Smart villages in Scotland

This document provides the individual reflections of Bill Slee on Smart Villages in Scotland. He provides a comprehensive review of the main objectives of the Scottish Government for sustainable inclusive economic growth, and the specific legislative framework to achieve it. Also, he elaborates on the distinctiveness of the Scottish and UK context on Smart Villages and the specific models that drive this concept forward, with a focus on its special scale and scope of action, and the necessary conditions on the ground for its implementation. This document ends with a series of forward-looking conclusions about what are the key means by which Europe can support smart villages.

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Smart villages in Scotland – villages that outperform with respect to expectations - can be seen in part as a product of their occupants and their capacity to organise themselves in community-based endeavours and in part as the outcome of both a suite of devolved government policies relating to community empowerment and, to a lesser extent, European policies. The Scottish Government does not use the term "smart villages" but is acutely aware that there are communities acting collectively that have shown the capacity to make discernible differences in their performance.

A key lesson from the Scottish examples of smart villages is that those communities with both the cohesion and capacity to engage in community-led place making and to draw down public support are able to make profound differences to the wellbeing of their citizens.

Goals

The overarching purpose of the Scottish Government is sustainable inclusive economic growth.

In order to achieve that, it seeks to nurture empowered and resilient rural communities which help the Government to deliver the national outcomes it seeks (See Figure 1). These outcomes are specified in the Community Empowerment Act Scotland 2015. By "empowered" the Scottish Government wants local people to be able to help shape actions that improve their community's wellbeing. By resilient, the Scottish Government wants local communities to be better able to withstand shocks that could reduce wellbeing and be able to adapt successfully to changed circumstances.

Supporting the achievement of the desired outcomes there is an overarching economic strategy with a raft of national level sectoral strategies and frameworks in six identified growth sectors, including food and drink and tourism. Smart specialisation has been implicit rather than explicit (it is not mentioned in Scotland's Economic Strategy 2015) in delivering that strategy because of the regional concentrations of activity in tourism, food and drink (including whisky).

As well as actively promoting growth through innovation, the strategy also seeks more inclusive growth, which entails reducing social and spatial inequalities. These key strategies are supplemented by a range of other strategic documents.

Figure 1 The Scottish Government's purpose statement

Source: http://nationalperformance.gov.scot/

The distinctiveness of the Scottish and UK context

Rural areas of Scotland and other parts of the UK face similar challenges to many parts of Europe but have distinctive features. The response to these challenges is shaped by national and international institutions, including policies, as well as collective national values. In Scotland, it has long been recognised that different parts of the country face very different challenges and that the role of farming and forestry as drivers of rural economies is much reduced compared to 40 or 50 years ago. It is also recognised that remoteness from urban hubs and low population density in much of rural Scotland create particular challenges in public service provision.

In the UK, the financial crisis in 2009 ushered in an era of public sector austerity, which has meant that public service providers have faced reduced budgets and have experienced difficulties in maintaining earlier standards of service delivery. Because of the nature of municipal spending in the UK, with a large proportion of municipal budgets coming from central government transfers, central government has obligated municipalities to reduce spending.

Although the devolved Scottish Government actively opposed UK austerity politics, it fell victim to its consequences as the devolved monies from the UK Government to Scotland were much reduced. Thus, from libraries, to schools, to public transport to social care, cuts in budgets have meant reduced quality of service or closures.

Both the UK generally and Scotland have rather large municipalities both in terms of numbers of people and areas. This has created what some would describe as a democratic deficit, with local people feeling distanced from decision making and a sense of alienation from both central and local government. For example, one council area - Highland - covers almost a third of the land area of Scotland and over 10% of the land area of the UK. Many LEADER areas mirror municipality boundaries making them rather large geographical areas with very diverse conditions within them.

Scotland has large areas of poor-quality land, many remote rural areas and many islands. In addition to the problems of these "traditional" rural community the decline of semi-rural and small-town mining and metal working in central Scotland and textile

industries in eastern Scotland has left many rural areas with a declining employment base and, in the case of mining, a legacy of former mineral working. Some areas have thus experienced a long history of population decline and declining services. There have been periods when new economic activities have revitalised some communities, especially in relation to energy developments. In the 1950s and 60s major hydro-electric developments provided large numbers of jobs in remote highland communities and later oil and gas-related developments created many jobs in construction from the 1970s. Tourism emerged as a major employer in some areas. Lifestyle migration into some rural areas suppressed the tendency for demographic decline. But these developments by-passed some communities, leaving them vulnerable to decline. New technologies in farming and forestry further reduced the demand for labour in the primary sector.

Partly in response to the politics of austerity and partly because Scotland has a more instinctively communitarian set of values, Scotland has focussed on developing a suite of policies to "help communities help themselves." Some of these policies predate the devolved Scottish Government and several of them have drawn on European funds, especially LEADER and Objective 1 and 5b to deliver support to rural communities.

Scenarios and models

Two models for regeneration have prevailed, each broadly suited to the circumstances of the time. From the early 1990s partnership models were widely promoted, in which public sector bodies, the business community and third sector bodies came together usually at a sub-regional scale, normally with the aim of regenerating areas through collaborative planning, coupled with drawdown of public support for projects, often aided by a team of animators. Sometimes these partnership structures were necessitated by the architecture of European

support, including with respect to Objective 1 and objective 5b partnerships and, at a somewhat smaller scale, LEADER. Within the Objective 5b structures, specific local initiatives addressed issues such as farm diversification and the delivery of an enhanced infrastructure to attract tourists. The partnership model remains pertinent. Some councils such as Aberdeenshire have created independent area partnerships which operate with funding from the council to support local community development. LEADER also remains as a sub-regional scale partnership to drive local development, but over time may have lost some of its capacity to innovate and its early, deep engagement at community level, as it has been drawn closer to municipal governance structures.

The second model which has gained strength in recent years is one that sees the individual geographical community as the driving force of regeneration, often using community development trusts or other third sector bodies as the main agencies promoting and supporting community-led local development.

Increasingly, and partly as a consequence of the politics of austerity, the emphasis has rather shifted in Scotland from partnership with municipalities and others at sub-regional scale to local independent third sector bodies which have become the main drivers of smart village outcomes. Sometimes the local agency is a local land trust, but the principal model is the Community Development Trust, which is a charitable trust with the purpose of promoting local development. These have been identified as anchor organisations and provide a hub of expertise and experience which enables them to address specific local needs and design and deliver projects.

Figure 2 Number of Community Trust Associations

Source: http://www.dtascot.org.uk/

Community trusts cannot operate in a policy vacuum, so alongside community-level agency, there needs to be a raft of supportive legislation, which can be drawn on to support specific locally tailored actions. In addition, the Scottish Government gives financial support for organisations like the Development Trusts Association, Scotland or Community Energy Scotland. This second model carries with it certain needs: for municipalities and government agencies to operate in an enabling role to support local communities; and for communities to develop the skills and capacities to deliver local solutions to the challenges.

The second, currently dominant model is based on an implicit recognition that there are major limitations on the state's capacity to act caused by austerity politics, which have been imposed on the Scottish Government and which are then passed onto municipalities and other public bodies. It is also based

on recognition of the frailties of the market economy in some regions. The combined effects are that there are some parts of Scotland, from inner urban areas of industrial decline, to declining rural coalfields to remote upland and island communities where there are high levels of social and economic disadvantage.

These two models are not mutually exclusive. Indeed, they can and sometimes do articulate, with the partnership structure able to offer support to communities, assisting in project planning and in building capacity in communities by guidance, confidence building and signposting to expertise that can help deliver successful project outcomes. These animation processes have been a core part of the LEADER approach, where the project's officer works up projects with the community and helps manage risk as the project evolves. Catalysis by animators provides a link between the two models and scales.

Spatial scales

Over recent decades the Scottish Government and its predecessor bodies have developed national framework strategies and laws within which regional and local strategies are nested. In one case, specific legislation was passed over 50 years ago to address development challenges in the Highlands and Islands – the most remote and sparsely populated part of Scotland- and the regional development board created by the act of establishment was given social as well as economic support functions. Unsurprisingly, it was in this region that the foundation stones for many current types of support for community-led local development were laid down, including support for community land purchase, support for community cooperatives and support for community renewable energy.

In the 1990s, sub-regional or regional partnerships were invoked as a delivery mechanism for more coordinated rural planning. Bodies such as the Southern Uplands Partnership formed in 1999 provide a typical example of a large regional

partnership spanning two council areas. Initially councils were major supporters but, as public finances have dwindled, most partnerships are now third sector agencies.

Alongside the partnerships that were entirely Scottish in origin, from the 1990s, European designations (objective 1 and 5b designations) created a regional scale of partnership structure and development planning. As poorer countries entered the EU, so the funding for severely disadvantaged areas shifted eastwards and Scotland's receipts from the structural funds have diminished. As European rural development policy has evolved, there have been periods when the Rural Development Programme (RDP) had regionally specific measures, but these have now been abandoned, except with respect to some biodiversity measures.

As well as the RDPs, support from Europe has also come from the European Social Fund and the European Regional Development Fund. For example, the ESF currently supports an "Aspiring Communities Fund to support community and third sector developments in fragile communities in the Highlands and Island and the ERDF co-finances the Climate Challenge Fund which supports communities to reduce carbon emissions through community-based activities.

The dominant arena of action for community-based rural development ("smart villages" is individual communities, although occasionally clusters of communities come together as in some of the scattered crofting communities of the Western Isles. Because some rural communities are characterised by highly dispersed population, a small urban hub is often the focus for action in its hinterland, as in Huntly in Aberdeenshire, where a development trust operates in the town and its surrounding rural area.

Increasingly, as the scale of action has become more localised, the supporting policy architecture has become more national and more sectoral, providing a

strategic framework and sometimes policy instruments to support community renewable energy, community land acquisition, tourism or food and drink initiatives. This may leave some sectors, particularly social care services, as areas where support remains more regional than national. This may leave municipalities feeling threatened by loss of power both upwards and downwards. As well as seeking to work for the greater public good, self-preservation may sometimes be guiding some of their actions and decisions.

Scope

The scope of actions that might be undertaken by smart villages is very broad. The actions at village scale often begin as a response to a specific crisis or opportunity that is seized by local people: the only shop or garage may close; an area of land may be being neglected and new legislation afford the opportunity to acquire it as a community trust; opportunities may exist for community energy projects to create revenue to

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support local development; a community may establish a festival which gathers strength over the years to become a major tourist attraction. But the challenge in a community may not emanate so much from a crisis event, as from a slow trickle of broadly negative changes, such as outmigration of young people and a steady decline in rural retail or public services.

The triggers are highly varied and so often is the response. Sometimes it is singular as in the case of many community shops in Shetland which took over as private retailers declined; or as when a community

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takes control of a tourist attraction or a former municipal caravan site. But in other cases, the skills honed on one project are redeployed on other projects and the community gathers strength as it takes on new challenges and opportunities with a hub agency supporting a series of satellite activities. This is very evident in a community like Portsoy on the Moray Firth coast, or Braemar in the Cairngorms National Park or in many of the Western Isles community buyout communities.

The widening of scope may be critical to increasing the range of positive impacts and outcomes. Rural wellbeing is not one dimensional and neither can the actions and activities be that support it. When a community is thinking about moving beyond a single-issue project, this may be a good time to engage in community planning. Such plans are advisory and have no statutory relevance. They should be an exercise in community engagement, maybe facilitated by an outsider but giving ownership of the process to the community for whom the plan is being developed. Here the opportunities are boundless and limited only by the ambitions and skills of the community. Participatory meetings are often held to stimulate local thinking and prioritise local aspirations needs and actions.

Because renewable energy has been widely developed in rural Scotland, some communities are the beneficiaries of substantial community benefit schemes- effectively a form of informal local tax. The appropriate disbursement of such funds from private sector schemes or of the revenues arising from community owned schemes, may prompt a community to engage in a community plan. Indeed, in some cases, a community plan is an obligation before the community fund is passed over to the community group to distribute.

There may be a strategic element in community plans, but they will often comprise a set of pragmatic actions to reduce disadvantage and support other third sector activity. Their activities will be guided by the "articles" of the third sector body and need to be designed with care to reflect what the community is seeking to achieve. In other cases, however, money has remained unused in community funds where communities lack the human resources or desire to use it for local development. These community funds are usually assigned to postcode areas adjacent to renewables developments, but their use is contingent on local organisations developing the capacity to come up with appropriate projects. It remains a work in progress to understand the best means of distributing such funds and there are significant differences between different developers and different municipalities.

Necessary conditions

Three factors must come together to provide the necessary conditions for smart villages to succeed in Scotland. First, it is essential that there is a group of committed activists at community level, with the aspiration and skills to make a difference. Second there is a need for a supportive architecture of policies which can be drawn down to help fulfil those aspirations. Third, there is a need for spatial targeting to ensure that the already smart villages don't use their smartness to capture ever more of the public and charitable funds that are on offer.

Smart communities are those with strong human and social capital that have been able to use these human resources, alone or with others to develop villages in

a communitarian and collaborative way. The precise form of community-based endeavour has been enormously varied, sometimes addressing one distinct area of decline such as the decline of small shops and the replacement of small private retailers with community owned businesses, or the purchase of land from an absentee landowner who has invested little in the property for many years.

Often building on experience gained in response to a single issue, communities have been able to develop more comprehensive non-statutory community plans and, using the confidence and skills deployed on one project, have promoted and developed other projects from community-owned energy, to community forestry, to significant community-owned tourist investments to social care initiatives.

The emergence of people with leadership skills to carry forward community-level developments is essential to their success. While sometimes the professional skills of relatively affluent retirees with prior experience in project management and finance may seem essential, it is also clear that long standing residents have or can acquire and develop skills. An orientation toward community rather than individual benefits and outcomes and a capacity to build new networks and design creative solutions seem to be key attributes. A further attribute observable in many smart communities is the presence of individuals with bridging or linking social capital- that has the ability to create linkages to policy actors or third sector funders, which then results in greater drawdown of funds for local projects.

The key is a local third sector institution that operates as an anchor or hub for collective decision making and action. There are now over 200 Community Development Trusts in Scotland. Many now operate arm's length, income-generating enterprises. But over and above these anchors there are estimated to be 30,000 mostly place based organisations in Scotland, delivering a diverse array of products and services from land ownership and management, to waste recycling, to social care (including childcare), sports and cultural groups, housing and transport (Scottish Community Alliance 2016)[1].

The demands on local actors should not be underestimated. They often have day jobs too and significant community led projects are very demanding ventures. Sustained effort is often needed to deliver successful community projects. There can be many hurdles to overcome and without sustained and persistent effort successful outcomes are unlikely to be achieved. As well as having community actors with the capacity to reach out to policy actors, it is also essential for municipalities or development agencies to have local development officers who can engage with village communities. Many community groups express frustration at municipal officers who cannot engage with grass roots activities and tend to see the world through siloed and bureaucratic lenses.

The second essential condition is of a set of policies which are conducive to place-based community development. As the arena of action has thus moved from regional or sub-regional scale down to individual communities or clusters of communities, policy has moved from encouraging partnership-based local planning to providing more effective support for community led initiatives. There have been some ground-breaking policy developments. *The 2003 Land Reform Scotland Act*[2] enabled communities to become collective owners of land resources, to the extent that now 70% of land in the Western isles is now in community ownership. This has enabled the provision of land for social housing and the development of community owned renewable

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[1] Scottish Community Alliance (2016) Local people leading – a vision for a stronger community sector
[2] https://www.legislation.gov.uk/asp/2003/2/contents

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energy developments. Since 2011, the *Community and Renewable Energy Scheme[3]* has provided grant and loan finance to communities developing renewables project and it has been crucial in providing bridging finance that could not have come from commercial lenders.

Community owned renewables can be funded by normal sources of finance, but smaller projects may nit interest the banks and may need to resort to crowd sourcing which is enabled by the UK-wide *Co-operative and Community Benefit Societies Act 2014[4]*. The *Self-directed Support (Scotland) Act 2013[5]* makes legislative provisions relating to the arranging of care and support, community care services and children's services to provide a range of choices to people for how they are provided with support. This means that third sector organisations can develop projects where other care providers are failing to deliver effective service.

A key piece of overarching legislation is the *Community Empowerment (Scotland) Act 2015*.[6] It consolidates earlier obligations for public sector bodies to develop more integrated strategies but also increases individual communities' powers to act by creating scope for community asset transfer whereby disused public buildings can be transferred to local

trusts and increases the scope for community land purchase. It also enhances the possibility for re-energising local democracy through means such as participatory budgeting.

The third need for spatial targeting is essential if limited funds are to have maximum impact on the reduction of poverty and inequality. In the past, LEADER was targeted at Objective 5b areas which had identifiable social and economic weaknesses. Its mainstreaming may well have led to some relatively well-off communities drawing down additional support for projects that take funding away from areas of greater need. Some strands of community development support have used spatial targeting such as the Initiative at the Edge.

Some contemporary policies, such as the Aspiring Communities Fund, use spatial targeting to support more disadvantaged communities to build capacity to engage in local development. There are good fine-grained socio-economic data which are reflected in the Scottish Index of Multiple Deprivation and this dataset can be used to select beneficiary communities, focus advisory support and develop community plans. The spatially targeted Aspiring Communities Fund seeks to:

> Enable communities to design and establish new or enhanced services addressing poverty and inequalities;

> Support new staff posts within community organisations to increase levels of economic activity, local service provision and inclusion, and enhance community resilience; and

> Accelerate the implementation of projects and services delivering longer lasting community-led solutions[7]

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[3] https://www.gov.scot/Topics/Business-Industry/Energy/Energy-sources/19185/Communities/CRES
[4] https://www.fca.org.uk/firms/registered-societies-introduction/co-operative-community-benefit-societies-act-2014
[5] http://www.legislation.gov.uk/asp/2013/1/contents/enacted

[6] http://www.scdc.org.uk/what/community-empowerment-scotland-act/
[7] http://www.scdc.org.uk/news/article/aspiring-communities-fund/

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Notwithstanding some elements of targeting in some policies, the capacity of the current system to transform the less smart into smarter communities might be questioned. Many elements of the existing system favour the "go-getting" communities with strong social and human capital and a track record of success. Perhaps mentoring or twinning with already smart villages could be used to provide support, or maybe fixed-term animators could be used to help build capacity to act in local communities using the "teach a man to fish" approach rather than "give a man a fish". Certainly, local authorities (municipalities) will need to lose any vestiges of protecting their position and be more enabling in their modus operandi. And where fluid, innovative and sometimes slightly risky approaches are attempted in response to crisis conditions, it is essential to learn from that experience and not simply ostracise failure if things go wrong.

Brexit poses a major challenge for the Scottish Government. It increases uncertainty as to funding for the many community-oriented support policies that are part funded by the ESIF funds. Whether this raft of support policies is retained in full, with similar levels of support to those offered at present, is highly questionable. Any economic downturn arising from Brexit may reinforce austerity politics and is likely to reduce public spending still further.

Conclusions

Something profoundly important is evident in Scotland in smart villages. There is growing realisation among community activists regarding the limits of both state and markets in delivering positive development outcomes at local level. By asserting control and using appropriate local institutional architectures (typically local development trusts), local people acting collectively have proved themselves able to draw down support from diverse funding sources including Scottish Government, European policies and charitable trusts to drive locally owned and locally managed projects. It is not that state and markets are rendered irrelevant in this new regime. It is that the third sector has proved its capacity to deliver in arenas as diverse as land management, community energy, retailing and social care. The delivery of products and services in these fields is now more hybrid and more community-based than at any time in the past.

A core need is to replicate the good practice in smart villages in those that are less smart but in areas that a structurally disadvantaged. The community-based model will only work where the human resources and social capital come together in a unitary way, and this will be particularly difficult in some places with

fractured and diverse communities of interest. The best that can be expected of more fractured communities is islands of strong community-driven activity in certain fields, rather than a cohesive and joined up series of actions and projects. But this is surely better than inertia and inaction, but developments favouring particular groups could potentially compromise equity objectives.

If there is a shadow at the heart of this carnival of creative action, it is that not all places have the human and social capital to drive community development. Without a policy of positive discrimination to disadvantaged communities and active capacity building in such places, there is a danger that smart and successful communities will draw down the lion's share of support, leaving little for those communities that desperately need to become smarter. This concern is on the radar of the Scottish Government and is reflected in some support policies such as the Aspiring Communities Fund, but where public funds are limited, the smarter communities will almost always prove most adept at drawing funding down unless spatial targeting is towards disadvantaged places is practiced. If power is only unwillingly ceded by the smart villages that have acquired it through their actions, and this is to be expected, spatial targeting based on need will be essential to expand the size of the community of smart villages.

European Union policy has contributed significantly to smart villages in Scotland, by creating LEADER partnerships and providing other ESIF support which connects to vibrant and aspiring communities and through a mix of advice and grant aid has supported local projects. Looking to the future what are the key means by which Europe can support smart villages?:

> It can provide support for animation and firming up of projects built with local communities, but must recognise that where specific advice is needed, as with community renewables, a regional officer of a sectoral body may be a

better means of supporting an initiative than a "jack of all trades" animator.

> It can provide grant aid to projects, subject to there being a clear separation of powers and recognition of issues such as displacement. The animator should not be a member of the grant-giving panel and where displacement is significant there is no case for project support. These projects could be topic-specific as in the innovation partnerships or could be place-based projects in a specific locale.

> To date most of the EIP projects have been predominantly agriculture or food-related. There are compelling reasons why innovation is also needed in fields as diverse as rural retailing, community renewables and social care. If multi-sectoral rural development is the Commission's aim, innovation across multiple sectors will be needed.

> The case for supporting place-based trusts or third sector bodies which take a holistic view of development needs is compelling. However, there are already strong third sector organisations in Scotland that provide support for third sector groups and there is a no case for displacing such activity with European money but a strong case for supporting it. So, support for capacity building training by, for example, the Development Trusts Association for Scotland makes sense, if only by offering village activists the fees and subsistence to attend such courses.

> There remains a case for "intensive care" support systems which build capacity in disadvantaged communities. Here the emphasis needs to be on building social capital and trust among actors, giving them skills and confidence to deliver successful locally owned projects. This suggests a need for spatial targeting of support to areas of greatest need.

Many of these elements are already in place, but if we want not just smart farmers but also smart villages and smart villagers, there is a compelling case for a more holistic vision in which local actors from all sectors can draw down support from multi-sectoral partnerships such as LEADER or subject-specific support as in community energy. Further, there is also a case for significant spatial targeting if, as seems desirable, major geographical disparities in growth potential are to be reduced.

Grounded in a realistic assessment of the limits of state and markets what has already been achieved in

Scotland by supporting community level action is really significant. What could be achieved with relatively modest adjustments to the support architecture is even greater.

As the new policy regime offers member states so much more flexibility to select policy means, so it is important that sectional interests do not succeed in pushing member states to increase sectoral support at the expense of the multisectoral strategies and actions which can offer so much in making rural areas more resilient and successful.

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