

Call for Views: Advisory Group on Economic Recovery

Introduction

Community Land Scotland is the membership organisation for Scotland's community landowning development trusts. We welcome the opportunity to provide our views on ways to enable Scotland's economy to recover swiftly from the Covid-19 pandemic and emerge in a stronger and more resilient state. We consider land reform, defined by the Scottish Government-appointed Land Reform Review Group (LRRG) as "*measures that modify or change the arrangements governing the possession and use of land in Scotland in the public interest*", to be a vital component of economic recovery in the short, medium and long term. That is because how Scotland's land is owned and used is central to achieving the UN's Sustainable Development Goals which underpin Scotland's National Performance Framework.

In essence, land reform as a process to aid Scotland's economic recovery involves making changes to three elements of Scotland's land tenure system: **property laws** governing land ownership (*e.g. introduction of Community Rights to Buy*); **regulatory laws** governing land use (*e.g. changes to the land-use planning system; environmental designations etc.*); and **non-statutory public sector measures** (*e.g. fiscal measures including taxation, grants, subsidies etc.*) to influence how land is owned and used in the public interest and for the common good. We consequently deploy land reform as the 'policy lens' informing and underpinning our views on issues discussed in the remainder of our submission.

What will be the shape and form of the recovery from the crisis and the what will be the implications for the future growth and structure of the economy?

Recovering from the economic crisis precipitated by the pandemic offers an opportunity to increase the resilience of both urban and rural communities as the fundamental underpinning of a greener, fairer and more sustainable society in Scotland. The issues of how land is owned and used and who benefits economically from these arrangements must be positioned front and centre on the journey towards economic recovery. We already know from research undertaken by the Scottish Land Commission in 2019 that the monopolistic effects of large-scale and concentrated rural landownership significantly erode the economic and social fabric of communities living under such conditions; undermining their access to secure employment, affordable housing and services provision to enhance the sustainability of their places and their sense of wellbeing. We know too from ongoing Scottish Government-funded research by The James Hutton Institute that many areas of rural Scotland face deep-seated demographic challenges associated with simultaneously shrinking and ageing populations that have serious implications for their long-term sustainability.

A major element of the journey towards post-Covid economic recovery therefore necessitates fashioning a '*Rural New Deal*' for Scotland that tackles these structurally damaging issues of concentrated land ownership and unsustainable demographic change. That requires bold and imaginative policy thinking about how land reform can make a full contribution to the economic recovery. Applying legislative and fiscal policy levers to diversify rural Scotland's highly concentrated pattern of land ownership should be the cornerstone of the '*Rural New Deal*'. The benefits of doing so will be considerable. Diversifying how land and other natural assets such as forests and marine resources are owned and used will help deliver the climate change mitigation and adaptation, affordable housing, employment creation, and population retention and growth that are essential to the sustainability of our rural places whilst simultaneously generating wider economic, environmental and social public benefits.

Community Land Scotland is strongly of the view that Scotland's rural and urban land assets should be domestically owned where possible; ideally with a much larger proportion of land and associated assets under community ownership, given the proven economic, social and environmental benefits that the community ownership model delivers. We need to ensure that the economic benefits from Scotland's land resources are shared more equitably within local communities as a matter of social justice, while also ensuring that the wider public benefits generated by these resources are safeguarded and promoted. Applying a public interest test as regards the suitability of prospective private purchasers of land over a certain scale is one legislative option which would help address these issues. It's an option to which the Scottish Government has signalled its commitment in principle.

Beyond legislative change, Scotland needs a reconfigured fiscal system that proactively encourages land ownership diversification as a means of unlocking the full potential of rural and urban communities to both contribute to, and experience, a post-Covid economy that places fairness, sustainability and wellbeing at its heart. Serious consideration should be given to the application of a Land Value Tax and exploring the use of other fiscal measures to reduce inflated land values in Scotland that impede diversification of land ownership as a route towards place-making that links climate justice, community empowerment and sustainable development.

Such an approach would fit well with the Scottish Government's commitment to normalising community ownership as an ownership model leading to sustainable economic growth within the broader frame of the UN's Sustainable Development Goals. We would also encourage the Advisory Group to consider innovative ways to generate funds through existing tax measures in support of that diversification of ownership; for example, by introducing a supplementary charge to the Land and Buildings Transactions Tax for private sales of rural estates over specific sizes, with the generated revenue being used in addition to support from the Scottish Land Fund to help finance community buyouts and provide ongoing revenue support. More generally, Scotland should seek to apply international lessons regarding progressive approaches to land reform in the service of economic recovery as appropriate.

What are the medium- to long-term consequences of the lockdown on businesses, including loss of employees, debt overhang, loss of markets, reduced investment and unemployment?

The medium to long-term consequences of the lockdown on businesses are likely to be significant. However, they are also likely to be unevenly distributed, both regionally and by business sector. One obvious example of that relates to the hospitality sector generally, and as it relates to the tourism industry in particular. The impacts of the pandemic on that sector within rural areas – where tourism is a mainstay of local and regional economies – are likely to be especially severe. The consequences are also likely to be particularly severe for micro-businesses that make up a sizable proportion of the rural economy.

Many of the Community Trusts that comprise our Membership are significant employers within their local communities and are engaged in a wide range of revenue-generating business activities (e.g. tourism accommodation, hospitality, heritage facilities, commercial business space rental, local services such as shops and petrol pumps) which have been significantly undermined by the Covid-19 pandemic. These services are essential to the wellbeing of these local communities and it is therefore crucial that they receive an appropriate level of support during the post-pandemic recovery period to enable them to continue to function effectively for the benefit of their communities and the wider economy.

What will the implications of the recovery be for different groups, unemployment and on the nature of work? How is the recovery likely to impact on socio-economic inequality as a whole?

The impacts of the pandemic reinforce the need for community-led development of places. There are many emerging examples of community land and asset owners in urban and rural places taking the lead in

responding to the crisis through the delivery of vital services and other support. Many of our Member organisations are playing a key role in the recovery of their local economies. Some plan to set up incubation spaces for local businesses to support the recovery. Others have been sourcing food locally, both for shops and for delivery to people who are shielding, vulnerable or self-isolating. New connections are being made with farmers and local suppliers and some of our Members are now providing services to vulnerable and disadvantaged people in their communities.

Responses such as these underscore the importance of developing resilient communities with high degrees of social capital and related infrastructure that can be deployed to support their collective wellbeing. Community landownership provides a proven model for sustainable place-making to be rolled out more extensively in both rural and urban settings. The key to its success has been the vital ‘enabling’ role of Community Trusts as local anchor organisations with the organisational infrastructure and capacity to respond rapidly and effectively to the local challenges presented by the pandemic. It’s critical, therefore, that policy interventions in support of normalising community ownership are retained and reinforced so as to maximise the benefits of this model for communities. Of these, the most important is the Scottish Land Fund which provides £10 million annually in grants to support the capital purchase costs of community buyouts of land and associated assets. We therefore recommend retaining the Scottish Land Fund with an increased level of annual funding of up to £20 million annually to continue and further expand its vital strategic function in facilitating community ownership throughout urban and rural Scotland.

The emerging stories of community-led responses to the pandemic further reinforce the urgent need - also highlighted by Scottish Community Alliance in their submission - to re-localise the design and delivery of core elements of our economy including our food systems, energy generation and distribution, community health and social care services, and local transport provision. That calls for new, more de-centralised governance arrangements with genuine community engagement and empowerment hard-wired into the process of shaping both the design and delivery of such core elements locally. We consider that the ‘Preston Model’ of community wealth-building offers one potentially fruitful avenue to explore how such reconfigured localised governance and delivery arrangements may implement a radically different vision of what constitutes ‘wealth’ at the local level, as measured against a more sustainable set of economic, environmental and social indices than those now used to calibrate economic progress. A vision in which that wealth is retained within (rather than extracted from) our urban and rural communities and distributed on a substantially more equitable basis than is currently the case.

More generally, the digital economy and digital connectivity have vital roles to play in resetting the economy on a more sustainable footing in the wake of the pandemic. This is especially so in relation to rural digital connectivity, given its strategic importance in facilitating the business development and services provision that can transform the prospects of our rural places retaining and growing their existing populations, thereby enhancing their sustainability.

How can the wellbeing of the people of Scotland flourish and what are the environmental implications of the crisis?

Climate change remains the overarching existential threat to the planet. The current Covid-19 crisis has underscored that fact by paradoxically stimulating improvement in performance regarding metrics against which climatic impacts of economic activity are measured. How sustainable that improvement proves to be depends on whether Scotland uses the aftermath of the pandemic to design an economic and social system to more comprehensively achieve the ‘*quality of life*’ objectives that underpin the achievement of sustainable development, as reflected in the United Nations’ (UN) 17 Sustainable Development Goals (SDGs). Achieving the ‘better’ (i.e. *greener, fairer, wealthier*) society calls for a focus on *equity* in the form of emphasising the needs of the least advantaged in society now (*intragenerational equity*) and on a fair treatment of future generations (*intergenerational equity*). It’s now more critical than ever that we redouble

our focus on applying that principle of equity for current and future generations as Scotland charts the way to economic recovery.

It's therefore imperative that the economic recovery is a Green recovery; one in which the economic, environmental and social dimensions of sustainable development become mutually positively reinforcing to produce a step-change in pursuit of the UN Sustainable Development Goals. Placing the inter-twined concepts of environmental sustainability, community resilience and empowerment, together with community wealth-building and wellbeing at the heart of the economic recovery offers a path towards a genuinely sustainable economy; one in which the principles of both intragenerational and intergenerational equity are to the fore. A key element of the recovery therefore involves how natural capital is used as a building block of the Green economy. Broadly, that involves ensuring that the tenets of environmental sustainability can contribute to an inclusive economy that enhances the wellbeing of communities while delivering wider public benefits that positively address the climate crisis.

Community Land Scotland contends that land reform has a crucial strategic role to play in delivering economic recovery based on genuinely sustainable development. As noted earlier in this submission, community ownership of land is a means to deliver a range of community and wider public benefits. There is scope to enhance that capacity significantly through reforms to Scotland's land tenure system which enable more communities to own land and generate income as a result of delivering public goods and benefits (e.g. carbon capture) as a consequence of sustainably managing that land. Similarly, the introduction of a specific Feed In Tariff Scheme for renewable energy production specifically for community-generated renewables (and ensuring provision of interconnector infrastructure throughout Scotland to enable export of surplus energy to the National Grid) would ensure that such investment would remain in Scotland, enable the further development of Local Energy Systems, provide for community reinvestment of revenues and contribute to Scotland's Net Zero emissions target.

How will the crisis change the role and relationships between the UKG/SG/LAs, business and other institutions?

How the crisis *should* change some of the institutional relationships between Government and other stakeholders has been alluded to earlier in our submission. To be clear, we are calling for a reconfiguring of the Social Contract that recognises the significance of land reform as a means for transformative change leading to a post-pandemic economic recovery based on environmental sustainability, genuinely empowered and resilient communities and a radically different conceptualisation of what constitutes 'wealth' within Scotland's economy. We argue that facilitating more community ownership of land will help enable more sustainable, community-led, development as part of a wider mix of legislative and fiscal policy interventions to achieve economic recovery based on wellbeing and a more equitable distribution of resources and associated benefits. Re-localising governance and implementation structures, with recognition of place-based Community Trusts as key anchor organisations, is fundamental to ensuring that the economic recovery is sustainable.

How do we ensure that we learn from the impact of the crisis and respond accordingly?

Learning from the impact of the crisis necessitates a systemic review of the key vulnerabilities that the pandemic has exposed in the current economic system and applying an appropriate range of policy tools to create an economy that is far more resilient in its capacity to cope with such crises in the future. We simply cannot afford to slide back into 'business as usual' as a way managing and developing Scotland's economy. Now is the time for bold thinking, backed by the political will to set Scotland's economic path towards a more sustainable future.

At the macro level, there is a need to address key structural vulnerabilities in terms of the long-term resilience of particular industrial sectors, regional challenges in both urban and rural spatial contexts, ways of working and security of employment, and services provision; all of which have been magnified as a consequence of the pandemic. Throughout our submission, we have argued that land reform – encompassing changes to the ways in which land is owned and used in the public interest – provides a crucial foundation stone from which to tackle many of these structural problems and propel Scotland towards the *'better'* society focused on the common good.

At the micro level, it's important to also draw on individuals' and communities' lived experience of dealing with the pandemic and use these insights to furnish policy solutions that will actually make a tangible positive difference to people's lives as part of the process of economic recovery.

Community Land Scotland is in the process of documenting our Members' experience of the pandemic and we will be happy to share our findings in that regard with the Scottish Government, the Advisory Group and other interested stakeholders. We would also welcome the opportunity to discuss any aspect of our submission with the Advisory Group if that would be useful.

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