

Agenda Item	11
Report No	HC/19/23

HIGHLAND COUNCIL

Committee: Highland Council

Date: 29 June 2023

Report Title: Developing a Community Wealth Building Strategy

Report By: Interim Depute Chief Executive

1 Purpose/Executive Summary

- 1.1 This report provides an introduction to the background and principles of Community Wealth Building; the work already being undertaken which contributes towards community wealth building; and an update on the proposed approach being taken to develop a Community Wealth Building Strategy for Highland Council.

2 Recommendations

- 2.1 Members are asked to:-
- i. **Note** the background to Community Wealth Building and the work already being undertaken which contributes to this approach; and
 - ii. **Agree** the proposed approach for developing a Community Wealth Building strategy for Highland Council set out in Section 6.

3 Implications

- 3.1 **Resource** – The development of the Community Wealth Building strategy will be managed within existing budgets. Resource implications will be part of the consideration in developing the action plan that will sit alongside the strategy.
- 3.2 **Legal** – No immediate legal implications however it is anticipated that the Scottish Government may introduce a duty related to Community Wealth Building in the future.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – Community Wealth Building places fair outcomes for communities at the heart of its principles and seeks to reduce inequalities and socio-economic disadvantage. An integrated impact assessment will be undertaken as part of the development of the strategy and will inform the direction of the strategy and associated actions.

- 3.4 **Climate Change / Carbon Clever** – The Community Wealth Building strategy will contribute to taking action on the climate and ecological emergency and the transition to net zero and is included in the Net Zero Strategy under the Procurement Theme.
- 3.5 **Risk (including Health & Safety risks arising from changes to plant, equipment, process or people)** – Community Wealth Building encompasses a considerable range of activity. The development of the strategy will need to consider the short, medium and long term priority actions required to support the strategy. Resource implications will be an important factor in informing this prioritisation/delivery. It is also important to note that whilst elements of community wealth building are directly at the hands of the Council, partnership working will be fundamental to realising other benefits.
- 3.6 **Gaelic** – No direct implications arising.

4 Background – *What is Community Wealth building?*

- 4.1 The Corporate Plan 2022-27 (priority 2.11) commits the Council to working with partners to develop a Community Wealth Building (CWB) strategy. The Council faces a range of social, economic and environmental challenges. These will not be solved by traditional approaches to economic development which are based on the presumption that as the economy grows, wealth is generated for all. It is now widely recognised that what often happens is that wealth generated through local economic activity either goes out with the local area or is enjoyed by a minority rather than the majority.
- 4.2 CWB provides an alternative approach and a practical response that aims to limit the leakage of wealth out of the local area. It is often described as a people centred approach to economic development and The Scottish Government has adopted the internationally recognised CWB approach as part of its National Strategy for Economic Transformation (NSET).
- 4.3 The NSET explains that Community Wealth Building “will use public and private investment through procurement and other means to create new employment opportunities, help local businesses to expand, and place more assets in the hands of local people and communities.” By doing so the expectation is that every region and community in Scotland can participate in, and benefit from, economic activity.
- 4.4 CWB is not seen as an ‘add-on’ to existing economic development strategies and does not seek only to alleviate the negative effects of inequality and the extraction of wealth from local communities. It is also not regeneration or place-making under a different name. It is an economic development model to provide strategic clarity by offering a practical framework which pulls all existing policies and actions together, creating a coherent strategy to maximise the impact of investment in local areas and support more local ownership of assets and wealth.

4.5 There are 5 Pillars of Community Wealth Building as detailed within **Appendix 1:-**

- i) Fair employment and labour markets – this includes the living wage, removing barriers to employment, diverse workforce;
- ii) Use of land and property – this includes building affordable housing, supporting Community Asset Transfer, using land to develop low carbon and renewable energy schemes;
- iii) Inclusive Ownership – this includes developing and supporting a range of business models such as cooperatives, social enterprises and employee ownership;
- iv) Anchor Organisation Spending – this includes public sector buying locally and helping to develop local supply chains; and
- v) Making financial power work for local places – this includes local investment opportunities.

5 The Highland Council – Anchor Organisation

5.1 A key part of community wealth building is to use the economic power of large, locally-rooted organisations – commonly referred to as anchor organisations. They are public, commercial, and third sector organisations with a significant presence and stake in the local community. These include local authorities, public bodies, colleges, universities, hospitals, schools, housing associations, community and social enterprises and private businesses. As large employers, purchasers of goods and services, and owners of land and property, these anchors exert significant influence on the local economy and labour market. If anchor organisations work together, they can have a transformative effect on the prosperity and wellbeing of their local communities.

5.2 The Council already undertakes and supports a diverse range of activity across the five interlinked pillars (above and within Appendix 1) of CWB activity.

5.3 **Inclusive Ownership: Developing more local and inclusive enterprises which generate community wealth, including social enterprise, employee-owned firms and co-operatives.**

5.3.1 The Council's business development service supports Highland based businesses to start-up and grow with a package of grant and loan finance accompanied by core and specialist advisory support through the Council's Business Gateway service.

5.3.2 Case Study - Loch Ness Hub: In 2021 the local community took ownership of the tourist information centre at Drumnadrochit from Highland Council. This took place as a Community Asset Transfer (further detailed at 5.7.2) and involved raising £110,000 through community shares and funding from a range of public and charitable agencies.

5.3.3 In the process a community benefit company, Loch Ness Hub, was set up (<https://lochnesshub.com/>). The new Hub has developed the local service offer which includes E-Bike hire, promotion of sustainable and active transport, baggage and shuttle transfers and purchase of Loch Ness Travel.

- 5.3.4 The benefits of this community-owned asset include local job creation, the establishment of a community transport hub, and the generation of wider economic activity in the area. Meanwhile profits are invested back into the local community rather than to distant shareholders.
- 5.4 **Spending: Maximising community and business benefits through procurement and commissioning, developing good enterprises, Fair Work and shorter supply chains.**
- 5.4.1 The procurement and commissioning of goods and services by local authorities and key anchor institutions is a crucial lever in the building of community wealth. It is vital the Council uses its purchasing power to deliver economic, social, and environmental justice through progressive procurement and commissioning of goods and services. This approach includes increasing levels of spend with local organisations and small to medium sized enterprises (SMES).
- 5.4.2 In December 2022, the Council appointed a dedicated Community Benefits Manager. The primary purpose of this role is to maximise community benefit opportunities across all procurement activity. The delivery of benefits in this context aims to increase prosperity that contributes to economic growth, reduces inequality, benefits all sections of society and helps to minimise impacts on the environment.
- 5.4.3 This will be achieved through the development of a Highland specific ‘Sustainable Procurement and Community Benefit Strategy’ which will focus on meeting the needs of the Council, our communities, and suppliers, whilst linked to the strategic objectives of the Council, Scotland’s National Performance Framework and the Highland Local Outcome Improvement Plan (LOIP).
- 5.5 **Finance: Ensuring that flows of investment and financial institutions work for local people, communities and businesses.**
- 5.5.1 Highland Opportunity (Investments) Limited is a recognised and valued provider of business loan finance and is part of the Highland Council’s business development service. HOIL Loan Fund is self-financing, thereby investing in Highland businesses in perpetuity.
- 5.5.2 The overarching purpose of HOIL is to provide accessible business finance and advice to small and medium sized enterprises (SMEs) that are based in the Highlands. The aim is to support Highland based businesses to start up and grow and contribute to a thriving and sustainable Highland and Scottish economy.
- 5.5.3 In addition to its own Loan Fund, HOIL also delivers a loan scheme on behalf of the Highland Council. A £500k Community Loan Fund offers loan support for community companies, enterprises and community bodies within the Highland Council area.

5.5.4 **Case Study:** In 2017 the owners of Durness Bus Company Limited (TBDL) announced they were moving out of the area. However, they wanted the business to continue under local ownership, thereby continuing to provide an excellent level of service at a fair rate and be a good employer, safeguarding jobs in the local area. The business was subsequently offered for sale to a long-term employee of the TBDL. With the aid of a £50,000 HOIL loan, repayable over a 3-year term, the vision was successfully realised.

5.6 Workforce: Increasing Fair Work and developing local labour markets that support the prosperity and wellbeing of communities.

5.6.1 In December 2019, the Highland Council achieved Living Wage accreditation. The Council employs just over 10,270 staff across the Highland area and also applies the living wage rate to apprentices. The accreditation includes an ongoing commitment to encourage contractors to also pay their workers the real Living Wage rate through our procurement processes.

5.6.2 The accreditation provides social and economic benefits to workers in the Highlands where wages in remote and rural areas in particular are below the national average.

5.6.3 Highland Council's Employability Service is a key member of the Highland Employability Partnership (HEP) and works with individuals and employers with the aim of raising as many Highland residents as possible out of poverty through sustainable and fair work; supporting those who face multiple barriers into employment and enabling progression out of poverty for those who are already in work.

5.6.4 A further strand in reducing barriers to employment is delivered through schools with the Developing the Young Workforce and My Future My Success programmes. The DYW plan is focused around 4 key outcomes related to improving school leaver destinations, developing skills and experiences linked to pupil aspiration and economic growth areas, widening vocational qualification options and empowering young people.

5.7 Land and property: Growing social, ecological, financial and economic value that local communities gain from land and property assets.

5.7.1 The Council has recently agreed both a [Local Housing Strategy](#) and a [Strategic Housing Investment Plan](#) for 2023-2028. This sets out the Council's commitment and approach to developing affordable housing for communities across the Highland area and will assist in delivering the Scottish Government's Affordable Housing Investment Programme. The Council is committed to delivering an average of 660 new affordable homes per annum of which approximately 70% will be for affordable rent and 30% for intermediate affordable housing (e.g., low-cost home ownership or mid-market rent). The number of units receiving tender approval during 2022/23 was 520 and the number of completions 525. There were 404 site starts by the end of March 2023.

- 5.7.2 The Council has a well-developed Community Asset Transfer (CAT) process to support communities to lease or take ownership of Council owned land or buildings. Since the introduction of the Community Empowerment Act in 2017, the Council has agreed to 45 transfers across Highland. The approach has been reviewed twice since its introduction in order to improve the experience and process for communities and encourage greater community ownership. The introduction of the community loans fund outlined at para. 5.5.3 supports the CAT approach.
- 5.7.3 Case Study: Thomas Telford Corpach Marina: At the entrance to the Caledonian Canal, Fort William is Scotland's latest marina development. The £3.7m state of the art facilities offer a sheltered, all-weather, fully accessible marina and public slipway, with berths for 45 yachts and motor vessels plus small day boats, café, and amenities.
- 5.7.4 The marina has been developed with a partnership approach by ambitious community volunteers from Caol Regeneration Company, supported by The Highland Council, Scottish Government, HIE, Crown Estate Scotland, MOWI, SSE and many other local businesses and organisations.
- 5.7.5 The development aligns with the new Scottish Marine Tourism Strategy 'Giant Strides 2020-2025', which represents the next evolution of the successful 'Awakening the Giant' strategy. The Corpach Marina embodies the ambitious opportunities within the 'Giant Strides 2020-2025' strategy by broadening socio-economic growth opportunities for marine tourism, sustainable employment, and the wider economic benefits within the 'Fort William 2040' (FW2040) masterplan which incorporates the importance of water and the need to take full advantage of existing water assets to support industry, tourism, and communities.
- 5.7.6 According to the Economic Value of Boating Tourism in Scotland Survey 2022, sailing /boating is estimated to contribute £84m in Gross Value Added (GVA) and 3,100 Full Time Equivalent (FTE) jobs – many in rural and fragile coastal communities.
- 5.8 Whilst the range of activity detailed above is positive and they are all good things to do individually, CWB is not intended to be simply a collection of progressive policies or activity. Rather, it is aimed at creating a dynamic relationship across and among a set of complementary local policies and actions that work toward a tipping point to produce systematic local change.
- 5.9 It is also important to stress that whilst the public sector has a key role in enabling conditions for an inclusive economy, the private, third and cooperative sector also play a key function in delivering jobs and creating economic wellbeing.

6 Next Steps

- 6.1 Adopting Community Wealth Building involves developing and agreeing a CWB strategy which will include setting out the vision and outcomes that the Council wishes to embed through this approach. Whilst there are a range of actions the Council is already taking to deliver against CWB, it is acknowledged that more is required, and it is proposed that the Strategy is supported by an action plan which will set out how to progress this approach further.

- 6.2 Whilst it is acknowledged that partnership is essential to progressing CWB across Highland for the good of all communities, it is proposed at this stage that the Council develops its own CWB strategy with the aspiration that this evolves into a partnership strategy in future years.
- 6.3 The following steps (based on best practice) are proposed to deliver the Council's strategy:-
- Map what the Council already does that supports Community Wealth Building, under each of the 5 pillars.
This will include how the Council is using land and property assets; how it procures and commissions services; how much it knows about its supplier base; where does the spend go; the Council's application of Fair Work principles as an employer/commissioner of goods and services.
 - Seek available guidance and best practice on CWB and understanding how this aligns to the Council's own needs and goals.
This will include accessing/commissioning external experts to assist with internal (officer and member) and external engagement.
 - Seek to engage with other local anchor institutions to create a working group.
Existing Community Planning Partnership structures may facilitate this. This will seek to inform the Council's strategy and opportunities for collaborative working but also with a view to the future development of a CWB strategy for Highland.
 - Engagement
This will include engaging with community organisations across Highland to understand broader community aspirations related to community wealth building; and engaging with Members to inform the vision and outcomes for the strategy.
 - Consider and develop appropriate metrics including the establishment of baselining to enable Council to measure progress, and link objectives to available organisational capacity and resource.
This will include exploring how best to link to with Community Planning Partnership and/or Highland Outcome Improvement Plan objectives; and engaging with the 5 CWB pilot authorities (Clackmannanshire, Fife, Glasgow City Region, South of Scotland and Western Isles) and the Ayrshire councils that are delivering CWB through the Ayrshire Growth Deal.
 - Development of actions to be detailed within the action plan
- 6.4 A cross-service officer working group to include representatives with an interest in and influence over the 5 pillars of CWB will develop this work.
- 6.5 It is proposed that a Members' Workshop is held in the autumn to progress engagement on the development of the Strategy. This will allow time for officers to take forward a number of the steps outlined above, including mapping of existing Council activity and consideration of good practice from elsewhere. A follow-up session will provide an opportunity to review the proposed actions and alignment with Council priorities.

6.6 Following this, a draft Strategy will be developed, with a view to a wider consultation taking place towards the end of the year. It is proposed the final strategy and associated action plan will be presented to Members for approval in March 2024.

Designation: Interim Depute Chief Executive

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Five pillars of community wealth building (Economic Development Association Scotland & Centre for Local Economic Strategies, 2023)

