



Community Wealth Building and the Proposed Bill: BSA Scotland Group Contribution

Summary

- The overarching aim of the proposed Community Wealth Building (CWB) legislation and the wider CWB approach is a vital one. It is an aim which BSA members fully support and share: namely to promote the Wellbeing Economy and, in doing so, tackle long-standing economic challenges and transform Scotland's local and regional economies.
- We fully endorse a collaborative approach. For example leveraging local 'anchor' organisations in order to co-ordinate commissioning and other activity under local Place leadership makes sense.
- As suppliers look to leave a lasting legacy from service and infrastructure provision, that legacy must be driven by the priorities of the communities themselves.
- The consultation notes the link between CWB and wider Scottish Government policies. There should be explicit alignment of objectives, and actions on the ground, between these policies.
- It is essential to recognise the contribution that all types of organisation can, must, and already do, make to all five pillars of CWB. The scale of the task means that all stakeholders with capacity and capability should draw together in common endeavour, including larger and smaller businesses and voluntary sector organisations alike.
- BSA Scotland members already contribute significantly to the wealth of communities and the people who live in them across Scotland. Not only do they employ and upskill people under Fair Work principles, but they work proactively to help build up SMEs or voluntary sector organisations in supply chains, work with local schools and education providers or to employ people who are further away from the labour market, implement measures which contribute to local sustainability, and build up wider community wealth.
- There are several ways in which Place leaders and anchor institutions can build CWB objectives into the commissioning process. This involves clearly orientating every stage of the process towards these objectives, with a mindset that encourages genuine collaboration.
- This work should include an understanding of the role that equitable partnership working between large and small businesses and voluntary sector organisations can play in building those smaller organisations up and improving supply chain resilience. This involves not only mandating essential behaviours like paying bills on time, and apportioning risk and reward equitably, but also encouraging large organisations to use their experience and resource to help build up SME capacity, with up-front financing, business planning, Just Transition policies, HR and Fair Work considerations, or ethical and regulatory issues such as on modern slavery. SMEs can make full use of the external expertise and supply chain management which larger organisations can bring to the table. All this needs to be made an integral part of the CWB programme.
- This note also looks at some of the particular questions raised in the consultation paper. We believe, however, that the most important aspect to get right in legislation, guidance and practical action, irrespective of the particular routes for CWB duties which are chosen, is the importance of genuine wider collaboration, acting with that mindset in mind, and harnessing the resources of all parts of the economy, including large and small businesses alike.



Background

The BSA Scotland Group brings together large and small businesses and voluntary sector, community and social enterprise (VCSE) organisations delivering service and infrastructure projects across the private and public sectors in Scotland. These organisations deliver ICT, business process outsourcing, facilities management, construction and infrastructure, and other project delivery.

BSA Scotland Group members have a deep interest in the issue of Community Wealth Building. The Group has been pleased to be represented by its two Co-Chairs on the Community Wealth Building (CWB) Bill steering group. BSA Scotland members have also seen CWB in action, including in previous visits to City Region Deal areas like Glasgow and Growth Deal areas like Ayrshire. We held an online roundtable with the Minister, Tom Arthur MSP, last year, attended a recent webinar on the issue with the Minister and officials, and organised a workshop with Scottish Government officials in Glasgow. We are now following this up with a response to the consultation on the Bill.

Common Objectives, Collaboration and Co-ordination

The overarching aim of the proposed CWB legislation and the wider CWB approach is a vital one. It is an aim which BSA members fully support and share: namely to promote the Wellbeing Economy, and in doing so tackle long-standing economic challenges and transform Scotland's local and regional economies.

The CWB approach is to ensure more wealth is generated, circulated and retained in communities and localities. It is focused on increasing the influence communities have on the economy and ensuring that communities receive more of the benefits from the wealth they help to generate.

The consultation emphasises that this can best be done by the public sector working in partnership with the private and voluntary sectors. We fully endorse this collaborative approach. For example leveraging local 'anchor' organisations in order to co-ordinate commissioning and other activity, under local Place leadership and against the backdrop of nationally determined outcomes, makes sense.

Furthermore the consultation notes the link between CWB and wider policies, pointing out that CWB can be a key tool in supporting a Just Transition to Net Zero and ensuring environmental sustainability, as well as in tackling child poverty through the creation of Fair Work opportunities.

Therefore, it is important that CWB flows from the National Performance Framework (NPF)¹ as revised²; contributes to the National Strategy for Economic Transformation (NSET)³, which its aim of creating an economy focused on supporting wellbeing for all; and fully aligns with policies such as the Fair Work Action Plan, legislative requirements such as the Sustainable Procurement Duty, strategies such as the new Public Procurement Strategy for Scotland⁴, metrics such as those in the Wellbeing Economy Monitor, and Place-making initiatives centred around City Region and Growth Deals and the Regional Economic Partnerships.

There should be explicit alignment of objectives, and actions on the ground, between these policies, which can be seen through a Community Wealth Building lens.

¹ [National Performance Framework | National Performance Framework](#)

² [National Performance Framework - National Outcomes review 2023: consultation information pack - gov.scot \(www.gov.scot\)](#)

³ [Scotland's National Strategy for Economic Transformation - gov.scot \(www.gov.scot\)](#)

⁴ [Public procurement strategy: 2023 to 2028 - gov.scot \(www.gov.scot\)](#)



The Role of Business Services in Community Wealth Building

The business services industry encompasses ICT, business process outsourcing, facilities management, construction and infrastructure, and other project delivery. These are people-intensive services: they support (at the latest estimate) 275,000 jobs⁵, in every part of Scotland, accounting for more than one in ten Scottish workers. Much of the CWB programme involves fair employment, training and career development of local workforces; sectors with large employment bases are therefore a vital component of this programme.

As such, BSA Scotland members contribute significantly to the wealth of communities and the people who live in them across Scotland. Not only do they employ and upskill people under Fair Work principles, but they work proactively to help build up SMEs or voluntary sector organisations in supply chains, engage with local schools and education providers as well as supporting people who are further away from the labour market into employment, implement measures which contribute to local sustainability, and deliver wider community wealth.

Furthermore the sector has deep insights and operating experience that can help inform wider CWB objectives, has the capacity and reach to do so, and is expert at scaling and replicating the innovation and change now required.

The Five Pillars: A Collaborative Approach

The five pillars of CWB, as set out in the consultation, are:

- *Spending: Maximising community benefits through procurement and commissioning, developing good enterprises, fair work and shorter supply chains.*
- *Workforce: Increasing fair work and developing local labour markets that support the wellbeing of communities.*
- *Land and property: Growing social, ecological, financial and economic value that local communities gain from land and property assets.*
- *Inclusive ownership: Developing more local and social enterprises which generate community wealth, including social enterprises, employee owned firms and cooperatives.*
- *Finance: Ensuring that flows of investment and financial institutions work for local people, communities and businesses.*

It is essential to recognise the contribution that all types of organisation can, must, and already do, make to all five pillars. The scale of the task of building community wealth, especially after the events of the last few years, means that all stakeholders with capacity and capability should draw together in common endeavour, including larger and smaller businesses and voluntary sector organisations alike.

The consultation paper recognises this, stating that: “While, in some places, the public sector may represent the catalyst for CWB introduction and development, it is critical that business, the third sector and community organisations all play collaborative roles”. It is essential that this principle is fully reflected in the legislation.

The consultation rightly says that “larger private sector employers can be considered anchor organisations”. Such employers also have a huge role to play in CWB even if they are not headquartered in a community, bringing investment, expertise, and capacity to the table - if correctly harnessed by anchor institutions.

⁵ Pages 46-7: [Microsoft Word - OE BSA report - draft of 2015-01-15 \(bsa-org.com\)](#)



As the consultation notes, “the capacity of local communities, the third sector, micro-businesses and SMEs to drive forward CWB has also been raised by various stakeholders”. In many areas smaller businesses and voluntary sector organisations have been hit especially hard in recent years. The business services industry has long played a major role in helping build such organisations up, both by providing business-to-business services (such as ICT or business planning) and by larger business services organisations working in partnership with smaller and more local businesses and VCSE organisations. It is therefore important to understand the role that equitable partnership working between large and small businesses and voluntary sector organisations can play in building those smaller organisations up and improving supply chain resilience.

This does not happen by chance. Rather it is a consequence of deliberate action - not only in terms of mandating essential behaviours like paying bills on time, and apportioning risk and reward equitably, but also encouraging large organisations to use their experience and resource to help build up SME capacity, with up-front financing, business planning, Just Transition policies, HR and Fair Work considerations, or ethical and regulatory issues such as on modern slavery. SMEs can make full use of the external expertise and supply chain management which larger organisations can bring to the table.

All this needs to be made an integral part of the CWB programme. There should be opportunity for smaller organisations both to contract directly with anchor institutions and to collaborate with larger organisations in an equitable way. Guidance on CWB should therefore encompass all stakeholders, including harnessing the reach and experience of large service and infrastructure providers, investing in Scotland, in partnership with smaller ones.

This will be achieved by deliberately orientating the activities of anchor institutions towards a collaborative approach which aims to achieve specified outcomes, along the lines of the ones related to CWB specified in Shared Policy Programme.

These points are then reflected in the consultation, which proposes:

- *placing a legal duty on public bodies such as health authorities and local councils to use the economic levers they have - for example in sourcing goods and services - to support the transformation of local and regional economies;*
- *promoting co-operative, social enterprise and employee-owned businesses to ensure that more wealth which is generated locally stays local;*
- *creating fair work opportunities for local people and those facing barriers to employment;*
and
- *ensuring land and property are used for the benefit of local communities, business and the environment.*

If CWB processes are designed with these outcomes in mind, the efforts of larger and smaller businesses and voluntary organisations alike can be deployed to help achieve these goals.

BSA Scotland members are pleased that the importance of a collaborative approach involving all sectors of the economy has been recognised in wider policies such as the NPF, the NSET and the Public Procurement Strategy for Scotland based on interconnected ‘Good Fors’⁶, and we would urge CWB guidance to make this principle clear too.

Furthermore, the consultation notes that “This work takes place in an environment where international trade agreements and investment rules, including those governed by the World Trade Organisation, afford reciprocal access to public contracts. Simply preventing foreign firms from bidding for Scotland’s public contracts would not only risk breaching international trade rules but could also limit opportunities for Scottish firms to export their goods and services to other countries. Therefore, work to make public contracts accessible to Scottish businesses takes place alongside work to build business capacity and capability to participate in national and international markets”.

⁶ [Public procurement strategy: 2023 to 2028 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/public-procurement-strategy-2023-to-2028/pages/10/)



It is therefore all the more important that larger organisations (whether headquartered in Scotland, or bringing inward investment from the rest of the UK or elsewhere) are given explicit role in CWB. Were anchor institutions mistakenly to exclude consideration of the resources and potential resources of a large section of the economy, represented by large employers currently or potentially working in Scotland, from their CWB approach, then less far progress will be made towards CWB outcomes than it could be. That is why the precise terms of the legislation and guidance is so important.

Encouraging Collaboration in Practice

Commissioning for Community Wealth

There are several ways in which Place leaders and anchor institutions can build CWB objectives into the commissioning process. This involves clearly orientating every stage of the process towards these objectives, with a mindset that encourages genuine collaboration and partnership working to achieve them.

There are steps that can be taken which will make a practical difference on the ground, including:

- transparency at an early stage on desired outcomes, including CWB outcomes, so suppliers are aware of the areas to focus on in bids and expectations are clear;
- early engagement, in order to harness the expertise and experience of potential partners in suggesting ways in which these outcomes can best be achieved;
- ensuring that a Place's CWB priorities, including equitable partnership working with SMEs and community organisations, and good Fair Work opportunities for local people including through the Real Living Wage, are then explicitly set out in commissioning processes and contracts. As well as seeking to drive forward equity, the benefits of SPPN 6/2021 are clarity and a level playing field. If businesses and VCSE organisations know there is a requirement to pay the Real Living Wage, alongside implementing other Fair Work criteria, they can have confidence that in doing so they won't be undercut in the bidding stage by those who do not;
- making sure strategic leadership teams are aligned with procurement teams and policies, so that commissioning decisions are driven by local priorities, local vision, and wider value - and not simply by lowest cost (notwithstanding the fact that financial considerations at a time of financial restraint will understandably remain important). With public procurement being heavily circumscribed by legislation, there may be a natural tendency otherwise towards 'box-ticking' and simply repeating past behaviour, driven by excessive risk aversion;
- making sure the CWB 'offer' is therefore a differentiator when bids are being considered;
- then ensuring that contract management processes - and relationships - are such that these objectives are achieved in practice;
- encouraging SMEs and community organisations as well as larger organisations to bid for contracts by ensuring that risk (between the public authority and the service and infrastructure provider) is apportioned fairly;
- a long-term vision from public sector commissioners, including transparency over pipelines of work. If reliable and clear pipelines of future work are published and regularly updated, the private and voluntary sectors will have the confidence to invest long-term in measures which build up community wealth, including developing supply chains and investing in training and upskilling. For example if they know there are potential opportunities for employing people long-term, it gives them more confidence that there will be jobs for people to go to at the end of the training;
- recognising that achieving the goal of a large number of SME suppliers requires either effective and very substantial contract management capabilities within public authorities, or larger organisations that can help act as a go-between between authorities and smaller suppliers, or ideally, to encouraged a mixed economy, both; and
- helping keep up-to-date directories or networks of local suppliers, including voluntary sector organisations. Large organisations have an important role to play here too, and the consultation paper rightly encourages prime contractors to "use the PCS advertising portal to facilitate access of subcontracting opportunities to SMEs, the third sector and supported businesses".



The Role of Place Leadership

The consultation rightly emphasises that “our democratically elected local authorities are at the heart of the action required to advance the CWB approach in Scotland, playing a key leadership and convening role in its implementation, acting as economic stewards of their place including through local activity or wider regional collaboration for example through Regional Economic Partnerships”.

It also states:

“In line with the Place Principle, there requires to be local flexibility to respond to issues and circumstances in different places. This includes recognising the differences between urban and rural and island contexts. Delivering CWB should be cognisant of the wider context of place, simplifying the landscape by ensuring that programmes and investment work together, and are directly relevant to the specific needs of the particular environment or community and enable people to live well locally. Shared national principles and reporting could ensure high standards of implementation to unleash the potential of CWB and help address the fact that the way our economy functions has not worked for enough people and places”.

We agree. It is therefore important to ensure that CWB approaches in each area are based both on nationally set outcomes and locally determined priorities within these outcomes. These priorities will vary according to local circumstances, and enabling communities and their leaders to reflect this in their approaches is an important part of achieving the objective of increasing the influence communities have on the economy.

Legislation should continue to reflect the importance of Place leadership and flexibility in achieving national outcomes. As suppliers look to leave a lasting legacy from service and infrastructure provision, that legacy must be driven by the priorities of the communities themselves.

That is why suppliers large and small need to embed themselves in communities, and why commissioning priorities must be driven by the needs of the community concerned. The voices of local communities, and their local and devolved government representatives, should be at the heart of the decision-making process going forward. Place leaders will therefore be key - enabling communities to drive response, providing leadership so those needs and wishes can evolve into strategy, and drawing together stakeholders in putting it into effect. The City Region Deal and Growth Deal programmes have provided an opportunity to hardwire inclusive growth into the strategies of each of these areas. Regional Economic Partnerships across Scotland have also provided an opportunity to take a genuinely collaborative approach, involving all stakeholders, forwards.

These also enable measures to improve social and economic infrastructure to be considered as a whole. Services such as health and social care provision - as well as employment support and skills development - not only improve people’s quality of life but help provide a healthier, more skilled and more productive workforce. Bringing this together requires strategic leadership. When local communities and policymakers are able to influence decisions about economic and social policy and across service streams - either because they are responsible for commissioning these services directly or because they feed into the decision-making process of those who are - this should enable the needs of ‘Place’ to be considered as a whole, and allow all interconnected policies to be considered together to help meet those needs.

The aim should be to produce a virtuous circle of local service delivery which will help generate community wealth - which, in turn, generates the income for services to be provided. Achieving such a goal involves the public, private and voluntary sectors working together, with each playing to its strengths.



To do this effectively local leaders must work with the community concerned and with external stakeholders to assess what are the main limiting factors on community wealth and to achieving the outcomes it involves. Private sector skills in analytics and customer engagement can themselves be deployed to help ensure commissioning is resident-led.

One way in which such a collaborative approach can be put into effect would be to include businesses in the work of the Community Planning Partnerships, which design and deliver better services in the communities in which they are based through Local Outcomes Improvement Plans and Locality Plans. The private sector is an integral part of the community, and has much to contribute to this process if enabled to do so.

Implications for Specific Questions

Below we also look at some of the particular questions raised in the consultation paper. We believe however that the most important aspect to get right in legislation, guidance and practical action, irrespective of the particular routes for CWB duties which are chosen, is the overarching principle outlined in this note - namely the importance of genuine wider collaboration, acting with that mindset in mind, and harnessing the resources of all parts of the economy, including large and small businesses alike.

A Duty to Advance CWB

As this note has made clear, the BSA Scotland Group supports the duty to advance CWB objectives, and the need to encourage collaboration across 'anchor' institutions, with explicit acknowledgement of the role of all sizes of business and voluntary organisation in collaborating to achieve them, and with Place leaders having the flexibility to determine priorities according to local need.

Spending Pillar

This note has already covered the question raised in the consultation of how we can grow "local spend with SMEs, the third sector and supported businesses" through the activity listed:

- *understanding where spend is going and increase knowledge of local suppliers;*
- *supporting local businesses bases and third sector to enhance their capacity to bid for public sector contracts;*
- *creating local supply chains to re-circulate wealth in the local and regional economy, create local jobs and support net zero and environmental ambitions; and*
- *maximising community benefits to ensure they deliver CWB ambitions and the needs of local communities.*

Encouraging joint procurement and anchor institutions working together is a sensible approach. They should focus both on opportunities for local suppliers to contract with anchor institutions directly (including through measures listed earlier in this note, such as equitable transfer of risk) and also through partnerships between different sizes of supplier.

The legislative framework for doing this is largely in place. Indeed, the consultation notes the existence of the sustainable procurement duty, other measures set out in the Procurement Reform (Scotland) Act 2014, and the Fair Work First approach. The Public Procurement Strategy for Scotland has also since been published. The key now is making sure attitudes and practice on the ground continue to change in line with the approach outlined in this note. That is why guidance is so important.



Workforce Pillar

This note has also set out how the commissioning process can help drive Fair Work practices and create meaningful labour market opportunities in local communities that support wellbeing. Incorporating such factors into procurement decisions and into contracts, managing such contracts effectively, and publishing long-term pipelines so service and infrastructure providers can invest in people and communities long-term, will all help to achieve the items listed in the consultation, namely:

- *anchor organisations and employers committing to Fair Work practices;*
- *payment and promotion of the real Living Wage;*
- *providing appropriate channels for effective voice;*
- *action to create more diverse and inclusive workplaces;*
- *seeking to recruit locally and from groups often excluded from the labour market;*
- *support for skills development, in work progression and employee wellbeing, including for those at risk of potential exclusion from labour market in the future.*

This work is again well advanced. In all these areas, legislation should look to provide clarity and a level playing field for employers as well as fairness for employees.

Land and Property Pillar

The objectives set out in this pillar can again be met by anchor institutions and others working collaboratively, in (as listed in the consultation):

- *productive and sustainable use of land and assets to support communities and enterprise;*
- *promoting and enabling diversified ownership and management of land and buildings;*
- *supporting community capacity building to grow community ownership;*
- *tackling vacant and derelict land and buildings to support regeneration including within town centres, increase community wellbeing, create employment opportunities, tackle climate change and protect our natural capital.*

The business service sector can have a particular role in suggesting ways in which these objectives can be put into practice.

The consultation raises ideas such as exploring the scope of existing mechanisms for securing development contributions, such as Section 75 planning obligations. Once again any such change needs to be based on a genuine spirit of collaboration, as well as the need (as stated in the consultation) to “ensure that any new mechanisms - or changes to existing ones - are fair to all parties, comply with human rights obligations and maintain incentives to make land available for development”.

Inclusive Ownership Pillar

This Pillar sets out some specific ways in which the following objectives can be achieved:

- *promotion of more generative forms of business models including locally-owned businesses, employee ownership, co-operatives, social enterprises and community enterprises;*
- *transition of existing companies to employee ownership;*
- *transition of existing companies to asset or mission locked social enterprises;*
- *encouraging citizens, communities and the third sector to play a greater role in ownership and control of assets within the economy;*
- *public ownership for public good as appropriate.*



It is important once again to recognise that organisations with such ownership models require skill and expertise to grow and develop, including up-front financing, business planning, and consideration of such issues as Just Transition policies, HR and Fair Work considerations, and ethical and regulatory issues such as on modern slavery, especially if they are involved in delivering goods and services for the public which are funded by the taxpayer. Partnership working with large community organisations and businesses can help provide these, if such partnerships are engineered accordingly.

Anchor institutions working directly with small and / or community organisations, and with large organisations - including businesses - who themselves do so, should not be seen as 'either / or' options but rather as complementary.

Finance Pillar

The consultation asks whether there are ways in which the law could be changed to advance the finance pillar of CWB, which “aims to increase flows of investment within local economies by harnessing the wealth that exists locally and directing wealth to tackle inequality”.

Once again, it is important to harness all the finance available, including the up-front finance often available through larger businesses, and the expertise that comes with it, including by making supply chain opportunities for community organisations an explicit CWB objective, especially where building up such organisations is a priority for a local Place.