

23<sup>rd</sup> May 2025

To Whom It May Concern,

### **Community Wealth Building (Scotland) Bill: Call for Views**

We welcome the opportunity to respond to this call for views. ABCUL is the primary trade association representing credit unions in England, Scotland and Wales with around two-thirds of credit unions in mainland Great Britain affiliated to the Association.

Credit unions are co-operative societies that provide financial services – primarily savings and loan facilities – to their member-owners. They are registered as Co-operative Societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers, they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Credit unions have, since their inception in Britain in 1964, been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loan facilities to those with limited or no access to financial services from mainstream providers, generally due to their low income and/or lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. They are capped in the interest that they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

They are numerous, with over 225 credit unions active in Great Britain today, with more than 1.5 million members and £2.7 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

#### **Call for views response.**

#### **Q1. The Scottish Government's objective is to ensure the consistent implementation of CWB**

**Do you think the proposed Bill will achieve this object?**

**Does the Scottish Government need to change the law to achieve this objective? Yes or No**

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

We feel the Bill offers an opportunity to embed Community Wealth Building (CWB) in Scotland; however, without further clarity and guidance, it is difficult to answer these questions. We support the idea that economic growth alone cannot be relied on and that CWB works on the principle that, instead of relying on attracting capital investment to solve local challenges, there needs to be a change at a local level. CWB advocates for a rethinking of how we view our local economies and the levers we can pull within them to retain wealth.

We support the requirement for the Scottish Government to change the law to achieve this objective. CWB strategies and initiatives are already taking place around Scotland. Despite this, a law change will allow CWB to have a framework – changing the law to further achieve CWB could allow for consistency within CWB frameworks. Additionally, changing the law to achieve this objective could open opportunities for ‘economies of scale’, creating replicable CWB strategies and plans could allow for a more comprehensive adoption of community wealth building in Scotland. The legislation would provide a legal platform to support a more inclusive and community-focused economic development approach. This could ensure that communities and local impacts are prioritised in policy and decision-making processes.

A positive aspect of the Bill is its flexibility. While it introduces the duty for a CWB action plan, it does not prescribe a uniform template, which allows the public bodies to tailor their CWB action plans to reflect local needs, priorities and opportunities. However, while the introduction of a duty and allowing flexibility for implementation is considered positive, it does raise concerns regarding how successful this will be without national guidance and ongoing support to help public bodies deliver their action plans.

**Q2. 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?**

We cannot comment fully on whether organisations have the capacity and resources to meet the duties that would be placed on them. However, we believe the cost of not implementing these requirements is more costly to the Scottish Government achieving its National Outcomes and embedding CWB. Public sector budgets are stretched, but these measures are an investment in our communities and sectors, promoting long-term, community wellbeing and resilience. More public organisations are already articulating how they support

their people and local communities through their activity, so the additional requirements do seem proportionate.

In the Bill's accompanying financial memorandum, it estimates the need for a dedicated full-time CWB lead officer, who should be supported by five additional officers working part-time on the agenda. We cannot comment on any specific employer or organisations but given that many local councils are currently stretched financially and with resources, it seems that this could only be achieved by the Scottish Government providing additional funding. ABCUL do find this as a concern as there could be additional funds that potentially could be re-directed which we have highlighted in our response to question 5, we see this being utilised to help further the "on the ground" activity in relation to CWB's fifth pillar – finance.

**Q3. Do you agree with the list of 'relevant public bodies', as listed above, would be required to publish and implement a CWB action plan?**

We mostly agree with the list of relevant public bodies, however, do pose the question as to why the Scottish Government departments are not listed here. As the Government departments are included as part of the Bill, it creates a gap in the capture of information, and, as the Scottish Government is responsible for the implementation of the CWB, they should be monitoring their contribution, publishing and implementing a CWB plan. Scottish government departments, if they were to be listed on relevant public bodies, would be able to align with CWB strategies such as local procurement. Scottish government organisations should leverage their spending power to feed into CWB.

We do, however, understand that the Scottish Government is working with Public Health Scotland in supporting health and social care providers with the CWB agenda. Additionally, we note that Scottish Government departments are Edinburgh-centric with the focus on relevant public bodies across regional and local economies, and so with the initial CWB Bill, we understand regional and locally based public bodies may be prioritised.

**Q4. Do you agree with the list of 'specified public bodies' proposed in the Bill? If no, how should these be changed?**

We somewhat support the list of specified public bodies but do question why the Scottish National Investment Bank (SNIB) is not listed on the relevant public bodies, as the SNIB have a large role to play in the economy of Scotland. The Scottish Investment Bank can provide integral lines of patient capital to facilitate community wealth building, therefore, the SNIB is well placed to be included within the list of specified public bodies.

Collectively, the public sector in Scotland spent £16.6bn in 2022-2023, of which £8.9bn was spent in Scotland alone. Public sector organisations have a significant role to play in creating

economies which work for us all. There are also important roles for the private and third sectors in CWB. For example, the private sector can leverage supply chains to prioritise local suppliers, and third sector organisations could facilitate capacity building through education.

**Q5. 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?**

We propose that the Dormant Asset Funds allocation is reviewed in Scotland. In England, the funds from dormant assets are primarily used for financial inclusion, social investment, community wealth funds, and initiatives focused on youths. ABCUL proposes that the use of Dormant Assets in Scotland could be used to help support CWB, particularly the fifth pillar – finance – by investing in local community finance providers such as credit unions. This would strengthen financial resilience and wellbeing at a grassroots level, creating long-term economic inclusion, and provide local wealth building.

This would allow more people to access affordable lending, support families out of poverty, and provide vital services to communities when the mainstream lenders are withdrawing from many areas or simply will not provide service to some demographics. Credit unions provide a vital service and, as not-for-profits, keep money local and reinvest back into their communities- an essential tenet of CWB.

In the wider CWB agenda, Credit unions could form micro-anchor institutions as they are rooted in place and communities. This could ensure that credit unions have an even greater role within their community, providing much-needed support for individuals and businesses.

**Q6. Are there any potential unintended consequences to the proposed Bill?**

While the flexibility of the Bill is a positive characteristic, it also presents challenges. The Bill does not introduce proportionate mechanisms for benchmarking, monitoring and measuring impact. This could create a challenge in the scale and effectiveness of implementation, limit opportunities for learning and improvement and make it harder for firms to assess progress or ensure accountability.

**Q7. To what extent will small businesses benefit from this Bill?**

In response to questions 6 and 7, we would need further clarity and guidance on the Bill before we could comment fully. The Bill will promote local procurement, inclusive employment and community-based development, and could in turn create more accessible opportunities for small enterprises to benefit from the retention of wealth in the local economy. We wish to raise the following questions: what are the proposed consequences

for organisations that do not adhere to the additional requirements placed upon them after the implementation of the Bill and how is adherence going to be monitored on such a large scale? For example, an accountability framework, successfully used in other organisations, may need to be implemented to ensure adherence to CWB requirements.

**Q8. To what extent will local community organisations benefit from this Bill?**

We again cannot comment fully until we have seen further guidance on the implemented Bill. The Bill's focus on community-led economic development provides an opportunity for communities to contribute to shaping local economies in ways that better reflect their needs and aspirations. We know the importance of CWB in strengthening Scotland's economy and implementing measures to keep costs like procurement of goods and services within the local area, and to also recognise that CWB is already happening and is unlocking success. The Bill will provide an opportunity for the gains already made to be acknowledged, whilst helping a faster and greater take-up and push across the different public sectors. The Bill could help to embed and acknowledge the achievements made so far with regards to Community Wealth Building – it could also see increased support across sectors for community wealth building through endorsement from the Scottish Government. A clear, accessible communications strategy will also be key to helping communities understand, engage with, and support the aims of CWB.

Please contact us at [advocacy@abcul.org](mailto:advocacy@abcul.org) if you have any questions about our response to your consultation.

Kind regards,



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