bodies are in line with local needs.

**Q1. b) 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?**

We believe that both statutory and non-statutory guidance will be very important to ensure the success of this legislation.

CWB is still a relatively new concept and a successful roll-out will require significant changes in the practice and culture across the public sector in Scotland. It is therefore crucial that the legislation is accompanied by sufficient support, guidance and capacity building that allows those public bodies affected by new duties to implement them effectively. Such guidance should be developed with input from affected institutions, communities, local businesses and other stakeholders to make sure that they are in line with their needs.

We consider that the following are important aspects that should be covered by guidance provided by the Scottish Government in order to ensure a coherent approach:

- Defining the role and scope of CWB within the wider national context, for example outlining in which areas and sectors of the economy a local and community-led approach is appropriate and in which areas a more national approach is in the best interest of society.
- Setting out guidance and principles for comprehensive democratic processes and community engagement in developing CWB plans and policy as well as for the running of publicly or community-owned enterprises.
- Include learning from existing examples of CWB-related activities and examples of good practice.
- Setting out principles for how different organisations at different levels should be working together.
- Setting clear principles for resolving potential trade-offs between different CWB and WE goals, for example in situations where there are choices between more environmentally-friendly national and less-environmental local options.

**Q2. a) Are there other non-legislative measures that you believe are required to accelerate the implementation of the Community Wealth Building approach in Scotland?**

While we believe that legislative changes are important for accelerating the implementation of CWB in Scotland, it will have to be accompanied by a range of non-legislative changes and sufficient investments into the capacity to deliver it. We consider the following non-legislative changes to be specifically important.

**Create and resource a CWB practice network**

To mainstream the practice and culture of CWB throughout Scotland will require a collaborative approach all public bodies and community stakeholders affected by the bill. We propose to establish a CWB practice and champions network, fully supported and resourced with a full staff team. We suggest the core functions of such a network to be:

- To connect and link up CWB practitioners and relevant stakeholders across Scotland.
- To provide a forum to share learning, resources, and best practice.

- To facilitate dialogue between relevant actors in the Scottish Government, local authorities, anchor institutions, community organisations, third sector and businesses.
- To Collaboratively develop and disseminate the guidance proposed under Question 2 and support a coherent understanding and implementation of CWB throughout Scotland.
- Support and train relevant stakeholders to accelerate CWB practices in their respective institutions.

### **Build CWB principles into national economic strategies**

CWB cannot be successfully implemented by local and regional bodies alone without an economic policy at the national level that supports CWB efforts and pursues similar goals. The Scottish government has committed to deliver a Wellbeing Economy as key goal of national economic strategic policies, including the National Strategy for Economic Transformation. But these policies and strategies do not yet offer sufficient support for CWB activities. The five CWB pillars present a useful framework for building economic democracy and programming a fairer distribution of wealth into the economy. Similar principles should be applied to national economic strategies, including:

- A clear focus on the kind of wealth that our economy needs to deliver going beyond financial and economic wealth and including social and environmental wealth.
- Creating mechanisms to ensure that such wealth serves those people that need it most through democratic ownership and accountability.

### **Integrate CWB with other policy agendas**

Building a Wellbeing Economy and addressing the urgent challenges of environmental breakdown, poverty and inequality will require considerable amounts of collective investment, for example into retrofitting programs, renewable energy, and natural capital and public services. It is important that CWB principles are integrated into any of those efforts to ensure that communities receive a fair share of the wealth created through such activities. We consider it important that efforts to embed CWB across Scotland are linked with, and mutually reinforce, other agendas, such as the just transition, fair work and the circular economy. For example:

- Developing measures to ensure that Scotland's renewable energy resources are developed in a way that is build on Scottish, circular and net-zero supply chains with the benefits captured for communities and the wider Scottish public through publicly and community-owned enterprises with strong fair work credentials.
- Instigate a national retrofit program delivered by community or publicly owned and democratically-run enterprises, creating local, high-quality jobs underpinned by Scottish materials and circular supply chains.

### **Conduct a CWB institutions audit to identify the institutions and organisations that are important for delivering CWB and scale up tailored support**

CWB requires building a new economic architecture across Scotland, with different institutions playing different roles. To accelerate the rollout, we suggest the Scottish Government should conduct a CWB institutions audit to identify the different kind of institutions and organisations involved, identify gaps in capacity and put in place tailored support. We consider the following as particularly important:

**Big anchor organisations**, such as local authorities, health care institutions, universities, and others, must play a key role in driving and coordinating CWB efforts across different regions in Scotland through redirecting financial flows and use of their assets to build local and sustainable wealth, increasing the quality of work for their own employees, and support other institutions. As CWB will require considerable changes in the way they operate such anchor organisations will need support and investment in capacity to be able to deliver on CWB goals.

Next to big anchor organisations, **community and democratically owned enterprises and organisations** form the second part of the backbone of CWB. Without an accompanying increase in the scale and number of such organisations the impacts of big anchor institutions will always be limited. The goal of CWB is to create and distribute environmental, social and economic wealth in a way that benefits those that need it most, is held more locally and in Scotland, and is governed democratically. Utilising productive assets and procurement contracts of anchor organisations towards this goal can only work if there exist organisations and supply chains that can manage these assets and fulfil the contracts in a way that is democratically owned and serves the social and environmental goals of CWB. Such organisations are also key to representing local stakeholders and interests in engagement with big anchor organisations to ensure that their CWB plans are aligned with local priorities. Examples of such organisations include, but are not limited to, community development trusts, cooperatives and employee-owned enterprises. Scotland features a plethora of successful examples of such organisations and enterprises providing learning and inspiration. But, in most places across Scotland, they have not yet reached the scale and capacity to deliver the CWB ambitions of the Scottish Government. Mainstreaming CWB in Scotland will therefore require a serious investment in supporting the formation and upscaling of community and democratically controlled enterprises and institutions. Providing such investment and support should become a key priority for the Scottish Government and could, for example, be delivered through a reorientation of the work of enterprise agencies.

Finally, **conventional, privately owned enterprise**, has an important role in delivering CWB in Scotland. This includes sole traders and microenterprises, SMEs as well as larger businesses. Such businesses currently make up the majority the business landscape and supply chains in Scotland and play an important role in providing employment, investment and expertise. Especially micro-enterprises and SMEs that are rooted in their communities often form the cornerstone of local economies.<sup>2</sup> But, as such enterprises are not democratically accountable to local communities and the wider Scottish public, it is important for the Scottish Government and anchor institutions to engage with and define clear expectations for private businesses to build their support and capacity for contributing to CWB. The Scottish government should align support and incentives to help businesses play their role in CWB and a Wellbeing Economy for example by reorienting business support to focus on CWB and business purpose, extending fair work conditions on public support to other areas related to the Wellbeing Economy and Community Wealth Building, and by reviewing the possibilities of using changes to local tax rates. This should build on the existing work and recommendations of the Business Purpose Commission.

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<sup>2</sup> WEAll Scotland, 2021. [Tapping into a Wellbeing Economy: Lessons from Scotland's craft breweries about the importance of local production.](#)

### **Ensure sufficient resources and investment**

The actions outlined above will require sufficient resources and investment that is specifically dedicated to CWB efforts, both for building capacity of local authorities, community organisations and businesses and for investment into community and publicly owned assets and businesses. Some of those resources can be obtained by redirecting existing funding (e.g. reorienting business support funding). But we also urge the Scottish Government to explore avenues for new funding that could be leveraged for CWB and a Wellbeing Economy. Potential avenues for these are:

- Utilise public pension funds to support investments that build social, environmental and economic wealth in Scotland for those that need it most.
- Strengthen the role of the Scottish National Investment Bank.
- Use local property or land value taxation to support local bodies to purchase assets.
- Utilise returns from community-owned or community benefits of renewable energy generation.

### **Increase the scope and reach of Fair Work First criteria**

The Scottish Government's commitment to the roll-out of Fair Work First criteria across the Scottish public sector is welcome. There is, however, the opportunity to increase the impact of Fair Work First by attaching it to a wider range of funding streams, including all government loans, grants, and support. It should also be applied to all financial support for new businesses to improve the supply of well-paid, secure employment. Business Gateway and Social Enterprise support services should also be required to provide guidance and support on Fair Work as standard as part of their service delivery contracts. The Scottish Government should also explore how action to adopt the Living Wage Places approach could be embedded into CWB legislation, promoting collective responsibility for fair work and decent wages.

*This consultation response was prepared by Dr Lukas Bunse. We are very grateful for the time and help provided by many of WEAll Scotland's allies and friends.*