



Glasgow and West of Scotland  
Forum of Housing Associations

## **Community Wealth Building: GWSF response to Scottish Government Consultation**

**May 2023**

### **Background and overall comments**

*(I)* The Glasgow and West of Scotland Forum of Housing Associations (GWSF) is the leading membership and campaigning body for local Community-Controlled Housing Associations and co-operatives (CCHAs) in the west of Scotland. The Forum represents 62 members who together own around 75,000 homes. As well as providing decent, affordable housing for nearly 75,000 households in west central Scotland CCHAs also deliver factoring services to around 20,000 owners in mixed tenure housing blocks. For almost forty years CCHAs have been at the vanguard of strategies which have helped to improve the environmental, social and economic well-being of their communities.

*(II)* The Forum's key objectives are: to promote the values and achievements of the community-controlled housing movement; and to make the case for housing and regeneration policies that support our members' work in their communities.

*(III)* We welcome the opportunity to contribute to the Scottish Government's Community Wealth Building (CWB) consultation. Our response has been informed by discussions with members of the Forum, and reflects their experiences of working alongside local people in their communities for over four decades.

*(IV)* We applaud the Scottish Government's commitment to taking forward such an ambitious and progressive economic agenda. CWB as an approach is an ambitious one, and predicated upon system-changing principles, which can subsequently result in tangible positive outcomes for individuals and communities.

*(V)* Neil McInroy, the expert who advised the Scottish Government on its CWB strategy, has commented, "CWB, like all successful progressive agendas needs three key elements to allow [it] to thrive: a robust conceptual framework; a clear strategic policy; and a practical model of implementation." We believe that we need to get all three of these elements right for CWB to work in the Scottish context.

(VI) Essentially, CWB is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people. All of this mirrors the ethos, actions and achievements of the community-controlled housing association movement over the last five decades.

(VII) While it is great to see, and to celebrate, the examples of community ownership in rural island settings in Scotland we do feel that the achievements of the CCHA movement over the last five decades are often overlooked. We know that our members, with local people leading, have developed a unique model which has successfully demonstrated a CWB approach in action, in both urban and rural communities in the west of Scotland. Therefore, it is clear that CBHAs have a lot to offer in relation to the CWB agenda.

(VIII) One of the key conduits for delivering CWB is Community Anchor Organizations and we know that in this role, CCHAs have a long track record of providing physical, social and economic benefits in their communities. Therefore, we believe that there is potential for a real synchronicity between CCHAs and the CWB agenda.

(IX) That being said, the 'devil is always in the detail', and there are some areas of concern in the consultation paper that we have been compelled to query or critique.

(X) We do have particular concerns around the proposal for 'a duty to advance CWB<sup>1</sup>' and how this might work in practice. The consultation paper outlines three options -

- **Option A)** a duty requiring Scottish Ministers and prescribed public sector bodies to embed the CWB model of economic development into their corporate plans and wider strategies
- **Option B)** a duty requiring those public sector bodies statutorily obliged to be involved in community planning to produce a collective CWB place-based strategy and action plan which contains specific actions across the five CWB pillars to advance the CWB model of economic development in their local authority area
  - This requirement could be taken forward at a regional level if neighbouring local authorities and their community planning partners have a preference for that approach
- **Option C)** a combined option – featuring a union of both options set out above

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<sup>1</sup> The aim of the duty is to extend and deepen the implementation of CWB across Scotland, ensuring universal coverage and shared principles whilst allowing for local, regional and organisational flexibility.

(XI) The paper states ‘All of the options create different opportunities for ensuring the involvement of local communities. For **Option B and Option C**, there could be a statutory requirement to include business, third sector and communities in the development of a strategy and action plan.’

(XII) Whilst we do not doubt the intention to have real involvement from local communities, and local organizations, we are anxious about how this might work in practice, no matter which option is favoured.

(XIII) Our concerns are based on the experiences of community groups and organizations who felt shut out of the discussions and shaping of many key processes at the local authority/community planning level under a similar duty in the Community Empowerment Act. We wonder therefore, how the CWB duty can ensure that things would play out differently on the ground.

(XIV) We would also emphasise the crucial role of local authorities in taking forward the CWB agenda and we have two concerns here. Firstly, that the ‘buy-in’ from LAs will not be the same across the board, and therefore CWB may be taken forward more robustly in some places, than in others. Secondly, that in places where CWB has been most successful there has been a real ‘coalition of the willing’ made up of local actors committed to making it happen, and supported by strong local structures; we are cautious about the likelihood of this happening in all local authority areas.

(XV) The CWB approach is focused on ‘five pillars of activity’, each representing an economic lever. These are: spending; workforce; land and property; inclusive ownership; and finance.

(XVI) Our response is framed around each of these pillars, with the key points summarised in the following sections.

## **1 Spending Pillar**

1.1 Overall we think that the spending pillar lever of CWB is an extremely useful one which can have definite ‘wins’ for local economies. As has been demonstrated in the Preston, and Cleveland examples, and closer to home in a range of CWB schemes in Scotland<sup>2</sup>.

1.2 The spending pillar uses the spending power of anchor organisations to better support local and regional economies including by growing local spend with SMEs, the third sector and supported businesses.

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<sup>2</sup> [https://regionaleconomicdevelopment.scot/case-studies/?\\_sft\\_category=community-wealth-building&sf\\_paged=2](https://regionaleconomicdevelopment.scot/case-studies/?_sft_category=community-wealth-building&sf_paged=2)

1.3 In the CWB lexicon anchor organisations are described as being large employers with a strong local presence in an area. They can exert sizable influence through their commissioning and purchasing of goods and services, through their workforce and employment capacity, and by creative use of their facilities and land assets. Anchors specifically alluded to include ‘your local council, university, college, housing association, NHS health board or large local private sector employer.’

1.4 Although we are very pleased to see housing associations mentioned directly; we also want to make sure that *all* types of housing associations are regarded as anchors, regardless of size. Since we know that all of our members, both larger and small, are invaluable community anchors in their neighbourhoods.

1.5 We understand why the CWB focuses on larger anchor organizations and the economies of scale that they can harness. But for CWB to truly deliver, then smaller anchors who are embedded in their communities and who operate at the grass-roots level, must also be involved to ensure that we are not relying on the equivalent of a ‘trickle-down’ effect, which does not then transpire.

1.6 As the paper acknowledges, the fundamental barrier to taking forward many of the suggestions around the spending pillar of CWB is the issue of how procurement practices operate in Scotland. However, although we are encouraged by the raft of suggestions around how these may be tweaked, and how local processes might evolve.

1.7 Nonetheless, we remain uncertain about the reality of how this huge barrier might be overcome. Not least because as things stand in the current context all organizations, including CBHAs, have to adhere to national frameworks, and are forced down the Procurement Excellence route, regardless of size etc.

1.8 We are also particularly interested in the mention of ‘improved focus on place-based thinking in the use of community benefits and reporting to reflect how this is being achieved.’ We would like to hear more about this focus, and we would welcome the opportunity to share our members’ experiences in relation to delivering real community benefits for local people through their development work.

## **2 Workforce Pillar**

2.1 The workforce pillar of CWB is focused on driving Fair Work practices and creating meaningful labour market opportunities in local communities that support wellbeing through a range of actions.

2.2 We know that many CBHAs are already carrying out some of these actions, including: payment and promotion of the real Living Wage; creating more diverse and inclusive workplaces; seeking to recruit locally and from groups often excluded from the labour market; providing support for skills development, in work progression and employee wellbeing. Indeed, CBHAs and the wider housing sector, have always sought to provide the best possible terms and conditions for their employees.

2.3 Our biggest concern around the workforce pillar is highlighted in the paper. This is the fact that most employment law and industrial relations legislation remains reserved to the UK Parliament, including employment rights, trades unions, equality and health and safety.

2.4 The paper states ‘This means that the Scottish Government is fundamentally limited in what it can do to influence changes in workplace practices. We are doing all that we can with the levers available to us to encourage employers to adopt fair working practices.’

2.5 However, we do have some reservations about the extent of meaningful change that the ‘levers available’ can deliver. Furthermore, if this means that the Scottish Government is left ‘nibbling around the edges’ then where does this leave the workforce pillar of its CWB agenda?

### **3 Land and Property Pillar**

3.1 The land and property pillar, seeks to grow the social, ecological, financial and economic value that local communities gain from land and property assets. This pillar focuses on maximising the use of land and property including through:

- productive and sustainable use of land and assets to support communities and enterprise;
- promoting and enabling diversified ownership and management of land and buildings;
- supporting community capacity building to grow community ownership;
- tackling vacant and derelict land and buildings to support regeneration including within town centres, increase community wellbeing, create employment opportunities, tackle climate change and protect our natural capital.

3.2 We have framed our response here around our specific concerns about the loss of community assets when a local housing association is taken over.

3.3 Whilst CWB can be defined in a number of ways, one of the most widely accepted facets of it is the retention of and control over existing assets within a community.

3.4 In recent years, many of the higher profile cases of bringing assets under the local community’s control have been island-based, including on Eigg and Gigha. By contrast, the long-standing community-controlled housing association sector, based primarily in Glasgow and the west of Scotland, is far less often the subject of comment, let alone celebration, by ministers.

3.5 As a consequence, GWSF believes there is a major disconnect between stated policies on community empowerment and CWB and the rate at which community-controlled housing associations have been taken over by larger regional or national housing associations.

3.6 If it were being proposed that the community trusts in places like Eigg or Gigha should be taken over by large Scottish or UK organisations, the political fallout would surely be substantial. But eyebrows are not raised when the same thing is proposed for local housing associations in urban areas.

3.7 Takeover means the effective removal of assets built up by the community and, in the case of local housing associations, assets which tenants' rents have paid for over 30, 40, 50 years or more. Where there is little or no debt on those assets, they are likely to prove attractive to a larger association which can borrow against the assets to fund investment elsewhere in its area of operation: this is asset-stripping at its crudest.

3.8 Takeover also removes the control and influence which the community-led governing body of the association had. Decisions are taken by the governing body of the larger (usually national or UK) housing association, and the intimate knowledge and understanding of the local community's needs – including on wider community regeneration issues – simply dissipates and disappears.

3.9 There will sometimes be exceptional circumstances which mean that a takeover is necessary and in the best long-term interests of tenants. But this should indeed be the exception. The legal remit of the Scottish Housing Regulator should be amended to make survival the default position for a local housing association which has encountered difficulties: wherever possible it should be supported to address its issues and go on to flourish. Too often, associations are subtly nudged in the direction of takeover, tacitly encouraged by the Regulator, when – with the right support – it could have been helped back onto its feet. This has to change if ministers are serious about community empowerment and community wealth building.

#### **4 Inclusive Ownership Pillar**

4.1 The inclusive ownership pillar aims to develop models of ownership that enable the wealth generated in a community to stay in that locality. These include –

- promotion of more generative forms of business models including locally-owned businesses, employee ownership, co-operatives, social enterprises and community enterprises;
- transition of existing companies to employee ownership;
- transition of existing companies to asset or mission locked social enterprises;

- encouraging citizens, communities and the third sector to play a greater role in ownership and control of assets within the economy;
- public ownership for public good as appropriate.

4.2 We obviously welcome the focus on encouraging citizens, communities and the third sector to play a greater role in ownership and control of assets within the economy, and we would obviously love to see this happening.

4.3 The paper recognises that this would need to be supported by ‘capacity building, particularly in more fragile communities, to support communities to participate in or lead CWB activities.’

4.4 We would emphasize that this capacity building would need to be both intensive and collaborative in nature, and also be underpinned by the resources required to make this happen. Otherwise, this would just place more burdens on communities, and leave some behind altogether in the CWB journey.

## **5 Finance Pillar**

5.1 The finance pillar of CWB aims to increase flows of investment within local economies by harnessing the wealth that exists locally and directing wealth to tackle inequality, including through:

- promoting the development and use of progressive forms of finance including credit unions and Community Development Finance Institutions (CDFIs);
- ensuring micro-businesses and SMEs have access to finance;
- promoting and harnessing social investment;
- value-led responsible investment;
- incorporating clear CWB criteria into public forms of investment and business cases.

5.2 The consultation paper provides many excellent examples of activities that are already happening across Scotland, at both local and national level that highlight what can be done to support the finance pillar. These are extremely encouraging to see.

5.3 In addition, based on early engagement with stakeholders the paper also includes ambitious proposals that could advance the finance pillar element of CWB even further. These are –

- exploring if CWB principles and standard criteria could be built into funding and funding assessment criteria;

- encouraging investment funds including, for example, pension funds, to be directed to build local wealth;
- greater recognition of the role of credit unions and CDFIs and explore the establishment of community banks.

5.4 The one note of caution we would sound is, again, related to the issue of reserved Westminster powers. Ultimately, the Financial Conduct Authority (FCA) regulates the financial services industry in the UK, and we would hope that this would not be a major impediment to the Scottish Government's CWB agenda in relation to the finance pillar.