

COMMUNITY* LAND SCOTLAND

Community Wealth Building - Delivering Transformation in Scotland's Local and Regional Economies: A Briefing Paper for MSPs

24th May 2022

Introduction

This briefing paper has been prepared for MSPs in advance of the Scottish Government debate on 'Community Wealth Building – Delivering Transformation in Scotland's Local and Regional Economies', taking place in Parliament on May 25th 2022. **Community Land Scotland welcomes this timely debate and strongly supports community wealth building as a way of delivering the envisaged economic transformation at local and regional levels.** This paper illustrates the close links between community wealth building, land reform and a just transition to net zero and outlines policy measures to help make community wealth building a reality for communities throughout Scotland.

Community Wealth Building in Context

Community Wealth Building (CWB) is defined by the Centre for Local Economic Strategies as “*a new people-centred approach to local development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people*”. CWB's five core principles include: **shared ownership of the local economy**, by supporting and growing business models (including locally owned and social enterprises) that generate wealth for local communities; **progressive procurement** that develops local supply chains supporting local employment; **fair employment and just labour markets**, using 'anchor institutions' to improve local peoples' prospects; **making financial power work for local places by increasing flows of investment within local economies**; and **ensuring socially just use of land and property**, by developing the functions and ownership of local assets held by anchor organisations to enable local communities to benefit from financial and social gain.

Community wealth building therefore offers an antidote to the highly extractive nature of conventional economic development models and the resulting inequalities in wealth distribution. By that measure, the Organisation for Economic Co-operation and Development estimates the UK to be the fifth most inequitable country in the world, with 44 per cent of the wealth owned by just 10 per cent of the population. **In Scotland, much of that wealth inequality is embedded in and symbolised by the nation's unusually concentrated pattern of rural land ownership, 67% of which is said to be owned by 0.025 per cent of the population.**

Community Wealth Building, Land Reform and a Just Transition

Community Land Scotland has long argued that community wealth building, land reform and a just transition to net zero are inextricably linked. Land reform is defined as changes to land ownership and land use in the public interest. As the Centre for Local Economic Strategies notes, “*land ownership matters because it is an expression of economic and political power*”. The concentration of rural land ownership in the hands of only a few people is a structural problem which undermines the goal of community wealth building when it results in land use that extracts wealth from local communities to their detriment and that of the wider public interest.

The scope for land ownership and land use to undermine both community wealth building and a just transition is starkly illustrated by the Scottish Land Commission's recent publication, **Scotland's Rural Land Market Insights Report**¹. It found that prices for Scottish estates increased by 87% in 2021 compared with 2020, despite the number of properties sold being similar to the five-year average. Two sold for more than £20 million and the amount spent last year on estates increased by 119% compared with 2020. The Commission's report also shows that nearly two thirds of last year's sales were carried out privately, “off market”, with a third of the total going to overseas buyers. The report notes that opportunities relating to natural capital are

increasingly fuelling the market for estates purchases, while carbon offsetting potential and increasing government support for environmental measures are also increasing interest from corporate buyers.

As Hamish Trench, SLC's Chief Executive has stated: *"The way the land market functions is important to Scotland's ambitions such as net zero, nature restoration, repopulation and community empowerment. Being able to participate in the market shapes not just who owns Scotland's land, but who is able to make decisions and who benefits from land and its economic, social and environmental value."*

Much of the policy focus on community wealth building to date has rightly focused on the key strategic role of mainly public sector institutions such as local authorities and the NHS as 'anchor organisations' through which to put CWB's core principles into practice. **Community Land Scotland contends that increasing the scope for community trusts to act as local anchor organisations through ownership of land and other assets urgently needs to form a central part of community wealth building too.**

There is a growing body of evidence that illustrates the central role that community landowners can play in building community wealth so as to help deliver on the transformation of Scotland's regional and local economies. **'Owning Our Future'**, a recent report by Community Land Scotland shows how community landowners have led local initiatives to support their communities' recovery from the Covid-19 pandemic precisely because of their role as trusted, agile and responsive local 'anchor organisations'.

Similarly, **'Community Wealth Building and a Just Transition to Net Zero'**, a new research report by Laurie Macfarlane and Miriam Brett for Community Land Scotland, shows that community landowners' business models are particularly well aligned with community wealth building's focus on **place-based development; local, broad-based ownership; generation of large local multipliers; collaborative decision-making; and inclusive, well-paid jobs.**

Community Wealth Building in Practice: Priorities for Action

Macfarlane and Brett argue in their recent report for Community Land Scotland that *"scaling up a Community Wealth Building approach to land reform can help deliver on a number of the Scottish Government's policy objectives, including delivering a just transition to net zero, promoting a wellbeing economy, and tackling the cost of living crisis."*

Community Land Scotland contends that urgent priorities for action in that regard include the following:

- **Introduction of a public notification mechanism** to ensure that significant private rural land sales do not take place in secret, thereby undermining the capacity of communities to engage in the land market and contribute to community wealth building through community ownership of land and other assets;
- **Introduction of a public interest test** on significant land transfers, and on significant existing landholdings, within the forthcoming Land Reform Bill that will be 'fit for purpose' in terms of providing robust and proportionate scrutiny of such transfers and of the management of such landholdings;
- **Amendment of the existing suite of Community Rights to Buy** to ensure they are 'fit for purpose' in terms of contributing to the Scottish Government's policy objective of diversifying Scotland's concentrated pattern of land ownership, by facilitating more rural and urban community ownership of land and other assets;
- **Creation of a Community Wealth Fund** of at least £100 million, supported by revenues generated from the first round of Crown Estate Scotland's 'Scotwind' seabed leasing programme for new offshore renewable wind energy sites, to enable communities to own and develop land and other assets in ways that transform Community Wealth Building principles into practice locally.