



Scottish Policy Forum

Focus on the future

STAGE 2 CONSULTATION PAPER

Models of ownership



Scottish Labour

1. Benefits of diverse ownership in the Scottish economy

The Scottish economy would gain from more diversity in ownership which better benefits communities and stimulates sustainable local growth.

Promoting diverse and plural ownership is one of the key principles of Community Wealth Building, helping to retain the wealth generated by local economic activity in locally rooted enterprises. For instance, locally owned, renewable energy groups are generating clean energy through solar, wind and hydro installations. The community owned model ensures the benefits of renewable energy generation are retained by local residents and communities.

Diverse ownership forms include co-operatives, mutuals, employee-owned firms, community ownership and other forms of social business, as well as municipal and other forms of public ownership. These models help to provide workers, communities and customers with a greater stake in their workplace and economy.

These models of ownership embody the Fair Work principles of promoting fair pay, high quality and fair working conditions across the labour market in Scotland. This would include trade union recognition to give employees a voice, investment in the workforce, tackling the gender pay gap and creating a more diverse and inclusive workplace.

A diversity of ownership forms will help to create a more resilient, more productive and more equitable economy across Scotland. Research shows employee-owned businesses, such as worker co-operatives, are 8-12% more productive than conventional forms of ownership – demonstrating the potential economic rewards of expanding diverse ownership.

Supporting and promoting diverse ownership models would be part of a new Scottish Labour government. Across Scotland, the co-operative and social economy already plays an important role in many areas – from retail and financial services to energy and agriculture. There are also examples of municipal and other forms of public ownership in Scotland – including in rail, ferries and water.

Scottish Labour supports the principle of public ownership when it is in the national interest and believes that those publicly owned assets need to be protected and future proofed through accountability, driven by consumer and worker voice mechanisms.

2. Accountable public ownership of Scottish Government assets

Scotland has several publicly owned companies delivering essential public services to the people of Scotland. Publicly owned companies include Scottish Water, ScotRail, David MacBrayne (parent company of Calmac Ferries), and CMAL – operating in a variety of sectors, delivering jobs and services across Scotland.

Public ownership is important in the delivery of these vital services – with the goal of ensuring operations work for service users, workers and the taxpayer. Delivering for consumers and workers is vitally important to strong, effective public services – creating services which are accountable, accessible and user friendly.

Promoting mechanisms to enhance the consumer and worker voice could help to strengthen the delivery and operations of publicly owned companies. These bodies can ensure workers can raise inefficiencies, poor practices and unsafe working conditions – thereby helping to create more productive and happier workplaces.

For consumers, voice mechanisms can enable the creation of more democratic, accountable public services which can enable the delivery of higher levels of consumer satisfaction – enabling effective feedback on issues which matter to consumers.

New voice mechanisms would help to create public services which put co-operative and democratic principles at their heart, increasing accountability and giving people greater control of the services that matter to them. These democratic voice bodies would also help to safeguard public services from potential sale or privatisation against the wishes of workers, consumers and the wider public.

3. Co-operative growth – conditions for growth

Expanding the rate and development of co-operative business would require creating a legislative, regulatory and financial system which actively supports new co-operative start-ups, business transitions and market diversification.

Core to this is creating a co-operative development support system which provides adequate, tailored business advice which understands the co-operative and mutual model. Co-operative development capacity can be built at both a national and local level. The work of Co-operative Development Scotland (CDS) should be expanded, with resources and funding to achieve a step-change in the rate of new co-op start-ups, business transitions and existing co-op growth. SAOS (Scottish Agricultural Organisation Society) supports the farming and food industry co-operatives and collaboration.

Major publicly funded business support services, including Scottish Enterprise, Highlands & Islands Enterprise (HIE) and South of Scotland Enterprise could have in-house expertise for the development of co-operatives and other diverse ownership models. Local authorities could also ensure their basic business support services had at least one member of staff trained in co-operative and diverse business models.

Effective signposting to appropriate support organisations and funders would additionally facilitate new diverse business start-ups across Scotland. Any streamlining of the economic development infrastructure would include an expectation that alternative business models and forms of ownership will be promoted and that the appropriate expertise and resources would be available.

Access to finance has been a challenge for co-operatives as they differ from other forms of business which can more easily raise finance through equity sales. The Scottish Government could take action to reduce this issue by aiming to ensure greater access to finance for co-operatives, working with external funding organisations such as the Scottish National Investment Bank to provide finance opportunities.

An incoming Scottish Labour government could ensure universities and research centres are open and accessible to co-operatives and diverse ownership models. This includes promoting diverse business models as part of university incubators and spinouts.

Additionally, government could work to raise awareness of diverse ownership models as an option for business succession, with co-operative and Employee Owned Trust transitions an increasingly common and attractive model for existing business owner exits.

4. Community Wealth Building

Community Wealth Building is a broad-based economic development strategy seeking to anchor wealth in communities primarily at a local or regional level that creates jobs, increases community ownership, and invests in communities.

Community Wealth Building first emerged in the United Kingdom in 2013 by Labour in local government with the 'Preston Model'. In Scotland, the Labour-led North Ayrshire Council adopted a transformative Community Wealth Building approach.

Since 2019 the SNP Scottish Government has expressed support for Community Wealth Building and is in the process of introducing legislation but there are real concerns that the legislation will be weak and will not result in growth and the fair distribution of whatever wealth is created.

A Scottish Labour government could look to establish new 'anchor networks' across the whole country. These networks could bring together large public sector institutions, such as the NHS. These would include the real living wage, recruitment practices that focus on areas with high levels of unemployment and deprivation, make public land available for socially productive uses and grow the economy in a democratic way, giving voice and ownership to local people.

As with co-operative models, there could be a role for the Scottish National Investment Bank when it comes to supporting Community Wealth Building.

The Scottish Government could undertake an audit of land and assets it owns, and work with public sector partners, including Scottish councils, to do similar.

Procurement is a powerful tool to support co-operative growth and is a central feature of community wealth building. A Scottish Labour government could reform the regulations and rules around public procurement, to create a more level playing field between co-operatives and social businesses and other major procurement operators. Establishing criteria that gives weight to social value creation would increase spend with Scottish business, in particular SMEs and third sector organisations and allow local small businesses to get on supply chains.

The awarding of Scottish Government contracts would take account of the social benefit of trade union recognition, the real living wage, and the employment of under-represented groups in the procurement process. This would allow social businesses to compete with other providers who may undercut competition by paying low wages, using temporary contracts or offshore tax mechanisms.

Community ownership of land and property is an important pillar of effective Community Wealth Building. A Scottish Labour government could use community ownership as a means to protect cultural assets and venues. For years the SNP has failed to properly fund local authorities which has put these community assets at risk. Scottish Labour wants to see fair funding for local authorities but where appropriate, funding could be made available to acquire 'at risk' assets through transition to community ownership, e.g. the Scottish Government could work with the Communication Workers Union (CWU) to develop a new operating model for local post offices that incorporates community hubs to offer services and advice in communities and develop a new role for postal workers.

Privatised outsourcing often fails to deliver good jobs, growing wages or economic development. Outsourcing also means there is no community influence or consultation. A Scottish Labour government could put responsibility for in-sourcing services within a ministerial portfolio and seek to look at how outsourced services could be brought back in-house.

5. Conclusion

A new Scottish Labour government would look to make Scotland a world-leading place to establish a co-operative and social business, with a supportive legislative, regulatory and financial system. Expanding the development of diverse ownership models in every sector of the economy – helping these businesses have access to procurement opportunities, financial and capital raising, research and development ventures, and effective business support.

These models of ownership could revitalise Scotland's communities, tackle inequalities, support growth and expand clean energy and deliver a fairer Scotland.

QUESTIONS

1. How useful would an audit of publicly owned assets be and how could that be used?
2. There is scope for councils and other public bodies who are large landowners using their land for renewable energy schemes, for example North Ayrshire Council did this when it was led by Scottish Labour. How can more schemes be developed to maximise benefits to the local community?
3. How could public procurement be used to level the playing field between co-operative and social enterprises and private companies?
4. How can co-operatives and social enterprises get better access to finance? How could the Scottish National Investment Bank support alternative models of ownership?
5. At present only a fifth of community owned assets in Scotland are in urban areas. How could councils be supported to enable community ownership projects to regenerate assets or areas suffering from urban blight and decay, whilst ensuring any community asset transfers of public assets would remain in community hands in perpetuity?

SUBMISSIONS

This paper draws out areas that we wish to seek specific evidence and opinions on and we hope to encourage submissions that focus on these questions. However, we welcome responses that are not raised explicitly in the paper.

Submissions should be sent to: **scottishpolicyforum@labour.org.uk**

Please give your name, organisation name (if relevant) and a contact email address.

The deadline for submissions is Saturday 28 June 2025.

Thank you.

