

The Community Wealth Building Bill

Evidence prepared by WEAll Scotland for the Economy and Fair Work Committee in response to the call for views on the proposed Community Wealth Building (Scotland) Bill, May 2025

Introduction

The Wellbeing Economy Alliance Scotland (WEAll Scotland) is Scotland's leading network of organisations and individuals committed to transforming our economy. We are working together to create a Wellbeing Economy in Scotland where people and planet can thrive.

Right now our economy is not working for most people. The wealth created in our economy is not distributed fairly, leaving too many people trapped in poverty and worried about the future. At the same time, the way we produce, transport and consume goods and services is driving the planet ever closer to environmental breakdown. We need to redesign our economy to prioritise social justice on a healthy planet.

Why we welcome the Bill

Community wealth building presents a powerful strategy for economic redesign towards a Wellbeing Economy, because it is focused on ensuring that we create environmentally and socially sustainable wealth in Scotland and that this wealth is fairly distributed across and within communities.

We welcome the Scottish Government's proposed Community Wealth Building (Scotland) Bill aimed at accelerating and streamlining the rollout of community wealth building in Scotland, building on the pioneering work that is already underway in several local authorities and local anchor institutions, such as the work done by Public Health Scotland with local health boards.

We particularly welcome:

- the aim to "reduce economic and wealth inequality between individuals and communities in and across Scotland", because this inequality in wealth is one of the main barriers to achieving the goals of a Wellbeing Economy.^{1,2}

- the focus on “promoting or supporting the development of employee-owned businesses, co-operatives or social enterprise”, because such enterprises have an intrinsic ability to reduce inequalities and build a Wellbeing Economy.³
- The need for “diversifying ownership of land or other assets by facilitating or supporting community ownership”, because the evidence shows that community ownership over local land and other assets is the best way to foster and just transition and wellbeing in communities.^{4,5}

Recommendations for strengthening the Bill

There are several areas in which we recommend the Bill to be strengthened in order for it to reach its full potential to catalyse economic development towards a Wellbeing Economy. These relate to both the Bill itself, as well as its integration with wider government strategies and actions.

Recommendations for strengthening the Bill

1) Reference partnership with the private and third sector

Community wealth building can only be delivered effectively if the public sector works in partnership with the third and private sector, especially those anchor organisations that are firmly rooted in their local communities, such as Universities or local development trusts. Currently the Bill does not mention these. While we recognise that the Bill should not put duties on such organisations, we recommend that it is amended to include a reference to such partnership working. For example this could be done by inserting extra points under sections 1(3) and 5(5) specifying collaborative working with relevant private and third sector organisations.

2) Strengthen the requirements for consultation of citizens and communities

The Community Wealth Building Action plans will fail if they are developed simply as a top-down exercise by the Community Wealth Partners. In order to ensure that the plans are aligned with local needs they should be developed using meaningful participation of the communities and citizens affected. While the Bill specifies that local authorities must “consult” affected citizens in the preparation of the plan, we are concerned that this language is too weak and will not ensure that consultation processes will reach the necessary breadth and depth and the voices of those that are at the sharp end of our current economic system. We therefore recommend for this language to be strengthened.

3) Change the goal to achieve *collective wellbeing within planetary boundaries* and link it to the National Performance Framework

As it stands, the Community Wealth Building Statement in the Bill features two key goals. We welcome the first goal focused on reducing economic and wealth inequality as outlined above. But we consider the second goal to support “economic growth in and across Scotland” to be counterproductive for two reasons.

Firstly, community wealth building can make a powerful contribution to increasing the wellbeing and quality of life of people across Scotland, especially those who are currently struggling. Such improvements in wellbeing should be a key goal of the Bill. But economic growth, as conventionally measured by gross domestic product (GDP), is not a good measure for this kind of progress. It omits many kinds of wealth that are crucial for wellbeing (e.g. unpaid care work or environmental health) and counts other economic activities with negative impacts on wellbeing (e.g. pollution).¹

We are concerned that elevating economic growth to the same level as reducing inequality will introduce practical tensions in the Bill that will hinder its implementation. For example:

- The development of a local woodland into warehouses might produce benefits in terms of GDP but, on balance, it could have a negative impact on the wellbeing of the local community. Community wealth building should favour the preservation of the woodland, but the inclusion of economic growth as a goal would create perverse incentives for decision makers.
- The development of inclusive and democratic local businesses to fill local needs, such as local care cooperatives, might take longer than the establishment of more conventional and shareholder-owned businesses, but it would be more sustainable in the long-term and create more local wealth. A focus on economic growth may lead to the pursuit of the faster option, even though it is less aligned with community wealth building principles.

Secondly, we are concerned that the Bill does not make any reference to the climate and nature emergencies. These emergencies are threatening the viability of life for future generations of people in Scotland and beyond. But the transition to a sustainable economy also brings lots of opportunities for increasing wellbeing. Any economic development opportunities should therefore be framed against this context.

We recommend that the reference to economic growth should be replaced with a reference to “long-term, collective wellbeing within planetary boundaries”. This would also facilitate the legislation to be linked to the vision of collective wellbeing and the national outcomes set out in the National Performance Framework, aligning the duties in the Bill with the duties in other legislation.

4) Reference the transformative power of tax

We are concerned that the Bill does not mention the potential of taxes to further community wealth building goals. The devolved tax powers of the Scottish Government, albeit limited, offer plenty of scope to make the Scottish economy fairer and deliver much-needed investments in environmental protection and public services that can be leveraged to build community wealth.⁶

For example, a well implemented land value tax can boost the ability of communities to acquire land for community wealth building, by making more land available, reducing land prices and raising funds.

We therefore recommend to include a reference to taxation in the list of measures given under Section 1 (3), for example suggesting “using devolved tax powers to reduce wealth inequality and support investment into communities”.

5) Include Community Wealth Building partners in the list of specified bodies

The Bill sets out two different sets of public bodies with different duties. The first set of bodies are labelled as “Community Wealth Building Partners” and they will have the duty to collectively develop a Community Wealth Building Plan for a specific area. The second set of public bodies is listed as “specified bodies” and has to consider community wealth building guidance when developing their corporate plans.

As outlined above, community wealth building can only succeed if it becomes a core tenet of public bodies and the Scottish Government, rather than simply an add-on. The Community Wealth Building Partners are recognised as those public bodies that have the biggest potential for shaping their local economy. We would therefore suggest that these public bodies are also added to the list of specified bodies, to ensure that they consider community wealth building across all of their work. Otherwise there is a risk that community wealth building will simply be the subject of a minimalist plan and will not be embedded across the work of these important public bodies.

Recommendations for the wider implementation of the Bill

1) Ensuring support for capacity building and implementation

New duties and action plans on their own will not lead to real change without adequate support for public bodies both in terms of knowledge and financial resources. It is important that the passing of the Bill is accompanied by increased resources from the Scottish Government to public bodies as well as the creation of a strong infrastructure for supporting and developing the knowledge and tools needed. The Community Wealth Building Centre for Excellence launched by the Economic

Development Association Scotland and the Scottish Government's new Economic Democracy Group are a good start, but they won't be sufficient in their current form and will need to be properly resourced.

2) Integration with other policy priorities at the national and local level

Community wealth building cannot succeed if it is seen as separate to other economic strategies and to other policy areas. It will only work if it becomes a core tenet of all economic policy at the national and local level, and if it is integrated with other key policy areas. Otherwise there is a risk that community wealth building will, at best, become a small add-on to conventional economic policy, or, at worst, will be actively hindered by national economic and other policies. For example:

- Too strong a focus on foreign direct investment in national economic policy will be counterproductive to community wealth building efforts as it will facilitate the outflow of wealth out of Scotland and will locate the control over local economic development far away from its impacts.⁷
- Just transition plans and strategies should be built around community wealth building principles in order to ensure that the new wealth created in the transition to a green economy stays in Scotland and reaches those people and communities that need it most.⁴ The same applies for any strategies for making the economy more circular.
- The high concentration of land ownership in Scotland is a key barrier to developing community wealth building and the weaknesses of current mechanisms to diversify land ownership are well documented.⁸ Community wealth building will only succeed if it is accompanied by the strengthening of land reform legislation well beyond current proposals and by simplifying the Community Right-to-Buy.

This briefing was prepared by Dr. Lukas Bunse. For any questions please get in touch with Lukas at lukas@scotland.weall.org.

References

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