



# SCOTTISH GOVERNMENT GOOD PRACTICE PRINCIPLES FOR COMMUNITY BENEFITS FROM ONSHORE RENEWABLE ENERGY DEVELOPMENTS



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# CARES SUPPORTS LOCAL RENEWABLE ENERGY GENERATION

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This document is available at:  
[www.localenergyscotland.org/goodpractice](http://www.localenergyscotland.org/goodpractice)

# 1 FOREWORD

Renewable energy in Scotland presents an unprecedented opportunity for communities to share in the benefits of their local energy resources.

The Scottish Government has no powers to oblige developers to pay community benefits but has been very encouraged by the willingness of onshore renewables developers to offer voluntary community benefits packages and to register these on the Scottish Government's Community Benefits Register.

We know that the processes and administration of community benefits are evolving, and will be shaped by the local context, but we do think there is scope to encourage models that allow communities to invest strategically in order to maximise local gains.

This document details good practice principles and procedures promoted by Scottish Government. It is intended as a practical guide to the process but also, through examples of what is already being achieved, as a showcase to inspire success.

This Guidance has drawn mainly on experience from the onshore wind sector but the Scottish Government would like to see community benefits promoted across all renewables technologies and hence most of the principles and procedures herein will be applicable to other onshore renewable energy technologies.

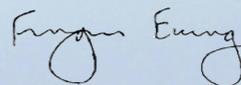
We would like to thank all those who responded to the public consultation on this document in

winter 2013/14 and we are grateful for the work of the informal stakeholder group, as listed in Annex 11.5, convened under our Community and Renewable Energy Scheme (CARES). We think this has produced a very helpful national reference to guide what is a voluntary local process, and we will work to ensure that the Guidance is reviewed and updated to stay relevant.

Scottish Government has a strong ongoing commitment to facilitate community involvement in renewable energy, as demonstrated through our flagship CARES and REIF programmes. We are pleased to confirm that following publication of these good practice principles, we will be developing supplementary Guidance to support the opportunity for increased levels of community ownership in commercial projects, including direct investment and joint ventures. Furthermore, in 2014, Scottish Government Guidance will be developed to cover community benefits from offshore renewables.

While intended for developers of renewable energy projects in Scotland, this document is also expected to be a valuable tool for other stakeholders to understand the expected process.

Signed,



Fergus Ewing  
Minister for Energy, Enterprise and Tourism,  
Scottish Government



The Scottish Government Register of Community Benefits from Renewables is available at [www.localenergyscotland.org/register](http://www.localenergyscotland.org/register) and showcases projects funded through community benefits from renewable energy to date.

## 2 INTRODUCTION AND OVERVIEW

Community benefits offer a unique and unprecedented opportunity to communities across Scotland. Scottish Government recognises that many developers have individual company policies and approaches which work well to deliver community benefits, and this guidance is intended to share and build upon the progress in the field to date for forthcoming operational projects. The industry has expanded rapidly over the past decade, bringing millions of pounds of investments to local areas throughout Scotland and empowering often remote, rural communities. There is a national imperative to learn from both good and bad practice to date and to look for greater consistency across Scotland in order to maximise the benefits to both developers and communities from renewable energy and the associated voluntary packages.

Aspiring to good practice processes is vital to improving understanding between stakeholders, and these principles should form the foundation on which to base further context-specific discussions.

The Scottish Government recognises that no one size fits all when it comes to community benefits and that decisions on the details are best led locally, creating unique outcomes. Hence the key principles of our national guidance are the promotion of a national rate for onshore wind equivalent to at least £5,000 per MW per year, index linked for the operational lifetime of the development for community benefits packages, together with the consideration by developers of the scope for community investment (Section 3).

A key component of this guidance is the provision of information regarding community benefits pre-consent of the renewable energy development. This is considered a vital step in allowing time for capacity building and developing ideas for implementation of the community benefit package.

Community benefits packages from commercial renewables developments are not limited to annual monetary payments into a community fund. Section 4 highlights that the Scottish Government is very keen to see communities get the chance to invest in local developments so that they have a direct stake in the energy being generated locally. Several innovative schemes have successfully been deployed in Scotland in recent years, and we want to encourage similar projects. There is an ambition to build on these examples and on the excellent record of voluntary community benefits schemes in Scotland to date to create a new paradigm for “mutual benefit”, with support for community investment

from national schemes such as CARES and the Renewable Energy Investment Fund (REIF).

Community benefits packages have the opportunity to support sustainable development in a number of different ways beyond providing funding or direct investment opportunities. This can take the form of other voluntary benefits (Section 5). As with community investment, there are numerous innovative schemes operating across the country and the Scottish Government is keen to ensure these opportunities are considered.

It is recognised that community benefit schemes can be divisive locally given that they usually operate within geographical boundaries and sometimes across communities with varying needs and opportunities. It is vital then to identify the appropriate communities to be involved in such schemes so as to maximise the opportunity. The Scottish Government encourages this process to begin pre-consent where possible to allow community groups time to identify their resources and build capacity, and to enable discussion and identification on an appropriate area of benefit. Section 6 provides guidance on this key element of any community benefits package.

Section 7 covers local consultation which is an important component of any community benefits scheme. The creation and strengthening of mutual trust and relationships should be regarded as integral to the overall process. Consultation should take place from the outset of considering benefits and should be open,

timely, fair and inclusive, and everyone should have the chance to get involved. Done well, it can also improve the likelihood of developers and their host communities getting the most out of the community benefits opportunity while at the same time building trust and understanding locally about the renewables development more widely.

The Scottish Government believes that Scotland's greatest asset is its people. The country is enriched by the work of thousands of volunteers and community groups. Their actions play a crucial role in delivering improved social, economic and environmental outcomes. The Community Empowerment (Scotland) Bill is one way that this community action will be supported. Section 8 highlights that achieving effective spend of community benefit funds to support this community-led action can contribute to the long-term sustainability of local communities and encourages a focus on devising strategic action plans with community backing. With local strategic community action plans, proportional to the income to be received from community benefits, communities can realise a long-term vision that reflects their own priorities, for example contributing to employment and regeneration, local housing, energy efficiency or other local needs.

Effective spend relies on responsive fund administration and good governance. Section 9 encourages developers to ensure funds are set up in a way which will support and promote local decision making. There are a number of different models and approaches. Developers, communities and others involved in the process need to be prepared to be flexible so as to find the best solution for their local area, including considering how to align funding from renewables developments by other developers in order to maximise local benefit.

The final section on the ongoing role of the developer recognises that it is in the developer's interest to ensure community benefit schemes are well run over the long term delivering maximum positive impact to communities, the developer

and Scotland as a whole.

For ease, this document uses the term 'developers' throughout, however the principles are expected to apply to developers and/or operators of renewable energy developments as appropriate. Community benefits are expected to last for the full 20-25 year lifetime of the development and the responsibilities set out in this document are applicable to the ongoing operator.

Relevant support and further reading is available for each topic. Where possible, examples have been included to show existing good practice from schemes across Scotland. A glossary and further supplementary information are available in the Annexes, and an auxiliary document of supporting case studies is also available from [www.localenergyscotland.org](http://www.localenergyscotland.org).

This guidance is designed to be applicable to all renewable energy developments in Scotland which are not yet operational. However, the provision of community benefits (as specified in this Guidance at 3.1, points 3-5) is not linked to planning consent, and is not a material planning consideration.

Scottish Government recognises that the work required in creating a community benefit package is proportional to the size of the renewable energy development, and that smaller-scale developments will be unlikely to undertake all the steps outlined in this document in detail. However, the basic principles are expected to apply to all developments 50kW and over, and simplified processes are set out in Annex 11.1 for projects of between 50kW and 5MW.

Projects which are assessed by local authorities through the Town and Country Planning (Scotland) Act 1997 are encouraged to respect the principles in this document.

Additionally, this guidance should be considered by applicants seeking consent for proposals under Section 36 of the Electricity Act. Information is available at: [www.scotland.gov.uk/Topics/Business-Industry/Energy/Infrastructure/Energy-Consents/Guidance](http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Infrastructure/Energy-Consents/Guidance)

# 3 BASIC PRINCIPLES OF COMMUNITY BENEFITS

The Scottish Government recognises that no one size fits all when it comes to community benefits and that decisions on the details are best led locally, creating unique outcomes. Hence the key principles of our national guidance are the promotion of a national rate for onshore wind equivalent to at least £5,000 per MW per year, index linked for the operational lifetime of the development for community benefits packages, together with the consideration by developers of the scope for community investment.

A key component of this guidance is the provision of information regarding community benefits pre-consent of the renewable energy development. This is considered a vital step in allowing time for capacity building and developing ideas for implementation of the community benefit package.

## 3.1 Community benefits

The local benefits arising from renewable energy developments can include:

1. Benefits derived from undertakings directly related to the development such as improved infrastructure;
2. Wider socio-economic community benefits in terms of job creation;
3. Benefits derived from community ownership in the development, referred to in this document as 'community investment';
4. Voluntary monetary payments to the community that are not related to anticipated impacts of the planning application usually provided via an annual cash sum, often referred to as a community benefit fund;
5. Other voluntary benefits which the developer provides to the community, (i.e. direct funding of projects, one-off funding, local energy discount scheme or any other site-specific benefits).

Community benefits are an opportunity for communities to share in the rewards from their local energy resource. **This document refers to "community benefits" as those which fall under points 3, 4 and 5 above, the provision of which is a voluntary undertaking and is not a material consideration in the planning process; planning permission will be assessed against the**

## **provisions in the local authority's development plan and any other material considerations.**

Being a voluntary contribution, community benefit should therefore be an entirely separate process from planning decisions and should be based on the specific needs of local people, not on the impact of the project.

Community benefits are independent of supply chain impacts such as job creation and infrastructure upgrades but the positive effects of the supply chain of renewable energy developments are acknowledged and welcomed by the Scottish Government.

## 3.2 Expected level

Community benefits can therefore take the form of a comprehensive package, which may include monetary payments or other benefits. Scottish Government recommends that part of this package is composed of an annual cash sum which involves a degree of local control.

**Scottish Government recommends a community benefit package for onshore wind developments with a value to the equivalent of at least £5,000 per installed megawatt per annum, index-linked for the operational lifetime of the project. Other onshore technologies should aspire to this level.**

Additionally, Scottish Government would like to see opportunities for increased levels of community investment explored.

### 3.3 Right to express view on the development

The following should be made clear by the developer to all community members at the outset of the project, to underline the separation between community benefit discussions and the planning process:

**Contributing to community benefit discussions does not affect an individual or organisation's right to express a view on the development proposals, and objecting to or supporting the development does not affect their right to discuss the community benefit proposals.**

This discussion should be logged or minuted, and reaffirmed when appropriate.

### 3.4 Community identification and consultation

In advance of submitting a planning application, it is recommended the developer undertakes an initial study to identify the relevant local community or communities that may benefit from any package through engagement with relevant local groups. This early conversation is vital to allow all parties to consider the scope of a potential community benefit package (as specified at 3.1, points 3-5), and begin to consider how any such package might benefit their community. Developers are encouraged to provide a process chart of their expected timescale for project development to construction and how community benefit discussions may fit into this timeframe.

There should be scope for the community to be involved as this process develops, contributing to the identification of further stakeholders and shaping the consultation process. Ongoing consultation and dialogue should be designed and tailored for each project, in-keeping with existing standards on consultation and engagement, as detailed in Sections 6 and 7. Where possible, this consultation should

be separate from any consultation over the development itself and is likely to be phased, starting with engagement of a small group of stakeholders.

### 3.5 Further reading

- vento ludens Research report "Securing the Benefits of Wind Power in Scotland" provides process flowcharts on how to develop community benefit offers and a reference list for further reading:  
- [www.ventoludens.co.uk/cms/upload/unternehmen/presse/Securing-the-Benefits-of-Wind-Power-in-Scotland-website.pdf](http://www.ventoludens.co.uk/cms/upload/unternehmen/presse/Securing-the-Benefits-of-Wind-Power-in-Scotland-website.pdf)

The provision of community benefits must not be dependent on support from the community for the development.

## 4 COMMUNITY INVESTMENT

Community benefits packages from commercial renewables developments are not limited to annual monetary payments into a community fund. The Scottish Government is very keen to see communities get the chance to invest in local developments so that they have a direct stake in the energy being generated locally. Several innovative schemes have successfully been deployed in Scotland in recent years, and we want to encourage similar projects.

There is an ambition to build on these examples and on the excellent record of voluntary community benefits schemes in Scotland to date to create a new paradigm for “mutual benefit”, with support for community investment from national schemes such as CARES and the Renewable Energy Investment Fund (REIF).

### 4.1 Increased community investment

In addition to a community benefit package, the Scottish Government would like to see developers and communities explore the opportunities presented by increasing the level of community ownership in a development.

The Scottish Government encourages developers to consider an increased level of direct community involvement in the project. A range of community ownership models are developing and the advantages and disadvantages of each should be considered; there is no prescribed fit to suit all communities. It is essential to consider options at an early stage to allow communities the necessary time to identify their needs, resources and appetite for involvement. Developers should provide clear and accessible information upfront to communities about investment possibilities.

Good practice can be seen on the public estate, for example in new commercial wind and hydro developments on the National Forest Estate where, as well as receiving community benefits payments of £5,000 per installed MW per year, communities have the opportunity to invest up to 49% of equity.

Where the community is required to raise finance to invest in the development, there is likely to be a considerable degree of time and effort required. This role is often undertaken by

community volunteers and can be a laborious process; however Scottish Government support is available to communities through the Community and Renewable Energy Scheme (CARES), which can also provide access to finance available under the Renewable Energy Investment Fund (REIF). Developers should recognise the increased workload and resources required from the community in such an arrangement, and understand and respect that there may be a need to be flexible and coordinate and align priorities and timescales.

### 4.2 Local co-operatives

Local co-operative societies offer the opportunity for local people to share the rewards of renewable energy. It should be noted that a community benefit package is expected in addition to a wholly or partly co-operatively funded development. Scottish Government encourages developers to consider and explore a co-operative model at an early stage in project development to increase local engagement and investment.

Developers who wish to further explore such an arrangement are encouraged to contact Local Energy Scotland to discuss the support available through the Scottish Government's Community and Renewable Energy Scheme (CARES).

## 4.3 Support

### 4.3.1 Relevant support

Identifying appropriate partners and pathways:

- See Auxiliary Document: Case studies on community investment models
- Opportunities for community involvement in wind developments here: [www.forestry.gov.uk/website/forestry.nsf/byunique/infd-94nk2l](http://www.forestry.gov.uk/website/forestry.nsf/byunique/infd-94nk2l)
- Opportunities for community involvement in hydro developments here: [www.forestry.gov.uk/website/forestry.nsf/byunique/infd-94njv8](http://www.forestry.gov.uk/website/forestry.nsf/byunique/infd-94njv8)
- Development Trust Association Scotland: [www.dtascot.org.uk/](http://www.dtascot.org.uk/)
- Co-Operatives UK: [www.uk.coop/](http://www.uk.coop/)
- Co-Operative Development Scotland: [www.scottish-enterprise.com/microsites/co-operative-development-scotland.aspx](http://www.scottish-enterprise.com/microsites/co-operative-development-scotland.aspx)

Regional support for community involvement from Scottish Government's CARES programme:

- Delivered by Local Energy Scotland: [www.localenergyscotland.org/sharedownership](http://www.localenergyscotland.org/sharedownership)

### 4.3.2 Further reading

Owning a community asset

- Community Land Scotland supports community land ownership in Scotland and provides networking and knowledge sharing. Several wholly community-owned renewable energy developments have been supported to date: [www.communitylandscotland.org.uk/](http://www.communitylandscotland.org.uk/)

- Development Trusts Association Scotland offer case studies on community-owned assets including Fintry community wind turbine: [www.dtascot.org.uk/content/what-is-a-development-trust/case-studies](http://www.dtascot.org.uk/content/what-is-a-development-trust/case-studies)

Raising funds and finance

- Communities required to raise funds may wish to use online resources such as [www.energysavingtrust.org.uk/scotland/Communities/Finding-funding](http://www.energysavingtrust.org.uk/scotland/Communities/Finding-funding) and [www.greenspacescotland.org.uk/funding-sources.aspx](http://www.greenspacescotland.org.uk/funding-sources.aspx).

Allt Dearg Wind Farmers LLP owns the 10MW Allt Dearg Community Wind Farm. The partners include two estates who own the land and secured the planning consents, two equity investors who also provide commercial management, a small renewable energy developer, and the Ardrishaig Community Trust (via a trading subsidiary).

The Ardrishaig Community Trust's trading subsidiary borrowed £300,000 from Allt Dearg Wind Farmers LLP, which they then used to invest in the project to secure a 1/12th share. The price of Ardrishaig's share was based upon 1/12th of the equity required to fund the £15m build cost - this was at a significant discount to the project market value. The senior debt funding was provided by the Co-Operative Bank. Allt Dearg generated £130,000 of cash for the Ardrishaig Trust in the first nine months of operation to September 2013. The annual income to the Ardrishaig Trust is estimated at £100,000; income will increase substantially as bank debt is paid off after 15 years. In addition to the Ardrishaig Trust's ownership, by way of a wider community benefit Allt Dearg provides £30,000 of annual funding to a local Educational Trust.

# 5 OTHER FORMS OF COMMUNITY BENEFIT

Community benefits packages have the opportunity to support sustainable development in a number of different ways beyond providing funding or direct investment opportunities. This can take the form of other voluntary benefits.

As with community investment, there are numerous innovative schemes operating across the country and the Scottish Government is keen to ensure these opportunities are considered.

## 5.1 Identifying opportunities

As part of a community benefit package, developers and communities may wish to complement a traditional community benefit fund with other financial benefits. Such a proposal should be community-led and the package should be designed through dialogue.

Benefits delivered in this way can provide local improvements that respond to the needs or aspirations of the community and in many cases, can be delivered efficiently as part of the development and construction process. These opportunities often grow out of discussions with the community and in relation to the nature and scale of the proposed development. The earlier these conversations begin, the greater the opportunity for benefits to be identified and delivered effectively.

These benefits are not to be confused with planning-based mitigation, but may complement actions that are being taken as part of the development process.

Examples of this voluntary approach include:

- Habitat enhancement
- Visitor / recreation facilities
- Community amenities
- Apprenticeships and job creation initiatives
- Local electricity discount
- Improving local areas - enhancing the town centres, coordinating special events and markets; establishing visitor centres and making improvements to local tourist facilities (museums etc); offering high speed broadband and more general infrastructure improvement (such as utility service improvements).

Not all types of benefits will be available to or appropriate for all developers or all developments, but the principle of other forms of benefits should be considered at a scale appropriate to the development and in consultation with the local community.

## 5.2 Support

- vento ludens' Research Report Securing the Benefits of Wind Power in Scotland provides an outline of types of community benefit in Chapter 5:
  - [www.ventoludens.co.uk/cms/upload/unternehmen/presse/Securing-the-Benefits-of-Wind-Power-in-Scotland-website.pdf](http://www.ventoludens.co.uk/cms/upload/unternehmen/presse/Securing-the-Benefits-of-Wind-Power-in-Scotland-website.pdf)
- Annex 11.3 shows case studies of other forms of community benefit.

In-kind benefits without a verifiable financial value should not be seen as part of a community benefit package. Any works undertaken as part of the planning process should be seen as additional to the community benefit package as defined in section 3.1.



# 6 IDENTIFICATION OF THE COMMUNITY

It is recognised that community benefits schemes can be divisive locally given that they usually operate within geographical boundaries and sometimes across communities with varying needs and opportunities. It is vital then to identify the appropriate communities to be involved in such schemes so as to maximise the opportunity. The Scottish Government encourages this process to begin pre-consent where possible to allow community groups time to identify their resources and build capacity, and to enable discussion and identification on an appropriate area of benefit. This section provides guidance on this key element of any community benefits package.

## 6.1 Initial identification

The Scottish Government considers that flexibility is fundamental to every development, and developers should look to tailor community benefit packages to be site specific, while retaining consistency across their portfolio where appropriate. The developer should allow these discussions to start as early as possible but the specific timings of ongoing in-depth discussions should be agreed by relevant stakeholders, dependent on local community needs and resources. This process should adhere to the National Standards for Community Engagement<sup>1</sup> and Planning Advice Note 03/2010: Community Engagement<sup>2</sup>.

In advance of a full public consultation, the developer is recommended to undertake an initial study to determine a proposal for:

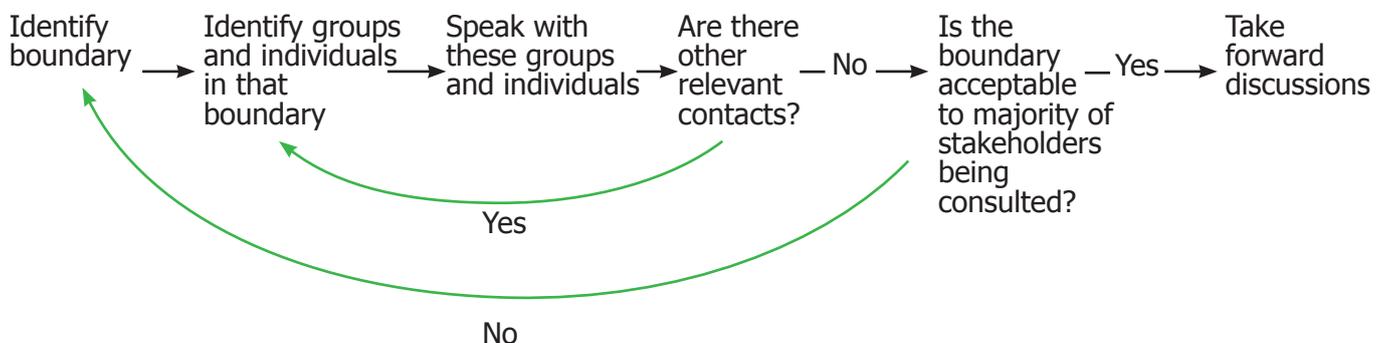
- a) What should be the geographical area to benefit;
- b) Within that area, who should be the appropriate contacts and communities of interest for consultation.

Consultation on community benefit schemes should reach the same geographical area as the required consultation on the development itself.

As mentioned in Section 3.3, any discussions on the provision of community benefits are not a material consideration of the planning process. To maintain this distinction, Scottish Government recommends that discussions on the development itself and discussions on community benefit proposals are held in two separate forums or at separate times in the development process, though it is recognised that this may not always be possible owing to the scale of the project or available resource and capacity within a community. When the concept of and approach to community benefit is introduced, it should be made clear that it is independent of the planning process and is not a material consideration in deciding an application.

### 6.1.1 Factors to consider in identifying the appropriate geographical area

In the first instance discussions should be held with every community council which the application site covers, and any community council which has a direct border with the application site, where appropriate. Developers may also wish to explore links with the relevant local authority(-ies) who may be able to provide support during this stage of development. A fair and transparent process should be



This should be a cyclical process, directed by the community.

<sup>1</sup> The Standards are available at: [www.scotland.gov.uk/Resource/Doc/94257/0084550.pdf](http://www.scotland.gov.uk/Resource/Doc/94257/0084550.pdf)

<sup>2</sup> Planning Advice Note 03/2010 is available at: [www.scotland.gov.uk/Publications/2010/08/30094454/0](http://www.scotland.gov.uk/Publications/2010/08/30094454/0)

employed to identify the appropriate groups to consult, and individual groups must not be cherry-picked.

Using the boundary of the relevant community council(s) as a foundation, the following factors may also be incorporated to identify an appropriate geographical area to be included in a proposed community benefit fund. Note that this is not a checklist to be applied to every development, nor is it an exhaustive list. The number and nature of the factors selected will be dependent on the local context and developers' company policies.

- Proximity to site (perimeter/boundary may be dependent on scale of project)
  - Concentric circles may give a starting point for identifying an area of benefit. Larger developments (installed MW) should generally have a larger circle. However, a concentric circle may pose challenges for example when this divides community councils; administrative boundaries should be respected in conjunction with other factors.
- Geography and topography
- Characteristics of development
  - Size, scale, siting and visibility of development
- Construction
  - The communities which will be affected in either short-term or long-term by the construction of the development.
- Immediate / adjacent / surrounding postcode areas
  - Consult a map of local postcodes to identify appropriate area boundaries.
- Demographics – population density/spread
  - Be sensitive to any significant populations which may have been overlooked, and for example in more rural areas the funds may more appropriately be spread over a wider area to include a larger population and the locations of key services or facilities used by those within the wider area.

- Consider local authority policy/guidelines
  - Acknowledge local authority community benefit policies or guidelines. These guidelines are not obligatory, but should be discussed with the community in the consultation period if relevant.

#### 6.1.2 Identifying stakeholders

Once the developer has considered an appropriate geographical boundary for consultation, links should be explored and where possible developed with individuals and groups such as the following:

- Local residents
- Local businesses
- Land managers
- Community councils (often likely to be an important lever into the wider community)
- Social groups, for example youth groups, sports groups or lunch clubs for the elderly
- Local development trust
- Housing associations
- Other existing community groups
- Local environmental bodies including Climate Challenge Fund projects<sup>3</sup> and other national environmental non-governmental organisations with a local presence
- Local Chamber of Commerce or Federation of Small Businesses
- Other key service providers, e.g. village hall committees, schools, colleges, healthcare facilities, residential facilities, care providers, community transport services, credit unions etc.

These stakeholders should be invited to propose any other communities of place or communities of interest which they feel should be included in the process at this stage. The VOICE community engagement tool helps identify all the relevant people with an interest, available at: [www.scdc.org.uk/what/voice/](http://www.scdc.org.uk/what/voice/)

Once appropriate contacts have been identified, these stakeholders could then be invited to form a contact group or "community liaison group" to take forward further discussions, or any other appropriate method of working together can

<sup>3</sup> Climate Challenge Fund projects can be located here: [www.keepsotlandbeautiful.org/sustainability-climate-change/climate-challenge-fund/projects/map/](http://www.keepsotlandbeautiful.org/sustainability-climate-change/climate-challenge-fund/projects/map/)

## 6 IDENTIFICATION OF THE COMMUNITY (CONTINUED)

be employed, for example community open days or events. The stakeholders identified at this stage should be invited to have the opportunity to influence decision making on fund administration and distribution, rather than being invited to engage as a beneficiary of the fund.

### 6.2 Local context

#### 6.2.1 Further factors of which to be aware

Secondary to those previously listed, some further factors for consideration in identifying the benefitting community include:

- Proposed and existing community benefit fund arrangements in the area (renewable energy community benefit or otherwise).
- Resources of communities
  - Recognise that some groups may require support to fully contribute to discussions. Some well-resourced communities may have established networks which can be utilised.
- Needs of communities
  - Existing action plans or similar which can be supported
  - Community issues identified through other means such as the Scottish Index of Multiple Deprivation<sup>4</sup> and/or areas in fuel poverty (identified through consultation with local authority and community members)
- Other relevant stakeholder areas
  - The catchment area of any local schools
  - Travel to work areas

Developers are strongly encouraged to communicate and work together where possible and appropriate, and to be aware of other nearby renewable energy developments. The Scottish Government encourages developers to work collaboratively and consider the potential to align local approaches and strategies and also administration arrangements. Working collaboratively is likely to optimise opportunity and impact for the community and achieve high credibility by developers, while reducing the burden on community volunteers.

E.On proposed a fund in an area where an established SSE community fund administered by Foundation Scotland was in operation with active community panel. The existing SSE fund had a

broad purpose informed by community profiling and a consultation exercise undertaken by Foundation Scotland. E.On recognised the value of embracing the same purpose, given that their fund was directed across the same geography. The communities in the area were looking for consistency in administration and were cautious about developing overly complex or differing arrangements for different funds affecting the same geographical community.

Brokered by Foundation Scotland as a third party, SSE and E.ON were content to 'share' the same overall purpose and work through a single community panel whilst retaining and respecting separate funds and corporate identities. The two funds continue to operate through a shared Panel although SSE now administers their fund - SSE Achany - and Foundation Scotland continue to administer the E.ON Rosehall Fund.

#### 6.2.2 Achieving majority support

It is recognised that communities are composed of a range of views and community benefit package proposals may be divisive. Developers should be sensitive to this and should welcome all views from the community and should seek a majority for decisions in an open and transparent manner. If individuals or groups opt out of community benefit discussions pre-submission of a planning application, it should be made clear that these stakeholders will be able to re-join discussions at a later date, should they so wish.

#### 6.2.3 Widening the area of benefit

This stage of pre-consent consultation may also inform any plans to widen a fund's area of benefit to a larger - less immediate - geography. The community benefit consultation could also inform how the fund might position itself in relation to any kind of regional fund that may exist in the area. At times such regional funds may be led by a local authority, a developer, or they may be led by communities themselves pooling funds across a defined geographical area.

<sup>4</sup> SIMD areas can be found here: <http://simd.scotland.gov.uk/publication-2012/>

## 6.2.4 Local authority guidelines

Some local authorities have policies or guidelines to aid regional consistency in the administration and distribution of funds and to ensure the benefits of renewables reach people and groups in the wider area. Please note that these policies represent one possible route, and developers and communities are not obliged to adhere to these. Developers and communities should discuss the relevant local authority approach, and arrive at a mutual agreement on whether this is the most suitable pathway to follow. Local authorities should be aware that guidelines cannot be enforced through the planning system and must remain as optional guidance.

## 6.3 Support

### 6.3.1 Relevant support

- Identifying local groups
  - Climate Challenge Fund projects can be located here: [www.keepsotlandbeautiful.org/sustainability-climate-change/climate-challenge-fund/projects/map/](http://www.keepsotlandbeautiful.org/sustainability-climate-change/climate-challenge-fund/projects/map/)
  - Community Energy Scotland membership network: [www.communityenergyscotland.org.uk/about/our\\_members](http://www.communityenergyscotland.org.uk/about/our_members)
  - DTA Scotland membership: [www.dtascot.org.uk/content/directory-of-members](http://www.dtascot.org.uk/content/directory-of-members)
  - Housing associations can be identified via Scottish Federation of Housing Associations: [www.sfha.co.uk/](http://www.sfha.co.uk/)
  - Local chambers of commerce: [www.scottishchambers.org.uk/](http://www.scottishchambers.org.uk/)
  - Planning Aid Scotland Successful Planning = Effective Engagement and Delivery: [www.planningaidscotland.org.uk/speed/](http://www.planningaidscotland.org.uk/speed/)
  - Relevant local authority(s) may be able to provide information on region-specific networks: [www.scotland.gov.uk/Topics/Government/local-government/localg/usefullinks](http://www.scotland.gov.uk/Topics/Government/local-government/localg/usefullinks)
  - Social enterprises can be found in the Social Enterprise Scotland directory: [www.socialenterprisescotland.org.uk/our-story/directory/](http://www.socialenterprisescotland.org.uk/our-story/directory/)

- Sustainable Community Energy Network Ltd: <http://connect.scenetwork.co.uk/home.php>
- Scottish Community Alliance is the representative body for community sector intermediaries and networks in Scotland: [www.localpeopleleading.co.uk/](http://www.localpeopleleading.co.uk/)
- The local third sector interface may be able to help identify local charities: [www.voluntaryactionscotland.org.uk/Find\\_an\\_interface.asp](http://www.voluntaryactionscotland.org.uk/Find_an_interface.asp)

### 6.3.2 Further reading

- DECC Community Energy Strategy: <https://www.gov.uk/community-energy>
- RWE Caithness Conversation: [www.rwe.com/web/cms/en/1840140/rwe-innogy/sites/wind-onshore/united-kingdom/in-development/caithness-conversation/](http://www.rwe.com/web/cms/en/1840140/rwe-innogy/sites/wind-onshore/united-kingdom/in-development/caithness-conversation/)

vento ludens ltd appointed a community consultation specialist Docherty Consulting Ltd (DCL) to engage with the local community at an early stage in their Balnacoil wind farm project. During the early stages of community engagement, the question of community benefit was raised by the community councils and local residents. The Highland Council made DCL aware of their aspirational policy and clarified that it was ultimately up to the community to decide how they wish to proceed. All four community councils were asked if they wished to discuss community benefit at the pre-planning stage and all four agreed. An initial meeting was held with representatives from all four organisations to discuss whether the Highland Council policy should be adopted. During the initial discussions, all four organisations indicated that they wished to continue to negotiate directly with the developer. Should the application progress, these discussions would resume.

The groups also considered lessons from neighbouring wind farm community benefit schemes, how the organisations would wish to work together to develop the offer and how to effectively define the area of benefit. Through discussion, the community, vento ludens and DCL will work together to agree an arrangement which retains a strategic view of investment opportunities in the surrounding area.

# 7 PUBLIC CONSULTATION ON COMMUNITY BENEFIT SCHEMES

Local consultation is an important component of any community benefits scheme.

The creation and strengthening of mutual trust and relationships should be regarded as integral to the overall process. Consultation should take place from the outset of considering benefits and should be open, timely, fair and inclusive, and everyone should have the chance to get involved. Done well, it can also improve the likelihood of developers and their host communities getting the most out of the community benefits opportunity while at the same time building trust and understanding locally about the renewables development more widely.

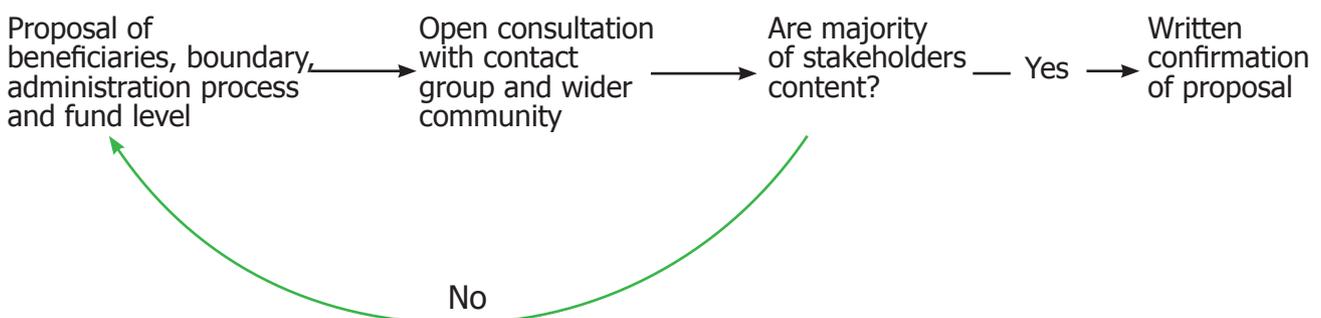
## 7.1 Principles of consultation

The focus of this early consultation is on the broad parameters of any proposed community benefit scheme – likely to be at a pre-consent stage – rather than a wider consultation to support effective fund spend.

Developers are encouraged to engage with those identified in the area defined as “the community” according to Section 6 of this guidance. The consultation process should be designed and tailored for each project as no one method or approach will fit every situation. The Scottish Government encourages flexible, well-planned consultation processes which are inclusive, meaningful and which respond to the communities’ needs, in keeping with existing standards on consultation and engagement, specifically National Standards for Community Engagement<sup>5</sup> and its associated engagement planning tool VOICE<sup>6</sup>. There should be scope for the community to be involved in shaping the consultation process, for example suggesting questions to be included.

The Scottish Government understands that it can be helpful to all stakeholders to raise the

topic of community benefit at an early stage, most likely pre-consent. Although the Scottish Government is aware too that local opponents to the development itself may deem such conversations inappropriate, in the longer term it is the considered view of the Scottish Government that early stage conversations help build engagement in and commitment to local renewable energy developments. If the elements of a wider community benefit package are to be considered (as listed at 3.1) then conversations should be commenced as soon as possible. It is recommended that the principle of the community benefit approach is addressed in an open forum before a planning application is submitted, while detailed discussions can be reserved until later (See Section 8 on Supporting Effective Fund Spend). Initially it is important to agree the critical issues identified in 7.1.1. All stakeholders should be willing to partake in (and more widely encourage) early engagement and local authorities should recognise the need for these discussions to take place in advance of (and separate to) planning consent.



<sup>5</sup> The Standards are available at: <http://www.scotland.gov.uk/Resource/Doc/94257/0084550.pdf>

<sup>6</sup> VOICE is available at: <http://www.scdc.org.uk/what/voice>

### 7.1.1 Content of consultation

The developer should be as transparent and clear as possible in their consultation process, and be prepared to be flexible on the following:

- Where  
The boundary of the benefitting area.
- Who  
Identify local representative groups to be involved in the consultation.
- What  
What the community benefit will deliver, (i.e. the proposed package and potential areas of needs and opportunity to be addressed).
- How  
The mechanism of governance and delivery.

In consultation with the wider community, developers should engage openly with the wider community and these aspects should each be explored and agreed as democratically as possible. Developers should be open and transparent in making policies clear, and in explaining any site-specific restrictions or other limitations on the community benefit package proposal. Developers should consider and address barriers to participation in the consultation process, and should strive to create a consultation process which is as inclusive as possible. It should be recognised that it is likely to take time to develop and implement a thorough and effective consultation process.

vento ludens ltd. approached three community councils in the Moray Council area identified through their initial community profiling stage. The community councils suggested including three further community councils in the Aberdeenshire Council area as stakeholders. vento ludens consequently included all six community councils in the consultation process. Through dialogue at public exhibitions and meetings, it was agreed by all that the initial three community councils were the most appropriate stakeholders, and discussions were progressed with these groups accordingly.

### 7.1.2 Methods of consultation

Scottish Government would expect all consultation to be conducted in an open and transparent manner. Encouraging and facilitating ongoing dialogue should be the focus of the process, alongside ongoing provision of information about different aspects of community benefit. Developers need to be clear at the outset about what elements of the community benefit package can be shaped by the consultation and what cannot. There are a range of engagement methods which developers are expected to draw on and tailor to specific developments and communities. The following non-exhaustive lists suggest some starting points for building the consultation process.

Possible methods of facilitating dialogue:

- Community drop-in sessions;
- Presence at local community events;
- Stakeholder forum/workshops;
- Telephone hotline;
- Workshops and focus groups,
- Web-based consultations;
- Meetings in homes;
- Street stalls.

Possible methods of providing information:

- Press releases;
- Community newsletters;
- Letter notification;
- Public meetings;
- Mail drops;
- Use of social media and internet;
- House visits;
- Information road show;
- Letter, email or telephone contact;
- Formal consultation documentation;
- Mobile exhibitions;
- Via community stakeholders such as community council representatives.

# 7 PUBLIC CONSULTATION ON COMMUNITY BENEFIT SCHEMES (CONTINUED)

The process should continue after views have been gathered from the community; developers should provide feedback on how and why points were or were not accepted.

ScottishPower Renewables consulted on a site which straddled three local authority areas. A range of consultation methods were undertaken to engage groups throughout the region. Information was distributed through newsletters, mail drops and house visits to raise awareness of the project. The area had few active community councils and no local venues, so a mobile exhibition was used to reach individuals. Although a time-consuming process, this successfully created strong relationships between the community and ScottishPower Renewables and the mobile exhibition gave the opportunity for the community to voice concerns.

## 7.2 Commitment to agreement

The developer should provide an ongoing clear point of contact and ensure that the community groups are able to access relevant support within the developer's organisation and externally.

These discussions can take place over a number of years and it is likely that changes in personnel will occur. There can be a considerable time lapse between a development being granted consent and the start of its construction and subsequent commissioning. For this reason, it is recommended that all meetings, conversations and agreements are minuted and shared with all involved, and when possible an agreement is reached between communities, developers and other relevant agents. Scottish Government recommends that a document is signed to give confidence to all parties that the agreements will be honoured.

This document should detail:

- The proposed community benefit package;
- The proposed roles of all involved, including any third parties;

- The commitment to honour any agreements should the site be sold on, (and the document should be passed to the subsequent owner(s) as part of the development).

An example Memorandum of Understanding template used for CARES projects is available at [www.localenergyscotland.org/media/29420/Memorandum-of-Understanding-template.pdf](http://www.localenergyscotland.org/media/29420/Memorandum-of-Understanding-template.pdf)

Engagement with the local community councils began in 2010 during the pre-application consultation period for the prospective Sallachy Wind Farm in the Highlands being proposed by WKN AG. At this time, Lairg and Creich Community Councils (those neighbouring the site) asked the developer to include a third community council area, Ardgay and District, in community benefit discussions, which, although not in close proximity to the site, was adjacent to the other two community council boundaries. The three organisations had a standing agreement between them that any future community benefit offers would be shared across the combined community council areas as they felt they operated as a region. Preliminary community benefit discussions began in March 2011 prior to submission of the application in late 2011.

Following further consultations with the three community councils during 2012, WKN AG signed a fixed payment benefit scheme with the three community councils that will take effect should the project go ahead. The agreement guarantees the level of an annual fund in addressing critical local challenges around, for example, jobs & skills training, affordable housing, transport and tourism. In addition, WKN AG has drawn up a tripartite agreement with Energy North and North Highland College's Environmental Research Institute, part of the University of the Highlands and Islands in respect of a graduate placement scheme and supply side incubator to bolster education and skills in the region during the period of construction, should the wind farm be consented.

## 7.3 Support

### 7.3.1 Relevant support

- Scottish Government provides support through the Community and Renewable Energy Scheme (CARES), delivered by Local Energy Scotland at [www.localenergyscotland.org](http://www.localenergyscotland.org). CARES can provide:
  - Grant support for communities to look into forming a constituted group or develop an action plan
  - Advice and support from a regional development officer
  - Online community guidance package to help with the process
  - Scottish Government Register of Community Benefits from Renewables available online
  - Advice on engaging in joint venture partnerships and increased community ownership models
  - Advice to access further tailored funding and support
- Capacity building for communities is likely to be a focus at this stage – ensuring individuals and groups are equipped to contribute effectively to discussions. Developers should work and engage with stakeholders and agencies that can support the process, and in the early stages of consultation should signpost community groups to further support, including:
  - The Scottish Government's Community and Renewable Energy Scheme supports communities across Scotland: [www.localenergyscotland.org](http://www.localenergyscotland.org).
  - Community Energy Scotland provides networking services and capacity building: [www.communityenergyscotland.org.uk](http://www.communityenergyscotland.org.uk).
  - Education Scotland provides support with community learning and development, including community capacity building: [www.educationscotland.gov.uk/](http://www.educationscotland.gov.uk/)
  - The Scottish Community Development Centre provides support and training in building community capacity: [www.scdc.org.uk/what/building-community-capacity/](http://www.scdc.org.uk/what/building-community-capacity/)

- DTA Scotland provides support to groups wishing to form a community development trust: [www.dtascot.org.uk/](http://www.dtascot.org.uk/)

- Planning4Real offers a community planning process based on a 3D model which allows residents to register their views on a range of issues: [www.planning4real.org.uk](http://www.planning4real.org.uk)
- Scottish Government Register of Community Benefits from Renewables can provide examples and inspiration at [www.localenergyscotland.org](http://www.localenergyscotland.org)

### 7.3.2 Further reading

- Building Community Capacity: Resources for Community Learning and Development Practice available at: [www.scotland.gov/publications/2007/12/10132433/25](http://www.scotland.gov/publications/2007/12/10132433/25)
- Community Ownership Support Service, Involving Your Community, available from: [www.dtascommunityownership.org.uk/sites/default/files/COSS\\_Involving\\_Community\\_WEB.pdf](http://www.dtascommunityownership.org.uk/sites/default/files/COSS_Involving_Community_WEB.pdf)
- Community Places, Community Planning Toolkit - Community Engagement, available from: [www.communityplanningtoolkit.org/sites/default/files/Engagement.pdf](http://www.communityplanningtoolkit.org/sites/default/files/Engagement.pdf)
- National Standards for Community Engagement available at: [www.scotland.gov.uk/Resource/Doc/94257/0084550.pdf](http://www.scotland.gov.uk/Resource/Doc/94257/0084550.pdf)
- Statutory pre-consultation process requirements. This is set out in the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008 [www.opsi.gov.uk/legislation/scotland/ssi2008/pdf/ssi\\_20080432\\_en.pdf](http://www.opsi.gov.uk/legislation/scotland/ssi2008/pdf/ssi_20080432_en.pdf)

# 8 SUPPORTING EFFECTIVE FUND SPEND

The Scottish Government believes that Scotland’s greatest asset is its people. The country is enriched by the work of thousands of volunteers and community groups. Their actions play a crucial role in delivering improved social, economic and environmental outcomes. The Community Empowerment (Scotland) Bill is one way that this community action will be supported.

Achieving effective spend of community benefit funds to support this community-led action can contribute to the long-term sustainability of local communities and encourages a focus on devising strategic action plans with community backing.

With local strategic community action plans proportional to the income to be received from community benefits, communities can realise a long-term vision that reflects their own priorities, for example contributing to employment and regeneration, local housing, energy efficiency or other local needs.

## 8.1 Process

Once the primary area of benefit has been clarified alongside the delivery arrangements associated with an annual fund, the developer will be expected to consult further with the relevant communities about the income. The objective of such a consultation will be to explore funding priorities and plan for effective fund spend.

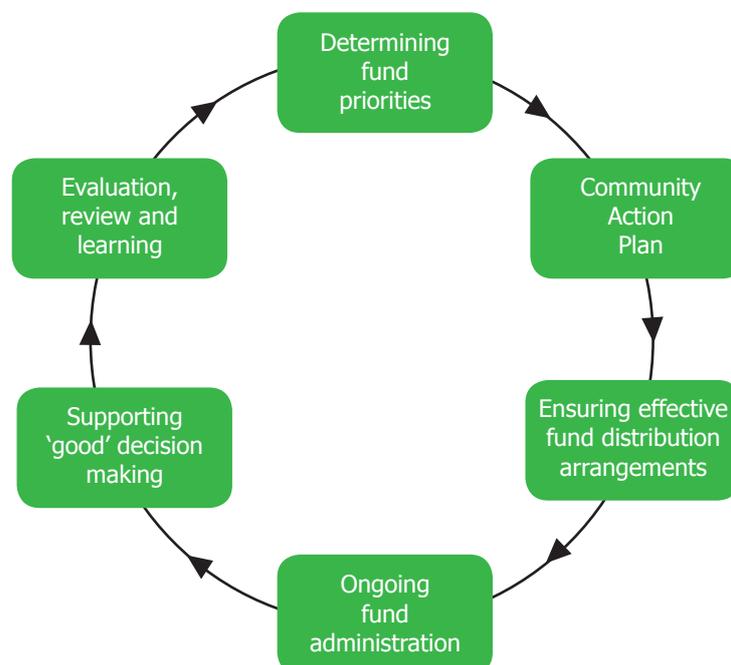
The output of community benefits should be driven by local community members, who should play an active role in determining how funds are spent. It is important to make sure the correct mechanism is in place to allow for the community’s wishes to be met, and developers should consider whether a grant application process, direct funding of infrastructure projects or other in-kind benefits is most appropriate.

Developers are not required to have ongoing input throughout the lifetime of the scheme, but rather to ensure the fund is structured appropriately i.e. through community identification and consultation, outlined in Sections 6 and 7, and to provide or signpost support when necessary. The developer should ensure the fund is set up in a way which allows for each component of the above process to be thoroughly considered.

The Scottish Government recommends the following features that are likely to be relevant to all scales and types of fund:

### Determining the fund priorities

Identifying community needs, opportunities and aspirations.



### Community action plan

The developer should accommodate the development of a plan that has credibility throughout the community. This should identify a range of projects at varying scales to improve the social, economic, and/or environmental wellbeing of that community. Where there are existing community planning processes in place, the developer should look to support the implementation of these through the community benefit package.

### Ensuring effective distribution arrangements

Clarifying whether funds are to be made available on a competitive basis and how; and/ or if they are to be targeted to particular projects or themes from the outset.

### Ongoing administration

Ensuring efficient promotion of the fund, assessing of applications/bids and ensuring effective monitoring and evaluation procedures are implemented.

### Supporting “good” decision making

Ensuring an effective vehicle is in place through which decisions on fund spend can be made. The Scottish Government supports and promotes local decision making where appropriate but recognises there are occasions where expert knowledge can be brought in to assist with decision making.

### Evaluation, review and learning

At periodic intervals the strategy of the fund should be reviewed and its impact assessed. The governance and infrastructure of a fund should be sufficiently flexible so changes can be made to increase efficiency, effectiveness and impact as necessary.

## 8.2 Creation of community action plan

Good practice requires the developer to ensure that the fund is structured in a way that will allow effective and strategic spend. It is to the community to decide what ‘effective’ and ‘strategic’ will mean for that specific area, and for the developer to confirm that the approach is acceptable. A focus on sustainability and long-term legacy spending is to be encouraged by the developer.

Developers should support creation of a community action plan or implementation of an existing plan where appropriate. The community may take some time to build such a plan and the developer should respect this as an important capacity-building phase in the project. Plans will be site-specific, dependent on the scale of the project and other factors. There are examples of community action plans available in Section 11.6 to show community groups the varying approaches to this piece of work.

This work can be conducted by a local community organisation, an external organisation or the developer. This can be funded by the community, the developer or Scottish Government through CARES. An agreement on the best approach to this should be reached through consultation. Developers should signpost community groups to the relevant local, regional and national support organisations who can help build capacity to achieve strategic and effective fund spend.

Scottish Government recognises that developers may have common exclusion principles. These principles and their underlying explanations should be detailed to communities at an early stage.

## 8.3 Identifying principles for fund spend

Scottish Government recognises that priorities will change over time. It will be appropriate to revisit and review the community’s needs and wishes, and the fund’s purposes and outputs. Communities will evolve naturally over time, and as the income is used to build local capacity, so too should priorities and ambitions evolve and shift. It is important that the process of developing community action plans recognises this and that provision is made for communities to make appropriate changes over the medium and longer terms.

Community benefit schemes can contribute to a sustainable, healthy society. A long-term vision should be encouraged, through a process of evolution and ongoing evaluation throughout the lifetime of the project. While local priorities

## 8 SUPPORTING EFFECTIVE FUND SPEND (CONTINUED)

will vary, a starting point for discussion could focus on community capital, or the concept of sustainability, for example:

Community capital (see Annex 11.7):

- financial community capital
- built community capital
- human community capital
- social community capital
- natural community capital
- cultural community capital
- political community capital<sup>7</sup>

Sustainable development:

- economic
- environmental
- social

The nature and scope of each community's action plan will be site-specific and it is vital to allow the community the opportunity to shape and develop the plan.

### 8.3.1 Strategic Spend

A robust community action plan will enable communities to consider opportunities to use community benefit funds as "match-funding" to secure income for specific projects. This is a valuable mechanism of drawing more funding into local areas and allowing communities to consider more significant and strategic projects. The relatively flexible nature of community benefit means that accessing financial support for hard-to-fund capital and revenue activities is often greatly simplified.

Furthermore, developers may wish to consider proposals of frontloading payments to allow for large-scale projects where this has been identified by the community and may leverage other funds through match-funding as described. The longevity of community benefit funding allows groups to plan for the future with more certainty than with many other sources of funds.

**A community group had a focused priority of buying a local pub and retaining the building as a community asset. The community secured**

**funding from a number of sources but had a high financial target to achieve in a short space of time. The group applied to the Clyde windfarm fund, SSE recognised the local importance of the project and agreed to provide several future years' of funding in one lump sum, allowing the group to reach their target. The community have since bought out the pub and are now the owners of the asset, looking forward to developing the site into a thriving local hub.**

Further suggestions of community priorities include:

- Investment opportunities to secure income beyond project lifetime
- Development of a revenue-generating community-owned renewable energy project with support from [www.localenergyscotland.org](http://www.localenergyscotland.org)
- Purchase of a community building
- Domestic energy efficiency advice/improvements for example helping individuals access existing Scottish Government schemes, i.e. Home Energy Scotland through workshops or home visits ([www.homeenergyscotland.org](http://www.homeenergyscotland.org))
- Local skills and employability
- Sports clubs
- Social clubs, societies and groups
- Contributing to charitable causes
- Contributing to the Scottish Government's Climate Justice Fund – communities may opt to contribute a proportion of their income to this fund which assists the world's poorest communities adapt to the impact of climate change: [www.scotland.gov.uk/Topics/Environment/climatechange/climatejusticefund](http://www.scotland.gov.uk/Topics/Environment/climatechange/climatejusticefund)
- Local energy discounts – where this isn't an explicit part of a community benefit package already, as listed at 3.1, the developer or community may subsequently look to set up a local energy discount scheme where this is feasible
- Supporting outdoor visitor centres or rebuilding of walkways and paths
- Local museums, galleries or other cultural assets
- Adopting an ecosystems approach to

<sup>7</sup>Community benefit funds are not expected to support Political party purposes, but rather the development of political community capital, such as the community becoming empowered, inclusive and active. \_

spending

- Improvement or restoration of the local environment, e.g. through local biodiversity action plans
- Education, apprenticeships and training

Fund spend and determination of priorities must be community-led. It should be noted that project spend may be required to meet certain criteria depending on community group structure, for example charitable aims.

## 8.4 Support

### 8.4.1 Relevant support

- See Auxiliary document: case studies on innovative fund spend
- Education Scotland provides support with community learning and development, including undertaking action plans: [www.educationscotland.gov.uk/resources/w/genericresource\\_tcm4656326.asp](http://www.educationscotland.gov.uk/resources/w/genericresource_tcm4656326.asp)
- Further support with creation of action plans is available from:
  - Development Trust Association Scotland: [www.dtascot.org.uk](http://www.dtascot.org.uk)
  - Foundation Scotland works with developers and communities to facilitate arrangements for establishing and implementing community benefit funds. Foundation Scotland also directly administers community funds on behalf of developers and in partnership with communities across Scotland: [www.foundationscotland.org.uk](http://www.foundationscotland.org.uk)
  - Scottish Community Development Centre: [www.scdc.org.uk](http://www.scdc.org.uk)
  - The Scottish Government's Community and Renewable Energy Scheme supports communities across Scotland: [www.localenergyscotland.org](http://www.localenergyscotland.org)

### 8.4.2 Further reading

- Joseph Rowntree Foundation and Alan Caldwell Associates, Re:Sourcebook, Planning for your Community, available at: [www.jrf.org.uk/publications/resourcebook-planning-your-community](http://www.jrf.org.uk/publications/resourcebook-planning-your-community)
- Scottish Government Investment in Rural Development: A Community Capitals Approach, available at: [www.scotland.gov.uk/Publications/2012/03/8336/0](http://www.scotland.gov.uk/Publications/2012/03/8336/0)
- Highlands and Islands Enterprise, Investing in your community: A guide to managing community funds, available at: [www.hie.co.uk/common/handlers/download-document.ashx?id=ab327f85-55f7-4528-9e83-Community4e1ed78fac8a](http://www.hie.co.uk/common/handlers/download-document.ashx?id=ab327f85-55f7-4528-9e83-Community4e1ed78fac8a)

In the public consultation on the Good Practice Principles, which took place from November 2013 to January 2014, a number of respondents suggested that good practice on community benefits should include the scope to offer voluntary payments to individual residents living in close proximity to sites as a form of "compensation" for perceived impacts. This issue will be considered as part of the first review of the Good Practice Principles in due course, including through specific public consultation.

# 9 FUND ADMINISTRATION AND GOVERNANCE

Effective spend relies on responsive fund administration and good governance. This section encourages developers to ensure funds are set up in a way which will support and promote local decision making. There are a number of different models and approaches. Developers, communities and others involved in the process need to be prepared to be flexible so as to find the best solution for their local area, including considering how to align funding from renewables developments by other developers in order to maximise local benefit.

## 9.1 Delivering funds effectively

Effective fund administration requires the ongoing functionality to manage and distribute money successfully. It may also involve coordinating the strategy, producing the fund material, making payments in the form of grants and/or loans and monitoring and evaluating impact.

This aspect of a fund will closely relate to the governance structure under which a fund is delivered and the work required will vary:

- Where a new legal entity is established to hold and manage the fund, there will be a level of administrative work around processing the fund, fulfilling legal requirements, ensuring it is resourced and demonstrating accountability
- Where an existing community structure or vehicle is used, that body must be aware of the additional work required to administer the fund
- Where the fund is managed through a third party or directly by a developer, the administration will be undertaken by that third party or developer, while all decision making should be kept local.

The Scottish Government encourages a review of the fund process, purpose and spend every 3-5 years. This review should assess the impact of the fund and measure the socio-economic benefits to the community from the annual income. The governance arrangement and administration structure must be fit for purpose, enabling the community to realise its goals.

While Scottish Government supports a general principle of simplifying community benefit delivery arrangements to best suit community needs, the "busy" landscape of community benefits means that while desirable, administering the income through one harmonised stream or administrator for a defined geographical area may not always be possible.

See Annex 11.4 for several outlines of administration options. Whichever model is selected, it is important that both developers and communities are aware of the potential for volunteer fatigue when requiring input from community members in their own time.

## 9.2 Direct funding of projects

Following the creation of a community action plan, large-scale long-term projects and actions may be identified which are agreed as a priority for the local area. It may be appropriate to use the income (or a proportion) to directly support implementation of these actions. Flexibility is key, and the community must be involved in agreeing the best approach for the area.

## 9.3 Grant programmes

Many community benefits funds are administered through an open grant scheme, where individual projects in the community will apply for funding and their application will ideally undergo an objective assessment with funding decisions to be decided on by a panel, usually composed of local community representatives.

### 9.3.1 Decision making

Decision making on awards or spend should be vested with a group mandated for that purpose. Scottish Government recommends a group is established which reflects the interests, knowledge and ambitions of the relevant communities. Where pre-existing groups are used, it is important to be aware of potential conflicts of interest. In any decision-making group the Scottish Government would wish to see Conflicts of Interest policies developed and adhered to.

## 9.4 Regional Fund

Regional funds can widen the area of benefit to reach a greater number of individuals and fund area-wide projects. For some larger schemes where feasible it may be appropriate to split the fund to allow both local and regional benefits, particularly where the longer term economic impacts of the fund are a focus point. Regional funds are likely to be successful when implemented with grassroots engagement and support. Such funds should have a degree of bottom-up input and control to ensure that they are well received by communities across the relevant region. Regional funds may be led by a local authority, a developer, or by communities themselves. Priorities for regional funds will vary according to the needs and aspirations of each wider regional community.

In cases where the local authority has established a region-wide fund, and where the developer and community feel this is appropriate, a proportion of funds can contribute to this region-wide fund to be shared across the local authority area. As set out at 6.2.4 above, local authorities should be aware that guidelines cannot be enforced through the planning system and must remain as optional guidance.

## 9.5 Support

### 9.5.1 Relevant support

- There are a range of external bodies that currently administer funds:
  - Local authorities
  - Foundation Scotland administers funds on behalf of developers and communities across Scotland: [www.foundationscotland.org.uk](http://www.foundationscotland.org.uk)

### 9.5.2 Further reading

- Scottish Community Energy Network (SCENE) provides information on each Scottish local authority's policy on community benefits, available at: <http://scenetwork.co.uk/node/86>
- Local Energy Scotland displays useful case studies at [www.localenergyscotland.org/casestudies/](http://www.localenergyscotland.org/casestudies/)

# 10 ONGOING ROLE OF DEVELOPER/OPERATOR

It is in the developer's interest to ensure community benefit schemes are well run over the long term delivering maximum positive impact to communities, the developer and Scotland as a whole.

## 10.1 Provision of contract

Once the arrangements of the fund have been confirmed, the developer is encouraged to provide a legally binding contract with the fund administrator for the lifetime of the project. However, over the 20-25 year lifetime of the development, communities and organisations can change and there should be flexibility built into all agreements to ensure that funds continue to be managed effectively.

Agreements should outline the intended action in the case of:

- Dissolution of the recipient organisation
- Sale of development
  - This contract must outline the commitment to honour all agreements should the site be sold on at any stage during the lifetime of the project.
- Decommissioning of the development

Once the fund has been set up and the scheme becomes operational, the developer should continue to provide a clear point of contact and open channel of communication with the community if required. The developer is not required to be involved in the ongoing fund administration process but should keep up-to-date with the fund's outputs and outcomes.

## 10.2 Reporting

Developers should request an annual report detailing the projects funded in the previous financial year, and any projects planned for the forthcoming year. The production of an annual report will highlight how funds are being implemented. Where help to spend

funds is requested by the community, the developer should signpost the community to further support to build capacity and develop ideas. An annual report will boost confidence in the wider community to show what has been achieved with the funds and will help prospective communities to understand the potential community benefits from renewable energy developments.

## 10.3 Scottish Government Register of Community Benefits from Renewables

Good practice requires all developers of operational projects to submit provider details to the Scottish Register of Community Benefits from Renewables, and to encourage community groups to submit recipient details. Scottish Government expects a community update to the Register, and this should be encouraged by the developer as part of annual reporting requirements. View the Register here: [www.localenergyscotland.org/register](http://www.localenergyscotland.org/register)

## 10.4 Review

Scottish Government would encourage a review to be undertaken on a regular basis, likely to be every 3-5 years as detailed in 9.1. This review should look to develop the community's planning and vision and ensure the fund's priorities are aligned with the long-term goals of the group. The developer does not need to be involved in this process, but may wish to be and should ask for a report on the outcomes of the review and any intended changes the community wishes to make to the scheme.

## CLOSE

It is recognised that a great deal of good practice exists to date in Scotland and it is hoped that this guidance will continue to drive Scotland's place as a leader in renewable energy policy and implementation. There is no single approach deemed to be "best practice" and Scottish Government hopes that this guidance inspires innovative arrangements and discussions. This document will be reviewed on a regular basis to capture case studies showing the range of options open to those involved in the process.



# 11 ANNEXES

## 11.1 SMALL-SCALE PROJECTS (50kW - 5MW)

Small-scale projects receiving FiTS are encouraged to provide community benefits.

Although the Scottish Government recognises that site-specific factors and financial models may affect individual projects, small-scale projects are still encouraged to provide community benefits proportionate to the scale of the development.

Simplified processes of good practice:

- Identify the appropriate community body or bodies. You may consider proximity, visibility, construction impact and any existing community networks. It is helpful to start discussions with the community council in which the site is situated. This group may be willing to receive income, or may be able to help identify an appropriate alternative where feasible.
- Explain your proposals and agree a method of administration. Once finalised, you should look to confirm these agreements in a contract.
- Once operational, encourage annual reports from the community group to keep informed of projects which the fund is supporting.
- Submit your details on the Scottish Government Community Benefit Register and encourage the community to do so.

The Scottish Government provides support for community and locally-owned renewable energy projects across Scotland through the Community and Renewable Energy Scheme (CARES). CARES offers financial support to help communities, rural businesses and land managers take forward renewable energy developments over 50kW. Most of the projects supported will be under 5MW. Developments supported through the scheme must have a local focus, and rural business applicants to CARES are required to provide community benefit of £10,000 per installed MW. As an example, a 100kW scheme would pay £1,000 per year to the local community. Such developments must adhere to the "Community Benefit Guidance for CARES Applicants" available at [www.localenergyscotland.org](http://www.localenergyscotland.org).

## 11.2 ANNEX: GLOSSARY

Action plan	Document outlining the community's priorities and the changes local people would like to see.
Capacity building	Identifying barriers to development and enhancing abilities to allow individuals and groups to achieve sustainable results.
CARES	Community and Renewable Energy Scheme, funded by Scottish Government and delivered by Local Energy Scotland.
Community of interest	A community of people who are bound together because of a shared interest or passion. Members of such a community may engage with one another to share information or ideas around the shared topic.
Community of place	A community of people who are bound together because of where they reside, work, visit or otherwise spend a continuous portion of their time. Such a community can be a neighbourhood, town, coffehouse, work place, gathering place, public space or any other geographically specific place that a number of people share, have in common or visit frequently.
Consultation	A process undertaken to understand people's views and opinions on a topic.
Grassroots	Activity or movement driven by a community.
Index-linked	Adjusted according to the value of a retail price index.
Joint venture	A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.
Match-funding	The stipulation set by a grant-providing body that the grant recipients raise a certain percentage of the money they require.
Memorandum of Understanding	Document describing an agreement between two or more parties. This document is not legally binding, but indicates an intended common line of action.
MW	Megawatt: unit of power in which renewable energy installations are measured.
Stakeholder	A person with interest or concern in something.

# 11 ANNEXES (CONTINUED)

## 11.3 ANNEX: CASE STUDY - OTHER FORMS OF BENEFIT

### 11.3.1 RES - Local Electricity Discount Scheme

The Local Electricity Discount Scheme (LEDS) is a new RES initiative which seeks to deliver direct and tangible benefits to people living and working closest to RES's proposed wind farms. The scheme is being introduced at all new RES sites over 5MW that are being submitted to planning, as well as projects that are consented and awaiting construction, across the UK. Under the scheme £3,000 per installed megawatt for LEDS is available in addition to £2,000 per installed megawatt for a Community Benefit Fund. LEDS has been developed in response to research and feedback from local communities around RES's existing wind farms on how projects can deliver maximum benefits to them.

LEDS offers an annual discount (£100 minimum), paid directly to the electricity bills of those properties closest to a proposed RES wind farm. The scheme is open to all residential, business and community buildings (including schools, places of worship and village halls) within a qualifying area for the operational lifetime of the wind farm. Participation in the scheme is voluntary and does not require any change of electricity supplier or tariff. As a fixed amount (index linked), rather than a percentage of electricity bills, LEDS does not reward higher electricity users over lower users or encourage energy profligacy.

### 11.3.2 West Coast Energy - Fuel Poverty Initiative

West Coast Energy which is part of the GDF SUEZ group, has a fuel poverty partnership with Energy Action Scotland, whereby West Coast Energy will provide a percentage of its profits from its wind farm developments for ring-fenced funding to support fuel poverty, energy efficiency, renewable energy and sustainable development initiatives. Money for the fund will be channelled into a dedicated Fuel Poverty Fund, targeted at vulnerable people and households in fuel poverty within the local and wider vicinity of its proposed developments. This will be in addition to payments to a community benefit fund for the local community to use for social, environmental and educational projects. The area around the company's Barlockhart Moor wind farm near Glenluce in Dumfries & Galloway will become the first location in Scotland to be involved in the scheme.

Activities may include support for households on how to manage energy better, and guidance for tariff switching and signposting to energy efficiency schemes and services. Primary schools could be involved in education sessions to encourage pupils to raise energy awareness with family and friends.

The scheme is being applied to all new West Coast Energy developments in the UK and is successfully underway at a site in Cumbria.

## 11.4 ANNEX: CASE STUDIES - ADMINISTRATION OPTIONS

### 11.4.1 ScottishPower Renewables – Mark Hill, Arecleoch and Wether Hill

ScottishPower Renewables' approach is to allow the community to determine the best way for them to administer the fund:

At the Mark Hill and Arecleoch windfarms in Ayrshire, the Board has recruited Carrick Futures, a local social enterprise to undertake all of the administration responsibilities as the communities felt that this was the most appropriate vehicle. The social enterprise offers assistance to complete all grant applications, advises on how to achieve match funding, works with the 12 directors (two from each of the six relevant community council areas) to process suitable applications and meet reporting requirements. The social enterprise operates transparently and provides regular reports to both the wider community and ScottishPower Renewables.

At Wether Hill, the community benefit fund is administered by the communities directly as this was deemed the most appropriate approach during the consultation phase. Part of the fund is administered through Carsphairn Renewable Energy Fund Ltd (CREFL), a company limited by guarantee which has been set up by the local community to process community benefit funds. CREFL holds quarterly meetings of the directors (local volunteers) to consider and approve applications for grants.

### 11.4.2 RES – Hill of Towie

RES set up a Community Liaison Group (CLG) during the construction of Hill of Towie Wind Farm in Moray. The CLG consisted of community councils, resident associations, local interest groups, councillors and local residents. As well as allowing RES to communicate with the wider community on various aspects of the construction process, the CLG was also actively involved in setting up the Community Benefit Fund. The CLG

received two presentations from prospective fund administrators - one from a national organisation which manages community funds and one from a local group called REAP. REAP were selected to administer the fund.

A Community Benefit Fund Working Group was then established representing all groups on the CLG, supported by REAP and RES. This working group developed the fund's purpose, the area of benefit, guidelines and application forms.

The Community Benefit Fund has been operating since June 2012 and has a decision-making panel made up of representatives from the community councils, local residents from each village, councillors, students and the headteacher of the high school. REAP provides the administration service and supports the decision-making panel.

### 11.4.3 RWE Npower Renewables – An Suidhe

In April 2011, RWE npower renewables (RWE NRL) gave local people the opportunity to have their say in how the An Suidhe Wind Farm Community Benefit Package might be developed. RWE NRL consulted on various options regarding the structure and the administration of the community fund with a view to ensuring the effectiveness of the fund was maximised. A consultation document was sent to all relevant Community Councils neighbouring the site of the An Suidhe Wind Farm and the consultation document was made available on the RWE NRL website. Local press releases made the general public aware that the consultation was taking place and that it was open to all groups and individuals. The consultation generated a lot of interest and five local organisations submitted formal written feedback. As a result Foundation Scotland was appointed to administer one single fund. Decisions about the awards of all grants were to be made by a grants panel with representatives from the communities within the area of benefit originally proposed and confirmed through the consultation process.

## 11 ANNEXES (CONTINUED)

### 11.4.4 Infinis - Glenkerie

During 2011 the community local to the Infinis Glenkerie Wind Farm considered how best to administer their community benefit. They researched setting up their own Trust and invested time and money to understand the legal implications of this arrangement. They also tried to understand the administrative impact of pursuing this route. During this process they also met with Foundation Scotland to better understand how Foundation Scotland's services might support and assist them. The community decided quite late on in their set up process to work with Foundation Scotland instead of setting up their own Trust. Their arrangement with Foundation Scotland puts them in the driving seat of the strategy and decision making associated with the Fund but assures them of a degree of protection, overall governance and administration that otherwise they would have been wholly responsible for themselves and for which they didn't have the capacity for.

### 11.4.5 SSE – Achany, Clyde (Borders), Drumderg, Fairburn, Gordonbush, Griffin, Toddleburn

SSE worked successfully for many years with a third party administrator of their community funds. However, with an increased focus on the work SSE carries out in communities and SSE's projections for community benefit funds in the future, the company decided to bring the management of their funds in-house in January 2012 in order to build a closer relationship with the communities near their renewables projects. As administrator, SSE takes no part in the decision making process beyond ensuring that applications comply with the fund criteria. Decisions on which projects to support from the fund are made by

a local advisory panel of community members with representation from community councils and local residents in the benefit area. The local panel is assigned a community investment advisor from SSE's specialised community investment team who assists the panel in the management of the fund and ensures complete accountability and transparency with regard to how the fund is used.

Since taking the funds in-house, SSE has been able to build a direct relationship with the communities near their wind farm developments. There is a greater level of trust and many more opportunities to promote the positive impacts of the funds in the local area and beyond to the mutual benefit of both the developer and the communities involved.

## 11.5 STAKEHOLDER GROUP REPRESENTATIVES

Scottish Government wishes to thank the following representatives who took part in the informal stakeholder group and informed the development of this document:

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## 11.6 EXAMPLE COMMUNITY ACTION PLANS

### 11.6.1 Lochaber:

[www.highland.gov.uk/NR/rdonlyres/4E640F34-C928-4ABF-9AD4-9BD331B4FC18/0/LochaberCDPNov08MASTERv11.pdf](http://www.highland.gov.uk/NR/rdonlyres/4E640F34-C928-4ABF-9AD4-9BD331B4FC18/0/LochaberCDPNov08MASTERv11.pdf)

### 11.6.2 Neilston:

[www.neilstontrust.co.uk/about-us-2/publications-documents/category/3-ndt-reports.html?download=24:neilston-town-charter](http://www.neilstontrust.co.uk/about-us-2/publications-documents/category/3-ndt-reports.html?download=24:neilston-town-charter)

### 11.6.3 Kirknewton Development Plan:

[www.kirknewton.org/assets/0000/1534/Community\\_Development\\_Plan\\_Nov\\_11.pdf](http://www.kirknewton.org/assets/0000/1534/Community_Development_Plan_Nov_11.pdf)

### 11.6.4 Sustaining Dunbar Action Plan:

[www.scribd.com/doc/71442230/Sustaining-Dunbar-2025-Local-Resilience-Action-Plan](http://www.scribd.com/doc/71442230/Sustaining-Dunbar-2025-Local-Resilience-Action-Plan)

### 11.6.5 Kildrummy, Lumsden and Towie Community Action Plan:

[www.marrareapartnership.org.uk/Kildrummy,%20Lumsden%20&%20Towie%20Community%20Action%20Plan%20-%20low%20res%20-%20final%20-%20july2013.pdf](http://www.marrareapartnership.org.uk/Kildrummy,%20Lumsden%20&%20Towie%20Community%20Action%20Plan%20-%20low%20res%20-%20final%20-%20july2013.pdf)

# 11 ANNEXES (CONTINUED)

## 11.7 COMMUNITY CAPITALS

From "Scottish Government Investment in Rural Community Development: A Community Capitals Approach" available at: [www.scotland.gov.uk/Publications/2012/03/8336](http://www.scotland.gov.uk/Publications/2012/03/8336)

Capital assets	Examples of relevant assets	Examples of flows of goods and services in a rural context
Financial	Income; wealth; security; credit; investment	Models of finance - eg commercial loans; private sector partnerships Shares in the community shop
Built	Housing; transport and telecommunications infrastructure; utilities; buildings	Broadband connection Community transport Renewable energy
Human	Self-esteem; education; skills; health	What you know can benefit your community - eg as a local historian, folk musician, botanist Local leadership development programme Local schools encouraging place-based education
Social	Leadership; groups; bridging and bonding networks; trust; reciprocity	Committee for the agricultural show Farmers' market Rural women's network
Natural	Natural resources; ecosystems (land; minerals/energy; soils; water)	Raw materials (eg land used for crops; water/barley used for whisky) Food produced from the land Fish/farm stock
Cultural	Language, rituals and traditions, a sense of place	Festivals to celebrate significant local events Revival of indigenous language; respect for dialect Place-based learning
Political	Inclusion; voice; power	Local authority Community planning partnership Development trust



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