

# COMMUNITY WEALTH BUILDING (SCOTLAND) BILL

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## POLICY MEMORANDUM

### INTRODUCTION

1. As required under Rule 9.3.3 of the Parliament's Standing Orders, this Policy Memorandum is published to accompany the Community Wealth Building (Scotland) Bill introduced in the Scottish Parliament on 20 March 2025.
2. The following other accompanying documents are published separately:
  - Explanatory Notes (SP Bill 62–EN);
  - a Financial Memorandum (SP Bill 62–FM);
  - a Delegated Powers Memorandum (SP Bill 62–DPM);
  - statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 62–LC).
3. This Policy Memorandum has been prepared by the Scottish Government to set out the Government's policy behind the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

### POLICY OBJECTIVES OF THE BILL

4. The Scottish Government has adopted the internationally recognised<sup>1</sup> community wealth building (CWB) approach to economic development as a key practical means by which progress can be made towards realising the Scottish Government's Wellbeing Economy vision, "a society that is thriving across economic, social and environmental dimensions, one that delivers prosperity for all Scotland's people and places", outlined in the National Strategy for Economic Transformation (NSET).<sup>2</sup> CWB acts as a cohesive strategic framework to build on some of the progressive policy actions already underway in Scotland, including in Fair Work<sup>3</sup>, Sustainable

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<sup>1</sup> [Community Wealth Building — The Democracy Collaborative; SGS-Economics-and-Planning\\_community-wealth-building\\_Pat-Fensham.pdf](#); [Councillor-Briefing-IRELAND-2024-FINAL.pdf](#); [CLES Preston-Document\\_WEB-AW.pdf](#); [static1.squarespace.com/static/62f41050584b40607baef690/t/65a7f7e9a91acf4164eff5be/1705506804639/Community-wealth-building-action-guide-us.pdf](https://static1.squarespace.com/static/62f41050584b40607baef690/t/65a7f7e9a91acf4164eff5be/1705506804639/Community-wealth-building-action-guide-us.pdf)

<sup>2</sup> [Scotland's National Strategy for Economic Transformation - gov.scot](#)

<sup>3</sup> Work that offers effective voice, respect, security, opportunity and fulfilment; it balances the rights and responsibilities of employers and workers, and can generate benefits for individuals, organisations and society. - [Fair-Work-Convention-Framework-PDF-Full-Version.pdf](#)

Procurement<sup>4</sup>, Community Empowerment<sup>5</sup> and asset transfer<sup>6</sup>. As a strategic framework applicable in local communities or regions, CWB can amplify impact and create a lasting transformation in how Scotland's economy operates, ensuring the benefits are realised across our local areas and regions, and by future generations.

5. The Bill provisions outlined in this Policy Memorandum seek to deliver the Programme for Government 2024 – 25 legislative commitment to ensure consistent implementation of the CWB model of economic development across Scotland.<sup>7</sup>

6. The Scottish Government's goal, reflected in the National Outcomes, is to help people live happier and healthier lives with higher living standards, to help businesses boost profitability, and build a more resilient Scottish economy that offers opportunities for all to succeed and where everybody, in every community and region of the country, will share in our economic prosperity. As such, the policy intentions for the Bill are aligned with the following National Outcomes:

- a. Communities: We live in communities that are inclusive, empowered, resilient and safe.
- b. Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy.
- c. Fair Work and Business: We have thriving and innovative businesses, with quality jobs and fair work for everyone.
- d. Human Rights: We respect, protect and fulfil human rights and live free from discrimination.
- e. Poverty: We tackle poverty by sharing opportunities, wealth and power more equally.

## **BACKGROUND**

### **Community Wealth Building policy and model**

7. CWB is both a policy approach and practical model of economic development designed to tackle long-standing economic challenges and transform local and regional economies by considering the ways in which the public sector, in partnership with the private, third and community sectors, can ensure more wealth is generated, circulated and retained in communities and localities.

8. CWB is focused on growing the benefit households and communities derive from economic development and growth. Increased spend with local businesses and higher levels of inclusive or community forms of ownership can mean more money staying in the communities

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<sup>4</sup> The [sustainable procurement duty](#) requires that before a contracting authority buys anything, it must think about how it can improve the social, environmental and economic wellbeing of the area in which it operates, with a particular focus on [reducing inequality](#). - [Sustainable procurement duty - Public sector procurement - gov.scot](#)

<sup>5</sup> The Community Empowerment (Scotland) Act 2015 has provided a legal framework to promote and encourage community empowerment and participation, creating new rights for community bodies and placing new duties on public authorities. - [Community empowerment - gov.scot](#)

<sup>6</sup> Asset Transfer legislation is designed to encourage and support ownership and control of assets by communities and should be considered by community organisations and authorities in situations that recognise the public benefits that community use will bring. - [Asset transfer - Community empowerment - gov.scot](#)

<sup>7</sup> [Programme for Government 2024-25: Serving Scotland - gov.scot \(www.gov.scot\)](#)

that can create wealth through higher incomes, fairer employment opportunities and a greater say over the use of local and regional assets. If implemented successfully, CWB has the potential to act as a preventative measure – reducing public service demand by tackling inequality and ensuring wealth is retained in local economies in a just and fair way.<sup>8</sup>

### **Community Wealth Building pillars**

9. The Scottish Government’s CWB approach encourages actions across five interconnected pillars to tackle structural inequalities, support business growth, create and retain employment opportunities and give people a greater stake in the economy.<sup>9</sup> These five pillars, which all play a complementary role in the retention of wealth, can be applied flexibly to meet the needs of local places and regions. The five pillars of CWB are set out as follows:

- a. Spending: Maximising community, worker and business benefits through procurement and commissioning, developing impact enterprises, Fair Work, and shorter supply chains. Higher levels of spend with SMEs, micro-businesses and inclusive business models resulting in business growth and improved, resilient local and regional economies.<sup>10</sup>
- b. Workforce: Increasing Fair Work and developing local labour markets that support the prosperity and wellbeing of communities. Access to local and fair employment opportunities, fairer wages, skills development opportunities and improved wellbeing of employees.<sup>11</sup>
- c. Land and Property: Growing social, ecological, financial, and economic value that local communities gain from land and property assets. Land and property are used for the common good and benefit communities, SMEs and micro-businesses and the environment.<sup>12</sup>
- d. Inclusive Ownership: Developing more local and inclusive enterprises which generate community wealth, including social enterprises, employee-owned firms, and cooperatives. More inclusive and democratically owned enterprises and assets which means the wealth created locally and by local people stays in those communities in the form of incomes and profits.<sup>13</sup>
- e. Finance: Ensuring that flows of investment and financial institutions work for local people, communities, and businesses. Money and investment are retained in a local area and are available to support communities and businesses.<sup>14</sup>

### **Community Wealth Building anchor organisations**

10. Through practical implementation of the CWB model, ‘anchor organisations’ in the public sector such as local authorities, public health bodies, further and higher education institutions, and

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<sup>8</sup> [The mental health and wellbeing impact of a Community Wealth Building programme in England: a difference-in-differences study](#)

<sup>9</sup> [Community wealth building - Cities and regions - gov.scot](#)

<sup>10</sup> <https://cles.org.uk/wp-content/uploads/2020/06/FINAL-Restoring-public-values.pdf>

<sup>11</sup> [The Fair Work Framework - The Fair Work Convention](#)

<sup>12</sup> [Community Wealth Building and Land](#)

<sup>13</sup> [Developing Scotland's Economy: Increasing The Role Of Inclusive And Democratic Business Models - gov.scot](#)

<sup>14</sup> [CLEs: Community wealth building – making financial power work for local places - Responsible Finance](#)

enterprise and skills agencies can work together to support their local and regional economies.<sup>15</sup> CWB recognises the impact that public sector bodies make – both individually and collectively – is not just through the services they deliver but also how they choose to use the resources at their disposal. These anchor organisations can, through their commissioning and purchasing of goods and services, through their workforce and employment capacity, and through creative use of their facilities and land assets, help to stimulate growth, build resilience and retain wealth in the local and regional economies.

11. Local authorities already play a key leadership and convening role in CWB implementation, acting as economic stewards of their areas, including through local activity or wider regional collaboration, for example, through Regional Economic Partnerships. Many local authorities are collaborating with other anchor organisations via existing community planning structures or through new ‘anchor networks’ or ‘commissions’.

12. Scotland’s local authorities have been taking forward activity on CWB since 2018, and in a recent survey of the local authority CWB Practitioners Network, 50% of the sixteen respondents reported they were already leading CWB strategy and action planning work.

13. Whilst local authorities have led the way in implementing CWB in Scotland, the approach relies on the voluntary commitment of a wider group of public sector bodies and other stakeholders. To maximise the benefits of CWB, the responsibility to engage with and support this approach must achieve national coverage and sit with a wider group of public sector anchor organisations. Collaboration and a joint commitment to a strategic framework across the five CWB pillars will avoid duplication, disparate initiatives and ensure a whole system approach.

14. As part of the Place and Wellbeing Programme within Health and Social Care, the Scottish Government is working with Public Health Scotland to support health and social care providers to contribute to the CWB agenda, including supporting territorial health boards (which operate at a regional level) to become active anchor organisations. This work is demonstrating in practice how health boards and other health and social care providers can make a valuable economic contribution within their region by increasing access to local employment, purchasing from local suppliers and ensuring communities can make greater use of NHS land and buildings.

15. While the public sector may represent the catalyst for CWB introduction and development, it is clear from existing practice that business, the third sector and community organisations can all play an important role in the development and implementation of CWB actions. In particular, larger private sector employers have assumed the role of an anchor organisations. Community organisations, housing associations, development trusts and micro-businesses, have also played a key role in driving forward CWB, particularly in rural areas and islands.

## **Community Wealth Building in Scotland**

16. The Scottish Government has been working with local authorities and other partners to build capacity to help drive forward the implementation of CWB at the local and regional level,

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<sup>15</sup> Anchors are typically large employers with a strong local presence in an area. They can exert sizable influence through their commissioning and purchasing of goods and services, through their workforce and employment capacity, and by creative use of their facilities and land assets.

including supporting five CWB pilot areas (Clackmannanshire, Fife, Glasgow City Region, South of Scotland and the Western Isles). In addition, many more local authorities and their partners are now assessing the potential of CWB to enable the transition to local and regional Wellbeing Economies, recognising that CWB provides strategic means of connecting all contributory actions across the economy for economic, social and environmental benefit.

17. Using case studies from the local authority pilot areas as named above, a recent report from Scotland's Rural College (SRUC) has assessed the development and implementation of CWB policy in Scotland.<sup>16</sup> This report indicates that certain common factors that have allowed CWB to embed into local economic development approaches, including supportive leadership and organisational culture, collaboration with key partners, and accountability for delivery through local governance structures.

18. Regional collaboration on CWB is already taking place across Scotland through Regional Economic Partnerships, the development of regional economic strategies and the delivery of projects through City Region and Growth Deals. The systematic approach of CWB means that some Regional Economic Partnerships are placing CWB at the centre of their regional economic strategies (in Ayrshire for example) to ensure a coherent approach to all investment including City Region and Growth Deals. Successful regional collaboration of this nature can maximise benefits and avoid duplication.

19. The Scottish Government has supported activity to raise awareness and improve understanding of CWB as well as accelerate practice and delivery. The Scottish Government's partnership with the Economic Development Association Scotland (EDAS) to develop a Community Wealth Building Centre for Excellence has supported the implementation of CWB through communities of practice, open workshops, peer support and development of materials, including a How to Guide, podcasts, and case studies, to support anchor organisations and wider stakeholders develop, implement and realise the benefits of CWB approaches.<sup>17</sup>

20. A CWB Guide, supported by the Scottish Government and produced by EDAS and the Centre for Local Economic Strategies (CLES), offers practical support for those seeking to pursue a CWB approach. It is both a first introduction for those new to CWB as well as a source of helpful advice and resources, including case studies, for any stage of the implementation journey.<sup>18</sup>

21. The Scottish Government, in partnership with the Improvement Service, has established a CWB Practitioners Network, which delivers a Programme for Government 2024-2025 commitment to developing a local authority led network to aid consistency and practice sharing.<sup>19</sup> All 32 local authorities are members of this Network, which facilitates the sharing of good practice and supports networking opportunities for CWB practitioners from local authorities across Scotland.

22. The Programme for Government 2024-2025 confirmed that the Scottish Government was committed to introducing a CWB Bill in 2025. The provisions in the Bill will seek to ensure

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<sup>16</sup> [Community Wealth Building: Case Studies of Scotland Pilots](#)

<sup>17</sup> [Community Wealth Building Scotland | EDAS](#)

<sup>18</sup> [Implementing-Community-Wealth-Building-A-Guide.pdf](#)

<sup>19</sup> [Programme for Government 2024-25: Serving Scotland](#)

consistent implementation of the CWB model of economic development across Scotland and address economic and wealth inequality by supporting the retention of more wealth in local and regional economies.<sup>20</sup>

23. To support the development of legislation, the Scottish Government also established a CWB Bill Steering Group to provide oversight as legislative proposals have been developed. The Group is chaired by the Minister for Employment and Investment and brings together representatives from CWB pilot areas as well as key stakeholders across the public, private and third sectors. The Group played a pivotal role in supporting the development of the consultation document, as well as providing suggestions for policy and legislative change to support the consistent implementation of the CWB model.

## **OVERVIEW OF THE BILL - SPECIFIC PROVISIONS**

24. The holistic policy intention is to put in place focused, proportionate and enabling legislation that will create a new, consistent platform that supports the good practice already underway and provides the necessary clarity required to improve consistency in the use of the CWB approach across Scotland. The duties in this Bill seek to ensure universal implementation of this economic development approach across Scotland whilst allowing for local, regional, and organisational flexibility in line with the Place Principle.<sup>21</sup> Successful implementation of the duties included in this Bill will create opportunities and empower individuals and communities to participate in more productive and resilient local and regional economies.

### **Community Wealth Building Statement**

25. The Scottish Ministers have a duty to publish and lay in Parliament a community wealth building statement. The statement will set out measures that the Scottish Ministers are taking or intend to take to:

- a. reduce economic and wealth inequality between individuals and communities in and across Scotland, and
- b. support economic growth in and across Scotland,

by facilitating and supporting the generation, circulation and retention of wealth in local and regional economies.

26. The Scottish Ministers will be required to publish their inaugural statement within 18 months of the relevant section coming into force. Thereafter, the Scottish Ministers will be required to review the CWB statement before the end of the period of 5 years and a new CWB statement must be laid in Parliament at least every 5 years.

27. The Scottish Ministers will be required to consult with such persons as they consider appropriate during the development of the CWB statement, which will ensure that insight and experiences gathered during this process can inform the final statement that is laid in Parliament.

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<sup>20</sup> [Programme for Government 2024-25: Serving Scotland](#)

<sup>21</sup> The Scottish Government and COSLA have adopted the Place Principle to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment. [Place Principle: introduction - gov.scot](#)

28. To align with the CWB pillars as set out above, the statement may in particular set out measures to:

- a. use public procurement to facilitate or support such generation, circulation and retention,
- b. promote—
  - i. employment opportunity,
  - ii. workforce development,
  - iii. equality in the workplace,
- c. diversify ownership of land or other assets by facilitating or supporting community ownership,
- d. bring vacant and derelict land back into use in a way that provides financial, social or environmental benefit to the community,
- e. encourage local business start-ups or entrepreneurship,
- f. promote or support the development of employee-owned businesses, co-operatives or social enterprises,
- g. such other measures as the Scottish Ministers consider appropriate.

29. The policy intention with introduction of the CWB statement is to provide a means of demonstrating the Scottish Ministers' long-term commitment to CWB. The duty to produce this statement will galvanise all contributory parts of the Scottish Government in explaining how they will take forward policies and actions that will deliver on CWB priorities such as e.g. creating more employment opportunities or helping businesses to grow.

30. The Scottish Ministers must prepare a report setting out the steps they have taken in respect of each measure included in the CWB statement and the steps they have taken to keep the CWB statement under review. This report must be published and laid before the Scottish Parliament.

### **Community Wealth Building Action Plans**

31. Local authorities and relevant public bodies (to include Territorial Health Boards, Regional Colleges, Scottish Enterprise, South of Scotland Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and Regional Transport Partnerships) are to work together as a “community wealth building partnership.”

32. CWB partnerships have a duty to prepare a CWB action plan for the area of the local authority within the period of 3 years beginning with the day on which the relevant section comes into force. This action plan must set out the measures the CWB partnership is taking or intends to take to facilitate and support the generation, circulation and retention of wealth in the local economy.

33. To align with the CWB pillars as set out above, the CWB action plans may, in particular set out measures to:

- a. use public procurement to facilitate or support such generation, circulation and retention,
- b. support local economic operators to access public sector contracts,
- c. promote—
  - i. employment opportunity,
  - ii. workforce development,
  - iii. equality in the workplace,
- d. diversify ownership of land or other assets by facilitating or supporting community ownership,
- e. bring vacant and derelict land back into use in a way that provides financial, social or environmental benefit to the community,
- f. encourage local business start-ups or entrepreneurship,
- g. promote or support the development of employee-owned businesses, co-operatives or social enterprises,
- h. such other measures as the community wealth building partnership considers appropriate.

34. In preparing a CWB action plan, a CWB partnership must have due regard to guidance produced by the Scottish Ministers. Where there is an existing local CWB action plan in place (by one or more partner), this could be reviewed in line with any new statutory obligation and new guidance to identify if it meets the legal requirements for the new duty.

35. Each CWB partnership must keep their CWB action plan under review and may revise it as they consider appropriate. If the CWB partnership has not revised the CWB action plan within the period of 5 years beginning with the day on which the plan was last published, they must revise the plan.

36. The CWB partners must, so far as reasonably practicable, implement the measures set out in the plan in the area of the local authority during the period to which the CWB action plan relates. The identified CWB partners responsible for action plans have been selected primarily on the basis that they are the public sector anchor organisations with the greatest level of economic agency in local authority areas and wider regions. The core policy intention of the CWB action plan is to provide a means for these organisations to collaborate on joint actions, supported by their combined spending ability and broader powers.

### ***Community Wealth Building action plan consultation***

37. In contributing to the preparation of a CWB action plan, a local authority must consult such persons as it considers likely to be directly affected by the plan, and such other persons as it considers appropriate.



### ***Community Wealth Building action plan publication***

38. Each local authority must publish the CWB action plan prepared in accordance with the duty as soon as reasonably practicable following its preparation.

### ***Local authorities acting jointly***

39. Two or more local authorities may act jointly, with the relevant public bodies, to prepare and publish a CWB action plan for the areas of the local authorities. Local authorities will make the decision as to whether to collaborate on their action plan or not. This path has been provided for in order to reflect the growing preference for local authorities and their partners to adopt a regional partnership approach in convening economic development collaborations.

### **Duty to have regard to guidance**

40. Specified public bodies<sup>22</sup> must have due regard to guidance issued by the Scottish Ministers when developing that public body's corporate plan, and delivery strategies in relation to that plan.

41. The policy intention of guidance issued by the Scottish Ministers is to assist these specified public bodies to ensure that CWB is consistently represented in their key operating plans, economic strategies and impact measures.

42. To ensure the consistent implementation of CWB across Scotland, public bodies across the wider public sector landscape must be meaningfully engaged in the approach. To support this engagement, the Bill places this duty on those public sector organisations that have clear geographical ties to their local economy as well as influential roles in local and regional economic development.

### **Community Wealth Building guidance**

43. The Scottish Ministers will be required to issue guidance to assist CWB partnerships to produce CWB action plans. The Scottish Ministers will be required to publish this guidance within 18 months from the date of commencement of the relevant section of the Bill.

44. The Scottish Ministers will also be required to issue guidance to assist specified public bodies to embed CWB principles during the development of their corporate plans and associated strategies. The Scottish Ministers will be required to publish this guidance within 18 months from the date of commencement of the relevant section of the Bill.

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<sup>22</sup> Creative Scotland; Crown Estate Scotland; Highlands and Islands Airports Limited; Historic Environment Scotland; Integration joint boards; National Park authorities; Chief constable of the Police Service of Scotland; Scottish Canals; The Scottish Courts and Tribunals Service; The Scottish Environmental Protection Agency; The Scottish Fire and Rescue Service; Scottish Forestry; The Scottish Further and Higher Education Funding Council; Scottish Futures Trust Limited; Scottish Land Commission; Scottish National Investment Bank plc; Scottish Natural Heritage; Scottish Sports Council; Scottish Water; Special Health Boards; VisitScotland

## **ALTERNATIVE APPROACHES**

45. The 2023 public consultation on CWB (covered in detail below at the ‘Consultation’ section) asked for specific views on the format of potential new duties on the Scottish Ministers and public bodies in relation to CWB. The consultation also gave an open invitation for respondents to suggest additional areas of legislative or policy change aligned to the pillars of CWB. As a result, a wide range of additional proposals were considered in detail with the relevant policy colleagues across the Scottish Government, to determine whether legislative change through the CWB Bill was the most appropriate way to address issues raised by respondents. Based on the analysis undertaken, it was determined that legislative change through the CWB Bill was not the most appropriate means of achieving the objectives of the pillar specific proposals received. Therefore, a pillar specific approach to CWB legislation was not considered a feasible alternative to the SG core legislative proposition for new duties to advance CWB. The reasons for the pillar specific proposals not being taken forward include:

- a. Proposed action already exists in legislation.
- b. Proposed action is already being taken forward via a separate exercise.
- c. Proposed action is not suitable for legislation and has been shared with the relevant policy areas for consideration of potential implementation through policy and/or practice change.
- d. Proposed action has been previously explored and was deemed infeasible.
- e. Proposed action would breach domestic or international agreements or legality (i.e. discrimination).

46. The following illustrative examples are provided to demonstrate some of the specific reasons for these decisions:

- a. In the consultation a number of respondents, including local authorities, NHS boards, business representative organisations and community groups, suggested actions to strengthen asset transfer. For example, through legislative amendments to broaden asset transfer criteria to support landownership by organisations with a wider range of membership structures. It was determined that no legislative change was required through the CWB Bill as a planned review of parts of the Community Empowerment Act, which includes mechanisms for asset transfer, presented an opportunity to address issues raised by respondents. This review has now concluded and the Scottish Government will publish three reports at the end of 2024-25. The Part 5, Asset Transfer report has identified learning for actions to support local authorities, NHS boards and other public authorities as they continue to develop their community engagement and asset transfer strategies. The review has found that Scotland is the most advanced nation in the UK for community asset acquisition due to the legislation in place and that learning should be shared on what works. Following publication of the review, the Scottish Government will work with our public authorities, community organisations, the National Asset Transfer Action Group, and key stakeholders to explore options to further strengthen the operation of asset transfers including considering proposals to update the statutory guidance and any other changes that may be needed.

- b. In the consultation a number of respondents, including local authorities, NHS boards, business representative organisations and community groups, suggested that procurement thresholds could be reviewed to facilitate better access to contracts by SMEs, the third sector and supported businesses. It was determined that legislative amendments through the CWB Bill are not required as provision already exists to amend these thresholds under secondary legislation. Under the Procurement Reform (Scotland) Act 2014, the Scottish Ministers may, by order amend contract threshold values as they consider appropriate. The Scottish Ministers may also, by order, modify the figure specified in the Act relating to the requirements for Community benefits. The Scottish Government have committed to undertake a review of the thresholds and of the figure relating to community benefits requirements and will engage with stakeholders appropriately on this.

47. At a fundamental level, the Scottish Government considered continuation of voluntary action only to further embed and ensure consistent application of the CWB approach, including continuing to support local authorities through the existing CWB Practitioners Network and provide further supporting materials including guidance for public bodies. Existing material, including good practice guidance, could be updated to support local economic development practitioners to develop and implement plans without duties. This approach would continue to facilitate the sharing of good practice and provide support and guidance to help the wider public sector to understand how public bodies can contribute to CWB. This non-legislative approach would rely on voluntary adoption of CWB and could support more public bodies to consider their own contribution to local and regional economies through a CWB lens. However, it is unlikely that consistent, universal implementation of the CWB approach could be achieved through this non-legislative approach. Ultimately, that approach presents a risk that net value for people and communities derived from a new and proportionate format for statutory collaboration could be lost.

48. The purpose of this legislation is to create a new, consistent platform that supports the good practice already underway and provides the necessary clarity required to improve consistency in the use of the CWB approach across Scotland. The legislative approach proposed in this Bill will underpin a formal public sector partnership approach, addressing stakeholder calls for the wider public sector to adopt the CWB approach. Through collaboration and consistent application of CWB, the public sector could maximise the impact of public spend and ensure that all local and regional economies in Scotland benefit. The Bill will ensure consistency of understanding, application and implementation of the CWB approach as well as ensuring the long-term commitment of the Scottish Ministers through their duty to produce the CWB statement.

49. The Scottish Government considered whether the current responsibilities of the Community Planning Partnership should be extended to include the development and implementation of CWB action plans. However, it was considered that this approach would place unnecessary burdens on those community planning partners that do not have existing economic development responsibilities or a clear and direct economic impact through their operations. The CWB Bill ensures that all community planning partners will have new CWB duties, but the nature of these duties are tailored to their organisational responsibilities and their roles in local economic development. This is considered the most proportionate way to ensure that those public bodies

with the most significant local and regional economic levers at their disposal have the greatest role in developing and implementing CWB actions.

## **CONSULTATION**

50. To support the development of consultation, the Scottish Government engaged with the CWB Bill Steering Group. The Group provided guidance and support as the consultation paper and duty options were developed. In addition, Ministerial and official level meetings were held with COSLA representatives to fully test duty options prior to the launch of the consultation.

51. On 31 January 2023, the Scottish Government published a consultation on CWB.<sup>23</sup> Views and comments were sought on what future CWB legislation should look like and where existing law and policy could be changed to advance action on CWB. The consultation sought views on the following areas:

- a. A proposal for a duty to advance CWB and provided respondents with options as well as inviting views on which bodies should be covered, accountability and involvement of stakeholders;
- b. The provision of statutory or non-statutory guidance;
- c. If non-legislative measures are required to advance CWB;
- d. If specific actions are required to advance the items contained within the Shared Policy Programme in relation to CWB;
- e. If changes to the law are required to advance the pillars of CWB (spending, workforce, land and property, inclusive ownership and finance).

52. The consultation also sought views on the form of a duty based on the following options:

- a. Option A - a duty requiring the Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies.
- b. 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. This requirement could be taken forward at a regional level if neighbouring local authorities and their community planning partners have a preference for that approach.
- c. Option C - a combined option – featuring a union of both options set out above.

53. The consultation received 185 responses, of which 148 were from groups or organisations including community development organisations or companies, housing associations, local authorities, regional partnership or community planning partnership, policy development organisations or think tanks, political party, union or lobby groups, professional or representative bodies, public bodies, voluntary or not for profit sector, and 37 from individual members of the

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<sup>23</sup> [Community wealth building consultation - The Scottish Government consultations - Citizen Space](#)

public. In addition, a public webinar was attended by more than 150 people.<sup>24</sup> An independent consultation analysis report of the CWB consultation was published in October 2023.<sup>25</sup> Overall, the majority of respondents (63%) believed that the combined approach outlined in Option C would help ensure CWB has the best opportunity to enable a transformative impact on local economies across Scotland. This approach combines:

- a. A duty requiring the Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies;
- 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.

54. Overall, respondents felt that this approach would build on the current arrangements in areas, but should also promote wider buy in and collective action. It was suggested that mandating public sector bodies to collaborate to produce a collective action plan may help embed the message that CWB economic activity is the responsibility of all and could yield greater leverage, increased opportunities and maximisation of assets. It was hoped that the combined approach would help ensure CWB had the best opportunity to enable a transformative impact on local economies across Scotland.

- a. The most popular option for the duty was Option C which combined both Option A and Option B.
- b. In total 27 respondents stated that they did not think there should be a duty imposed on local authorities. The main reasons for this were the fact that areas were already taking forward CWB and that any new duty would require to come with resources to support implementation due to already stretched resources.
- c. Option A was the preferred option for 13 of the respondents the main reasons for choosing this option included being supportive of the Scottish Governments proposal to ensure a long term and consistent commitment to CWB and the perception that this would incur minimal disruption to current reporting, and link to existing structures and work underway for example current economic strategy development.
- d. A further 15 respondents preferred Option B, there were various comments including the acknowledgment that there does need to be some statutory element but it should not place “new” burdens on local authorities or others, repurposing existing partnerships or structures like the Community Planning Partnerships might work and the suggestion that the focus on the economy would be counter to other initiative on the climate and nature emergency.
- e. A further 27 respondents choose not to answer this question.

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<sup>24</sup> [Published responses for Community wealth building consultation - The Scottish Government consultations - Citizen Space](#)

<sup>25</sup> [Building Community Wealth in Scotland: consultation analysis - gov.scot](#)

55. Respondents also offered views on which bodies should be covered by the duty proposed in Option B as set out above and called for a clear list of organisations bound by a CWB duty, together with clear expectations of the requirements of the duty. Suggestions included:

- a. Local authorities, Community Planning Partnerships and all local and regional community planning partners,
- b. Health Boards, Health and Social Care Partnerships,
- c. Enterprise Agencies,
- d. Universities and Colleges,
- e. Community Councils, Third Sector Interfaces, and Local Development Trusts.

56. Respondents, including community development organisations or companies, housing associations, local authorities, regional partnership or community planning partnership, policy development organisations or think tanks, political party, union or lobby groups, professional or representative bodies, public bodies, voluntary or not for profit sector offered a range of proposals covering the five pillars of CWB, including suggestions focused on:

- a. Reviewing Procurement Frameworks and Approaches:
  - i. There were calls for a rebalancing of the priorities and criteria used in public procurement, for example to prioritise CWB over cost and other considerations, and a number of respondents wished to see additional guidance on how CWB and community benefits are expected to fit within wider procurement legislation. This was most commonly related to how CWB can be balanced with the duty on public bodies to ensure best value.
  - ii. A number of those commenting saw potential for review of existing frameworks and contracts to identify how these can better facilitate access by SMEs, the third sector and supported businesses. This most frequently related to changes to current procurement regulations to enable frameworks and contracts that support local procurement.
- b. Developing Supplier Capacity:
  - i. Building capacity within local supply bases, including private sector micro and small businesses, social enterprises, community owned businesses and the third sector, was seen as key. There was thought to be a need for procurement legislation and regulation to better recognise the potential value of these organisations, and there were also calls for dedicated procurement support for local organisations.
- c. Commitment to Fair Work:
  - i. CWB was seen as offering a significant opportunity to achieve better recognition and protection for Scotland's workforce, with the potential for Fair Work to support wider economic priorities also highlighted. There was widespread support for efforts to encourage more employers – including specifically anchor organisations – to pay at least the real Living Wage.

- d. Reviewing Compulsory Purchase Powers:
  - i. Proposals to review compulsory purchase powers were welcomed, with suggestions that the present Compulsory Purchase Order process needs to be streamlined or modernised.
- e. Tackling Vacant and Derelict Land (VDL):
  - i. It was argued that further action will be required if VDL is to contribute to CWB objectives and there were calls for enhanced powers and funding, and for simplified or longer-term funding streams for local authorities to bring VDL back into use. There were also calls for better or more sustainable use of the public estate (including both VDL and other assets) for community and SME use.
- f. Alignment between CWB and Land Rights Legislation:
  - i. Some respondents called for clear alignment of CWB legislation with the Community Empowerment Act 2015 and/or the Land Reform Bill.
  - ii. There were also calls to review or strengthen Community Right to Buy powers and to simplify and speed up Community Asset Transfer processes, including to allow a wider range of community bodies to use the provisions.
- g. Employee Right to Buy:
  - i. While there was acknowledgement of the difficulties in legislating on reserved matters, some respondents indicated their support for an employee right to buy, calling on the Scottish Government to work with the UK Government to enable its introduction or to investigate the extent to which powers could be used within devolved competences.
- h. Funding Assessment Criteria:
  - i. In support of the use of funding criteria and conditionality of public funding, respondents referred to the potential for this approach to create community wealth and deliver wider benefits for communities. In this context, it was suggested that all public funding applications should be required to evidence positive impacts across the five CWB pillars.
- i. Financing Options, including progressive financing:
  - i. Respondents proposed a range of ways in which pension funds, other public funds and social investment could better support CWB. Respondents also referred to a potential role for the Scottish National Investment Bank or a national CWB or Community Wealth Fund, similar to the Scottish Land Fund.

57. Respondents, including groups or organisations including community development organisations or companies, housing associations, local authorities, regional partnership or community planning partnership, policy development organisations or think tanks, political party,

union or lobby groups, professional or representative bodies, public bodies, voluntary or not for profit sector, noted the following non-pillar specific measures to accelerate the implementation of CWB:

a. Simplifying Policy and Legislative Landscape:

- i. The complexity of the current policy and legislative landscape was noted, and it was suggested that there may be an opportunity to consolidate the legislative framework underpinning CWB and community empowerment. There were calls for a comprehensive approach to considering the interconnectivity of existing legislation, with a focus on promoting simplification and resource efficiency. In terms of particular policy areas, it was seen as important to align the CWB framework closely with the Scottish Government's ambitions for nature and climate. Making these links was seen as key to delivering a range of environmental, economic and social benefits, and to ensuring that the aims and objectives of advancing CWB are congruent with the Just Transition to Net Zero.

b. Economic Development Culture:

- i. Building a culture of trust and collaboration between community organisations and their local authorities was seen as the foundation for better partnership working of the type required to deliver on CWB's objectives. Leadership at all levels was also identified as a key factor, and it was suggested that this needs to start with political leadership and the mobilisation of all of Scotland's public sector.

c. Partnership and Capacity Building:

- i. One of the most commonly raised themes across the consultation, was the critical role that genuine collaboration will play in making CWB a success. It was suggested that the legitimacy of CWB is directly proportional to the extent to which community stakeholders are meaningfully engaged and empowered as active participants. The vital role of capacity building, particularly for communities, was noted and the recognition that this will be particularly important for disadvantaged communities was welcomed. There were also comments about building capacity within organisations, including within local authorities and public bodies.

d. Resources and Funding:

- i. The issue of resources was often linked to capacity building, both within organisations and within the wider community; it was suggested that investing in training and education programmes, as well as providing technical assistance to communities and public institutions, can help build the necessary capacity to implement CWB approaches.
- ii. More generally, the theme of resources was also a frequently raised issue across the consultation. A number of respondents referred to the challenging financial environment in which the public, community and



voluntary sectors are working, described as being typified by increasing demand and reduced budgets. There was a view that, particularly given this context, a structural transformation of the scale envisaged in the consultation paper is likely to require significant additional resources, both to build skills and capacity and also to support programmes and initiatives. However, it was also noted that, especially as economic development is not a statutory service, its importance needs to 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.

- iii. In addition to comments about local government and anchor organisations, respondents also commented on resourcing issues affecting other sectors, including that the third and community sectors will require additional resources to engage with the design and delivery of CWB locally.

58. Assessment was undertaken of all suggestions for legislative change received through the consultation, including those that relate to reserved matters, notably employment law and the operation and regulation of companies and other business associations, which are out-with the legislative competence of the Scottish Parliament. The Scottish Government will do all it can within devolved powers and work with the UK Government where there is potential to accelerate the implementation of CWB through legislative and non-legislative measures.

## **EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.**

### **Equal opportunities**

59. An Equality Impact Assessment (EQIA) has been carried out and will be published on the Scottish Government website.<sup>26</sup> The EQIA assessment has found that the Bill does not unlawfully discriminate in any way with respect to any of the protected characteristics (including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) either directly or indirectly. However, it has been determined that the implementation of these duties may have some positive impacts for people with protected characteristics. This is not expected to differ significantly for different equality groups.

60. The Scottish Ministers, local authorities and relevant and specified public bodies that are responsible for discharging duties provided for in this Bill are subject to the public sector equality duty under the Equality Act 2010. Where relevant these public bodies will be required to carry out an additional EQIA when implementing actions legislated for in this Bill.

61. CWB provides a strategic framework to build on some of the progressive policies and action already underway in Scotland to tackle inequalities and transform how our economy

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<sup>26</sup> [Equality Impact Assessment \(EQIA\)](#)

operates. The CWB Bill will help to ensure more wealth is retained locally, creating a stronger economy, leading to higher wages and increased household income, more job opportunities and business growth. The development of the EQIA has highlighted how successful implementation of the CWB Bill could support the achievement of our shared goal, reflected in our National Outcomes, to help people live happier and healthier lives with higher living standards, to help businesses boost profitability, and build a more resilient Scottish economy that offers opportunities for all to succeed and where everybody in every community and region of the country will share in our economic prosperity.

62. Whilst the provisions contained in the Bill do not have a direct impact on equalities, the implementation of these provisions could significantly improve the lives of people living in Scotland, as evidenced by the views of those who took part in the lived experience panel and the findings of the Health Impact Assessment undertaken by Public Health Scotland.<sup>27</sup> As the CWB approach is expanded and embedded across Scotland, we will lead partners in focusing on the views and needs of protected groups to achieve positive outcomes.<sup>28</sup>

## **Human Rights**

63. The Scottish Government is satisfied that the Bill is compatible with the European Convention on Human Rights (“the ECHR”).

64. The Scottish Government also considers that the provisions in the Bill do not interfere with human rights and have the potential to make a positive contribution to the advancement and promotion of human rights. It is anticipated that the resultant CWB statement and CWB action plans may contain actions that could have a positive impact on areas detailed within the ECHR and other international agreements that the UK is signatory to, specifically around the promotion of fair work practice and effective worker’s voice through e.g. trade union membership.

65. The Bill places new duties on Scottish Ministers, local authorities and other large public anchor organisations. The potential impacts on human rights and positive benefits of each of the provisions of the Bill were considered during the development.

66. In particular, it is anticipated that the implementation of these duties could have a positive impact on human rights through, for example, the promotion of fair work practices which would support the right to free association (Article 11).

67. The Human Rights Act 1998 requires every public authority in Scotland to act compatibly with the Convention rights. This will ensure that as the CWB statement and CWB action plans developed are compatible with the Convention.

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<sup>27</sup> [FINAL-Get-Heard-Scotland-Report-of-citizen-panel-on-Community-Wealth-Building-July-2023.pdf](#) ([povertyalliance.org](#));

[Community Wealth Building in Scotland: A health impact assessment](#)

<sup>28</sup> [FINAL-Get-Heard-Scotland-Report-of-citizen-panel-on-Community-Wealth-Building-July-2023.pdf](#) ([povertyalliance.org](#))

## **Statement of compatibility under section 23(1) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024**

68. The Deputy First Minister and Cabinet Secretary for Economy and Gaelic, Kate Forbes, MSP, has made the following statement regarding children’s rights:

“In accordance with [section 23\(1\) of the United Nations Convention on the Rights of the Child \(Incorporation\) \(Scotland\) Act 2024](#), in my view the provisions of the Community Wealth Building (Scotland) Bill are compatible with the UNCRC requirements as defined by [section 1\(2\) of that Act](#).”

69. Further CRWIAs will be undertaken where appropriate to support the implementation of duties included in the Bill, including during the development of the Scottish Ministers CWB statement.

### **Island Communities**

70. An Island Communities Impact Assessment has been prepared to accompany the CWB Bill. The assessment has been carried out according to Scottish Government guidance and duties within the Islands (Scotland) Act 2018. In preparing the ICIA, the Scottish Government has determined that this Bill is not likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities).

71. In line with the Place Principle, the duties in this Bill have been developed to provide local flexibility.<sup>29</sup> This includes recognising the differences between urban and rural and island contexts. Delivering CWB can simplify the economic development landscape by ensuring that programmes and investment work together, and CWB actions can be developed based on the specific needs of particular communities.

72. The Scottish Government anticipates that the provisions of this Bill will apply equally to all communities in Scotland. The guidance will encourage local authorities and their partners to consider actions that will best support the needs of individual communities. This tailored approach to developing and implementing actions could significantly improve the lives of people living in Scotland, including in island communities, as evidenced by the views of those who took part in the lived experience panel and the findings of the Health Impact Assessment undertaken by Public Health Scotland.<sup>30</sup>

73. The Scottish Government understands the need to consider the implications for different parts of Scotland and, where necessary, further Island Communities Impact Assessments will be carried out when developing the CWB statement and guidance associated with provisions in this Bill.

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<sup>29</sup> [Place Principle: introduction - gov.scot](#)

<sup>30</sup> [FINAL-Get-Heard-Scotland-Report-of-citizen-panel-on-Community-Wealth-Building-July-2023.pdf \(povertyalliance.org\); Community Wealth Building in Scotland: A health impact assessment](#)

## **Local Government**

74. The Scottish Government and COSLA have agreed to adopt the Place Principle to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment.<sup>31</sup> It promotes a shared understanding of place, and the need to take a more collaborative approach to a place's services and assets to achieve better outcomes for people and communities. The principle encourages and enables local flexibility to respond to issues and circumstances in different places.

75. In line with the Verity House Agreement, the Scottish Government has worked closely with COSLA throughout the development of this Bill, including through the Bill Steering Group.<sup>32</sup> COSLA also worked with the Scottish Government to co-design the form of a CWB duty for local authorities, and this work informed the duty options set out in the CWB Bill Consultation in 2023 (see Para 52).

76. Although not a statutory requirement, local authorities recognise their role in economic development as being an important aspect of their work to provide services that support economic growth and skills development. Many local authorities are already engaged in the development and implementation of CWB plans and strategies and are already collaborating with other anchor organisations via existing community planning structures or through new 'anchor networks' or Commissions.

77. The successful implementation of the CWB approach requires a change in processes, procedures, culture and increased partnership working. The financial implications for local authorities are set out in the Financial Memorandum. The potential costs as estimated cover the requirement to work with relevant public bodies to develop and implement a CWB action plan (within 3 years of the commencement of the relevant provision); the requirement to consult on and publish the CWB action plan; the requirement to review and update the CWB action plans (timeline within 5 years of the most recently published version); and the requirement to take account of any associated guidance as part of the legislation.

## **Sustainable Development**

78. Consistent implementation of the CWB approach will promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work as set out in the UN Sustainable Development Goal 8: Decent Work and Economic Growth.<sup>33</sup>

79. The potential environmental impact of this Bill will be considered through the Strategic Environmental Assessment (SEA) assessment process. A pre-screening notification has been prepared as it is considered likely that the Bill will have no or minimal effects on the environment.

80. As a result of local authorities and relevant and specified public bodies discharging the duties outlined in this Bill it has been determined that there will be no direct impact on business

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<sup>31</sup> [Place Principle: introduction - gov.scot](#)

<sup>32</sup> [New Deal with Local Government – Verity House Agreement - gov.scot](#)

<sup>33</sup> [THE 17 GOALS | Sustainable Development](#)

and associated regulations as a result of the legislation itself. The Scottish Government considers that the Bill does not put in place any requirements that will apply directly to business or how businesses operate, pose any direct impact on the way businesses access goods, services or funding or have any direct impact on existing regulators, create any new regulatory agencies or impose any requirement for new coordination mechanisms between existing regulators.

81. The Scottish Government considers it possible that the actions taken by local authorities, relevant or specified public bodies as a result of this legislation will have positive impacts for business through the creation of more resilient and sustainable local economies. However, the legislation itself will not impose any duties, regulations, rules or any other statutory requirements on any model of business in Scotland or impinge in any way businesses ability to operate within the Scottish Economy. Any impacts on business and business regulation as a result of these CWB action plans will be captured at that stage and should be mitigated where necessary by the implementing relevant or specified public body and local authority.

82. In line with Consumer Duty guidance, the Scottish Government considers that the provisions contained in this Bill will not have any direct implications for consumers (individuals) or SMEs as consumers. The Scottish Government will consider Consumer Duty guidance again, including relevant assessments, when developing the CWB statement and guidance associated with provisions in this Bill. The Scottish Government recognises the potential for indirect impacts on business consumers and public service users as a result of the implementation of actions contained in the CWB action plans developed and implemented by local authorities and relevant public bodies to meet their statutory requirements. Where necessary, any indirect impacts on consumers should be mitigated by the implementing relevant public body and local authority.

## **CROWN CONSENT**

83. It is the Scottish Government's view that the Bill as introduced does not require Crown consent.

*This document relates to the Community Wealth Building (Scotland) Bill (SP Bill 62) as introduced in the Scottish Parliament on 20 March 2025*

# **COMMUNITY WEALTH BUILDING (SCOTLAND) BILL**

## **POLICY MEMORANDUM**

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