

EXPLANATORY NOTES

Community Wealth Building (Scotland) Act 2026 (asp 7)

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COMMUNITY WEALTH BUILDING (SCOTLAND) ACT 2026

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes have been prepared by the Scottish Government in order to assist the reader of the Community Wealth Building (Scotland) Act 2026. They do not form part of the Act and have not been endorsed by the Parliament.

2. These Notes should be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

THE ACT

Overview

3. The Scottish Government has embraced the internationally recognised community wealth building (CWB) approach to economic development as a means by which progress can be made towards realising the Wellbeing Economy vision outlined in the National Strategy for Economic Transformation (NSET)[1], and the Scottish Government's economic policy aims generally. CWB acts as a strategic framework to build on policy actions already underway in Scotland, including in Fair Work, Sustainable Procurement, Community Empowerment and asset transfer. The Act aims to create a statutory framework to unite these actions and ensure consistent implementation of the CWB model of economic development across Scotland by public sector anchor organisations.

4. The Act makes provision for CWB in three ways: it places a duty on the Scottish Ministers to produce and publish a CWB statement setting out measures to be taken by the Scottish Government in relation to CWB; it requires local authorities, acting with certain public bodies within the local authority area, to produce CWB action plans setting out the measures to be taken within the local authority area in relation to CWB and to implement those plans so far as reasonably practicable; and finally it places a duty on the Scottish Ministers to produce guidance in relation to both the production of action plans and the inclusion of CWB measures in strategic planning by public bodies.

Crown application

5. Section 20 of the Interpretation and Legislative Reform (Scotland) Act 2010 provides that the Crown will be bound by an Act of the Scottish Parliament or Scottish statutory instrument unless the provision expressly exempts it. This Act applies to the Crown in the same way as it applies to everyone else.

[1] Scotland's National Strategy for Economic Transformation - gov.scot

Commentary on provisions

Section 1 - community wealth building statement

6. Section 1(1) places a duty on the Scottish Ministers to prepare a community wealth building statement. Subsection (2) provides detail about the required content of that statement, providing that the statement must give information about things that the Scottish Ministers are doing, or will do, to reduce economic and wealth inequality and to help sustainable and inclusive economic growth in Scotland. Those actions should be aimed at ensuring that more wealth is created within local and regional areas, and that more of the wealth that is created in, or comes into, an area should stay in that area. This might mean, for example, taking actions that would make it easier for businesses to operate in their local areas. Sustainable and inclusive economic growth is to be in line with the United Nations sustainable development goals. These are defined, in section 13, by reference to section 98 of the Climate Change (Scotland) Act 2009, which in turn refers to the goals set out in "Transforming our world: the 2030 Agenda for sustainable development" adopted by the General Assembly of the United Nations by resolution A/Res/70/1 of 25 September 2015[2].

7. Subsection (3) sets out actions that the Scottish Ministers must include in the community wealth building statement. This list is non-exhaustive, and includes, at paragraph (i), any other measures that the Scottish Ministers consider appropriate. So the statement might include actions which are not included in this list. There is a power in subsection (6) for the Scottish Ministers to change, by regulations, the list of measures, by adding, removing, or amending any entries. Such regulations are subject to the affirmative procedure.

8. Subsection (4) provides that the statement must also set out steps that the Scottish Ministers will take to encourage and support certain bodies to take actions aimed at creating more employee-owned businesses and promoting the development of those businesses. This might be by supporting the creation of new businesses, or supporting the employee buy-out of existing businesses.

9. Subsection (5) sets out various actions the Scottish Ministers must take in preparing each statement. Paragraph (a) requires that they review existing policies and practice throughout the public sector in relation to both procurement and community empowerment. The review should cover matters which are set out in legislation and matters which are not, such as non-statutory codes of practice. The purpose of the review is to establish whether the goals of community wealth building, as set out in section 1(2), are enabled or supported by those policies and practices. Paragraph (b) further requires the Scottish Ministers to consider including as a measure within the community wealth building statement the making of changes to those policies or practices, including any changes to legislation, where the review finds that such changes could be made to better support the goals of community wealth building. Paragraph (c) requires the Scottish Ministers to take into account the just transition principles, set out in section 35C of the Climate Change (Scotland) Act 2009[3], in preparing the statement. This means that the measures set out in the statement should align with those principles where possible. The Scottish Ministers must publish a draft of the statement, under paragraph (d). They are also required to consult local authorities, representatives of the community, business, and social enterprises, and other persons that they think it is appropriate to consult, before the statement is finalised, under paragraph (e).

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[2] A/RES/70/1 Transforming our world: the 2030 Agenda for Sustainable Development

[3] Climate Change (Scotland) Act 2009

Section 2 – publication and laying of statement

10. Section 2 requires the Scottish Ministers to publish the community wealth building statement, and to lay a copy of the statement before the Scottish Parliament. Subsection (2) gives the Scottish Ministers the power to make regulations setting out further detail about the format in which the statement is to be published. Such regulations will be subject to the affirmative procedure. Subsection (4) provides that both publication and laying before the Parliament must be done within 18 months of section 2 coming into force. Subsection (5) provides that, after the Scottish Ministers have published the statement and laid it before the Scottish Parliament, they must publish a report. The report must set out how the duty to consult persons about the statement, which is placed on the Scottish Ministers by section 1(5)(e), was carried out. This might mean that the report lists the persons who were consulted, and the ways in which they were invited to give their views. The report must also give details about how the opinions which were expressed during the consultation were incorporated into the statement, or if they were not incorporated.

Section 3 – review and revision of statement

11. Section 3 places a further duty on the Scottish Ministers to keep the community wealth building statement under review, and to revise the statement if they think it appropriate to do so. The effect of subsection (2) is that the Scottish Ministers must revise the statement at least every 5 years. Subsection (3) makes clear that the requirements about the content of the statement, set out in section 1(2) and (3), the requirement to carry out a consultation on the statement, set out in section 1(5)(e), and the requirements about reviewing the statement, set out in section 3, all continue to apply in relation to a revised statement.

Section 4 – reporting on statement

12. Section 4 sets out the requirements of the Scottish Ministers in relation to reporting on the community wealth building statement. Subsection (2) defines the reporting period as each period of 5 years, the first such period beginning with the day the statement was first published. Subsection (1)(a) provides that the report must set out what steps the Scottish Ministers have taken during the reporting period in relation to each action which is listed in the statement, the impact of those measures in achieving the aims set out in section 1, and what steps the Scottish Minister have taken to keep the statement under review. This might mean, for example, steps that they have taken to monitor the actions for their effectiveness, in case they need to be changed. Subsection (1)(b) requires the Scottish Ministers to publish the report, and subsection (1)(c) requires the Scottish Ministers to lay a copy of the report before the Scottish Parliament. Subsection (2) gives the Scottish Ministers the power to make regulations setting out further detail about the format in which the report is to be published. Such regulations will be subject to the affirmative procedure.

Section 5 – community wealth building action plan

13. Section 5 creates a new duty which is placed on local authorities and relevant public bodies. The relevant public bodies are listed in subsection (16), and they are defined in relation to local authority areas. So in each local authority area, a public body listed in subsection (16) will only be subject to the duty in subsection (1) to the extent that the body operates within the area. Subsection (17) allows the Scottish Ministers to make regulations to add bodies to the list, or remove them, or change the descriptions of bodies on the list. Such regulations are subject to the affirmative procedure.

14. Subsection (1) requires each local authority, working in partnership with the relevant public bodies in the area of that local authority, to prepare a community wealth building action plan, within 3 years of section 5 coming into force. Subsection (2) then places responsibility on the local authority to publish the action plan as soon as reasonably practicable after it has been prepared. Subsection (3) gives the Scottish Ministers the power to make regulations setting out further detail about the format in which the plan is to be published. Such regulations will be subject to the affirmative procedure.

15. Subsection (5) explains that a local authority and the relevant public bodies in the area of that local authority are referred to together as a community wealth building partnership, when carrying out the duties or powers placed on them or given to them under the Act. They can each be referred to individually as a community wealth building partner.

16. Subsection (6) provides that each action plan must set out things which the community wealth building partnership is doing, or will do, to ensure that more wealth is created within the area for that local authority, and that more of the wealth that is created in, or comes into, the area stays in the area. Subsection (7) provides some examples of the kinds of actions that the community wealth building partnership might include in the action plan. This list is non-exhaustive, and includes, at paragraph (k), any other measures that the partnership consider appropriate. So the plan might include actions which are not included in this list. It also need not include every action on the list.

17. Subsection (8) requires that the action plan set an indicative target in relation to the money spent or to be spent under public contracts which any of the individual community wealth building partners enter into. The target should specify what percentage of that spend should go to local economic operators. Economic operators are defined in section 13 of the Act as being persons offering the execution of works, the supply of products or the provision of services on the market. Public contracts are defined in subsection (15) as being contracts for pecuniary interest – that is, financial value – entered into in writing between an economic operator and a community wealth building partner for the execution of work, the supply of products, or the provision of services.

18. Subsection (9)(a) requires that each community wealth building plan set out how the partnership intends to measure or assess progress made in implementing the measures contained in the plan. The plan must include indicators against which that measurement or assessment is to be tracked. Paragraph (b) allows, but does not require, for community wealth building plans to also set targets in relation to the implementation of measures.

19. Subsection (10) provides some examples of the kind of indicators against which progress is to be measured which community wealth building partnerships might include in the plan. The list is indicative, and so not every indicator needs to be included. The list is also not exhaustive, and includes, at paragraph (g), other indicators that the partnership considers appropriate. So the plan might include indicators which are not on the list.

20. Subsection (11) requires community wealth building partnerships to consider how the use, or sale, of common good land could be used to support the goals of community wealth building set out in the Act.

21. Subsection (12) places a duty on local authorities, when they are contributing to the creation of an action plan, to consult persons that the local authority thinks are likely to be directly affected by the action plan. It also requires the local authority to consult such persons as it considers to be representative of the interests of the community in general, businesses, the

third sector, and social enterprises. Subsection (13) requires the local authority to publish a report setting out the details of the consultation process carried out in relation to the plan, and how the views which were given as part of that process were subsequently incorporated into the plan. The report is to be published as soon as reasonably practicable after the action plan has been published.

22. Subsection (14) requires both local authorities and the relevant public bodies for the area of the local authority to have due regard to guidance about action plans which is published by the Scottish Ministers under section 9(1)(a) of the Act.

Section 6 – local authorities acting jointly

23. Section 6 makes provision for a situation where 2 or more local authorities might want to work together to produce a community wealth building action plan which covers the areas of all of the local authorities who have chosen to work together. Subsection (1) provides that this is permitted. Subsection (2) requires local authorities who have chosen to work together to act jointly in relation to the action plan in all respects – this will mean, for example, that the consultation duty contained in section 5(6) must be carried out by the local authorities acting together, instead of separately. Paragraph (b) of subsection (2) ensures that where local authorities have chosen to work together, references in the Act to a local authority, or to the area of a local authority, are to be read as references to the authorities who are working together. The duties imposed on the relevant public bodies in relation to action plans will apply in relation to the combined area, to the extent relevant to each body.

Section 7 – review and revision of action plan

24. Section 7 places a further duty on community wealth building partnerships to keep their action plan under review, and to revise the action plan if they think it appropriate to do so. The effect of subsection (2) is that the community wealth building partnership must revise the action plan at least every 5 years. Subsection (3) requires the local authority to publish the revised action plan. Subsection (4) makes clear that the requirements to carry out a consultation on the action plan and to have due regard to guidance about action plans, and the requirements about reviewing the action plan, all continue to apply to a revised statement.

Section 8 – reporting on action plan

25. Section 8 sets out the requirements of community wealth building partnerships in relation to reporting on the community wealth building action plans. Subsection (3) defines the reporting period as each period of 5 years, the first such period beginning with the day the action plan was first published. Subsection (1)(a) provides that the report must set out what steps the partnership has taken during the reporting period in relation to each action which is listed in the action plan, and paragraph (b) requires that the report set out what steps the partnership has taken to keep the action plan under review. This might mean steps that they have taken to monitor the actions for their effectiveness in case they need to be changed. Subsection (1)(c) requires that the report set out the percentage of the spend under public contracts entered into by the community wealth building partners which is with local economic operators. This reporting requirement relates to the target which must be set in the plan under section 5(8). Paragraph (d) requires that the report also set out an assessment of progress made with reference to the indicators set out in the action plan in accordance with section 5(9). Those indicators are to relate to the implementation of the measures contained in the action plan. Subsection (2) requires the local authority to publish the report in the manner they consider appropriate.

Section 9 – implementation of action plan

26. Section 9 places a duty on local authorities and the relevant public bodies for the area of each local authority to implement, so far as reasonably practicable, the measures set out in the action plan for that area, for the period to which the plan relates.

Section 10 – guidance about community wealth building

27. Section 10 places a duty on the Scottish Ministers to issue guidance about community wealth building action plans and the measures which might be set out in them, and about facilitating and supporting the generation, circulation, and retention of wealth in local and regional areas. This includes the generation, circulation, and retention of wealth through the development of renewable-energy which is owned by the community, or through employment in or commerce with the renewable-energy industry. Subsection (2) requires that the guidance be published with 18 months of section 10 coming into force. Subsection (3) requires the Scottish Ministers to consult the relevant public bodies listed in section 5(16), and the specified public bodies listed in the schedule, and empowers the Scottish Ministers to consult anyone else they consider appropriate, before publishing guidance. Subsection (5) requires the Scottish Ministers to review the guidance from time to time and allows them to revise it. Subsection (6) requires the Scottish Ministers to publish guidance as soon as possible after they issue the original guidance or any revised guidance. Subsection (7) makes clear that, where persons are required under the Act to have due regard to guidance produced under this section, that includes any revised version of the guidance.

Section 11 – duty to have due regard to guidance

28. Section 11 places a duty on the specified public bodies, listed in the schedule, to have due regard to the guidance produced by the Scottish Ministers under section 10(1)(b), when preparing their corporate plan, and their strategies for delivering that plan. Subsection (2) allows the Scottish Ministers to make regulations to add a body to the list in the schedule, remove a body, or change the description of a body on the list. Those regulations would be subject to the affirmative procedure.

Section 12 – ancillary provision

29. Section 12 provides that the Scottish Ministers can make ancillary provision, by regulations, where appropriate. Regulations made under this section may modify any legislation, including this Act, once enacted. Where they textually amend primary legislation, they are subject to the affirmative procedure. Otherwise they are subject to the negative procedure.

Section 13 – interpretation

30. Section 13 contains directions to definitions of certain terms used in the Act.

Section 14 – commencement

31. Section 14 sets out when the provisions of the Act will come into force (i.e. have legal effect). Most provisions will be brought into force by regulations as determined by the Scottish Ministers. These regulations will be laid before the Scottish Parliament but will not otherwise be subject to any parliamentary procedure. However, this section and sections 12 (ancillary provision), 13 (interpretation) and 15 (the short title) come into force on the day after Royal Assent.

Section 15 – short title

32. Section 15 provides for the short title to be the Community Wealth Building (Scotland) Act 2026.

PARLIAMENTARY HISTORY

33. The following is a list of the proceedings in the Scottish Parliament on the Bill for the Act and significant documents connected to the Bill published by the Parliament during the Bill's parliamentary passage.

Proceedings and reports	**Reference**
Bill as introduced	SP Bill 62 Community Wealth Building (Scotland) Bill [as introduced] Session 6 (2025)
Explanatory Notes	SP Bill 62 Community Wealth Building (Scotland) Bill [explanatory notes] Session 6 (2025)
Policy Memorandum	SP Bill 62 Community Wealth Building (Scotland) Bill [policy memorandum] Session 6 (2025)
Financial Memorandum	SP Bill 62 Community Wealth Building (Scotland) Bill [financial memorandum] Session 6 (2025)
Delegated Powers Memorandum	SP Bill 62 Community Wealth Building (Scotland) Bill [delegated powers memorandum] Session 6 (2025)
Stage 1	
Economy and Fair Work Committee, 26 March 2025	SP OR Economy and Fair Work Committee 26 March 2025
Economy and Fair Work Committee, 2 April 2025	SP OR Economy and Fair Work Committee 2 April 2025
Delegated Powers and Law Reform Committee, 3 June 2025	SP OR Delegated Powers and Law Reform Committee 3 June 2025
Economy and Fair Work Committee, 4 June 2025	SP OR Economy and Fair Work Committee 4 June 2025
Economy and Fair Work Committee, 11 June 2025	SP OR Economy and Fair Work Committee 11 June 2025
Economy and Fair Work Committee, 18 June 2025	SP OR Economy and Fair Work Committee 18 June 2025
Delegated Powers and Law Reform Committee, 24 June 2025	SP OR Delegated Powers and Law Reform Committee 24 June 2025
Delegated Powers and Law Reform Committee report	Delegated Powers and Law Reform Committee 50th report, 2025, Delegated powers in the Community Wealth Building (Scotland) Bill at Stage 1 (SPP 835)
Economy and Fair Work Committee, 25 June 2025	SP OR Economy and Fair Work Committee 25 June 2025
Economy and Fair Work Committee, 24 September 2025	SP OR Economy and Fair Work Committee 24 September 2025

Proceedings and reports	**Reference**
Economy and Fair Work Committee report	Economy and Fair Work Committee 9th report, 2025, Stage 1 Report on the Community Wealth Building (Scotland) Bill (SPP 879)
Chamber, 20 November 2025	SP OR 20 November 2025
Stage 2	
Marshalled List of Amendments for Stage 2	SP Bill 62 Community Wealth Building (Scotland) Bill [marshalled list of amendments for stage 2] Session 6 (2026)
Groupings of Amendments for Stage 2	SP Bill 62 Community Wealth Building (Scotland) Bill [groupings of amendments for stage 2] Session 6 (2026)
Economy and Fair Work Committee, 14 January 2026	SP OR Economy and Fair Work Committee 14 January 2026
Second Marshalled List of Amendments for Stage 2	SP Bill 62 Community Wealth Building (Scotland) Bill [second marshalled list of amendments for stage 2] Session 6 (2026)
Second Groupings of Amendments for Stage 2	SP Bill 62 Community Wealth Building (Scotland) Bill [second groupings of amendments for stage 2] Session 6 (2026)
Economy and Fair Work Committee, 21 January 2026	SP OR Economy and Fair Work Committee 21 January 2026
Bill as amended at Stage 2	SP Bill 62A Community Wealth Building (Scotland) Bill [as amended at Stage 2] Session 6 (2026)
Supplementary Delegated Powers Memorandum	SP Bill 62A Community Wealth Building (Scotland) Bill [supplementary delegated powers memorandum] Session 6 (2026)
Supplementary Financial Memorandum	SP Bill 62A Community Wealth Building (Scotland) Bill [supplementary financial memorandum] Session 6 (2026)
Revised Explanatory Notes	SP Bill 62A Community Wealth Building (Scotland) Bill [revised explanatory notes] Session 6 (2026)
Delegated Powers and Law Reform Committee report	Delegated Powers and Law Reform Committee 15th report, 2026, Delegated powers in the Community Wealth Building (Scotland) Bill (as amended at Stage 2) (SPP 989)
Stage 3	
Marshalled List of Amendments for Stage 3	SP Bill 62A Community Wealth Building (Scotland) Bill [marshalled list of amendments for stage 3] Session 6 (2026)
Timed Groupings of Amendments for Stage 3	SP Bill 62A Community Wealth Building (Scotland) Bill [timed groupings of amendments for stage 3] Session 6 (2026)
Chamber, 10 February 2026	SP OR 10 February 2026
Bill as passed	SP Bill 62B Community Wealth Building (Scotland) Bill [as passed] Session 6 (2026)
Post passage	
Royal Assent, 25 March 2026	2026 asp 7

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Telephone orders/General enquiries: 0333 202 5070
E-mail: customer.services@tso.co.uk
Textphone: 0333 202 5077

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