

Policy and Sustainability Committee

10.00am, Tuesday, 22 February 2022

Community Wealth Building - Response to a motion by Councillor Day

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| Item number | |
| Executive/routine | Executive |
| Wards | All |
| Council Commitments | |

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of the report.

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Community Wealth Building - Response to a motion by Councillor Day

2. Executive Summary

- 2.1 This report presents a response to the motion from Councillor Day, Deputy Leader of the Council, which was approved by Full Council on 28th October 2021.

3. Background

- 3.1 At the meeting of the City of Edinburgh Council on 28th October 2021, the following motion from Councillor Day was approved:
- 1) *“Acknowledges the benefits of Community Wealth building approach, and understands the Council leads in many areas of this, in particular our in-built Community Benefits schemes and employment opportunities.*
 - 2) *Community Wealth Building can be described as 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. Championed in Scotland with the Centre for Local Economic Strategies (CLES).*
 - 3) *Notes the 5 key principles of Progressive Procurement, Fair Employment, Shared Ownership, socially just use of assets, and making financial power work for local places.*
 - 4) *Calls for a report in two cycles to Policy and Sustainability committee setting out Edinburgh’s approach to People centred approaches/Community Wealth building and identify any further opportunities going forward.”*

4. Main report

Community Wealth Building

- 4.1 As noted in Councillor Day’s motion, Community Wealth Building (CWB) is a people-centred approach to local economic development, which seeks to redirect wealth back into the local economy, and place control and benefits into the hands of local people. Its central aim is to seek to ensure the economic system builds wealth and prosperity for everyone. It has been championed in the UK by the [Centre for](#)

[Local Economic Strategies](#), and there are several well publicised examples of its application, including by [Preston City Council](#) and [North Ayrshire Council](#).

- 4.2 There are five core principles to CWB, these being:
- 4.2.1 Progressive procurement – developing local supply chains of businesses likely to support local employment and keep wealth within communities;
 - 4.2.2 Fair employment and just labour markets – using anchor institutions to improve prospects of local people;
 - 4.2.3 Shared ownership of the local economy – supporting and growing business models that are more financially generative for the local economy;
 - 4.2.4 Socially just use of land and property – developing the function and ownership of local assets held by anchor institutions, so local communities benefit from financial and social gain; and
 - 4.2.5 Making financial power work for local places – increase flows of investment within local economies by harnessing and recirculating the wealth that exists.
- 4.3 It must be recognised that the principles are wide-ranging and, as such, CWB must be approached in a holistic manner across different teams within the Council, with different service areas being responsible for driving certain aspects. The Appendix to this report takes each principle in turn, briefly summarising the Council's existing approach, key achievements and future opportunities.
- 4.4 There are a number of positive examples outlined in the Appendix, but also aspects where it is recognised further work across the city would be helpful, such as how the Council might be able to better support financial power working for local places.

5. Next Steps

- 5.1 The Scottish Government is expected to bring forward a CWB Bill, as referred to in its Programme for Government. The Council will actively engage with the consultation around this. In the meantime, the Council will continue its work driving CWB, and its 5 core principles.
- 5.2 A new CWB Learning Strategy Group, led by Edinburgh Voluntary Organisations' Council (EVOC), has now been established as part of the Edinburgh Partnership Local Outcomes Improvement Plan, as a meeting place to further share good practice, and develop next steps for embedding CWB in Edinburgh. Council officers form part of this Group and will use learnings from it to help inform and progress the delivery of related Council activity.

6. Financial impact

- 6.1 There are no direct financial implications from this report. However, delivery of the principles of CWB should help secure delivery of the Council's Business Plan and other financial and non-financial benefits to the city and its citizens and businesses.

7. Stakeholder/Community Impact

- 7.1 The principles of CWB are directly aligned to the Council Business Plan, and if delivered will have a positive impact upon the city, its businesses and citizens. As noted in the Appendix, the Council's work in this area already ensures a high degree of positive engagement and collaboration with key partners, local businesses and communities.

8. Background reading/external references

- 8.1 [Council Business Plan and Budget 2021/2026, Referral from Finance and Resources Committee to the City of Edinburgh Council, 18th February 2021:](#)

9. Appendices

- 9.1 Appendix 1 - Council work on progressing the 5 core principles of Community Wealth Building.

Council work on progressing the 5 core principles of Community Wealth Building

Progressive Procurement

- 1.1 The Council's external spend on goods, services and works is substantial, £719m in 2020/21, relating to both revenue and capital spend. Under the Procurement Reform (Scotland) Act 2014, the Council is required by law to publish a strategy that gives the strategic focus for its procurement activities, and that sets the context in which the Council will work to ensure that its procurements deliver value for money and directly contribute to the achievement of its broader aims. In this context the main focus is on regulated procurements, "regulated" meaning those contracts valued at over £50,000 for goods and services and over £2 million for works.
- 1.2 The Council's [Sustainable Procurement Strategy](#) was approved by the Finance and Resources Committee on [5th March 2020](#). The 5-year strategy identifies seven key strategic procurement objectives that are to be promoted. These objectives seek to ensure that the Council is using its considerable spending power to maximise those social, environmental and economic outcomes that support growth, and will simultaneously assist the Council in addressing the challenges that the city is facing. For the purposes of this report, the most notable objectives are:
- Making procurement spend more accessible to local small business and the third sector;
 - Improving Fair Work practices adopted by suppliers; and
 - Increasing community benefits delivered by suppliers.
- 1.3 The Council is obliged by law to publish an annual report on its procurement activity, the last such report being presented to the Finance & Resources Committee on [12 August 2021](#). The report contains a large amount of detail, including on how the Council is driving these outcomes forward operationally. However, in the 2020/21 FY, looking at the Council's procurement activity purely through the lens of CWB, there have been some strong achievements worth highlighting. Specifically, these relate to the promotion of opportunities for local SMEs and Fair Work practices, and the delivery of community benefits, and include:
- The Council's spend with SMEs being approximately £347m, being 50% of total core spend of £694m (i.e. those suppliers the Council has spent more than £1,000 with);
 - 65% of the 321 suppliers awarded a new regulated contract or place on a Council framework agreement being SMEs;
 - 79% of suppliers awarded contract in the FY stating they pay the Real Living Wage, an increase on the 70% reported in the previous FY;
 - The [Local Government Benchmarking Framework](#) figures for 2019/20 recorded that 39% of the Council's procurement spend was with local enterprises, this being the 2nd highest of those authorities solely located on the mainland. This figure was well above the average of 28.5%, and again

placed the Council as the 5th highest of all Scottish local authorities. It is to be anticipated that the Council will be in a similar position when the figures for 2020/21 are released, but with a higher figure at 41%.

- 1.4 The annual report also included details of the community benefits delivered in 2020/21. The relevant Scottish procurement regulations place specific requirements on the Council, for major contracts which have an estimated value above £4m, to consider whether to impose community benefit obligations. In line with this, community benefits are identified on a project by project basis, with the Council's approach embedded in its processes and procedures. Community benefits delivered in the reporting period range from apprenticeships, training, work experience and recruitment, to mentoring and community engagement, and some notable examples of community benefits delivery in 2020/21 are included in the report, such as those delivered through the street lighting contract with Amey and the Edinburgh Trams to Newhaven contracts
- 1.5 As noted above, the annual report includes details of other actions taken by the Council which also support the principle of progressive procurement, including (i) regularly working with fellow anchor institutions and public sector partners on a number of joint procurement exercises to maximise outcomes through collaboration, and (ii) applying suitable lotting strategies that support SMEs in bidding for Council contracts, and facilitating sub-contracting and consortia opportunities,
- 1.6 Officers from CPS and Business Growth & Inclusion also held a CWB workshop with Scotland Excel in February 2021. The workshop looked at analysis of the Council's external spend, which confirmed that in 2019/20, the Council spent (i) 73% of its total spend (£473m) in Scotland and (ii) 39% of its total spend (£256m) on local enterprises. These figures are likely to have been significantly more if data on sub-contractor spend was freely available and also included. In addition, if all Lothians postcodes were categorised as "local" then the direct local spend figures would have been higher, at 48% (£314m). There is also likely to be spend with national companies that are not categorised as local but still have a notable Edinburgh presence.
- 1.7 Given the nature of the projects and services delivered by the Council, there will always be certain contracts where only larger national suppliers are able to bid and be awarded work. However, as noted above, the Council continues to actively promote and secure opportunities for local SMEs.
- 1.8 One of the key outcomes from the workshop was for the Council to more actively push and encourage suppliers to register with Public Contracts Scotland (PCS), to help them receive notification of public sector contract opportunities, not only from the Council but the wider public sector. The annual third party spend of the public sector in Scotland is more than £11bn, and a potentially huge opportunity for Scottish businesses. Despite this, from the figures provided by Scotland Excel in February last year, there were 20,500 registered business in Edinburgh, of which only 3,364 were registered on PCS, representing just 16% of registered businesses and an estimated 8% of all businesses (registered and unregistered) in Edinburgh.

- 1.9 CPS actively engages with potential suppliers, through a monthly virtual engagement session, its quarterly [supplier newsletter](#), project bidder events (such as for the [Council's Hard FM contract](#) which was awarded last year) and other regular Meet the Buyer events (such as [Supplier Development Programme's national Meet the Buyer event in June 2021](#)). In doing so, CPS always encourages suppliers to sign up with PCS and to also look at new contracting opportunities with Scotland Excel. There is also extensive engagement work through Business Growth and Inclusion and external partners, such as Federation for Small Businesses, Edinburgh Chamber of Commerce and Edinburgh Social Enterprise Network, to raise awareness amongst local businesses of the Council's procurement processes and opportunities arising.
- 1.10 It must, however, also be borne in mind that Edinburgh businesses benefit from supplying the public sector outside of Edinburgh. Scotland Excel assessed that in FY2019/20, £427M was spent by other local authorities (i.e. excluding the Council) on Edinburgh companies, and £481m spend by other Scottish public sector organisations.
- 1.11 It is worth noting that some Regional Supply Chain work has also been undertaken as part of the Edinburgh and South East Scotland City Region Deal (ESES CRD) and the sustainability strand of the Regional Prosperity Framework. This has primarily focused on the Food and Drink sector where, with the help of the Data Driven Innovation - Beacon project, suppliers within the sector have been mapped and illustrative work undertaken on Local Authority spend. The aim is to work together to produce a regional approach to making Food and Drink purchasing more sustainable and increase supplies from regional suppliers. By better understanding where existing public sector food and drink spending is taking place regionally, opportunities can be potentially identified to increase regional purchasing and supply. This may involve working with existing intermediaries as well as directly with smaller suppliers. This work will complement existing Council activity around Food and Drink sustainability within the 2030 Climate Strategy implementation.
- 1.12 It is intended that as part of the Regional Prosperity Framework implementation plan for "Big Move 9 – Anchor Institutions", this work will be further developed with Local Authority procurement representatives from the six members of the CRD.

Fair employment and just labour markets

- 2.1 Fair Work principles are a key component of the [Economic Strategy](#) and, as per a report to Housing, Homelessness and Fair Work Committee on [2 September 2021](#), officers are currently finalising a Fair Work Action Plan to reflect this. The city received Living Wage City accreditation in November 2021 and, as an anchor institution in the city, the Council is a Real Living Wage (RLW) employer and is actively encouraging other businesses to achieve RLW-accreditation with an ambitious plan to double the number of RLW accredited businesses to over 900 over the next few years.
- 2.2 The Council has already established a highly successful approach to embedding Fair Work principles across all its employability services through alignment with the

Scottish Government's Fair Work framework, placing fair employment and just labour markets at the forefront of delivery. The Council has used this framework and its allocated No One Left Behind (NOLB) funding to implement a comprehensive employability programme of community-based services to meet the needs of citizens and employers. By adopting the [Scottish Approach to Service Design](#), the voices and input of service users continually drives this service strategy area through co-production and co-design.

- 2.3 In 2020, the Council's Edinburgh Guarantee initiative was expanded from being a youth provision to ensure employability support is available for all, regardless of age. A large part of the Edinburgh Guarantee is focussing on employer engagement and there is an employer steering group, chaired by the lead employer Ayr, which specifically leads on engagement approaches and who are proactively working to drive the Fair Work principles.
- 2.3 Through the Edinburgh Partnership and the Local Outcome Improvement Plan, there is ongoing work across the Partners, many of whom are anchor institutions in the city, to ensure that all citizens have access to work, learning and training opportunities –the principle of 'Fair Work First' is integral to this work.
- 2.4 Responses to the Community Empowerment Act have also enhanced community empowerment approaches with employability projects such as Choices for Change participatory budgeting programme growing and funding local ideas.

Shared ownership of the local economy

- 3.1 The idea to be supporting and growing business models that are more financially generative for the local economy is not new and is one that the Council's Business Gateway service has been adopting for a long time. Likewise, third sector infrastructure and locality-based anchor organisations are supported through investing employability funding locally, including a focus on capacity building and development of innovative consortia and partnerships for service delivery.
- 3.2 The Edinburgh and South-East Scotland City Region Deal (ESES CRD) successfully obtained funding for a CWB project from the Scottish Government Regional Recovery Fund in late 2020/21. The project set out to accelerate and amplify CWB activities across the ESES City Region. Considerable progress has been made in a short period of time with a steering group formed led by Capital City Partnership (CCP), which has set about mapping, and accelerating existing CWB agendas at a regional level. Dedicated resource is currently in place within CCP and Go Beyond via Whale Arts (charity based collective based in South West Edinburgh) although, as a pilot, this is time limited. A [Community Benefits Portal](#) has been successfully developed and launched in November 2021, a promotional video can be seen [here](#). This portal is a particularly important catalyst for the creation of a community network, enhancing interactions across the City Region including harder to reach communities. Businesses are also be encouraged to offer any other surplus goods or services aligning with CSR.

- 3.3 A CWB toolkit is being developed for launch in March 2022. The framework of principles has been agreed for this with input from each ESES CRD local authority with guidelines for consultation locally. Workshops and engagement conversations with 20 critical stakeholders are in progress. A regional Community Assets Audit and Mapping of CWB initiatives and best practice has begun, which will provide visual mapping. Engagement with organisations who have been identified from the mapping activity has progressed in parallel and is ongoing.
- 3.4 Work has also begun and is ongoing in regard to a learning system with Communities of Practice (CoP). By its very nature, working in and with communities, CWB is a long-term endeavour and work is currently being undertaken with CLES to undertake a CWB audit of the CRD and recommend areas that could be developed further. A three-year funding application is being developed in relation to the new Scottish Government 'Investing in Communities' Fund to expand CWB activities and work closer with grassroot communities to grow ideas and projects.
- 3.5 The ESES Regional Enterprise Council (REC) was formed in November 2018 to advise the CRD's decision-making body, the Joint Committee, on the delivery of projects across the city region. They represent business, social enterprise and the wider third sectors across the region. In directly participating on the Joint Committee they help to ensure that that the benefits from the Deal support the shared ambition for achieving sustainable and inclusive economic growth throughout the city region.
- 3.6 This influence of the REC was further extended in Autumn 2020 with representation on the CRD's Elected Member Oversight Committee which is shaping the future ambition, strategic direction and aspirational goals for ESES, and influenced the production of the [Regional Prosperity Framework](#). REC members have a broad range of experience and expertise and wide networks to best represent business, social enterprise and the third sectors across the city region. In the last year, the REC has benefited from additional representation from the Federation of Small Business and the Regions' Chambers of Commerce. The CEO of Edinburgh Social Enterprise is the Chair of the REC, and a senior staff member of the Federation of Small Business is the Vice-Chair. The REC is particularly determined to promote the use of Community Benefits and Social Innovation for the good of the citizens of ESES and to ensure that every Deal programme works together to maximise synergies. The REC championed the bid to the Regional Recovery Fund for the CWB pilot which was successfully achieved and updates on progress of the pilot project (highlighted earlier in this report) have been regularly presented to the REC and have been well received.
- 3.7 Locally, the Council has also established an Economic Advisory Panel to help shape economic strategy and to advise on key challenges and opportunities for the city. The membership includes some of the larger institutes in the city but also has strong representation from selected smaller local businesses, the Federation of Small Businesses, and Social Enterprise Scotland. This has helped shape strategy and initiatives that are centred on supporting local people and businesses.

Socially just use of land and property

- 4.1 Since the introduction of Part 5 of the Community Empowerment (Scotland) Act 2015 on 27 January 2017, the Council has made considerable progress with Community Asset Transfers (CATs). The legislation introduced a right for community bodies to make requests to all local authorities, Scottish Ministers and a wide-ranging list of public bodies, for any land or buildings they feel they could use to better effect. Community bodies can request ownership, lease or other rights as they wish, through CATs. The Act requires those public authorities to assess requests transparently against specific criteria, and to agree the request unless there are reasonable grounds for refusal.
- 4.2 The Council has a dedicated team responsible for supporting requests and, since 2017, four transfers have been concluded and assets transferred to community bodies. In addition, a further four transfers have been agreed to by the Council and legal work is ongoing to bring them to a successful conclusion.
- 4.3 There continues to be interest from community groups in pursuing transfers with four groups preparing detailed business plans for consideration and seven expressions of interest received that are currently being processed.
- 4.4 In addition to processing requests, a range of activities (including workshops and seminars) to promote and support CATs by community bodies have been undertaken and have been well received. The team continues to provide support and guidance to community groups, council officials and elected members.
- 4.5 There are a number of examples of business cases for intervention in the economy where the model is focussed entirely or in part on generating economic returns for local communities rather than just the wider economy. An example of this would be the retail and hospitality academy at the new St James Centre – FUSE. The focus is on providing training and securing jobs for those most of need of them in the city. In other projects such as Fountainbridge, Granton, Powderhall and the BioQuarter many of the facilities to be developed are for the community to use and there is also a push to provide affordable workspaces that can be accessed by local growing companies.
- 4.6 The Council also participates in the Place Based Opportunities Board along with other public bodies. The primary purpose of the board is to share information about property requirements and assets that have become surplus to requirements. The idea being that buildings and land are transferred between public bodies first before being considered for sale on the open market, and that they are therefore kept in public use for community benefit.
- 4.7 The Council's 20 Minute Neighbourhood Strategy builds on this concept and undertakes analysis of the needs of communities across the city and seeks to address any deficiencies in services or amenities through improving the offer or access arrangements. The Place Based Investment Programme is being used by

the Council to support this initiative and is also supporting a number of projects that are being delivered directly by community groups.

Making financial power work for local places

- 5.1 Projects like Granton Waterfront and BioQuarter are leading the way with regards to large scale investment programmes, with CWB ingrained in the projects from the start. As an example, and noted above, the IRES programme has commissioned a new community benefits portal to provide a CWB platform for community voices and ideas to be directly linked to community benefit clauses within procuring contractors. Launched in November 2021, it will link to large scale Edinburgh initiatives, such as the Granton Waterfront development, to respond to community needs and wants and improve the adoption of Fair Work practices. Edinburgh BioQuarter are also in the process of agreeing a Community Impact Strategy which will form part of the joint venture partnership base in the next step of the development.