



## **STUC response to Economy Committee Call for Views on CWB Bill**

### **1. The Scottish Government's objective is to ensure consistent implementation of Community Wealth Building across Scotland.**

#### **(a) Do you think the proposed Bill will achieve this object?**

Yes - partly.

By placing a duty on public bodies to engage in community wealth building (CWB), the Bill should ensure public bodies approach the process of planning community wealth building action planning in the same manner.

However, without more fundamental reform to devolve greater economic powers to local government, as well as taxation and additional resourcing, implementation is likely to be inconsistent.

#### **(b) Does the Scottish Government need to change the law to achieve this objective?**

Yes.

While the STUC is, at times, sceptical about framework legislation placing duties on public bodies without the associated resource to deliver on those duties, we believe there is a need for relevant public bodies to consider CWB formally, as many are not doing this. We also support the approach of establishing CWB partnerships.

While we generally support the measures listed under section 1 (5), relating to the Scottish Government's CWB Statement, and section 5 (5), relating to Local Authorities and relevant bodies CWB Action Plan, both should emphasise that insourcing of services in general should be the first step in any CWB plan. Insourcing of services should therefore be listed as a specific measure under these sections.

**(c) Are there other ways in which the Scottish Government could achieve this objective?**

Yes.

Local government in Scotland has been hollowed over decades. If we want Local Government to take a leading role in CWB, there is a need to adequately resource Local Government and devolve economic powers.

The Scottish Government could support CWB by providing financial resource to local authorities in the following areas:

Adult Social Care

Social care should be a foundational cornerstone of community wealth – low-paid female workers spend money locally as well as supporting our most vulnerable citizens live well in their community. Yet, Scotland's social care system is in crisis. Despite more demand than ever, staff turnover is increasing, pay is falling relative to other low-paid sectors, and the workforce is shrinking.

These issues are driven in part because of a lack of investment, but they are also driven by a sector dominated by large multinational providers that extract revenue from our care sector. STUC commissioned research found that:

- Nearly 25% of care homes run by big providers had at least one complaint upheld against them in 2019/20, compared to 16% in the rest of the private sector and 6% in homes not run for profit.
- In older people's care homes, staffing resources are 20% worse in the private sector compared to the not-for-profit sector.
- Over the last six years, the public sector has paid on average £1.60 more per hour to care workers.
- Between 2017 and 2020, the most profitable for-profit firms spent £28 of every £100 received in fees on profits, rent, payments to the directors, and interest payments on loans. For the ten largest not-for-profit care home operators, the figure is around £3.43.

We need a National Care Service based on a not-for-profit public service, delivered through local authorities with an ongoing role for the voluntary sector. The Scottish Government should support Local Authorities to transfer care homes out of private ownership gradually over time - for instance, through a multi-year plan backed up by Scottish National Investment Bank loans, 'care bonds' or capital borrowing. For

the most extractive providers, this could pay for itself within a matter of years.

A Just Transition through municipal energy and retrofitting companies  
Scotland's buildings are responsible for around a fifth of our emissions while too many are in fuel poverty. To reduce emissions, tackle fuel poverty, and build community wealth, the Scottish Government should provide funding to Local Authorities to establish Municipal Energy Companies which would develop, own and deliver low carbon heat and energy efficiency infrastructure and deliver area-based retrofitting programmes at local or regional level. There is good practice in this area – for example South Lanarkshire Council and Stirling Council, but this needs resource to be expanded.

### School Meals

As well as tackling poverty and improving educational outcomes, the roll out of free school meals provides an opportunity to support local food and local businesses. But, too many local authorities outsource their school meals to large multinational providers such as Amey and Serco. A funding stream to support Local Authorities to insource school meals should be considered.

### Buses

Currently, private bus companies are able to cut routes and raise fares, with no regard for the communities that rely on them. Lothian Buses, the largest publicly owned bus company in the UK, shows a different model, where profits are recirculated in the local service, is possible.

The Scottish Government should provide financial support to Local Authorities to re-regulate our buses and establish publicly owned bus companies.

### Tax

Finally, there is a need for Scottish Government to take bold action on taxation. This could include progressive income tax changes, the introduction of a local wealth tax, the replacement of a council tax with a property tax, and the removal of the small business bonus scheme, potentially replacing it with a more targeted business support scheme conditional on Fair Work practices.

**2. The Bill would place extra duties on some public sector organisations. Are these duties proportionate? Do these**

## **organisations have the capacity and resources to meet the duties placed on them?**

While we support the introduction of duties on public bodies, there are serious capacity and resource issues facing much of Scotland's public sector. Local government is facing a £780 million shortfall by 2026/27, one in nine of the Scottish population are on NHS waiting lists, more than 9,000 people are waiting for a social care assessment or care package, and teacher numbers are declining.

While some CWB measures can be done without significant financial resource, many can't. Creating circular financial flows requires capital investment – in public transport, in energy, buildings and infrastructure. A CWB agenda implemented in a period of funding restraint is likely to be limited.

### **3. Do you agree with the list of relevant public bodies proposed in the Bill? If not, how should these be changed?**

These largely seem reasonable, and it is welcome that enterprise bodies are included. We would note that Scottish National Investment Bank are only a specified, rather than relevant body. We would also note in some areas it may be appropriate to involve specified public bodies to a greater extent – for example Crown Estate and/or Forestry Scotland in certain rural areas.

**1. Do you agree with the list of specified public bodies proposed in the Bill? If not, how should these be changed?**

These largely seem reasonable, although we would note that Transport Scotland and Scottish Rail Holdings, which cover elements of national transport not covered by Regional Transport Partnerships, are not included. While not listed in the Bill, Transport Scotland is listed in the Financial Memorandum.

Consideration should also be given as to how to secure the involvement of crucial anchor organisations not listed - Universities in particular.

**2. Are there any ways the law in devolved areas could be changed to facilitate Community Wealth Building that are currently not proposed in the Bill?**

Yes, there are a number of ways that the law could be changed to facilitate CWB which are not in the Bill. This includes land reform, a property revaluation exercise, the introduction of a local wealth tax, the introduction of new local taxes, reviewing the Procurement Reform (Scotland) Act 2014, introducing Marcora Law inspired legislation, to give workers the ability to transition their company into employee-ownership, and placing duties on private developers to share information and engage with local groups and trade unions.

**3. Are there any potential unintended consequences to the proposed Bill?**

Not as far as we are aware.

**1. To what extent will small businesses benefit from this Bill?**

While small businesses may benefit from this Bill, this should not be an aim of the Bill. While some small businesses contribute a great deal to their local community, many do not – for example many small businesses pay less than the real living wage, use zero-hour contracts, and hold back economic productivity. It is therefore important to ensure CWB encompasses Fair Work, rather than simply supporting small business.

**2. To what extent will local community organisations benefit from this Bill?**

While community organisations should benefit from Community Wealth Building Plans at a local level, without the kind of wider reform highlighted elsewhere, the extent they benefit is likely to be limited and/or limited to wealthier areas.

**For further information contact:**

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