

COMMUNITY WEALTH BUILDING IN RURAL & ISLAND SCOTLAND

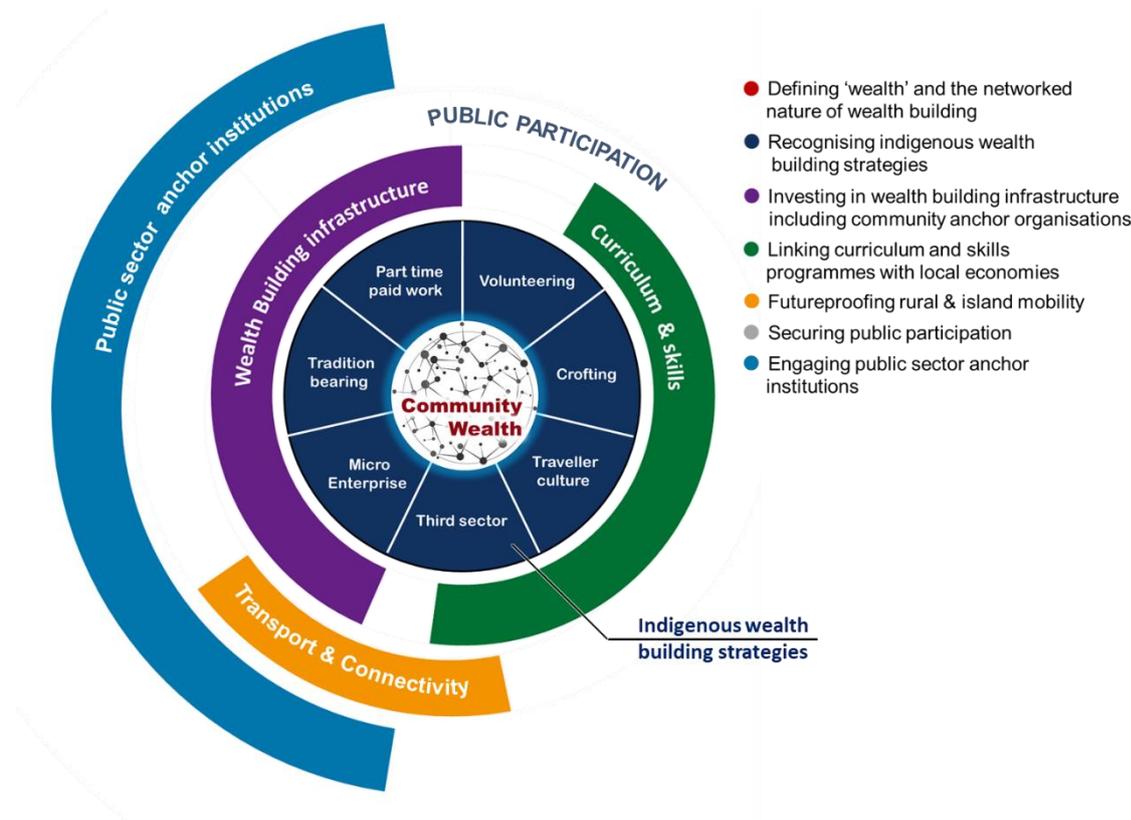
Report from practitioner roundtable – December 2021

Organised by Scottish Rural Action, InspirAlba and the David Hume Institute, the roundtable brought together experienced practitioners (Appendix 1) to discuss rural and island wealth building strategies and to explore how wealth building policy, particularly the Preston model adopted by the Scottish Government (Appendix 2), may be leveraged to strengthen these strategies. This report summarises discussions for the Advisory Group on Scotland’s National Strategy for Economic Transformation.

Overview

Indigenous wealth building strategies in rural and island Scotland include micro and social enterprise, volunteering (formal and informal), tradition bearing, crofting, Traveller culture, peripatetic work and combining a portfolio of part-time paid work, including self-employment. These micro-scale strategies have enabled communities to survive and, in many cases, to flourish for hundreds of years. They are paving the way for increasing numbers of younger people seeking to remain, return or move to rural and island places.

Re-framing the Preston model to better connect the activities of public sector anchor institutions¹ to these micro-scale, community-led strategies will help deliver economic transformation in rural and island places. Rather than creating a new model, a specific rural and island approach within the current model will enable stakeholders to grasp economic development opportunities while anticipating and preventing unintended negative outcomes.



¹ The term 'anchors' refers to entities with an important presence in a place. They may be large-scale employers; major purchasers of goods and services in the locality; control large areas of land/significant assets; and be tied to a particular place by their mission, local relationships etc. **Public sector anchor institutions** may include local authorities, National Parks, NHS trusts and universities. **Community anchor organisations** are community-led bodies and include Development Trusts and similar organisations.

Applying a rural and island lens to community wealth building

In rural and island places **community wealth** is generated through connections within dense local networks of people and micro-organisations. Wealth building activity serves two functions:

- Strengthening community resilience – providing essential services and addressing market failure in areas such as food supply, energy production, transport, care, housing etc.
- Market and product innovation - reaching out to new markets and testing new products for local, national and international application.

Enterprises in rural and island areas, including community enterprises and the self-employed, have, through necessity, developed agility to balance both functions. Social enterprises, which draw on diverse investment sources and involve volunteers, are particularly agile. Maintaining this balance is more likely to be a business focus than major profit or workforce expansion.

Through this lens, a definition of 'wealth' is required which puts emphasis on longer term social and environmental outcomes including sustainability, resilience and wellbeing, rather than on economic growth. Impact metrics will include population data and indicators which capture people's ability to live well locally while minimising any negative impact on the planet.

Networks are created through fostering **indigenous wealth building strategies** including crofting, volunteering and private, social and community micro-enterprise and the activities of local third sector organisations. Because of their small scale, data on these strategies is lacking and their impact is difficult to capture. As a result, they are often undervalued and stigmatised, particularly if they do not fit with the 'rural idyll.' These strategies must be explicitly recognised and supported within the context of the Scottish Government's ambition to apply a community wealth building framework to national economic policy.

Wealth building infrastructure directly supports indigenous wealth building strategies, creating resilience within networks and enabling network stakeholders to properly engage with each other and with public sector anchor institutions. Infrastructure includes:

- Community anchor organisations which coordinate public participation in activities that promote the social, environmental and economic wellbeing of a particular locality.
- Enterprise support organisations which provide interventions² to build capacity of micro enterprises - incubating start-ups, establishing peer support networks, reducing sole and micro trader isolation and helping small providers band together and access opportunities, including larger markets, major funding and public procurement processes.
- Shared facilities such as mobile abattoirs, waste processing facilities and community service 'hubs' which enable network functions, whether that function is supporting food production and trade, care provision or cultural heritage activities, to remain local and viable.

Targeted public sector investment in such infrastructure is a prerequisite for public sector anchor institutions implementing the five pillars of the Preston model, including how they shape new procurement processes for goods and services.

² A [paper](#) on future models of rural enterprise support was published by the SRUC (Nov 2021), drawn from practitioner feedback. The conclusions mirror discussions at our roundtable and should be taken into account by the Advisory Council.

Linking **local curriculum and skills development programmes** to the needs of the local economy is critical to community wealth building in rural and island places where choice about education pathways tends to be restricted compared to that available in urban centres. A progressive approach to the school curriculum, specifically designed to complement indigenous wealth building strategies such as micro enterprise and crofting, has been adopted in the [Western Isles](#).

Wealth building activity relies on **digital connectivity and transport** (mobility), areas associated with persistent market failure across rural and island Scotland. Delivery on these two areas is dependent on strategic alignment between UK and Scottish policy, including on digital connectivity, Growth Deals and the post-Brexit Shared Prosperity and Levelling Up investment programmes. Alignment is also required across Scottish Government and local government portfolios, in particular between transport, spatial planning and economic policy.

At national strategic level, this alignment, or a route map to that effect, must be made explicit within Scotland's Strategy for Economic Transformation. At delivery level, within the Preston model itself there is scope for public sector anchor institutions to use community wealth building as a vehicle for joined-up thinking around rural mobility, economic and spatial development.

Successful community wealth building in rural and island places is driven by **public participation**. [Community-led approaches to tourism](#), for example, put local people at the centre of decision-making to produce a tourism offering which benefits both the community and visitors. Public participation, especially engagement with hard-to-reach groups such as those experiencing economic disadvantage, younger people and the self-employed, requires investment. At local level, that investment should be directed through community anchor organisations. At regional level, the role of Scotland's Community Led Local Development (LEADER) network as a vehicle for rural and island wealth building policy should be explored.

Greater transparency and community accountability is required across public sector boards and strategic groups, including those of anchor institutions themselves. While the Preston model advocates for plural ownership of the economy through promoting different enterprise models, including micro enterprise, the emerging plurality demands a seat at the strategy table.

The six themes above cover processes which support indigenous rural and island wealth building strategies and help forge links between these strategies and the wealth building strategies of **public sector anchor institutions**. Additional to these six themes, roundtable participants identified points for consideration within the five pillars of the Preston model

Pillar 1: Fair employment and just labour markets

- Employment practice should be designed to support indigenous wealth building strategies for example increasing access to volunteering, enabling people to work from home, building protections for seasonal workforces etc.
- There should be equal focus on supporting good employment practice within micro-enterprises, which are frequently the only employment option within a rural or island community, as on improving employment practice across public sector anchor institutions.
- A focus of Pillar 1 activity should be on a just transition and ensuring that organisations within negatively affected sectors and geographies are supported to manage impacts on their workforce and client base.

Pillar 2: Plural ownership of the economy

- A fundamental review is required of the systems in place, from Her Majesty's Revenue and Customs (HMRC) processes to insurance requirements, to ensure there is an enabling environment for micro-businesses to flourish.
- Democratic processes such as participative budgeting should be considered within the context of community wealth building as a mechanism to maintain plural ownership of wealth generated and distributed under Pillar 3.

Pillar 3: Making financial wealth work for local places

- As well as pension funds, the redirection of which opens exciting opportunities, other public funds which should be redirected (or better directed) to support community wealth in rural and island Scotland include Self-Directed Support, tourism taxes and rents from Crown Estate Scotland. Two sectors where additional funding could make significant long term difference are child care and food production.
- There are opportunities to promote [Community Shares](#) and [Community Bonds](#) more widely as alternative models of investment.
- Flexible and long term funding or investment programmes that offer support over several years must become the norm.

Pillar 4: Progressive procurement of goods and services

- Investing in wealth building infrastructure is, as previously stated, a prerequisite for enabling micro-entities to engage with procurement processes.

Pillar 5: Socially just use of land and assets

- There is a hierarchy between communities that have resources e.g. a Development Officer or income through renewables, and those that have not. Additional support and investment should be made available to communities that are struggling to self-organise.

Concluding reflections

In December 2021 and after many years of rural and island organisations challenging perceptions and measurements of poverty, the Scottish Government published a [review of available evidence](#). The review concluded that although rates of poverty appear significantly lower in rural Scotland when compared to urban Scotland, the available measurements do not readily identify poverty in rural and island places as they fail to take into account higher costs of living and distance from services.

The review, alongside learning from the Covid-19 pandemic, from Brexit and from the emerging climate emergency, points to the need for radical action. Community wealth building cannot be a single small step - a local authority putting a fraction of its budget towards a new local industry or a Health Board reviewing its HR policies. It must be comprehensive and for the long term. It must be applied from the bottom up, making the approach fit people and communities rather than constraining people and communities within a limited and rigid top down approach. It must also be recognised as a cross-cutting agenda and embedded not only in economic policy, but also in the National Planning Framework (NPF4), in the National Transport Strategy (NTS2), in climate policy, land reform and community empowerment.

Appendix 1 – About the Report

Organised by Scottish Rural Action, InspirAlba and the David Hume Institute, the roundtable brought together a group of experienced individuals to discuss rural and island wealth building strategies and to explore how wealth building policy, particularly the Preston model adopted by the Scottish Government, may be leveraged to strengthen these strategies. This report summarises discussions for the Advisory Group on Scotland's National Strategy for Economic Transformation.

With heartfelt thanks to the following people for their time and contributions:

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Artemis Pana	Scottish Rural Action
Jackie Brierton	GrowBiz Scotland
Angus Campbell	Angus Campbell Ltd.
Catherine McWilliam	Institute of Directors
Suzanne Crimin	WEAll Scotland



Appendix 2 – The Preston model

Community Wealth Building (CWB) originated in the USA where it is sometimes referred to as '[regional wealth building](#)'.

CWB is a place-based³ approach to economic development which proposes that local and regional economies should be reorganised in ways that ensure wealth is not extracted from places but retained and recirculated. To achieve this, economies should be designed to:

- harness local assets - particularly undervalued assets including natural capital, human capacities, and institutions - instead of trying to attract external industry and investment to places;
- be demand driven, choosing market opportunities with the greatest wealth-building potential;
- strengthen local ownership and control over the economy; and
- intentionally and proactively include people and businesses on the economic margins.

In the CWB context, wealth is defined as any asset which contributes to the wellbeing of people. The term therefore encompasses environmental and social outcomes as well as financial.

The Scottish Government has adopted a model of CWB promoted by the [Centre for Local Economic Strategies](#) (CLES) and sometimes referred to as the Preston model. It outlines strategies to strengthen **five pillars** of CWB:

1. **Fair employment and just labour markets:** working with anchor institutions and anchor organisations to stimulate the local economy through progressive employment and local labour market activities.
2. **Plural ownership of the economy:** promoting different models of local enterprise ownership including small and micro business, community-owned business, municipal enterprises, co-operatives etc. which are more financially generative, locking wealth into a place.
3. **Making financial power work for local places:** harnessing local wealth and assets by, for example, encouraging local authorities to redirect pension funds from global markets to local schemes and supporting the establishment of mutually owned banks.
4. **Progressive procurement of goods and services:** shaping anchor institutions' procurement processes to generate dense local supply chains and support small and micro enterprises.
5. **Socially just use of land and assets:** advancing a commons approach to land and premises management and supporting community ownership.

In operationalising the CWB model, CLES emphasises the power and potential of public sector anchor institutions and community anchors as agents of change, and the need for government to decisively shift away from using economic growth as a measure of an economy's success.

³ Place-based policy is about recognising that all places are different. It is also about ensuring holistic, territorial rather than sectoral approaches to local development and that there is partnership working between stakeholders at all levels.