OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Local Government, Housing and Planning Committee

Tuesday 26 March 2024

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 26 March 2024

CONTENTS

LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
10th Meeting 2024, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)
*Stephanie Callaghan (Uddingston and Bellshill) (SNP)
*Pam Gosal (West Scotland) (Con)
*Mark Griffin (Central Scotland) (Lab)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Matthew Brown (Democracy Collaborative and Preston City Council)
Rob Davidson (South of Scotland Enterprise)
Stacey Dingwall (Federation of Small Businesses)
Iain Gulland (Zero Waste Scotland)
Angus Hardie (Scottish Community Alliance)
Louise Kirk (Ayrshire Community Wealth Building Commission)
Neil McInroy (Economic Development Association Scotland and Democracy Collaborative)
Gordon Mole (Fife Council)
Linda Somerville (Scottish Trades Union Congress)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 26 March 2024

[The Convener opened the meeting at 09:33]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the 10th meeting in 2024 of the Local Government, Housing and Planning Committee.

I remind all members and witnesses to ensure that their devices are in silent mode.

The first item on our agenda is to decide whether to take items 4 and 5 in private. Do members agree to do so?

Members *indicated agreement.*

Community Wealth Building

09:34

The Convener: The second item on our agenda is to take evidence, in a round-table format, as part of our community wealth building inquiry. We are joined in the room by Matthew Brown, who is the council leader at Preston City Council; Rob Davidson, who is the strategy manager for community wealth building at South of Scotland Enterprise; Iain Gulland, who is the chief executive of Zero Waste Scotland; Angus Hardie, who is the director of the Scottish Community Alliance; Louise Kirk, who is representing the Ayrshire community wealth building commission; Neil McInroy, who is the chair of the Economic Development Association Scotland; and Linda Somerville, who is the deputy general secretary of the Scottish Trades Union Congress. Online, we are joined by Stacey Dingwall, who is the head of policy and external affairs for the Federation of Small Businesses in Scotland. I warmly welcome you all to the meeting.

I will begin our conversation by inviting everyone to briefly introduce themselves. That might seem odd, because I have just named you all, but it is also partly because we get to hear your voices and just speak into the space.

I am Ariane Burgess, convener of the committee and an MSP for the Highlands and Islands region.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Hi folks. I am Willie Coffey. I am the MSP for Kilmarnock and Irvine Valley and the deputy convener of the committee.

Louise Kirk (Ayrshire Community Wealth Building Commission): I am Louise Kirk. I am the head of service for economic development, growth and regeneration at North Ayrshire Council, and I am here representing the Ayrshire community wealth building commission.

The Convener: You do not need to operate your microphones—we will take care of that. That is one less thing to think about.

Miles Briggs (Lothian) (Con): I was not about to. [*Laughter*.]

The Convener: I know that you were not going to, but others were.

Miles Briggs: Good morning. I am Miles Briggs and am an MSP for the Lothian region.

Rob Davidson (South of Scotland Enterprise): Good morning. I am Rob Davidson, strategy manager for community wealth building with South of Scotland Enterprise.

Matthew Brown (Democracy Collaborative and Preston City Council): Good morning. I am Matthew Brown, leader of Preston City Council. I also work part-time for the Democracy Collaborative think tank.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I am Gordon MacDonald, the MSP for the Edinburgh Pentlands constituency.

Neil McInroy (Economic Development Association Scotland and Democracy Collaborative): Good morning, everyone. I am Neil McInroy. I am the chair of the Economic Development Association Scotland, but my day job is the global lead for community wealth building with the Democracy Collaborative, which is a USA-based think tank.

Pam Gosal (West Scotland) (Con): I am Pam Gosal, a member of the Scottish Parliament for the West Scotland region and a member of the committee.

Iain Gulland (Zero Waste Scotland): I am Iain Gulland, chief executive at Zero Waste Scotland.

Linda Somerville (Scottish Trades Union Congress): Good morning, everyone. I am Linda Somerville, deputy general secretary for the STUC.

Mark Griffin (Central Scotland) (Lab): I am Mark Griffin and am an MSP for Central Scotland.

Angus Hardie (Scottish Community Alliance): Good morning. I am Angus Hardie. I am the director of the Scottish Community Alliance, which is a coalition of Scotland's community-based networks.

Stephanie Callaghan (Uddingston and Bellshill) (SNP): Good morning. I am Stephanie Callaghan, and am the MSP for the Uddingston and Bellshill constituency in Lanarkshire.

The Convener: Thanks very much. As I said, welcome to this evidence session. Oh—I am sorry. Stacey Dingwall, would you like to introduce yourself?

Stacey Dingwall (Federation of Small Businesses): That is no problem. Good morning, everyone. I am Stacey Dingwall. I am head of policy and external affairs at the FSB in Scotland.

The Convener: Thanks so much for joining us. We will turn to questions from members. I will give you a bit of information on how to involve yourselves. Usually, a member will initially direct a question to somebody, but if you want to comment, please indicate to me or to our assistant clerk, Kath Byrne. Stacey, as you are online, put an R in the chat function if you want to come in. As I said earlier, there is no need for you to turn microphones on and off, as we will do that for you.

I am delighted that we are having this round-table meeting. It feels as though we are making quite a start with regard to the fact that the Government is talking about a community wealth building bill. However, my sense is that community wealth building is already happening in Scotland to some degree, and some of you are certainly representing that. Therefore, initially—I will direct this question to Neil McInroy to start with, just to give you a heads-up—I am interested to know whether you have a sense in your work that we really understand that community wealth building will bring benefits. Is there agreement on that across Scotland? How does that approach differ from what has gone before—for example, with community empowerment and inclusive growth? Neil—I know that you talk quite a lot about the predistributive and redistributive models. How do we ensure that that is taking place?

Neil McInroy: Thank you for that. Do I call you "convener" or "chair"?

The Convener: It is convener.

Neil McInroy: Thanks, convener.

I have three things to say on that. First, there are lots of great things happening in Scotland that come within the orbit of community wealth building. Its beauty is that it brings them all together and, by doing so, amplifies and scales up the impact of all those great things. It is an intentional and strategic way of bringing lots of good things together.

The second thing to say is that, for many years in Scotland, we have had regeneration and a process of redistribution to poorer places and poorer people. That is not enough, however. People having work is not enough: we need to think more deeply about how more Scots can actually control the economy in terms of being stakeholders in that economy. Therefore, community wealth building is fundamentally about saying, "Hold on, here. Can we redirect wealth in Scotland? Can we create a productive Scotland so that more Scots have a genuine stake in it?"

That is where we get to the matter of redistribution and predistribution. Redistribution says that we grow the economy, we tax it and then we redistribute it. What predistribution says is, "Let's make sure that more Scots have a fundamental stake in the economy before and during economic activity." It is almost like a wealth stakeholder society.

The third thing to say is that we know that we have aspirations to have a wellbeing economy and to be a progressive Scotland—a Scotland where we are all prosperous and greener. Community wealth building, through its five-pillar model, is a deeply practical way of delivering the wellbeing economy and inclusive economy aspirations. It is strategic and has big aims on the wider wealth stakeholder society, but you can start with procurement, fair work, community ownership—of wind power activity, for example—credit unions and community shares. Community wealth building includes all those great things; it is somewhere to start, but it seeks to amplify and scale them up.

The Convener: Thank you for that great beginning. Does anyone else want to come in on that? Does everyone agree that we need to pursue community wealth building in Scotland?

Angus Hardie: It is interesting to hear Neil McInroy's overarching reference to community wealth building, as if it subsumes all the good stuff that is happening in Scotland already. Eventually, that is where we need to get to, but we do not yet fully understand what community wealth building is and the extent of it. Research that was commissioned by the Royal Society of Edinburgh from Glasgow Caledonian University that came out just last month reflects a fair amount of confusion about what community wealth building is. Some people see it as a values-driven tool for economic development, some see it as a mechanism for organisational change and others see it as a space for the community development agenda to develop further and take the community empowerment journey to the next stage.

My view is that community empowerment has, to a large extent, stalled in Scotland. I welcome the community wealth building agenda that is beginning to be developed, because I think that it will take the principles of community empowerment on to the next iteration.

However, we need to build a national consensus about what community wealth building is and we need to get everybody at all levels of society—not just Government, which is about to legislate, but local authorities, the community sector and the third sector—to understand what it is, so that we can all buy into it, because it requires multi-tier buy-in to make it work. We cannot just deliver it from the top down.

The Convener: Matthew Brown has experience of community wealth building in Preston. When you were starting out on that community wealth building journey, was there confusion and was work needed to try to get people to understand that it is not just a values-driven form of economic development but is more than that?

Matthew Brown: Indeed. People struggle with new ideas. There is resistance to new ideas generally and culturally in institutions, politics and economic development. My colleagues and I found that. We were responding to several things. Like many areas, Preston is very much a less well-off area with diverse working-class communities who have been let down by the current economic model. We also had the failure of conventional corporate developer-led approaches to city centre regeneration and the imposition of the worst forms of austerity in the north-west of England.

We were trying to respond to that, which is how we came across work in Cleveland, Ohio in even tougher conditions that we had, where people were trying to regenerate communities through anchor institutions, democratic ownership and the rest of it. It was tricky, and it still is, because there are still one or two closed minds.

However, in terms of what communities face, in the north-west of England, in Scotland or wherever it might be, we need something new, because we have had decades of a national economic model that is letting people down. The inequalities that we are facing are really severe and are amplified based on gender and ethnicity. That is why we started community wealth building.

09:45

The exciting thing for me in Preston is not only how community wealth building has spread to places here and internationally but how, in Preston and in Scotland, we are seeing a dynamic in which it is embedding itself within communities, faith organisations, unions and small businesses, which are working with local government, regional government, anchor institutions and so on to make the changes.

The Convener: Thanks for that.

I am hearing from people around Scotland that there is concern that community wealth building could end up being just another form of economic development. From your experience, how can we ensure that that does not happen? How can we make sure that what happens is about community wealth building and that it has the redistributive and predistributive aspects? How have you done that in Preston?

Matthew Brown: We have various levers and are doing different things. For example, promoting fair work that pays the real living wage is very predistributive and can be done across the local public sector and the private sector through procurement and other elements of the economy.

It is really about collaboration. We probably have about 20 or 25 policies that are being implemented—sometimes by the council on its own, sometimes with partners, sometimes within the community—to try to bring about a resilient democratic economy. That can include the council itself building cinemas, regenerating museums and using local suppliers; the establishment of worker-owned firms with partners; the formation of community land trusts; use of insourcing; and what we are doing across the north-west of England with partners in trying to establish a regional co-operative bank to stop wealth extraction. It is about all those pillars together. That is where we are getting success, as well as achieving community understanding and community support, but it is not easy.

We are also trying to get big institutions such as the national health service to change. In Preston, the NHS is recruiting people from the most deprived areas and is focusing that recruitment on women from minority ethnic communities. That is very exciting because those people are then in secure employment, which tackles their deprivation.

The challenge is that, because community wealth building is not one big thing that is happening at one time, it is hard to communicate it to the people. Obviously, we now have quite a sophisticated comms strategy that is looking to do that.

The Convener: That is a really interesting question. How do we take the people with us?

Louise Kirk—I want to bring you into the conversation. We visited Great Cumbrae and saw some of the work that has been happening in North Ayrshire. As part of the Ayrshire community wealth building commission, you have been doing that work. We are looking at the topic now because we are anticipating a community wealth building bill, so it would be good to hear a bit about your experience in all the work that you have been doing as part of your commission.

Also, what have you bumped into that has indicated that we need some primary legislation? What is in the way of you being able to really flourish in what you are doing?

Louise Kirk: Thank you, convener. I will give an overview of the Ayrshire community wealth building commission. It was formed in 2020 and is a partnership of nine organisations—three local authorities, NHS Ayrshire and Arran, Police Scotland, the Scottish Fire and Rescue Service, Ayrshire College, Scottish Enterprise and our local third sector interface.

The purpose of the commission is to progress and promote development of the collaborative approach to community wealth building in Ayrshire. The commission is currently chaired by the leader of North Ayrshire Council, with support from our economic policy team. Besides that, we have an anchor charter that was developed in October 2020. It includes 16 pledges across the five pillars and pledges on climate change. Eleven organisations have signed up to the charter, including the three Ayrshire integration joint boards.

In developing the regional approach, we identified that we needed a dedicated resource with a lead organisation to co-ordinate activity. Co-ordination of that activity in order to obtain buy-in and develop strategy has taken time. Support for institutions that are not traditionally involved in economic development activity but which recognise their role as economic influencers, and taking forward community wealth building in the way that is most appropriate to their respective organisations, requires a focused effort.

We have delivered a lot of activities that are similar to what Matthew Brown outlined. We have three workstreams: land and assets, fair employment and procurement. Our taking a regional approach has helped to support activity across the anchor institutions more generally. Specifically, some anchor organisations have appointed programme managers to help them to support and deliver their ambitions.

The challenges include finance being hugely restricted for local authorities and other public sector bodies, and there are competing priorities and increasing pressures. We feel that legislation could support what we do and create an opportunity to examine the funding landscape. We are hopeful that legislation will provide a more co-ordinated approach to delivery.

The community wealth building commission submitted a full response on proposed legislation, outlining its ambitions in support of the approach. Similarly, the commission members are supportive of a duty that aligns with option C, which would be a hybrid approach that would allow organisations to embed community wealth building in their strategies, and to produce a collective place-based community wealth building strategy.

We have recognised that the ability to deliver community wealth building is dependent on anchor organisations having adequate capacity and resources to collaborate and engage. That is why, within the community wealth building commission as it stands, we have concentrated on the first three pillars, in recognition that some of our anchors do not currently have capacity or capabilities to support the other two. We are therefore looking for flexibility around the duties to allow us to prioritise activity based on capacity, local needs and challenges.

The Convener: Does anyone else want to come in on the general sense of community wealth building, how the approach differs and why we might need new legislation? I get a sense that this is happening in Scotland. What have we come across that would make us say that we need legislation? Louise Kirk referred to financing and a more co-ordinated approach. Does anyone else have thoughts?

Stacey Dingwall: As you know, there are five pillars of activity. For small businesses, the most important one is spending. That is where our focus is; it is the key pillar for the FSB and our members.

Scotland has been through quite a journey in the past decade in relation to procurement reform, one of the main aims of which has been to increase public spend with micro and small businesses. In the past 10 years, we have seen a bit of progress on that, and we feel that community wealth building presents an opportunity to build on that progress.

Let us look at the statistics. In 2019, five years on from the procurement reform legislation, the FSB reported on how much spend had increased with our smallest businesses and our micro businesses—those with fewer than 10 employees—and on how many of those businesses were winning a larger share of public contracts. In the data that Public Contracts Scotland produces every year, it sometimes provides details on procurement spend by size of business in Scotland. The last available report that includes that data is from 2020-21 and shows that only a small proportion of the total value of contracts that were awarded that year—which was more than £13 billion—went to the smallest enterprises, despite their accounting for the vast majority of businesses in Scotland.

If we go back to 2016-17, which is often referred to as the baseline year for procurement, we can see that no progress was made between then and 2020-21 on spend going to the smallest businesses—in fact, there has been a bit of a decline in progress since the introduction of procurement reform.

In community wealth building, where there is talk about introducing statutory targets to get procurement spend up, there has been some progress across Scotland, particularly with the community wealth building pilots. Clackmannanshire, for example, has had a real focus. It set a target for increasing the proportion of spend with the smallest businesses in its area and achieved it before the deadline that it had set for itself. There is evidence that, if we set statutory targets in the community wealth building legislation, we will make some progress on the Government's aim of procurement reform and increasing the level of spend with the smallest businesses.

The Convener: A few people have indicated that they want to come in. I will take Linda Somerville, Rob Davidson and then Neil McInroy. I also want to ask Matthew Brown how Preston did this without legislation.

Linda Somerville: I echo some of Matthew Brown's comments about failed economic and development models. For example, the shift to out-of-town retail has devastated our high streets, which was compounded during Covid and beyond. A lot of businesses have never recovered, and the impact on the workforce has been enormous.

In Scotland, where fair work is a key priority for the Scottish Government, there has been some change, which we welcome. The real living wage has been implemented in certain places. That is now embedded in the Government's grant giving—a new part of procurement is to consider the real living wage. However, the reality is that lots of workers are still left outside that process. Without control over employment law, it can be quite difficult for the Government to do more about it. However, the Government can do more to implement fair work, which is one of the key pillars that are needed for community wealth building. The real living wage is a key component, but we need to do a bit more than that.

The expansion of sectoral bargaining would certainly help. When we talk about creating new jobs, that means creating quality jobs that are meaningful and give people secure employment. One of the best ways to do that is through collective bargaining. Under the national performance indicators, the Government has an aim of expanding collective bargaining. We would like that approach to be taken to any community wealth building bill that is introduced. That is not easy, but it is well overdue, particularly in social care.

A number of years ago, social care in Scotland was identified as a key sector for low-pay in-work poverty and insecure employment. Those in the sector are predominantly women and, proportionately, it has a large black and minority ethnic workforce. However, the Government has still not managed to introduce sectoral bargaining in social care in its fair work implementation. The Government's ambition should be applauded, but it needs to get on and do that.

One of our concerns is that, as the Government's consultation showed, 28 significant policy directives that the Government is working through—including the national strategy for economic transformation, the wellbeing economy and a whole load of others—would be impacted by community wealth building. Unless significant resource, political direction and leadership were to be given to community wealth building by the Government, local authorities and other institutions—Louise Kirk outlined the institutions that we need on board at a regional level to make that happen—we would be slightly concerned that another strategic aim was being added without the resource behind it.

The consultation responses and summary repeatedly showed the need for resource, because the reality is that our local authorities are struggling. There is increased demand across all local authority services, and the workforce is really struggling to deliver those services because of resource issues. Thought needs to be given not only to where the spend goes but to where the budget comes from.

People on other committees have argued with me about what is on their spreadsheets, but the reality is that, if you ask your constituents whether the service that they get from their local authority—whether it involves paying in, getting something or asking for help—is better than, worse than or the same as it was before the pandemic, most of the time you will hear that it is worse. Something needs to be done to think about how we resource local authorities to deliver this ambition. We would very much welcome a discussion about that.

10:00

The corporations and the market-led approach that we have had have led to a decline in growth across most of our cities. What Matthew Brown outlined about Preston could apply to parts of every city across Scotland, and to our towns and rural areas, where there is a huge impact. We have often seen rural communities take initiatives—Angus Hardie probably has more to say about this—because people in those areas sometimes feel a bit closer to decision making and think that they can do something about the issues.

We need to think about the workforce a bit more and focus on recruitment, skills and training initiatives, particularly for those in low-income sectors and geographical areas. Apprenticeships need to come into the picture—they are all too often missed out when we think about workforce planning and look at the impact. We also need to ensure trade union involvement every step of the way. I would be interested to hear Matthew Brown's experience of people getting on board in that way.

The consultation paper constantly mentions the need for collaboration between institutions and organisations and between workforces and communities. That is about building trust. Many people's experience has not been that trust has been built with their employers or where communities try to access services. As much as strategic communication strategies help with that, it is really action that is important. People need to see things being delivered and see that they are valued within that—in communities and workplaces—so that they believe that they have some agency to make meaningful change. That is one of the things that we want to be looked at.

In general, the idea of community wealth building is good, as long as it is not just another strapline that is wrapped around a lot of component parts and as long as it involves both a strategic aim and a meaningful action plan that people can get on board with regionally and locally.

My last point is about adding climate to the pillars, which we have heard about. When we are creating jobs, there is a huge opportunity to look at how that fits with the Scottish Government's ambitions for green growth and just transition. The committee might want to consider the piece of work that the Future Economy Scotland think tank did recently on community wealth building and just transition.

The Convener: That is helpful, and thanks for pointing us to that resource.

I will bring in Rob Davidson and then Neil McInroy, and then I will come to Matthew Brown with a question about legislation. Iain Gulland also indicated that he wants to comment, and some of you may want to come back in on things that others have brought up. Please feel free to do that.

Rob Davidson: Thinking about legislation and the impact that it could have, I note that we can legitimately say that the south of Scotland is a region where a good deal of community wealth building has been happening in an entirely organic way over a number of years, and it largely predates any widespread knowledge or understanding of the term. If we examine the ambitions of individual projects and individual communities against the five pillars, we see that they match up—incidentally, that is one of the strengths of community wealth building.

SOSE believes that legislation could have value in establishing community wealth building as a national priority. Legislation would—arguably—give it a degree of authority and might help us collectively to get to a point where there is more of a critical mass in favour of community wealth building, which strikes us as being a valuable target.

Having said that, I think that setting the ambitions is vital, and it will be equally important to try, if possible—I am conscious that the parliamentary draftsmen will probably not like this—to frame the legislation so that it actively encourages as much local design of the practical implementation as possible. I recognise that there is a tension there. Although we think that that is probably the best way of doing it, it is highly likely that it will, in turn, create a significant resource requirement that would probably outstrip what is currently available.

We are conscious and respectful of the fact that some of our other partners in the south of Scotland are more concerned and reticent about a duty and its implications, particularly given their resources and capacity. They do not have the luxury of staff who are dedicated to such work at present, and they are—naturally—concerned about that, given the landscape of competing priorities that we have heard reflected round the table.

It may be that what we see as the best way forward in terms of legislation requires a conversation to be had about resource and how we can support a very individual and bespoke way of implementing community wealth building. As far as we are concerned, that is absolutely critical in the south of Scotland. For argument's sake, we can say that what will work in Selkirk will not work in Stranraer. It is critical that we retain a locally rooted and bespoke approach to the development of community wealth building, regardless of which direction the legislative agenda goes in.

The Convener: I think that the committee would support that. From all the work that we have done over the past wee while, we are aware that, when it comes to community needs, Scotland has a nuanced landscape, and we need to seek to support that.

Neil McInroy: In the approach that Scotland has taken to community wealth building, there have been three legs to the stool. First, we have had the practice in the five pilot areas. Secondly, a movement has been building in the sense that many other players have been made aware of community wealth building and have started to do things in that area—the health boards are a case in point. The third leg is policy and legislation.

Three things are important as far as potential legislation is concerned. I work around the globe, and I see many Administrations. I see lots of good things in Scotland, but the landscape is quite cluttered. Community wealth building legislation could declutter that landscape a bit; it could be unifying legislation that brought together many things across the five pillars. In a sense, it would say, "Scotland is a community wealth building nation that is looking to build a new economic model. Here are the components of that."

Clutter is a problem for Administrations and Governments around the world. The way to go is to declutter as much as we can, while still being progressive and ambitious. Many Administrations are progressive and ambitious, but they tend to fill the space with lots of nice stuff, without having a unifying vision and purpose, which is what community wealth building brings.

Many aspects of the five pillars that the consultation covered could be amplified in scale—I am talking about measures to do with procurement, fair work, finance, land and property, plural ownership and enhanced community ownership, social enterprise and so forth. Tweaks and changes that could be made across the five pillars might have legislative ramifications.

Finally, there is the idea of a glue for the public bodies in Scotland. For example, although health boards make people better and help them to not get ill, they are also economic agents—they buy things, employ people and have land and property assets, so they should be seen as economic players, as should all other public bodies, including the one that occupies this fine building. The Parliament, too, should be seen as being part of the economy.

The potential exists for legislation to state that Scotland's economy is embedded in the institutions of our country. Louise Kirk mentioned the duty options. There could be a broad duty on public bodies to embed and solidify their role as economic agents across the five pillars.

The Convener: When you talk about decluttering, do you have in mind the removal of legislation that is in the way? My sense is that the cluttered landscape is also a problem for communities. There is a tremendous amount of opportunity for communities—Angus Hardie might want to comment on that—but there is no coherent framework to enable them to find their way to all those opportunities.

Neil McInroy: Absolutely. I will give two small examples. I live in Oban, which is a vibrant community. Citizens who want to develop Oban are trying to link the economic, social and environmental issues, of which there are many, but there is a sense of disempowerment, because there is a cluttered landscape and there are different policies. Community wealth building—whether it is in Oban, Argyll and Bute or North Ayrshire—creates a unifying force; it is a golden thread that runs through everything.

My second example relates to the USA, where the term "community wealth building" was invented. The US Economic Development Administration, which is the federal agency for economic development, has community wealth building running through its work like a golden thread. In Chicago, a community wealth building approach is taken. It is a way of unifying economic, social and environmental policy under one orbit of consciousness, while also embracing action and volition.

The Convener: Matthew Brown, I said earlier that I wanted to know how Preston has done this without legislation, but perhaps there is legislation. How have you done this?

Matthew Brown: In many ways, we had no choice. Given the restrictions that we faced because of austerity and the failure of the conventional economic development approach, we looked around to see what we had already, which was lots of public sector institutions that had land, employed many people and had a £1 billion-plus budget.

We started by thinking about the real living wage and trying to buy locally. We worked with the Centre for Local Economic Strategies, whose chief executive at the time was Neil McInroy. For the first three or four years, a lot of the work was very unglamorous. It involved getting procurement practitioners together, going through contracts, breaking them into pieces, having “Meet the buyer” days and so on.

We managed to dramatically increase spend with locally based businesses, especially construction ones. We found that, if a contract worth £15 million to £20 million went to a medium-sized construction company, it often worked with a family of subcontractors, self-employed people and smaller businesses, so more jobs were created by giving a contract to such a company than would have been created by giving it to a big construction business, which would have extracted wealth from the community and would not have used local suppliers.

Collaboration with the public sector was very positive. We worked with a local public pension fund to invest a little more in the community. If you can shift to local investment even 1 per cent of a pension fund worth £10 billion, that is not an insignificant local investment.

Given that we were saying things differently, we attracted lots of interest, which was nice, but what was more positive than the interest was the fact that we started to get some funding from the Open Society Foundations and others to look at the democratisation of the economy. We tried to embed those ideas in communities. Former prisoners set up a worker co-operative, as did people in our minority communities. There is a digital business, and a trade union set up a co-operative education centre. Environmental activists are setting up a community energy network to put solar panels on the roofs of anchor institutions. We also asked the local NHS whether it had any land that could be used to develop affordable social housing. All those things made a big difference.

We did that without legislation but, if we get legislation, things will be even more positive. Offices have recently been successful in applying for grants from the levelling up fund and the towns fund, which accelerates community wealth building, so we can now afford to redevelop our city centre through municipal ownership. That is providing resilience for our community, and we also have a say in how local supply chains contribute to tackling the climate emergency and improving working conditions. That is how we have done it, but having legislation, whether in Scotland or in the United Kingdom, would be very positive. An excellent example of that would be a Marcora law, which gives tax incentives for workers to acquire a business and run it as a co-operative business.

Why not have a lot more democracy in the economy? The fact that we do not have democracy in the economy in the north is leading to a lot of social problems, because people do not have agency in the workplace. It is very frustrating. With the smallness of our co-operative economy, the United Kingdom is very abnormal compared with other parts of Europe and even some American cities and regions.

The Convener: The cross-party group on social enterprise has been talking about growing the economy and the need for the work of social enterprises and co-operatives to account for at least a third of Scotland’s economy. Quite a lot of effort needs to be made in that regard.

Iain Gulland: I am struck by the similarities between what we have been talking about and issues relating to the circular economy, which covered the main thrust of our response to the consultation. In lots of ways—even in the language that everybody is using—there are similarities with the approach that is already being taken to the circular economy in Scotland. There are practical examples of that in communities, which we can talk about, and there is a growing demand for circular business models.

However, one of the challenges is, as others have said, how you—for want of a better word—mainstream that instead of its just being some broad blanket title that covers all the component parts. That is one of the challenges of the circular economy, and it is very similar to community wealth building.

10:15

That is one similarity, but the fact is that, for us, the two things are intrinsically linked. We believe that a successful circular economy in Scotland will—or can—deliver strong elements of a community wealth building approach. I say “can”, because if we do not design a circular economy right, we will miss the opportunities that it can present, so the proposal for a bill or for legislation is important. The Circular Economy (Scotland) Bill is already going through Parliament, and an approach and strategy are being developed—subject to parliamentary approval, of course—but if we do not have something similar for wellbeing, we could disadvantage all that to some extent.

We need to see that it is important to have something on the statute books for all the good reasons. It would create a lightning rod, give co-ordination and provide a focus, and it would put something out there that says that we are going to be a nation with wellbeing at its heart and then brigades people around that. It is similar to what is happening elsewhere in the Parliament, with the circular economy legislation. How do we bring together all the other actors together so that we can focus on reducing the use of resources?

After all, the circular economy is not just about climate change. As has been mentioned, it is about tackling lots of other global pressures. At the heart of it, though, it is about tackling social inequality not just here in Scotland but globally. Again, the two issues are intrinsically linked.

Those are the similarities. As for specifics, the circular economy is important to community wealth building, because, if we do not link the two things together, the social dynamic aspect of the circular economy will not be as impactful. Moreover, those who are involved in community wealth building will have lost a tool from the box, because it relates to resource issues, ownership issues, business models, community involvement in the management of resources, our repair cafes, our recycling places, the ownership of materials and so on. It is all about being part of that system, because it is a system, and the circular economy is about how we change the system. If the community is not part of that at a local, national and regional level, the community wealth building ambition will be a lot harder to achieve. We need to bring the two things together as much as we can.

I would make just one more point. I am not saying that this is a lessons-learned thing from the circular economy as such, but something that we have learned—and others have touched on it—brings us back to the question of why we need legislation or a bill. Although all of this is happening, and there are great examples to highlight—I could talk all day about great circular economy business models in Scotland that are embedded in community activity and the potential and opportunity in that respect—it is hard for such things to be scaled up and mainstreamed, because the landscape and the ecosystem in which they operate is, to some extent, skewed against them. That applies to all the things that people have talked about: skills, finance and the capacity of organisations to get involved in some of the opportunities at the local and national levels. Procurement, for instance, could be much more streamlined; that would benefit organisations by allowing them to get involved and take greater ownership of the opportunities.

This is really about how we rebalance the ecosystem. Indeed, it lies at the heart of Zero Waste Scotland's work on the circular economy. It is not just about focusing on projects per se, but about how we create a new ecosystem for all those organisations, not just businesses and social enterprises but local authorities and the other actors that have already been mentioned. How do we create a different ecosystem—replumb the economy, as it were—to ensure that there is much more advantage to people in participating? How can we create a different type of economy in which people can thrive and prosper and then embed it in the mainstream? To be fair, I would point out that creating that different type of ecosystem is as much about policy, legislation, regulation and duties as it is about finance, changing or embedding skills and the capacity of organisations.

The Convener: Thanks very much for that. I appreciate your coming to the committee and putting a big highlighter through the connection between community wealth building and the Circular Economy (Scotland) Bill. I will bring in Gordon MacDonald as he wants to respond to something that was said earlier.

Gordon MacDonald: Yes; before we lose sight of the points that were raised earlier, I thought that I had better come in with my questions.

Stacey Dingwall spoke about public procurement. When the Public Contracts Scotland portal was introduced in 2008, it was cutting edge, it brought a lot of contracts together and it gave a lot of small and medium-sized enterprises the option to bid for contracts. However, my experience from being on the Economy and Fair Work Committee is that there is a lack of capacity in micro and small businesses, and there is a perception that there is too much bureaucracy, whether that is true or not. What practical steps need to change in procurement so that SMEs can help to keep money circulating in the local economy because local businesses are using local services and so on?

My second question is to Matthew Brown and Neil McInroy. What is the definition of "local"? If we are to keep money circulating in the local economy, does that mean businesses that operate in that council area, or does it mean businesses that have a registered office in that area? Does "local" mean where the invoice is paid at the end of the day, which might be hundreds of miles away from where the particular business is operating?

Stacey Dingwall: I agree with your second point. The ability to measure spend in a local economy is one of the issues that we have. A business can have a registered address in an area, but the money is not necessarily kept there, and that defeats the purpose of community wealth building from our point of view.

You are also completely right that Public Contracts Scotland was thought of as cutting edge when it was brought in, but I do not think that that is the case now. I worked in a job that involved dealing with Public Contracts Scotland every day, and it is a difficult site to navigate. It has achieved its aims of bringing contracts together, but it definitely needs a bit of a refresh. As you say, about 40 per cent of our members are self-employed or are one-man bands, so they do not have the time that it takes to navigate Public Contracts Scotland. We hear that from our members all the time. They just do not bother going for contracts because they do not have the time to deal with the bureaucracy.

Our members also feel that, even if they did go for contracts, the system is pretty much set up for larger businesses anyway, so it can be quite difficult. There are opportunities in becoming part of a supply chain or subcontracting to larger businesses, but it can also be quite hard for them to devote the time to navigating that.

The supplier developer programme was brought in at the same time as Public Contracts Scotland, and it is really popular with our members. Matthew Brown mentioned hosting the “Meet the buyer” events in Preston, and such events are certainly already happening here in Scotland—they are quite widespread. I think that the supplier development programme needs more capacity and resource to help more smaller businesses. That would be true across the board in terms of local authorities and the support that they can provide to small businesses to get them more involved in local procurement opportunities.

Gordon MacDonald: Are quick quotes of benefit to SMEs, and should the threshold be increased?

Stacey Dingwall: Yes, we would certainly support the threshold being increased for quick quotes, because they are a useful tool for SMEs.

Matthew Brown: On the question of spend, we wanted to dramatically increase spend within the local authority boundaries and the wider county, and we did that pretty successfully. At the time, it was based on whether the organisation was registered within the local authority boundary or the county boundary. A big part of what we were doing was ensuring that we also spent with small and medium-sized enterprises, so both things were being done at the same time.

Since then, we have been working with a developer to develop much of the publicly owned regeneration. It is a not-for-profit developer, which is very rare, and it is two miles from our city centre. Again, through community benefit agreements and other things, it is stipulated that X contracts must be made with locally based companies and employ local people within the area.

Gordon MacDonald: How do we keep the money circulating in the local economy?

Neil McInroy: That is a good question. We need to bear in mind that the local aspect is just a useful proxy for what we are doing; it is not the only thing to think about. Community wealth building is pro-social and pro-environment and is about ensuring that wealth is not extracted from land, neighbourhoods, localities and the nation. We are not just talking about the local aspect.

California, in the land of the free, has the California Employee Ownership Act, which is designed to help employees to buy a firm when its owner retires. That is not just about protecting the local aspect, it is about stating that employee ownership is a good thing. California is seeing a lot of misallocation of capital, particularly in silicon valley, where the huge profits that are made are extracted by people who want to make rockets, buy islands or whatever. California believes that the employee-ownership model is a way of recirculating capital for innovation, greater research and development and improved productivity. That approach to community wealth building, through that form of ownership of a firm, is seen as a means by which we can get better use of capital and resources. I mention that because I am trying to point out that community wealth building is not just about the local aspect, it is about the replumbing of the economy and how it functions. The local aspect is a proxy, but is not the only thing that we need to look at.

Gordon MacDonald: However, in order to replumb the economy, you need resources, so we need anchor institutions to start spending more locally, because that would supply the seedcorn funding that will enable us to get to where we want to be.

Neil McInroy: Absolutely, but we must also ensure that those institutions think not only about spending locally but about buying from pro-social and pro-environment firms, no matter where they are. A co-operative company based in Preston is arguably more virtuous than a global corporation that is based in Inverurie.

The Convener: Stephanie Callaghan has questions concerning the area that has just been touched on.

Stephanie Callaghan: I should probably mention that I was a councillor in South Lanarkshire Council until 2022.

I am interested in the role of community planning partnerships in delivering community wealth building. I am aware that the Federation of Small Businesses has said that significant system and behaviour overhaul is needed. What role do you see for community planning partnerships and other existing structures? How can those can be developed, and do we have the right people sitting at the table? Is there a need for the legislation around those to change?

I am interested in hearing from Stacey Dingwall and Louise Kirk on that issue, and I expect that Neil McInroy will also have a contribution to make. I am happy to hear from anyone else who is interested.

Stacey Dingwall: You are right to say that that was the view of the FSB in our consultation response. We feel that community planning partnerships have their place in terms of what they do, but, although procurement reform legislation has been brought in, we are still not at the point where the spend is what we would like to see in relation to small businesses. With regard to the community wealth building legislation, we believe that we will not be able to achieve what we want to if we just rely on the same systems that we have had in place and that we need a fresh start. Community planning partnerships were not designed to deliver community wealth building specifically, so, if we are going to bring in legislation, it makes sense to use it to refresh that structure, to ensure that it can deliver what we are trying to achieve now.

10:30

Small businesses and some of my colleagues have participated in community planning partnerships for various reasons over the years. I am aware that it can be difficult for small businesses to find the time to participate, but we need to look at how we can make that more meaningful. Unfortunately, we often see a bit of box ticking, with people saying that they have consulted the small business community because they have spoken to a small business, whereas the owners of that small business might not feel that they have had a meaningful voice within that structure.

If we have legislation, and if it has statutory targets to drive procurement and sets out what we want to achieve, that will help us to design a new structure to develop community wealth building at a local level.

Neil McInroy: That is a great question. I came back to Scotland about two and a half years ago and am new to community planning partnerships. I had been working in community wealth building and thought that community planning partnerships would be brilliant because of the ready-made collection of anchor institutions. That was quite exciting. In other parts of the world, you have to create partnerships of those anchors before you can consider community wealth building, but Scotland has community planning partnerships—yahoo!

I am speaking personally rather than representing EDAS as an organisation. I feel that partnerships are heavy on process without purpose and that the process seems to overtake the actual rationale for what they are trying to do, which is to put in place the collective wisdom and power of all those agencies. Community wealth building is a way of creating that purpose.

Partnerships could be the guardians of community wealth building. Louise Kirk can talk about that. We are seeing that in other places in Scotland where anchor charters and anchor partnerships are coming together. That is driven by those pillars. Partnerships could guard, oversee, nudge and push the community wealth building agenda at the local level.

We need governance mechanisms for community wealth building at the local level. If we are talking about the totality of public, social and commercial agency, CPPs are the place, but we need to refashion those to be far more purposeful and more driven by actions and impacts.

Stephanie Callaghan: Would you suggest any legislative changes?

Neil McInroy: I am not sure that we need legislative change as such. There is more of a need for focused guidance, with the CPPs being key players in the community wealth building agenda. That would be similar to the anchor charter partnerships that we have in some areas of Scotland, including in North Ayrshire and Ayrshire.

The Convener: Louise Kirk wanted to come in earlier. Would you like to come in now?

Louise Kirk: Would you like me to cover what I was going to say earlier?

The Convener: Absolutely.

Louise Kirk: I was going to talk about procurement and about the regional approach that we have taken in Ayrshire.

There is a regional procurement workstream as part of our community wealth building commission. In the past few years, we have analysed local supplier spend in Ayrshire and have seen an increase in that across the board. A lot of that has come from our pragmatic approach to the quick-quote process that was mentioned earlier, including the disaggregation of contracts.

We recognise that there are opportunities for further improvement—for example, by increasing the regulated procurement threshold for supplies and services from £49,999 to something around the £100,000 mark and by allowing more scope for awarding locally via quick quotes, with future increases aligned to inflation.

That would enable local authorities to progress open quick quotes, which are far less onerous than the full tender process, and to encourage more local bids. We recognise the challenges that that would bring for enterprises and the fact that the quick-quote threshold has not been increased for a number of years.

Through the community wealth building programme, and as part of our Ayrshire growth deal, we have supported more than 900 local businesses. We have exceeded our targets across a range of indicators and have raised awareness within the business sector of what community wealth building is and how it can be adopted by businesses to bring economic benefits to the communities in which they operate.

We are also looking to align our business development support offer more closely with our recently adopted regional economic strategy, which has community wealth building embedded as a cross-cutting theme, to further enhance and inform the support that we provide to businesses to help them to be suitably prepared to participate in tender and procurement processes.

All three Ayrshire councils are using the community wealth building charter to provide examples of the pledges that anchor institutions can make to change their practices and embed community wealth building across their organisations. I outlined some of that earlier. Therefore, the commission is supportive of the organisations that are covered by the fairer Scotland duty and community planning partners being included in a proposed community wealth building duty. We recognise that, as Neil McInroy said, those partners are the key anchor institutions in the area and, therefore, have a high level of economic power and influence.

It is important to consider the role of the third sector and ensure that the benefits and opportunities that are created from community wealth building are appropriate. We have third sector interface participation in our commission, and the sector has a crucial role in ensuring that community wealth building strategies and action plans are relevant. Therefore, we suggest that any future legislation requires a bit of autonomy built into it to allow flexibility in how best to involve communities, businesses and the third sector. That might include consideration of involving key groups such as community councils, community development trusts and others.

The Convener: Stephanie Callaghan, do you want to come in with your next question? Some other folks in the room indicated that they want to come in, but I think that we have gone on for over an hour. This conversation might need to extend a little bit, but I will check in with everyone about that in a wee while. We will come back to procurement with another question.

Stephanie Callaghan: I have heard people in the third sector say that it should be known as the community sector rather than the third sector.

I am also interested in the five pilots that have happened over the past five years. I will stay with Louise Kirk for now. What differences can you see in the pilot area? What data or evidence are you collecting of the difference that it is making to, for example, inequalities?

Louise Kirk: The collaborative approach in Ayrshire has been beneficial in bringing together all the partners and broadening the understanding of community wealth building and the potential for it. As I outlined, we have seen some advances in the uptake of the community wealth building approach in terms of businesses’ procurement, participation in the fair work workstream and higher levels of a real living wage at the local level. The approach is also helping to inform and shape the employability offer and the support and skills that are provided across the board.

With the Inclusive Growth Network, we are looking at a refresh of the inclusive economy dashboard, to measure the impact. We are looking across the socioeconomic and environmental wellbeing indicators that we currently measure to inform that. We are also working across council services to continue to measure the impact.

Through the three main regional workstreams, we are seeing significant levels of progress. We are also identifying opportunities to refresh the work and learn from the experience over the past four years since the adoption of the community wealth building approach.

Stephanie Callaghan: Do those wellbeing indicators need to be front and centre?

Louise Kirk: Yes. That is very much our approach. We have been measuring them across the board, but we are also reflecting on which of them we can actively influence and what is measured at local and regional levels, to ensure that, going forward and reflecting on the past, we have indicators that measure progress meaningfully.

The Convener: Rob—do you have a perspective on how the pilots are going?

Rob Davidson: Yes, I do. I, too, will mention community planning partnerships briefly. I absolutely concur with Neil McInroy that those nascent networks have the potential strength of becoming community-anchor institutions. To address Stephanie Callaghan's point, they could be used to measure impact, which would be a real benefit. For example, Dumfries and Galloway community planning partnership has, in conjunction with Public Health Scotland, built up very good area profiles that are detailed across a broad range of indicators. In due course, we should be able to interrogate those to understand whether there are economic, social and health benefits across that broad range of indicators. Admittedly, some of those may take time to establish and understand.

However, we possibly have a bit of a question mark over the relationship between community planning partnerships and regional economic partnerships, which I am conscious that Louise Kirk alluded to. For example, in the south of Scotland, community wealth building has, so far, been driven by the regional economic partnership and the regional economic strategy rather than by community planning partnerships. How those will interrelate in practice needs a bit of thought. It may be that that is not a one-size-fits-all solution—I am conscious that every community planning partnership and regional economic partnership is different, to some extent. That issue might need to be covered in guidance in due course.

In terms of our experience as a pilot area, we are at a much more developmental stage. We started considerably later than North Ayrshire, so we are still very much building those strategic partnerships and starting those work plans. However, in tandem, we are trying to build up the practical pilots. For example, we are looking at local procurement of energy efficiency retrofits, starting with registered social landlords as anchor institutions, which—using an archetypes approach—we will broaden out into retrofitting the entire south of Scotland. Admittedly, that will not happen overnight. However, over the next 20 years, it will be worth thousands of jobs and millions of pounds to the local economy if we can get the local procurement aspects right and identify the critical actions to make that happen and deliver it over time.

As I said, we are at an early developmental stage, but we think that, in time, that work has the prospect of being genuinely transformational.

The Convener: That is great. Neil McInroy, I feel that you have a bigger review role. Do you have a view on what is going on with the five CWB pilots?

Neil McInroy: Yes, I do. During the pilot process, I was seconded to the Scottish Government on a part-time basis, and I worked there for two days a week for three years. The pilot areas were chosen for different reasons. There were three local authority areas—Fife, Clackmannanshire and North Ayrshire—plus the South of Scotland Enterprise area and the Glasgow city region area. The Glasgow city region area and the South of Scotland Enterprise area focused on only a few of the pillars, not all of them.

There has been progress and a number of successes in all the local authority pilot areas. The way in which Fife has managed to connect its economic development approach, its poverty approach and its public sector reform together within the ambit of community wealth building is quite impressive.

Clackmannanshire is the smallest council area in Scotland, and the local authority has set up a number of things, including an employment charter. It has seen a 4 per cent increase in council procurement; it has a new supported "women into business" programme; it has a community anchor partnership; and it is trying to beef up its credit union. A range of things are happening in the pilots that are worthy of note.

I will return to an earlier point. Part of the beauty of community wealth building is that it gives licence to do some of the so-called smaller stuff and that embedding that is seen to be significant economic development activity. Also, the approach seeks to join those things up through the five pillars. It is not just procurement, but procurement of a local firm with local jobs and the recirculation of the finance that comes from that. There has been good progress.

Other areas that were not the pilot areas, including Argyll and Bute, have taken on the mantle of community wealth building. I also forgot to mention the Western Isles, Moray and Dundee. A number of councils are taking it on under their own toot, if you like. They have done that because they can see the additive benefit of that approach for their economic and social activities.

10:45

The Convener: That is very helpful. I have had conversations with representatives of Moray Council and Western Isles Council. The Western Isles are a bit ahead and Moray is taking some inspiration, so there is a peer-to-peer learning aspect there.

Stacey Dingwall: We have been encouraged by the success of the Fife community wealth building pilots. Our colleagues who work with members on the ground in local areas have given us significant feedback about the progress that they have seen in the pilot areas. The main way that we track evidence of the impacts of the pilots is through the Improvement Service's benchmarking framework. In its 2019 strategy, Clackmannanshire Council set a target of taking local spending to 21.5 per cent by 2022, and it hit 23.4 per cent by 2021. Fife Council made particularly significant progress, going from just over 20 per cent of spend in 2010 to more than 40 per cent 10 years later. That is the kind of progress that we are keen to see.

My colleagues on the ground tell us that two factors have enabled progress in the community wealth building pilot areas. The first involves ownership on the part of the local authority, with strategies containing clear targets and detailed monitoring arrangements. Secondly, Clackmannanshire's annual procurement report allows the council to provide evidence to community wealth building stakeholders such as our members on the progress that has been made, and it sets out the concrete actions that the council has taken to produce and sustain that progress. If we compare the report produced by that local authority in that pilot area with what has been done by councils that have not taken part in pilot areas, we find a clear difference, and we can see why the progress in the pilot areas has been enabled. We have been very much encouraged by what has been achieved in the pilot areas.

The Convener: That is indeed very encouraging.

I will bring in Linda Somerville, who has been wanting to come in for a while, followed by Angus Hardie.

Linda Somerville: I want to circle back to some of the earlier questions. There has been a lot of discussion about institutions, but I want to expand that discussion to include infrastructure, too. That is what is being assumed, but I think that it needs to be stated specifically, because we have to think about the infrastructure that we have not just in Scotland itself but in its different areas, about what can be done in that respect and about the missed opportunities.

The ScotWind contracts have just been put out by the Government, and Glasgow is considering how it runs its transport system. In fact, just the other Friday, some decisions were made about franchising. We need to think of energy and transport as being absolutely key here. We should not just think about buildings and the people within them, but consider how we link them up when we think about procurement and delivery.

In many respects, the flipside of community wealth building is stopping wealth extraction, but that might not be the direction in which some things are going. The Government has said that it is investigating that area and, indeed, is keen to do so, and most people around this table and beyond seem to think that it is a good idea, but it is perhaps not the direction that we are going in with some of the decisions that are being made. For example, much more can be done on municipal bus services and the benefits for the workforce and the environment. If we go about it the right way, there will be some amazing opportunities for the workforce with the just transition, while also thinking about our energy supplies.

We have talked about different models of achieving community wealth building, and we have heard about different models of ownership. There are very low numbers of co-operatives in Scotland, and very little expertise there. There is some good expertise, but it is not widely available, and we need to upscale it.

One thing that organisations, particularly local authorities, should be thinking about as part of this model is insourcing and how workforces get taken back under good terms and conditions, which has not happened in a lot of areas. The biggest procurement spend in Scotland is generally on social care. Again, much of that money is going straight into offshore accounts. A couple of years ago, we did some research on the financialisation of social care in Scotland, not just in relation to residential care homes but other types of social care delivery in the community, and we found the number of providers to be declining rapidly, for a variety of reasons. Since we did that research, that sort of thing is happening even more, because the costs have gone up, and with more and more large providers getting involved we are now at the point of market fracture. We are reliant on those providers but, if there is any kind of failure in those big organisations—which often happens in the private sector—they pull out and everything gets handed back to the local authority with its duty of care as provider of last resort.

Moreover, thinking about the national care service, the development of which the Government is going ahead with, I have to ask: where in that bill and the work being carried out on it is this issue being seen as a priority? We were told that it was going to be the biggest change in public sector delivery in Scotland for a long time. Actually, though, it is not going to change the fundamental issue of who delivers the service and whether it will still be for profit. The question, therefore, is this: how do we tie community wealth in to things that are already running to ensure that we do not lose any opportunities? After all, we know for a fact that the for-profit sector, particularly in social care but in other sectors, too, is more likely to have a higher number of complaints and lower wages and to deliver lower-quality service, and we can evidence that.

Local authorities need more powers in legislation, but that is something that, up to now, the Scottish Government has been very reluctant to do. They need more powers to raise their own revenue, but we are seeing the opposite approach being taken with, for example, the council tax freeze, which many people have not welcomed. Indeed, it has been heavily criticised, because of the limitations that it will place on local authorities in raising revenue.

As for fair work, that particular element is being thought about in a certain way. The real living wage is a key part of that, but it cannot be the only part, because it will not deliver everything on its own. There is very little in place to enforce fair work in Scotland. We have lots of examples of procurement being used to give out Government grants, and yet fair work is not happening on the ground. The creative industries is a good example of that: although the money comes from Creative Scotland, it will claim—rightly—that it is not an enforcer of fair work. It has no capacity or inclination to do that—that is not its job. Therefore, once the money leaves Creative Scotland, how do we know where it ends up and what it means for fair work across what is a very precarious sector?

It is still Scotland’s ambition to be a fair work nation by 2025, which is very soon, but we do not see that being delivered at the moment. Much more needs to be done in that area. A key part of this is how we measure fair work. What parameters are we putting in place? What is the workforce experience in that respect and how are trade unions involved? Again, I go back to the point about collective bargaining and having trade unions at the table to ensure that they are involved in all those things.

The Convener: We are bringing lots of layers to the conversation—I call it a lasagne—and sometimes it is tricky to manage it all. I will bring in Angus Hardie now. I am not sure what point you wanted to come in on, Angus, but I think that it was to do with the five pilot areas. Iain Gulland indicated that he wanted to come in, too, perhaps on infrastructure.

Angus Hardie: My point was not actually about the pilot areas. It is just that a couple of thoughts came to me while I was listening to the conversation.

My first point is a small one, but I will make it anyway. It is about the appropriation of language of community wealth building, particularly the use of the term “community anchor institution”. It is causing confusion in our sector because, around the time of the gestation of the community empowerment legislation, we tried to find a term that in some way embodied what community empowerment was or meant. We stole the phrase “community anchor association” from a Home Office report, “Firm Foundations: The Government’s Framework for Community Capacity Building”, referring to a development trust or a community-controlled housing association—in other words, community organisations that anchor their communities. The community wealth building approach has come in with community anchor institutions, so people are asking, “Am I an institution, or am I an organisation?” It is a small point but I am just laying it out there.

The Convener: I do not think that it is a small point at all. When I first started trying to understand community wealth building, it was certainly an issue that I tried to unpack.

Neil—I see you nodding. Perhaps you can explain your thinking on this issue and how we handle it. Where do the anchor organisations or institutions sit in that respect?

Neil McInroy: I think that there are anchor institutions—that is, the large public institutions—and community anchor institutions.

Angus Hardie: I get the distinction but—

Neil McInroy: I suppose that it is part of growing the movement in Scotland. I would like to think that, if there is any legislation, it will give clarity on terms, a glossary and all that sort of stuff as well as set up some kind of light-touch support architecture to make sure that the lexicon is real and fits into particular contexts.

Different language is used across the world. In America, the phrase being used in community wealth building is “backbone organisations”, which are, if you like, community organisations such as yours, Angus. The lexicon and the language that we use are important but, as we mature, we need to set out clear definitions so that everybody is singing from the same hymn sheet.

As for the discourse on the lexicon, it is a problem, but it should not be seen as a problem of competition or overlap. For me, it is more a question of getting the language right. I do not think that anyone is saying that community anchors are different from what Angus Hardie has said about them. We just need to get the language correct and defined.

The Convener: Having talked to people on this subject, I sense that one example would be Urras Oighreachd Ghabhsainn in the Western Isles, which generates an income of £400,000 a year from three wind turbines. I see that as a community anchor organisation, because it employs a lot of local people and looks after their interests. My sense, then, is that it is about the context in which words are used. It is also important that the local authorities—if they are the anchor institutions—the CPPs that we are beginning to talk about or other anchor organisations really recognise those strong community anchor organisations, as they are an important part of the mix.

Something that has come to mind during this conversation is the local governance review and the whole “Democracy Matters” conversation that is going on in Scotland. There is an opportunity there. Indeed, more and more people are talking about it; I have had conversations with people from the Convention of Scottish Local Authorities who recognise that communities need to be supported into a place of leadership. There is a lot going on in Scotland at the moment, and it is very exciting.

I see that Angus Hardie wants to come back in.

Angus Hardie: My second point is more substantive. The question that has come to mind during this morning’s conversation is: where is the community sector in that conversation? It sounds as though it is in the usual place—that is, late to the show and last in the queue.

Last year, when we read the consultation, we got quite excited about it. We thought that community wealth building represented an opportunity to be genuinely transformative of the systems in which we all operate. We do not see it as a rebadging of what is going on already or just a nice wrapper that describes a lot of good stuff, as somebody said earlier; instead, we see it as an opportunity to make a serious step change in the way in which we operate.

In our response to the consultation, we laid out a central proposition, which was that third sector communities—whatever we want to call them—should be front and centre in shaping how community wealth building emerges and manifests itself at a local level. Rob Davidson made the point that that will be different in different places, which is absolutely right, but where is the third sector community sector in that process? Is it the architect, or is it, as is traditional, the recipient of an engagement process?

Two things need to happen if we are to deliver on that central proposition and put communities at the heart of the process. First, community wealth building legislation needs to be locked in right across Government; the convener talked about the local governance review, and there is also the Circular Economy (Scotland) Bill. It must have primacy across all policy areas. I am not hearing that at the moment, but that is the expectation.

Secondly, communities in the wider third sector need to be enabled to play that role. There also needs to be a new alliance between the community sector in its local manifestation, and small businesses and SMEs, so that we who live and work in those communities are enabled to shape the future of those local economies. Those are the two key issues.

11:00

If I can keep a hold of the microphone for another two minutes, I want to make a point about community planning partnerships. The duty to advance community wealth building will sit with community planning partnerships, but what does that mean? We made a couple of suggestions in our response that we thought might give that more substance. The Land Reform (Scotland) Act 2016 created the land rights and responsibilities statement, which is slowly evolving, developing and having a more significant impact on how land is managed, used and owned, and a similar high-level statement in legislation could set out the first principles of community wealth building that community planning partners should comply with.

Similar to the land reform agenda, the establishment of the Scottish Land Commission has kept land reform and the policy agenda in the public consciousness in a way that it would not otherwise have happened. In the past, we have seen land reform slip off and become a subtext in the policy world, but because the SLC is constantly churning out policy thoughts and papers, it is keeping the ball rolling. We need something like that to keep community wealth building evolving and to ensure that new ideas are coming in all the time. Those two ideas might give the community planning partnership world a focus on community wealth building.

The Convener: That was helpful. It is also interesting that the CPPs were highlighted in the Verity house agreement. As Neil McInroy said, they are brilliant, but they need some help to bed in or to move into a more strategic partnership.

I am going to suspend the meeting briefly, if that is okay with everyone. As we are rapidly going over time, I just want to check in with everybody and make a game plan.

11:02

Meeting suspended.

11:11

On resuming—

The Convener: Welcome back to our community wealth building round table. We have some more questions to ask, starting with Pam Gosal.

Pam Gosal: Good morning, everybody. I have three questions altogether. I hope to put two of them together, as they come under local public procurement, and then I have another question, which is on resources.

In its consultation response, the FSB highlighted concerns that community wealth building goals might not be achieved if Scottish Government policy continues to align with “EU spending protocols”. Moreover, in evidence to the Economy and Fair Work Committee, the Scottish Wholesale Association pointed out that complying with EU regulations could prevent, say, the prioritising of Scottish produce and making it the primary choice. What kind of barriers would that present to community wealth building and empowering local supply chains?

That was my first question. As for my second, we know that, for community wealth building to be successful, we need to remove barriers to smaller businesses becoming involved in the delivery of public contracts. Late payment was an issue raised by the FSB in its submission to the consultation, and it also features heavily in the Economy and Fair Work Committee’s post-legislative scrutiny of the public procurement legislation. Do any of the pilot authorities have any concerns about late payment being a barrier to smaller firms participating in community wealth building? If current issues with late payments remain, are they likely to be a barrier to the success of community wealth building?

Those questions are for Stacey Dingwall, first of all, and then I will open it up to the pilot authorities and anybody else.

Stacey Dingwall: The point about EU spending protocols arose when we were completing our consultation response. When we held a round table with members who had previously been involved in procurement and who wanted to talk about their experiences as well as some of the barriers, some of them certainly believed that, if we continued with that alignment, the aims of community wealth building would not be realised. It is, I think, coming up to a year since we spoke to our members about that and, as things move forward, we would want to check with our members where things sit a year on from the consultation response.

Late payment is just an issue for small businesses overall, and it is not related specifically to local government. We know that the Scottish Government made it very clear in the procurement reform legislation that late payment should not be happening at all in Scotland, and I know that a lot of progress has been made in public bodies paying their suppliers, particularly small businesses, promptly. Unfortunately, though, in the survey of our members that we carry out every quarter across the UK and in Scotland, they are telling us about how they are experiencing late payment, and particularly in Scotland, we are seeing an increase quarter on quarter in the number of members reporting late payments. A lot of our members feel that larger companies whom they are either subcontracted to or delivering services for see smaller suppliers as a bit of an overdraft facility. The issue does not specifically relate to community wealth building; there is just an overall concern amongst small businesses about late payments—unfortunately, as I have said—continuing and, indeed, being on the rise.

11:15

Pam Gosal: Thank you, Stacey. I want to open the question up to the pilot authorities.

The Convener: Rob Davidson, do you want to come in on this?

Rob Davidson: We absolutely recognise the need to minimise late payments across the piece. The RSL colleagues with whom we are working in the procurement pilot are, I think, absolutely supportive of that and of structuring things in such a way that we minimise that. We do recognise Stacey Dingwall’s specific concern about contractors and subcontractors, and there is a role for a careful examination of that issue and for working through how that functions in practice.

As far as our pilot is concerned, the biggest barriers that we are facing are undoubtedly skills and accreditation. With retrofit qualifications, particularly PAS 2035, it looks like there is going to be quite a significant bottleneck, certainly in the immediate future. It is an accreditation that we think will really be needed to support the local construction industry in the south of Scotland to gain various methods, and certainly we can do that. I should say, though, that obtaining it is quite an onerous and detailed process, even though it will be increasingly critical the further that we get on the retrofit journey.

In that respect, part of the barrier to participation takes us in a slightly different direction, and perhaps not one that we had particularly anticipated when we started all this. However, we are really keen to engage with and support local contractors as they work their way through all this to ensure that they get the full benefit. With PAS 2035, for example, they are more likely to be the contractor rather than the subcontractor, so they would not be working under another contractor’s accreditation. That might iron out some of the issues that Stacey Dingwall identified.

The Convener: Thanks for that.

Louise, the Ayrshires are not part of the pilot project, but you have, as Neil McInroy has said, been doing it on your own toot. Do you have any perspectives on this matter?

Louise Kirk: As I have outlined, we are, through our business support offer and through the community wealth building Ayrshire growth deal project, working very closely with a number of businesses across Ayrshire—and, as far as I am concerned, in North Ayrshire—to support and understand the challenges with regard to procurement, and I recognise a number of the points that Stacey Dingwall has highlighted. As an authority, we keep a close watch on the payment landscape to ensure that we minimise the potential for late payments. Obviously, our procurement colleagues continue to work with the legislation.

Through recent engagement with our broader business base to help inform our business support offer, we have identified a number of on-going concerns about procurement, and we are looking to work across our council services to tackle those concerns and see where there might be opportunities and where changes might be made. That said, we highlighted in our consultation response the potential to amend procurement legislation to allow and support preferential treatment for local suppliers where the local supply base exists, and we said:

> "Reserving contracts over the regulated threshold for local providers would only exclude non-local providers in certain circumstances as the supply base does not exist in North Ayrshire for all requirements."

Again, as I said earlier, increasing the regulated threshold would allow more scope for locally awarded quick quotes, which would have definite benefits for businesses. We monitor the level of regional spend across that workstream, but we are seeing challenges with regard to the potential to keep increasing the percentage year on year, without legislative change to support it.

The Convener: Neil McInroy, you wanted to come in.

Neil McInroy: On the EU point, I have heard this quite a bit, but I think that it is a bit of a red herring that the Scottish Government's alignment with EU procurement rules is fettering our ability. If you look at, for example, the Basque region, Emilia-Romagna, Barcelona, Montreal in Quebec, Burlington in Vermont in America and even Vancouver, you will see that the issue is not really the procurement rules; the issue is supply. We have a fairly thin amount of supply in Scotland, and we need to bulk that up by unbundling contracts, giving bigger notice for contracts that are being let, and trying to animate the supply. That links to the convener's earlier point. We need to grow our social enterprise, small business, co-operative, employee ownership and community ownership sector in Scotland. That will increase the girth or the potential for suppliers to bid and be fit to bid.

Community wealth building is not a protectionist policy. It increases entrants to the market to compete for public goods and services. We know what happens when there is competition—arguably, there can be better quality and perhaps even lower prices.

I have not looked at this, but I suspect that, if we unpicked some of the big contracts in Scotland, we would find virtual monopolies. That needs to be unpicked by unbundling and creating a domestic supply chain that can start to be fit to bid and compete. That is what we see in comparable regions and nations across the world. The Basque region, Emilia-Romagna and Barcelona have a density of local suppliers. That is because they have proactive and aligned community wealth building policies in growing social enterprise and employee ownership in co-operative sectors.

The Convener: Thank you for pointing to those international examples. We will certainly have a look at those.

Matthew Brown indicated that he wants to come in.

Matthew Brown: On very progressive procurement, I was always inspired by Evergreen Cooperatives in Cleveland, Ohio, which I alluded to earlier. Not-for-profit anchor institutions bought goods and services from new worker co-operatives that were placed strategically in the most deprived parts of the community. There are around 300 or 400 jobs in those co-operative businesses. The institutions chose to buy new things—not things that they had been buying previously—from worker-owned businesses that were created to help people in more deprived communities there.

That is something that we have been trying to do in Preston. We are getting close to it with one of our retrofit co-operatives, but we have not been able to do it in the way that we thought we would.

Legislation would be helpful. Obviously, we have to be careful about competition rules, and there are issues relating to preference and other things. However, on trying to get a fair playing field, we have seen a domination of outsourcing corporations and others, which have won much of the public sector procurement wealth. Trying to rebalance that with new businesses that will be owned in communities by people in those communities so that they can share the wealth seems to be a positive thing. If that could be cracked in Scotland or elsewhere, it could be really transformative.

The Convener: Okay. That is a very helpful pointer. Does Pam Gosal want to come in with her next question?

Pam Gosal: Thank you for those responses.

Stacey Dingwall from the FSB expressed concerns about the success of the legislation if additional resources are not given to local authorities to deliver and monitor the targets. As we embark on community wealth building, what can you tell us about the resources that are needed and whether councils currently have the capacity to successfully deliver and monitor community wealth building targets? That question is open to everybody—even Stacey Dingwall.

The Convener: Does Stacey Dingwall want to pick up that question first? We will then see who else wants to come in.

Stacey Dingwall: Yes, of course.

Obviously, local authorities are struggling at the moment with the resources that are available to them to deliver basic services. Community wealth building will put more demand on local authority resources, especially if we bring forward legislation and the targets that we would like to see. We now see local authorities hiring community wealth building officers and managers, for example, quite regularly. That is great, but I suppose that there is concern in the current climate.

I think that someone touched on the council tax freeze. Community wealth building will be something new for local authorities to implement with declining resources. Our concern is that, if they are not properly resourced to do that, that will jeopardise the success of the legislation, should it be implemented.

Angus Hardie: Very briefly, on the resources issue, this might be an unpopular view but, as I understand it, community wealth building is, in a sense, asking the system to do things differently; it is not necessarily about doing new things. Well, they would be new, but I presume that it would involve dropping things. It might be about using existing resources differently.

I remember, back in the post-Christie time, all the millions that were lavished on everybody in the third sector and local authorities for transformation funds—I think that that is what they were called. We know what has happened or not happened in that respect. It might be an obvious reaction to say that we need more resources. Local authorities are currently very stretched and need more resources per se, but we must be wary of that. We cannot necessarily say, "We have a whole new set of tasks; ergo, we need a whole new set of resources."

The Convener: That is an interesting point. That is certainly part of the conversation that is going on about efficiencies and things like that. Linda Somerville made an interesting point about infrastructure and looking to the potential in the renewables sector. Community Land Scotland, Community Energy Scotland and the Scottish Community Alliance have put forward a proposal on how we get community ownership of renewable energy, rather than just community benefit payments. It would be interesting to explore that as part of the mix.

Rob Davidson wants to come in.

Rob Davidson: I should say that I was an elected member of Dumfries and Galloway Council for 15 years, until 2022. I certainly would not wish to speak on behalf of our partner councils, but I think that what Angus Hardie and what Stacey Dingwall have said are both true—they are not mutually contradictory. We would agree 100 per cent that this is about changing how things are done and how systems work, but our partner councils would probably observe that they feel that it would be much easier for them to do that with a little bit more capacity than they have at present, given the fairly significant reduction in capacity that they have experienced since 2009 or 2010 or somewhere in that region. Both points are the case, and there is an issue.

Louise Kirk: Reflecting on our learning from the formation of the community wealth building commission and our approach in North Ayrshire, it has taken a substantial level of resource to form the commission and then to lead and co-ordinate the delivery of that. Our approach has very much been about embedding community wealth building across our corporate plans. The issue is considered in every committee report and in every proposal on external funding and opportunities. Co-ordination is required across services, along with monitoring and co-ordination of activities to ensure that maximum outcomes are achieved. The time and capacity that are required to embed community wealth building across an organisation should not be underestimated.

The council has invested and continues to invest in a number of dedicated officers to support the delivery of community wealth building through a range of services and teams. Similarly, NHS Ayrshire and Arran has appointed a temporary community wealth building programme manager. That has allowed those organisations to lead on a comprehensive programme of activities to align community wealth building with their activities. For the council, that is through the community benefits programme and our community wish list, which aligns to community wealth building.

NHS Ayrshire and Arran is also looking at a community wealth building self-assessment, a community wealth building communication and engagement plan and the development of a strategy. Similarly, in North Ayrshire, we are now progressing with our second community wealth building strategy. We have a dedicated resource in our economic policy team that helps to drive that across a range of council services.

We are of the opinion that, if the true transformational power of community wealth building is to be realised through a proposed duty and/or legislation, local authorities as well as other public sector organisations along with the community or third sector—depending on how we want to refer to that—need to be adequately resourced to deliver that.

11:30

As I said, we are taking a community wealth building approach to looking across the external funding landscape at the projects and funding that come in. Matthew Brown spoke about the levelling up fund, and we are taking a community wealth building approach to that, too, but we need resources to be able to deliver on that.

The Convener: You have clearly decided that it is important to get on with community wealth building and to have dedicated officers for that. What would you say to other local authorities, which might be wavering? I have heard that some councils had a full-time community wealth building officer but that that is now a part-time role. It seems to me that you have decided to go out and invest in that. What has encouraged you to do that?

Louise Kirk: We see community wealth building as a key mechanism for achieving a wellbeing economy for North Ayrshire. It is embedded across our council plan and within our regional economic strategy. We see the potential and opportunity that arise from that and have therefore decided to invest in that way.

We are also looking across a range of other strategies. There was mention of transport earlier, and community wealth building is part of our local transport strategy and has informed our spend across a range of external and internal funding sources. In our business support landscape, we measure participation across the five pillars of community wealth building and how that is supporting enterprise. It really is embedded across the council's activities.

The Convener: So, even before we come to legislation, you would encourage other councils to do that.

Louise Kirk: Definitely, and the team has been really keen to do that. There has been engagement across the board with other local authorities to support them in learning from our experience. We also want to learn from their experience. You mentioned some of the other really innovative approaches that are being taken by local authorities. We are keen to keep that as a priority and to have it stay fresh, so that it supports us in delivering the council's broader objectives.

The Convener: I will bring in Neil McInroy before we move to questions from Miles Briggs.

Neil McInroy: This connects to what Louise Kirk and Angus Hardie have said. We need to lance the boil of resources. This is about system change. We know that the economic determinants of ill health can be addressed by policies related to community wealth building. For example, a study in *The Lancet* showed a 9 per cent reduction in mental ill health in Preston, in Lancashire. That is the preventative agenda. Doing that means that there will be less demand on public services and more money for other areas of public services. That is the preventative element.

The second thing is the re-plumbing of the economic system. For example, in Chicago there has been a partial pivot of traditional business support systems towards a co-operative ecosystem. People there see the existing business envelope being pivoted less towards mainstream business and more towards the co-operative ecosystem under a community wealth building programme. That is about repurposing, or rewiring or replumbing, the resources for business and enterprise support.

Thirdly, I made a point earlier about clutter, and Scotland has quite a lot of individual pots of money for different purposes, including the community land fund, regeneration funds and so on. Those are all great things, but there should be serious consideration of all those funds in the round. Unified criteria, within the ambit of community wealth building in local areas, could lead to rationalisation and to more impactful use of those funds.

I am not denying that it would be great to have a lot more money, but we do not have it. We need some resource to oil the wheels, but this should not be seen as another programme or big regeneration project, because it is about replumbing and rewiring the existing system. There is something about prevention and something about repurposing existing forms of support to enterprise, as well as a need to look at all of what I call "funny money"—those extra moneys for different programmes—through a community wealth building lens.

The Convener: You spoke earlier about the considerable spend that health boards have. How can they redeploy that to support the local economy, rather than leaking out? That would be an example of spending a resource in a different way.

Neil McInroy: The tactics for that are very difficult. The pressure that is causing the immediate crisis in ill health and people coming to accident and emergency departments means that health boards need to be given licence, as part of anchor partnerships and community wealth building, to see themselves as economic agents and see the preventative agenda not just as a preventative agenda, but as a wider economic community wealth building agenda that plays back into reducing demand on their services and makes savings for the Scottish public purse.

The Convener: I look forward to seeing that roll out. Miles Briggs has a couple of questions.

Miles Briggs: My questions about those who are not traditionally involved have been answered. To follow on from that question, I wonder what role the Scottish National Investment Bank could play in that.

Neil McInroy: Do you want me to come in on that, convener?

The Convener: Yes.

Neil McInroy: Part of the finance pillar of community wealth building looks to create an effective ecosystem of different types of financial instruments and financial leverage across the piece. The United States has many more different forms of financial instruments—public, private and other forms of investment—such as resumés and payment returns.

The Scottish National Investment Bank is a great thing, for sure. I would like it to target some of its missions on the plural ownership of the economy—co-operatives, employee ownership, community ownership and all that sort of thing. I would also like to see more patience in the market in requiring its return. The return might not be in five, 10 or 15 years—it could take 20 or 30 years to turn around the Scottish economy. SNIB has an important role, but, speaking as an individual and not as a representative of any organisation, I see it as a fairly traditional investment type of bank, not one that is cutting edge in dealing with the climate crisis and wider questions of wealth extraction, such as we see elsewhere in the world.

The Convener: I read in the committee's papers that Preston City Council worked with other councils to set up the North West Mutual bank, which is a new regional co-operative bank. It would be great to hear you pull that into your response. Do we have to rely solely on the Scottish National Investment Bank? Could there be smaller and more regional banks?

Matthew Brown: Indeed. We are in the process of establishing the North West Mutual across the north-west of England. You might also want to look to the Welsh Assembly, because interesting work is being done there. The current and former First Ministers pledged to establish Banc Cambria, a regional co-operative bank across Wales. We are trying to do something similar in the north-west of England, and there is a similar expression in Avon Mutual, which is in the Bristol and Somerset area.

That is essential, because in some parliamentary constituencies in England and Wales—I presume the same has happened in Scotland—something like 70 to 75 per cent of branches have been shut, because the big banks often do not want us to have access to our own money. They have withdrawn from the high street. The idea is that these co-operative banks will open over a period of eight to 10 years.

However, that will need support from politicians, whether locally, regionally or in a devolved Parliament like this. To be honest, they are not always there to support alternative banking arrangements. You can have an interface of a publicly owned investment bank doing good things, as you have here. You can support credit unions or a regional co-operative bank, as we are doing in the north-west and in Wales. Interestingly, there is a movement towards public banking in many American cities, where they are looking to set up banks that will do similar stuff to the Scottish National Investment Bank but that will also lend to individuals and businesses, grow the social economy and provide mortgages. That is very interesting. The fact that that is coming from places such as Los Angeles and San Francisco, with the economic culture that we have seen in America for so many decades, is really interesting, because they are seeing these vehicles as a way to regenerate communities.

The financial crash of 15 years ago was caused not by people in our communities but by the behaviour of very large global financial institutions. Austerity was the result, because the public had to bail out those institutions. Areas with a concentration of co-operative and public banks and credit unions have been more resilient. That applies to Germany, to some parts of America and to France, where there is a lot more co-operation in the banking sector. That is why we are trying to do what we are doing.

I apologise—that was a very long response.

Miles Briggs: That is an interesting point.

Housing is obviously an integral part of the committee's remit, and I want to look at how housing could be part of the solution. Rob Davidson touched on the work that South of Scotland Enterprise is doing with registered social landlords. Matthew Brown, you talked about the auditing of land—I think that you were probably referring to land in the public sector. What has that work produced in relation to this agenda and the housing crisis that many parts of the UK are declaring?

Matthew Brown: My perception is that we still do not have enough money to develop affordable housing in this country. However, in Preston and elsewhere, we could have land commissions to identify where public sector land could be used to develop things such as community land trusts. The Liverpool City Region Combined Authority had a land commission, and I think that there will be hundreds of such trusts in that region. That is one thing that could be done.

We can work with anchor partners that have substantial land holdings, we can work with housing associations to maximise the amount of affordable housing, and we can use the planning system to ensure that developers provide affordable housing. If we do all of that together, it will be very positive.

I mentioned pension funds earlier. The Greater Manchester Pension Fund invested in local housing associations, and Manchester City Council provided hundreds of units of land.

If all of that is put together, it can be pretty transformative. We can do a lot of that now, even in the very difficult circumstances in which we find ourselves.

Rob Davidson: I will make two brief points. First, I highlight the work that South of Scotland Community Housing has been doing with communities to develop community-owned affordable housing. There are a number of benefits to that. For example, communities have ownership of assets that are socially useful to them and that should make money, and, in many cases, derelict or vacant sites have been repurposed to a very high standard, so you could argue that there is a triple benefit. Of course, the volume is small compared with the overall demand, but, in many cases, that work takes place in locations that are perhaps more difficult for RSLs to consider, given the number of homes involved, with RSLs tending to prefer to operate at a larger scale.

In relation to SNIB, South of Scotland Enterprise commissioned a piece of horizon-scanning work to look at the potential future value of community benefit from onshore wind, given that 21 per cent of the national fleet is in the south of Scotland. It was estimated that that value would be something like £900 million over the next 35 years. That would just be community benefit, so that gives an idea of the potential value if communities were able to take up the 5 or 10 per cent stakes that, under the sector deal, ought to be offered as standard across the piece.

The issue is that the scale of that will probably make it more difficult for communities to raise the finance to buy into it, even though there would be a massive potential benefit if they were able to do so. Communities having ownership of things that generate income for them has to be healthy, but the hurdle relating to raising the capital to buy in in the first place is probably larger than it has ever been. We would like to have further conversations on that, because it strikes us that there is direct relevance to a finance bill and that that could provide something really strong for the medium term.

The Convener: Absolutely. That issue needs to be cracked.

Louise Kirk: I will outline some of the work that is happening in Ayrshire. Through the community wealth building commission, we have a land and assets workstream in which, working with our anchor partners, we are trying to map the estate across all our anchor organisations, to understand whether there is surplus land that could create opportunities for some of the development that we are talking about.

We also recognised some of the real challenges around derelict land in North Ayrshire, as the area has some of the highest levels of vacant and derelict land in Scotland. We created a fund to support both communities and landowners to look at opportunities to repurpose land, from the feasibility study stage through to detailed design and development.

11:45

We have seen some applications with a focus on housing, but we recognise some of the challenges and barriers to the redevelopment of land, particularly with regard to the cost of investigating opportunities, and we are identifying potential solutions to tackling those issues. We are also working with our communities on Arran, through the Arran housing task force, as we recognise the local challenges for island communities.

In addition, as a local authority, we are developing a couple of pilot town centre living projects to look at repurposing very challenging buildings in our town centres—one is a former hotel pub and another is a former council office—to provide town centre living opportunities for social housing in the future.

Our approach is about tackling some of the challenges around town centre regeneration alongside the need for additional housing provision.

The Convener: I know that Willie Coffey is particularly interested in town centre regeneration. Willie, do you want to come in at this point?

Willie Coffey: Yes. Good morning, everybody. That brings me neatly to my question. Can we have successful community wealth building if, at the same time, there is dereliction and abandonment in our urban environment in particular? All our towns have that problem, and it seems almost impossible—try as I might—to get a change of attitude from owners to the premises that they own.

Local people can have a sense that they own the town or village in which they live, but they do not. The buildings in our towns, villages and so on are usually owned by people who have never gone there and never will, and who probably do not care.

How do we turn that particular problem around? Are there any examples of that with regard to buildings in an urban setting in particular? We could talk all day about the strategies and policies that we need to implement, but the people who live in our towns and villages are still seeing that level of dereliction and abandonment in front of their eyes. I would be grateful for any responses. I have heard from Louise Kirk of some good examples in Ayrshire, but I would be pleased to hear from other colleagues about how they have approached and tackled the problem. Perhaps Rob Davidson can start.

Rob Davidson: Midsteeple Quarter, in the middle of Dumfries, is an excellent example. The problem there involved vacant and semi-derelict properties, certainly above the ground floor, and also the size of the commercial units that were on offer. It was almost an anti-Goldilocks situation whereby they were too small for the big players and far too large for anybody else who might want to try setting up a retail outlet.

The purchase of what is, by now, a substantial proportion of the originally planned block by a community interest company and its subsequent redevelopment in stages, although it is not finished yet, has real potential to create a new hub of activity. It includes accommodation, as repopulating the town centre is an important part of the overall plan, and it creates much smaller and more flexible premises for a variety of business uses.

We are continuing the mixed-use town centre approach, but we are doing it in a manner that is perhaps more responsive to the way in which town centres work now. It has the benefit of taking a sizeable and prominent chunk of the pedestrianised middle of the town—right next to the Midsteeple, where everybody is and everyone sees and looks at it—and improving it dramatically by comparison with its previous, relatively dilapidated condition. That is a really good example of where such an approach is working well.

The Convener: Does it make a difference that Midsteeple Quarter is a community-led and community-owned initiative? Is that an important part of it? I am thinking about the town in which I live, where there is quite a lot of town centre living and there are a few empty buildings. I am trying to grapple with the question whether being community led is an important part of such an initiative?

Rob Davidson: Yes, I think that it has been. That is because it has created a degree of public support and interest that any other method of trying to do the same thing might not have achieved. That is important. It is about how people feel about a place as much as the facilities and services that are provided. I think that Midsteeple Quarter gets into that part of the equation in the way that a general developer perhaps could not.

The Convener: Gordon MacDonald wants to come in briefly on that.

Gordon MacDonald: I have a quick question. You mentioned Midsteeple Quarter, which I have visited as a member of the Economy and Fair Work Committee. What it is doing is great, but I was struck by the fact that, right opposite the building that you are talking about, there was an old Burton menswear building where someone wanted to open a cafe and restaurant but, because of the council's zoning policy, which said that the building had to be retail only, it was lying derelict. How do we tackle derelict buildings in town centres when the local council's policies undermine what we are trying to achieve?

Rob Davidson: There is a big argument in favour of that collaborative approach that we really need to get right to do town centre regeneration in a comprehensive way. Midsteeple Quarter was specifically highlighted and had its own definition in the second local development plan—LDP2—which is very nearly done. In effect, there was a green light for the community's vision to be implemented, and there were no planning obstacles to it. I think that the building that you refer to probably was not included in anything like the same way. LDP3 certainly ought to give the opportunity for that to be ironed out, so that that ambition can potentially go ahead. At face value, there seems to be no good reason not to do that, because anything will be better than the derelict site that is there at the moment.

Perhaps there is a slight issue with local development plans being fixed and not necessarily being easy to update in between times. That may be a bit of an unintended consequence, and it is probably part of what has caused that issue. I hope that LDP3 will sort that out, because, ideally, we want the ripple effect or the positive doughnut effect of the good stuff in Midsteeple Quarter spreading out across the remainder of the town centre.

The Convener: There is a need for some coherence in the thinking there. Neil McInroy wants to come in.

Neil McInroy: The issue of town centre regeneration is cultural and practical. As has been touched on, citizens in towns have a sense of their power and think, "It's our town." For instance, I am in Oban, where we have embarked on a process called "Who owns Oban?". We do not know who owns Oban, and it is actually bloody hard work to find out who owns your town. That process has surfaced quite interesting things about who owns bits of Oban—some parts are owned by London pension companies and other distant organisations. That is an important cultural point.

On practical measures, it is about ownership and control. Again, speaking with my personal hat on rather than my EDAS hat, the community has now taken over a local shop and uses it as a recycling store. It is about ownership and control, and the more you can get those little footholds, as has happened in the Midsteeple Quarter, the better, because that can have a ripple effect.

There are other practical things that can be done. Compulsory sales orders have been touted as part of the community wealth building consultation. That is where owners are forced to put a property up for sale if it is derelict and they are not doing anything with it. That is not a compulsory purchase; the owner has to put it on the market.

Gordon MacDonald: It is a compulsory sales order.

Neil McInroy: Exactly. Compulsory sales orders seem like a useful and practical thing to do to bring properties to the market and get them into productive use. The issue is cultural and practical.

Across the world, town centre dereliction and—the reverse of that—gentrification of, and too much wealth extraction from, town centres are what drive community wealth building. In that sense, the dereliction drives proper regeneration, but it is also about the sense of displacement and people being pushed out. If there is lots of big-box retail and aggressive land speculation, that is also a driver. Community wealth building has a lovely balance, because it is about giving more ownership and control to local people and communities and a sense of "It's oor toon."

Willie Coffey: Matthew Brown, do you have an interesting experience to share on this issue?

Matthew Brown: The fact that we are getting into the market ourselves—our previous big developer approach failed—is really interesting. We are investing £120 million in what is often commercial regeneration and the development of business spaces, cinemas and so on. That sets a precedent and has a ripple and a multiplier effect.

We are also looking at community ownership. We encouraged the Music Venue Trust to acquire, through community ownership, a music venue that was going to be sold by the landlord—Ed Sheeran played there before he was famous, but he has not been back since, sadly, although he has an invite. It is a real issue. The operator did not own the venue, so if the owner had wanted to sell it, potentially for student housing, the operator would have gone out of business.

We are working with our anchor partners on the issue of empty commercial properties—such as those that were formerly used by British Home Stores—which can lie unresolved in communities for years and years. We are looking at whether the NHS, as an anchor partner, could acquire such properties and do something with them. We have not managed that yet, although we had a Covid vaccination centre in one of our disused former community buildings. A long-term solution, such as anchor partners acquiring former department stores that have been bust for years and years, could be positive, because such properties can be a blight on the high street for years or, sometimes, for decades.

We have to be really creative and collaborative with community wealth building. It can be done, but I get frustrated a lot. We—communities and institutions—could do a lot more, but we need leadership and to think outside the box, which is a huge challenge, to be honest.

The Convener: There is a clear message there.

In his submission, Iain Gulland provided a really interesting perspective on valuing our buildings, so I would like to hear about that, but I will bring in Angus Hardie first.

Angus Hardie: Neil McInroy commented on how much of this is about culture and practice. The Midsteeple Quarter is a great example but, too often, it stands out there on its own. There are constant references to what we can do with town centre regeneration, but it can also be attritional. For the folk down in Dumfries, it has been a really hard slog, so I wonder whether we can line up our ducks to make things a bit easier. The systems at large—councils and other public bodies related to this agenda—could nudge the tiller a bit, so that things happen much more easily.

The point about the mechanisms that we could introduce to make the transfer of land easier speaks to the importance of cross-cutting work across all policy portfolios. We thought that the Land Reform (Scotland) Bill, which was published a couple of weeks ago, would include provisions to modernise CPOs and compulsory sales orders, but those are not in the bill. Community wealth building should be the driver for a lot of what the bill represents, but I do not think that the two areas are speaking to each other. That is really important. The bill is at stage 1—an early stage—and I guess that there will be a lot of scrutiny, amendments and so on, but I really hope that some of the missing things that speak to the community wealth building agenda can be introduced.

The Convener: I understand that there is a working group on CSOs and CPOs, and I think that the Government has stated that those will be reviewed. Work is being done on that, so it might not need to be addressed in primary legislation, but you have made good points.

Iain Gulland, can you talk a bit about the idea of material banks and the potential for valuable materials for communities?

12:00

Iain Gulland: Going back to the issue of the circular economy, the obvious question is: how do we maximise the value of what we have? Everybody thinks about materials and products in that regard, but the buildings in our communities are clearly assets. As people have mentioned, the ones that are derelict or abandoned could be brought back into occupancy and be used by the community, but it is also important to note that they contain valuable materials, such as brick, steel, copper wire and all sorts of other stuff. They provide an opportunity for reuse if they can be refurbished, but the question is: how do we maximise the value of buildings? That goes for buildings that already exist and new buildings.

In relation to the circular economy, we are involved in getting people to understand what is in their buildings and the value of the materials while they are in use and when they reach the end of their lives, in terms of what they can be turned into. The materials that I am talking about might be part of the internal infrastructure, such as air conditioning units, but they might also be the actual bricks and so on, which could be reused locally by being reconstituted into another building.

I am talking about almost creating an asset register of our buildings to enable people to think not only about the buildings themselves and whether they could be refurbished but about what they are made of and whether the materials such as brickwork could be redeployed in new buildings. That involves thinking about the public realm and whether, instead of knocking something down and using the materials as aggregate, we could use parts of the building in new buildings. We are beginning to see a bit more imagination in that space. However, that is happening only in relation to individual projects; the plumbing that would make that approach part of the resource thinking at a local or regional level does not exist.

It is important to have that kind of creative thinking, so that we can understand exactly what we have. We should not think about the buildings just as potential piles of rubble or as things that must be turned into retail establishments or whatever; there is an approach in between those two ideas. We should get communities—not just in towns and cities but in rural areas, too—to start imagining the absolute value of their buildings and see them as material banks.

On infrastructure, I want to labour the point that Linda Somerville made earlier. Transport and energy were mentioned, but waste—to use that term—presents another massive infrastructure opportunity. The Circular Economy (Scotland) Bill and the circular economy route map will bring about transformational change not only in how we manage waste and resources but in how we view them in relation to climate change, material security, the supply chain and so on. The issue is fundamental to the inputs to our economy. It is not so much to do with the end of something's life; it is more to do with how we manage those materials so that we can use them to input to the economy.

The issue represents a massive opportunity for wealth building—I cannot labour that point enough. I cannot think of anything more extractive than our waste system. We take all of these materials—bottles, plastics, steel, rubble, buildings and so on—and extract them from our communities across Scotland. Those materials all go off somewhere else, and that value ends up elsewhere. However, in Scotland and across the globe, there will be a shift over the next five to 10 years. We are seen as one of the leaders in that regard, and we need to think about how we can maximise that shift as an opportunity for community wealth building in terms of jobs, value and ownership.

I was at an event in the Parliament where an economist called Ann Pettifor spoke about talking to communities that had invested in renewable wind installations but were not getting any benefit from them in terms of their power, because of the cost of energy and so on. She said that the question that they asked her in feedback was, "What's in this for us?" The same applies as we shift in the direction of net zero and the circular economy: our communities and citizens are saying, "This is all very well and it all makes sense, but what's in it for us?"

As we move to a circular economy and think about the changes to energy, transport and so on that will happen in a net zero world, we need to harness the opportunities that present themselves for the benefit of our citizens and communities. That needs to be designed in. I take the point that Angus Hardie made earlier: community wealth building is not just a blanket term for what is already happening; we need to replumb the economy so that community wealth building is fundamental to everything that we do. It is great to see that happening in the areas that Louise Kirk, Rob Davidson and others are involved in, but we need to cover the circular economy part, too, instead of just thinking about what is already happening in relation to energy and transport.

The Convener: It is tremendous that you mentioned waste and its value. There needs to be a shift in consciousness, because we do not really value it. I love the expression “There is no such thing as away.” We really need to shift our sense of what we value.

Iain Gulland: We are very good at collection. I congratulate all local authorities on their collection infrastructure. However, for every job there is in collecting materials for recycling, there are another eight jobs further up in the repurposing, remanufacturing and resupply of those materials back into the economy. The bulk of the material that we collect in Scotland—70 to 75 per cent—is exported out of Scotland. Other than glass and some organics, most of the material that we collect in Scotland is exported. Therefore, we export jobs, opportunities and value.

Somebody might say, “Okay, the material is getting kept out of landfill, so that is good for the environment, and we’re delivering on our climate targets.” However, we are losing economic opportunities. If there were eight jobs in recycling, there would be another 15 jobs in reuse and repair, and those would be local jobs.

The language that is used is very similar. The circular economy is a redistributive economy. It is not about extracting all those products and materials out of our communities to big factories in the middle of Scotland or wherever; it is about how we use those materials at the local level for economic and social opportunities.

That goes back to the point that that is already happening in Scotland. I am sure that members can point to such opportunities in their constituencies. How do we make that approach mainstream? How do we make it fundamental to the ecosystem that we want to have in Scotland, so that not just our places but our people can prosper?

The Convener: That is very true. I am aware of a lot of small initiatives that need tremendous support.

Mark Griffin indicated an interest in asking about net zero. I think that this would be a good time for him to come in, as Iain Gulland has started to talk about that.

Mark Griffin: We have skirted around the edges of net zero this morning, but Iain Gulland has honed in on the huge social and economic changes in train in the generation and consumption of heat and electricity. Those changes are about to ramp up, given the really challenging net zero ambitions and targets that we have in Scotland.

I have two questions. First, what is the role of community wealth building in achieving our challenging targets? Secondly, how do we shift away from our current economic models, with their generation and consumption of heat and power, to ones that are beneficial to communities? That is the more fundamental question.

Iain Gulland has kicked off on that subject. I will go back to him and then open up the questions to others around the table.

Iain Gulland: I am always taken by the fact that there are already good examples of community energy projects in Scotland. When we talk to individual citizens and communities, they all want to be part of achieving net zero. They want to do the right thing. It is said that people are not interested, but they are interested—believe me.

Individually, people want to take action on climate change. That is consistently a high priority for them among the things that they worry about and lose sleep over. It is consistently in the top five, if not the top three. They want to be part of that. I go back to the point that I made: this sounds dreadful, but they want something out of it for themselves and for their communities. That is it. They are part of the system. Whether we are talking about energy demand or consumption, recycling systems or transport and active travel, they want to be part of the approach, and they want something out of it.

It is about co-ownership. How can people be part of the delivery of infrastructure and services and see some of the financial and social benefits coming to them? Rather than just being users, how can they get something out of them? We see the most engagement with people in the communities that we work with in reuse and repair. They are much more active in that, rather than simply using the recycling services that are provided by local authorities or the private sector. It is about how we get them into the conversations early on and into design, delivery and ownership.

That goes back to Angus Hardie’s point. Sometimes, those people are the last ones who are asked. There is an assumption that they will use something or come along at the end of the day and be part of something, but they need to be part of it at the beginning. All the work that we have done has been about how communities have led on that, and we have really seen the benefits.

The Convener: Thank you for that. We definitely need to get communities and local people leading on these things.

Neil McInroy wants to come in, then I will bring in Angus Hardie.

Neil McInroy: It is a great question. Community wealth building is all about economic system change—change that is practical and focused and which happens a bit at a time. We talk a lot in community wealth building about wealth extraction, but fundamentally it is about material and resource use and extraction as well as being about wealth. It is about replumbing the economic system so that there is less wealth extraction and less material and resource use and extraction.

We have only to look at the history of our nation, from the Highland clearances to the oil and gas industry, to see that it is based on wealth, material and resource extraction. There is something fundamental about community wealth building as a practical corrective tool to end a nation's suffering that has resulted from wealth and resource extraction. What it actually says is that the wealth and resources of this country are ours, and that we need to make sure that they work for us, within planetary boundaries.

Let me take as an example a key foundational sector—wind and renewable energy. If we are talking about our net zero future, the fact is that we cannot use old tools to fix new problems. We cannot have a monolithic centralised system of control over energy. Ownership and control are key and need to be distributed. We are at an important inflection point: we have the massive opportunity to not go down the previous path of the Highland clearances and the oil and gas boom, when wealth and material resources were extracted and, instead, to repatriate the bounty from wind and other renewables to the Scottish people. They are things that we genuinely own.

I am talking about having not a Scottish energy company, but a Scots' energy company involving many communities throughout Scotland that own land and can produce and distribute energy to their communities and to Scotland as a whole. There could be mechanisms such as a co-ordinating network body at the Scotland national level. We will achieve net zero targets only by placing ownership and control more in our own hands, which will require less monolithic and less centralised energy systems, and will require something that is much more distributed in which we have a genuine stake.

Angus Hardie: As far as a centralised distribution system for energy is concerned, the horse might have already bolted. The UK Government is investing billions of pounds in National Grid infrastructure to take power down from Shetland, Orkney and the Western Isles into England. That activity is already under way. If community wealth building is about who owns economic activity and the assets that generate wealth, there is a real opportunity in that respect, but again, the approach needs to bleed across into other parts of Government activity.

The ownership of community renewables, or renewable energy, has dropped off a cliff in the past few years. In fact, it has just not happened, and that is because it is incredibly difficult to reach financial closure all the way through the process. That sort of thing needs to be made a lot easier.

There are incredible opportunities ranging from community benefit payments from private developers to shared ownership with private developers—which is increasingly on offer—but 100 per cent ownership is where the real gains happen.

Earlier, the convener mentioned the Western Isles and what is happening in some communities there. Those communities are generating millions of pounds, in relative terms; they are, in effect, community anchor institutions that are delivering real social good to their community and beyond. It almost calls into question who the local authority actually is. In that respect, I point to community trusts and what they have been developing. For example, in the Western Isles, the trust in the tiny community of Point and Sandwick issued a dividend of £3 million to its community last year, and that money is going to support community stuff and to improve lifestyles right across the Western Isles. The possibilities are amazing.

We have not yet established the community benefit of offshore renewables, but it should mean hundreds of millions of pounds going into the community. I point out that, as part of National Grid's investment in its infrastructure, there is a community benefit fund of well over £100 million. Substantial cash is sloshing around out there, waiting. We are not sure where it is going to go—if we are not careful, we are going to lose it—but we have a real opportunity to create a community wealth fund that could support community acquisition of assets, drive the agenda forward at the local level and put communities on the front foot. I asked earlier, "Where is the community voice in this?" A properly structured community wealth fund could support that.

12:15

The Convener: There would also be the distribution aspect. I have heard about communities in my region getting incredible wealth, while neighbouring communities have not. How do we make sure that everybody benefits?

I will bring in Rob Davidson and Matthew Brown, then go back to Mark Griffin for a final question.

Rob Davidson: I want to make three brief points to give you feedback from communities that we have spoken to about the prospect of shared ownership, rather than outright ownership. I hope that, if they are listening to this session, they will recognise what I say.

Those communities are really interested in shared ownership and see its benefits, but they are concerned about governance, risk and the ability to raise money, given the market's unfamiliarity with the opportunity that is available. Those three areas are, as far as they are concerned, potentially insurmountable barriers at this point, so they are being realistic and looking to all of us, collectively, to try to remove them so that they can make good on investment and managing the money that comes in. They are totally, and demonstrably, capable of doing that, given their track records and some of their brilliant achievements. They just want to be able to step up to the next level, and they are looking for our assistance to remove the potential blockages that they see in getting to that point.

The Convener: That was very helpful. We are certainly looking for ways of removing those blockages.

Matthew Brown wants to come in.

Matthew Brown: In response to Mark Griffin's question, I will say that this is, after all, a general election year, isn't it? Without getting into any party politics, I will just mention the debates about a GB energy company happening in the event of a change in Government. If there is such a change, that move will be linked to local power plans, which will support co-operative and community energy. That is quite interesting, in that it shows that the community wealth building debate seems to be getting on to the national stage, as people think about how the approach might be applied.

However, when it comes to tackling the climate crisis, we need a fundamental change in how we think. For example, the amount that is spent on advertising is very wasteful. As a society, we have become too materialistic in our thinking. We will tackle these issues by trying to change that way of thinking, but that will be hard for politicians because it will not always win votes. However, if we are serious about safeguarding future generations—our children and grandchildren—we cannot carry on doing as we are doing, with all this consumption and waste. The question is about how we deliver that change: community wealth building and community owned and publicly owned energy will be a step forward.

The Convener: You have certainly made a good point about the need to change our materialistic direction of travel. Tackling that will be very challenging for us, especially when everybody is looking at their screens and being told what they need next in their lives to make them brilliant.

Mark Griffin has another question.

Mark Griffin: My next question is on the national performance framework, a refreshed version of which is about to be considered by Parliament. How are community wealth building and the challenge of tackling inequality feeding into the national performance framework? What do we need to do to give those things more importance in the national framework and to encourage more development on the ground?

Neil McInroy: I was seconded into the Scottish Government for a while, when there were conversations around linking community wealth building with the wellbeing monitor and feeding all that into the NPF. However, I do not know where that work has got to.

In the separate work that I have been doing, I have seen that a range of national performance could fit in and around community wealth building, particularly with regard to the five pillars. In relation to finance, we could look at the percentage increase in ethical investment and lending, and at the decrease in the percentage of the population who are facing financial insecurity. I could go on, because a range of things could be done across all the pillars.

In other parts of the world, community wealth building lends itself to use of a suite of indicators and performance measures that would allow us to dig deep in working towards a different economic, social and environmental destination for our nation. Community wealth building lends itself to having the pillars, which are all themes; there are then indicators. All that can be aggregated into what a national performance framework should be. Personally, I would like community wealth building indicators to be lodged firmly within a broader suite of indicators in the national performance framework, because that would provide a route back to practice and to real change to people's lives.

The Convener: Do we therefore need to reverse engineer our national performance framework?

You mentioned planetary boundaries earlier. The sustainable development goals are embedded in the national performance framework, so there is an opportunity to look at doughnut economics—or whatever we want to call it—along with community wealth building. This conversation has been brilliant because it has pulled together a lot of strands, including those relating to the circular economy and the local government review.

Neil McInroy: That is a really good point; I am glad that you have brought that up.

I have looked extensively at the Welsh Government's adoption at the local level of wellbeing indicators that are linked to sustainable development goals. That is great and laudable, but the imperfection in that approach is that the indicators do not relate to concrete action on the ground. I would like to see the DNA and a strong spine, with us saying, "Here is what we're trying to achieve as a nation, here are the indicators, here is the practical policy and here is the practical action that relates to all that."

My perception is that, in Wales and in other countries around the world, including New Zealand, that have adopted the sustainable development goals, there is not the spinal connection that I am talking about. We need to be wary of there being a disconnect between the nation's aspirations and what the hell we are actually going to be doing. As an advocate and an evangelist for community wealth building I would say this, but I believe that community wealth building provides that connection, because it is rooted in fair work, economic democracy and other key elements of the pillars.

Stephanie Callaghan: What you have said brought to mind a local company in my constituency, ACS Clothing, which some of you might have heard of. It started off by providing kilt hire and such things, but it has now shifted to looking at access to ownership and the circular economy. In its work and recruitment processes, it deliberately targets refugees, neurodivergent people, older people, people with disabilities and people with criminal records, who can find it quite hard to get work. What opportunities might there be to promote such approaches to help to reduce inequality?

Neil McInroy: What a lovely example. I would like to know more about that.

I am an advocate for plural and inclusive forms of ownership—incidentally, I am the independent chair of the review into inclusive business models in Scotland, as part of action 44 of the national strategy for economic transformation. We know that in organisations in which there is a deeper level of worker or community control and ownership, there tend to be greater levels of humanity, decency and common sense. The example from California that I gave earlier is indicative of that. An economy that has a high percentage of inclusive ownership models will, on balance, be more decent, fair and green, so we need to encourage such models.

I am sure that the company that Stephanie Callaghan mentioned managed to achieve its successes, in part, in spite of the system. We need an economic system that makes it really easy for such companies to do what it has done.

The Convener: I thank Stephanie Callaghan for bringing up that example.

I will bring in Linda Somerville then Iain Gulland, then we will have to wrap up this incredible conversation.

Linda Somerville: I will come back to the point about national performance indicators. I mentioned collective sectoral bargaining earlier, which we still need to look at in the context of community wealth building and fair work. Much more evaluation could be done of pay in Scotland, and of secure and insecure work and how we move away from the latter.

What jobs are destined to be with us no longer? When we think about the just transition, we can earmark some jobs that will no longer be around. We need to think about how we ensure that the potential for pluralist ownership models in energy and other infrastructure is realised so that there are good-quality green jobs for the future and we can give people the skills for them. That can be done at regional level as well as national level.

We also want to look at pay gaps. The latest figures show that the disability pay gap in Scotland has widened, so we need more nuanced information on where the gaps are in pay and pay structures, and the difficulties within that.

We keep coming back to the point that strong trade unions mean that we will end up with better pay and better terms and conditions. We find that, while in-work poverty is a huge issue, the terms and conditions that people are having to work under are also an issue. That is especially the case since Covid, as workforces have shrunk, especially in some areas of the public sector, and the people who are left are being asked to do more and more. For them to then take on new initiatives feels like a step too far.

There is an issue with resourcing; I know that we said that it is not always about resourcing, but sometimes it is. The analysis of responses to the community wealth building consultation says that there is a very strong view that

> "a structural transformation of the scale envisaged in the consultation paper is likely to require significant additional resources".

Local authorities will not be able to do that if they have, for example, taken on one community wealth building person who has now gone part time. They are not going to make that change unless there is a change in the direction of travel in political leadership and funding.

I will quickly reflect on another specific point. We have talked about housing and land. When we talk about wealth, we would like the Scottish Government to evaluate that wealth. Oban is trying to do that on its own, and I have tried it on a smaller scale in other places. How do we know where the wealth lies? We have not evaluated our property in Scotland for a very long time. Council tax bands have not been re-evaluated for decades, and we do not have a land ownership map. In addition, we do not know what the wealth in that land amounts to.

There is a role for housing when we look at our communities. One of the biggest areas that developers are throwing money at is purpose-built student accommodation. What is the impact of that? Universities, as anchor institutions, have a role in that context, to say what they want and where they want their students to be housed in communities. Students do not want to live in that type of accommodation—they would prefer to be part of a community. There is a tension in communities when they see that the only shiny new thing that is being developed is often owned entirely abroad and is not part of their own community.

My last point is that if we want people to have agency in communities and in workplaces to take part in community wealth building, they need the capacity to do so. That is partly our job, as trade unions. Trade union education is about getting people organised in workplaces to enable them to take part, but we need to ensure that trade unions have access to workplaces and that they work with employers on data sharing in order to ask where jobs are being created and how unions can be involved.

With communities, we are asking a lot from people who are already pretty knackered. We are asking them to take part in things and to have agency. Often, it comes down to individuals who can step up. Who has the privilege to take time away from work commitments, family, home and caring responsibilities, along with having the physical and mental abilities to take part? We are asking quite a lot, and there is sometimes an imbalance. When we ask people to volunteer, only certain sections of society can actually participate.

One thing that would help in that regard is putting funding not only into community development, as we see in some smaller places, but specifically into community organising. Sometimes communities come together over one thing, and when that is either won or lost—it can be either of those outcomes—the togetherness dissipates. It will have been a transactional thing: people all got together to save a thing, or to do a thing, or to stop a service leaving. They either win or lose, then they walk away. Community organising allows not just for a transactional approach, but for a much more transformational approach that is longer lasting.

In England and Wales, ironically, the UK Government gives funding to an organisation called Community Organisers, but we have nothing like that in Scotland; there is no such funding available. Research came out recently about the amount of money that goes into community projects, but it does not go into community organising. We should look at that as a recommendation.

12:30

The Convener: Yes—absolutely. We need the soft infrastructure. I will bring in Iain Gulland, then close this evidence session, because the committee still has a few little things to do and I know that colleagues need to get to other places.

Iain Gulland: We know ACS Clothing very well. It is kind of the poster boy for the circular economy in Scotland. I found what Stephanie Callaghan said interesting, because quite a few businesses that we work with similarly employ refugees and asylum seekers who have come to the country, and have come with skills. When we talk about the circular economy, we think in particular about reuse and repair. For example, ACS Clothing has to repair some of the kilts, jackets and other clothing that come back to it.

People say, “We don’t have the skills any more” or “We’ve lost those skills in our communities.” There is a degree of truth in that, although there is investment in skills, but people such as refugees, asylum seekers and ex-offenders have skills that are valuable to the new economy that we are discussing. They have something to bring, and we should be promoting that. When we talk about the circular economy, people ask where the skills lie. They lie in the totality of our communities, not just in specific individuals who have been to college or have done training courses.

The Convener: Okay. Gosh! What a brilliant conversation. I feel that, in a way, we have just scratched the surface, but we got to some very useful points. The reason for our conversation was that a community wealth building bill is coming and we wanted to consider whether there is a need for such legislation. I think that it has become clear that there is, but we have also heard about the shift in culture and consciousness, in a way, to do with co-operation, collaboration, working together and communities leading. There is lots for us to take away. I think that we will get back to some of you, or maybe all of you, for a bit more detail. We have had a very rich discussion this morning. Thanks for letting us go on for quite a bit longer than we planned.

I suspend the meeting briefly to allow our witnesses to leave the room.

12:32

Meeting suspended.

12:34

On resuming—

Subordinate Legislation

Non-Domestic Rates (Islands and Remote Areas Hospitality Relief) (Scotland) Regulations 2024 (SSI 2024/55)

Non-Domestic Rates (Transitional Relief) (Scotland) Amendment Regulations 2024 (SSI 2024/59)

The Convener: The next agenda item is consideration of two negative Scottish statutory instruments. There is no requirement for the committee to make any recommendation on negative instruments.

As no member has any comments, does the committee agree that we do not wish to make any recommendation in relation to the instruments?

Members *indicated agreement.*

The Convener: Thank you. We previously agreed to take the next item in private.

12:35

Meeting continued in private until 12:41.

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