

Scottish Government Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments

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

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1 INTRODUCTION

Scotland is estimated to have around a quarter of Europe's potential offshore wind resources, and The Scottish Government wishes to see communities across the country share in the benefits from this rich natural resource.

The Scottish Government's National Marine Plan (NMP) Renewables Policy 10 states that "Good Practice guidance for community benefit from offshore wind and marine renewable energy development should be followed by developers, where appropriate". This document looks at good practice in shaping and delivering community benefits from offshore renewable energy projects, complementary to environmental, supply chain and other socio-economic benefits to Scotland.

When providing community benefits from offshore renewables, there are a number of factors to be considered such as identifying the community, working with a diverse set of stakeholders, considering onshore infrastructure and the critical stage of development in which the industry finds itself. These community benefit principles are intended to reflect and accommodate the sensitive and early-stage nature of the industry. As with the Scottish Government's Onshore Good Practice Principles for both Community Benefit and Shared Ownership, it is anticipated that this document will be refined and reviewed in the coming years.

While the majority of this document is intended to be for developers of wind projects, it is proposed that this document will be reviewed over the coming years to incorporate guidance and good practice for other offshore technologies.

This document is split into definitions, context, good practice expectations and supplementary guidance for all involved. The intended readers of this document are developers, communities, local authorities and other stakeholders.

The Scottish Government is committed to supporting the development of a successful and internationally respected offshore renewable energy industry, and application of the good practice principles in this document is therefore encouraged by the Scottish Government.

2 GOOD PRACTICE PRINCIPLES

Outlined below are the key principles of designing and providing a community benefit package. While the provision of community benefit is voluntary, the Scottish Government would like to see adherence to the principles below.

Designing a Community Benefit Package (See Chapter 4)

A package should be proposed by the developer and further developed in discussion with the community, and designed to consider appropriate identification of the community and appropriate implementation of community benefit.

A range of factors should be taken into account in designing a package, including:

- Scale of project
- Technology
- Distance of project from shore
- Nature of project, i.e. research or trial site

A fundamental principle of community benefit is therefore that each package should be tailored to reflect the characteristics of the development.

Identification of Community (See Chapter 5)

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

1. What might be the geographical area to benefit
2. Within that area, who could be the appropriate contacts and communities of interest for consultation

This process should be undertaken at an early stage to allow communities the opportunity to contribute to discussions.

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.

Specific principles for communities, local authorities and developers are explored further in chapter 5.

Maximising Impact (See Chapter 6)

In considering effective implementation, the following components should each be optimised:

1. Focus of community benefits
2. Delivery mechanism

The composition, delivery and structure of the package should be designed through dialogue with the local community.

A community benefit fund is considered a fundamental component of a community benefit package, though other components may also be considered. Any decisions on fund spend should be led by the community and informed through identification of local needs, with guidance from the developer as necessary.

Good practice also encourages submission of information to the Scottish Government Community Benefit Register.

3 BACKGROUND

3.1 Definitions

Community Benefits

‘Community benefits’ in this document are understood to be additional voluntary measures which are provided by a developer outside of the planning and licensing processes.

Community benefits as defined in this document are independent of supply chain benefits (the maximisation of which remains a priority for The Scottish Government), and of funds accrued through the Crown Estate leasing process (more detail in section 3.2.1). Community benefits may include:

1. Voluntary benefits which the developer provides to the community, (i.e. in-kind works, direct funding of projects, or any other voluntary site-specific benefits),
2. 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.

The Scottish Government considers a community benefit fund to be a fundamental component of a community benefit package, though other measures may be considered.

Supply chain

A channel of distribution, beginning with the supplier of materials or components, extending through a manufacturing process to the distributor and retailer, and ultimately to the consumer. ‘Supply chain benefits’ will refer to positive impacts arising from such a channel.

Socio-economic benefits

A specific set of supply chain impacts. Socio-economic benefits are understood to be created by renewable energy developments, often specifically through jobs and employment opportunities.

Renewable energy can also be understood to have wider positive impacts such as providing a sustainable energy supply and reduced reliance on carbon intensive fossil fuels.

3.2 Context

In 2014, the Scottish Government commissioned research to review good practice in community benefits from offshore renewables internationally.

The research confirmed that there are a number of ways in which communities can and will benefit from the offshore renewable energy industry, and that the Scottish Government is first in considering formalising good practice for voluntary ‘community benefits’ as understood and defined in this document. This is an opportunity to create a world class industry and to ‘replicate the positive experiences of the onshore wind industry’¹. There are considerable differences between the two industries as explored below in section 3.2.3, but it is the intention of Scottish Government to transfer knowledge where applicable.

3.2.1 Community benefits and the supply chain

There is opportunity for Scotland to benefit from a competitive and innovative UK supply chain that creates sustainable exports and benefits for the economy. These positive benefits are likely to be focused on specific locations and groups of people (i.e. workforces) and there is therefore scope to more equitably disperse benefits. Additionally, some positive supply chain impacts such as job creation may be concentrated at specific phases of development, such as construction. Community benefits provide an opportunity for communities to see positive effects throughout the lifetime of a development and to invest in a long-term legacy for generations to come. The UK Government’s Offshore Wind Industrial Strategy sets a pathway for the creation of 30,000 FTE jobs and delivery of £7 billion GVA to the UK economy by 2020 through a strong growth delivery scenario – further information on this is available in Case Study 4. Maximising supply chain benefits is a focus for the Scottish Government, but this topic is outside the scope of this document.

The benefits to Scotland from the offshore industry have been complemented in recent years by additional funding opportunities through the Coastal Communities Fund. The equivalent of 50% of revenue received through seabed leasing and other Crown Estate marine activities has been made available through the Coastal Communities Fund, benefitting coastal communities across the UK. More information

¹ Climate Xchange, 2015, “Community Benefits From Offshore Renewables: Good Practice Review”.

on this fund is available in Case Study 5. The Treasury is responsible for decisions on the availability of future funding under the Coastal Communities Fund.

Scottish Ministers have committed to providing coastal and island communities 100 per cent of the net Crown estate revenue from marine activities out to 12 nautical miles following the forthcoming devolution of the management and control of the Crown Estate in Scotland.

Complementary to these positive effects focused on specific groups as listed above, there is an opportunity for the benefits of exploiting Scotland's renewable energy resource to be shared more widely across the country². The Scottish Government believes that the benefits of renewable energy should be shared across Scotland, and should be invested in our communities for long-term stability.

3.2.2 Why Community Benefits from Renewable Energy?

Community benefits are encouraged by The Scottish Government from projects which exploit a national resource, including those which exploit a renewable energy resource³.

Harnessing renewable energy resources offers the opportunity for sustainable energy supply for the UK, as well as economic opportunities for companies across the country. Over 11,000 individuals are employed in renewable energy in Scotland⁴, with 2,100 in offshore wind⁵, and this is to be celebrated. There is often a desire from communities near to renewable energy developments to benefit more directly from a project. Furthermore, where communities may feel they are 'hosting' a development, it may be appropriate to acknowledge this through a 'goodwill gesture'. This issue is explored in more detail in this document. There is no legal obligation to provide community benefits, and any such voluntary measures are delivered outside of the planning and licensing systems. This is a new and emerging topic, and Scotland is keen to lead the way by engaging with industry and encouraging good practice rather than formally legislating for such provisions. Some developers may also wish to view community benefit provision as corporate social responsibility⁶.

Other non-renewable energy industries have explored community benefits, but it must be recognised that there are a range of factors which makes comparison of industries difficult. In Shetland, the oil industry in the 1970s required payments through local authority policy. While very different to the offshore renewables industry, the process was seen to be successful, and there are lessons which can be learnt from this. Further information is available in Case Study 3.

² The Scottish Government, 2010, Securing the Benefits of Scotland's Next Energy Revolution

³ Examples of similar community benefit schemes include:

- Opencast coal mining, where community benefits are encouraged (see Case Study 1).
- Landfill operators are encouraged to support organisations that deliver projects benefiting the general public, biodiversity or the environment (see Case Study 2).

⁴ Scottish Renewables, 2014, "Employment in Renewable Energy in Scotland 2013".

⁵ https://gov.uk/government/uploads/system/uploads/attachment_data/file/416240/bis-15-206-size-and-performance-of-uk-low-carbon-economy.pdf

⁶ Climate Xchange, 2015, "Community Benefits From Offshore Renewables: Good Practice Review".

The definition of community and design of a community benefit package will be influenced by the understanding of why such provisions are necessary⁷. The Scottish Government believes community benefits are an opportunity to share the positive effects of renewable energy. This should be borne in mind when designing a community benefits package.

3.2.3 Differences from Onshore

Community benefit provision from the onshore renewable energy industry has been viewed positively and there is scope to transfer learnings where appropriate. The rationale for community benefit provision is similar for the two industries, driven by a desire to equitably share the benefits gained by harnessing a national natural resource. However, given the differences in identifying nearby communities, maturity of the industry, technology and project economics, community benefit packages are unlikely to be realised in precisely the same manner.

- While significant development is planned to occur, commercial scale projects in the deeper, more challenging waters off Scotland are currently in very early stages of development, the resulting costs and risks associated with these projects will be much higher than for onshore.
- Cost reduction is a key driver for the offshore wind industry, particularly in the context of increasingly competitive Contracts for Difference allocation. More so than for onshore projects, the scale of community benefits may be highly dependent on the financial means of the developer.
- Existing practice has informed the development of in-depth principles for the provision of community benefits from onshore projects. Such detail is not appropriate for the offshore industry where replicable good practice has not yet emerged.
- There are additional technical challenges of constructing and maintaining sites offshore and the timescales and phased development process of offshore projects differs greatly from the onshore industry where construction is less complex.

3.2.4 Distinction from Compensation

Community benefits as described and discussed in this document are not a compensation for any perceived negative impacts. Community benefit provisions should not be confused with any compensatory payments or provisions for example to specific stakeholder groups. Where developers consider it appropriate to provide individual compensation for a development, this arrangement should be agreed between the relevant parties and is separate from any community benefit proposals.

⁷ Climate Xchange, 2015, "Community Benefits From Offshore Renewables: Good Practice Review".

Nor should these compensatory agreements be construed or publicised as ‘community benefit’.

The principles and guidelines in this document assume that discussions are held separately regarding visual impact, impacts upon fishery industries, and any other reported negative impacts.

3.3 Good Practice Principles

It is recognised that the offshore wind industry is at a critical stage in its development and the UK is competing globally to attract this investment. The industry’s focus is therefore on ensuring the deployment of offshore renewable energy projects and the creation of a strong, diverse supply chain which will deliver sustainable benefits to Scotland and the UK through the creation of jobs and inward investment. Complementary to the delivery of supply chain benefits, developers are encouraged to consider a community benefit package.

These principles are intended to apply to developers in the offshore wind industry, but may be of interest to those in wave and tidal technologies. The onshore wind industry is more mature than other offshore renewable technologies. The provision of a community benefit package must therefore be considered separately in the context of each industry. It is the expectation of The Scottish Government that relevant principles of community benefit will be applicable to any renewable energy technology once commercially viable. It is recognised that wave and tidal technologies are not yet at this stage in their development.

In acknowledgement of some of the challenges raised above in delivering community benefits from offshore projects, there is a heightened need for transparency in all discussions. Developers should ‘consider, reveal and discuss openly what is achievable’ from an early stage where possible⁸.

⁸ Climate Xchange, 2015, “Community Benefits From Offshore Renewables: Good Practice Review”.

4. DESIGNING A COMMUNITY BENEFIT PACKAGE FOR OFFSHORE RENEWABLE ENERGY PROJECTS

4.1 Definitions

Host

Can be any location geographically linked to a renewable energy development, and those who live in this area. In this context, there is no set formula to identify a host community, but self-identification and collaborative discussion may help.

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.

Flexibility

Flexibility is outlined as a key component of community benefits. This is understood to mean that:

- There is not one single approach and design which Scottish Government require to be delivered on every project
- Developers should not have a blanket policy which is rolled out on all projects

Package

The term 'package' is used to describe community benefit provision, as there is not a single delivery mechanism which can be employed on every scheme. A successful 'package' will be designed on a case-by-case basis and may be composed of several components.

4.2 Context

It is important for stakeholders to understand the details of a project, and if possible, to have a basic understanding of the offshore renewable energy industry before engaging in discussions on a community benefit package. Each package will vary depending on the developer, the 'community' and the project itself, and it will be necessary to design a package which works well taking each of these into account.

It is of some relevance to consider how community projects are funded through other initiatives, for example the Scottish Landfill Community Fund (SLCF). Although an entirely different setup in that the SLCF is a tax relief scheme, there are similarities in that projects look to create significant

environmental and socio-economic benefits which improve the lives of communities living near sites. The Scottish Landfill Tax and Scottish Landfill Communities Fund were introduced in April 2015, further information is available in Case Study 2.

4.3 Good Practice Principles

A package should be proposed by the developer, and further developed in discussion with the community, and designed to consider:

1. Appropriate identification: ensuring benefits are delivered to suitable beneficiaries – explored in Chapter 5.
2. Appropriate implementation: ensuring benefits are delivered through a suitable mechanism and focused on appropriate topics – explored in Chapter 6.

Note that the perception of appropriate benefit provision will vary according to individual perspectives. This potential disparity in views should be acknowledged at an early stage and efforts undertaken to reach a mutually agreeable solution.

4.3.1 Site specific solutions

This document recognises that offshore renewable energy sites vary greatly, and therefore these principles are designed to be flexible to ensure the optimal outcome is reached on a site-specific basis. Stakeholders should be aware that community benefit packages will vary from project to project, depending on a range of factors including:

- Scale of project
- Technology
- Distance of project from shore (Note that some offshore sites will be visible from shore, while others will not.)
- Nature of project, i.e. research or trial site

A fundamental principle of community benefit is therefore that each package should be tailored to reflect the characteristics of the development.

4.4 Further Guidance

4.4.1 Timings

It is recognised that the offshore renewable energy industry faces many challenges and that progress is dependent upon many factors over a number of years. The expected process and timescale of the provision of any community benefits should be well communicated to stakeholders from an early stage. Community benefits are expected to be provided following first export of electricity and generation of income. Offshore projects may

have a phased construction process and provision of any voluntary community benefits in advance of commissioning may be considered on a site-by-site basis. Suggestions of such a provision include an additional apprenticeship scheme, or direct funding of a one-off community project. Community benefits provided in advance of commissioning may be phased as appropriate.

4.4.2 Research and development sites

Community benefits are intended as a tool to help share the benefits of Scotland's renewable energy resource across the country. These principles are therefore applicable to commercial sites where there is an economic benefit to the developer. Community benefit packages from research sites are not a requirement of good practice, however developers may wish to consider or discuss possible provision of benefits from research sites on a case-by-case basis.

4.4.3 Guidance on acceptable engagement

Offshore renewable energy projects are likely to be major developments which will require an in-depth engagement strategy. Such a process is beyond the scope of this document. Further information on good practice for engagement with offshore wind farms is available in the following report:

<http://www.climateexchange.org.uk/reducing-emissions/what-good-community-engagement-wind-farm-developments/>

5. IDENTIFICATION OF THE COMMUNITY

5.1 Definitions

There is no single definition of community which can be applied for every project. Furthermore, research suggests a standardised approach to identification is not to be encouraged⁹. Rather, dialogue and site-specific characteristics should be used by the developer to identify the most relevant stakeholders.

5.2 Good Practice Principles

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

1. What might be the geographical area to benefit
 - There are no set parameters on the scale of this area
2. Within that area, who could be the appropriate contacts and communities of interest for consultation
 - Proposed channels can be identified through desk-based research
 - Local authorities may be helpful in suggesting appropriate contacts

⁹ Climate Xchange, 2015, "Community Benefits From Offshore Renewable Developments".

This process should be undertaken at an early stage to allow communities the opportunity to contribute to discussions and self-identify, in line with Scottish Government Empowerment policy¹⁰.

Local opinions should be sought on the most appropriate beneficiary structure, and existing users of the marine and coastal area should be engaged. There should be scope for those communities initially identified by the developer to be involved in the process as it develops, contributing to the identification of further possible stakeholders and shaping the consultation process. Ongoing collaborative consultation and dialogue should be designed and tailored for each project.

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. Efforts should be taken to avoid any potential or perceived conflicts of interest. It is recognised that designing and developing a community benefit package can be a lengthy and laborious process for all stakeholders involved. Listed below are the expected actions of various groups likely to be involved:

5.2.1 Community councils

Community councils should be open to dialogue with developers and should suggest any relevant groups and individuals to engage in discussions.

5.2.2 Wider community

Community groups can be supported to engage in community benefit discussions by contacting Local Energy Scotland. Communities are encouraged to consider scope for strategic spending in their area. Communities should be aware that there may be limitations on the scope of community benefits, or how many communities can be fairly represented – such limitations should be discussed with the developer and understood at an early stage.

5.2.3 Local Authorities

Local authorities should aim to be involved in identifying appropriate communities by suggesting contacts and facilitating discussions. Where appropriate, local authorities may consider administering funds. Stakeholders should be aware that where funds are administered by a local authority, any awards made to community groups are likely to be classed as state aid and should be treated accordingly.

¹⁰ "In line with trusting the people who live and work in Scotland to make decisions about the nation's future, the essence of self-determination, the Scottish Government is also committed to supporting subsidiarity and local decision-making."
The Scottish Government, 2014, "Community Empowerment Bill (Scotland)".

5.3 Guidance

Community benefits from offshore renewables can be delivered in varying ways. As discussed in this document and other material including academic research, there is no set way to define communities; here are some starting points for discussion with stakeholders.

1. Community groups

- These may be existing groups, or created for the purpose of administering the fund. Generally these will be identified as the “host communities”, i.e. onshore community groups close to the development; or offshore users who are not based locally
- In identifying host communities, it is worth considering the proximity of the community to the project, including to onshore substation, infrastructure and construction sites

2. Local or regional structures or organisations

- Organisations which are already engaged with a geographical area and could be supported to provide further benefits
- A new mechanism could be set up to deliver benefits over a set region Local authority region(s)
 - Complementing local authority provision by supporting non-statutory projects in one or more local authority regions.
 - Some local authorities will have issued guidance on the expected benefits from offshore renewable energy which can be a helpful starting point for discussion. See section 5.3.1.

3. Wider national benefits

- Through national structures or organisations
- N.B. While a national fund could be considered, Scottish Government will not set up a central management or administration in order to avoid confusion with statutory provision and possible state aid issues.

4. Other organisations, individuals or groups which may not fit into categories as listed

- Any discussions on the provision of community benefits are not part of the licensing process and should not be conditional on community support for the project. To maintain this distinction, it is recommended 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.

5.3.1 Local Authority Policies

Where local authorities have issued policies or guidelines relating to community benefits from offshore developments, it should be noted 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.

6. MAXIMISING IMPACT OF BENEFITS

6.1 Context

Maximising the impact of benefits can be achieved through appropriate implementation: ensuring benefits are focused on appropriate topics and delivered through a suitable mechanism.

Some examples of way in which benefits can be realised are explored in the case studies.

6.2 Good Practice Principles

As defined at the start of this document, community benefits from offshore renewables may support Scottish communities in many ways.

In considering effective implementation, the following components should each be optimised:

1. Focus of community benefits

- Developers should encourage community benefits to support the sustainable development of Scotland's communities. This means that community benefit schemes should ultimately look to complement social, economic and environmental causes and to build resilient, sustainable communities. For more information on this see

<http://www.gov.scot/Topics/Environment/SustainableDevelopment>.

2. Delivery mechanism

- Benefits may take the form of direct funding of projects, development of new business or projects in the area, financial payments or other benefits as deemed appropriate by developer and community.

The composition, delivery and structure of the package should be designed through dialogue with the local community as identified in Section 5.

A community benefit fund is considered a fundamental component of a community benefit package, though other components may also be considered. Any decisions on fund spend should be led by the community, informed through identification of local needs and guided by the developer as necessary.

Capacity building is fundamental to ensuring success and developers should signpost communities appropriately.

Good practice also encourages submission of information to the Scottish Government Community Benefit Register – developers and recipients should look to submit details of the process and outcomes, and keep the information up to date with detail on annual spend. Self-regulation of the industry through this online tool is intended.

6.3 Guidance

Developers are not required to have ongoing input throughout the lifetime of the scheme, but rather to ensure the package is structured appropriately, i.e. through consultation, and to provide or signpost support where necessary. Any delivery mechanism or topic can be considered; communities and developers should work together to devise a site-specific solution.

6.3.1 Topics

The focus of a community benefit package should be driven by the local community, who should play an active role in determining how funds are spent. Starting points for such discussions may include the following:

- Apprenticeship schemes. See Case Study 7; further case studies from research
- Building capacity in the community;
- Contributing to charitable causes;
- Cultural assets;
- Development and support of natural capital, for example upgrades to areas of cultural or environmental interest;
- Educational support such as extra-curricular engagement with schools, colleges and universities;
- Environmental communities;
- Infrastructure upgrades;
- Local business support;
- Local electricity discounts;
- Local facilities or services to complement and not replace statutory provisions;
- Skills development programme;
- Support of local tourism such as creation or support of local facilities i.e. museums or visitor centres;
- Supporting local marine management issues;
- Supporting and developing women's empowerment networks.

6.3.2 Delivery Mechanism

The scale of a community benefit fund will be dependent on project variables and should be discussed openly with the community. Communities should understand that projects may be financially limited and should not expect transferal of fund arrangements from one project to another. See Case Study 6 for more detail. Where delivering a fund, suggested starting points for discussion include:

- Provision of a local community benefit fund administered by a new or existing local organisation.
- Structuring a new regional fund for the purpose of delivering the community benefit. This can benefit communities across a wider region than the immediate 'hosts'. While there may be less of a direct link between the project

and the host community, this can help to ensure a more geographically equitable distribution of benefits.

- Other fund designated for a specific purpose, for example tourism, environment etc. These funds are likely allocated to certain projects by a board of trustees or local authorities;
- Working with other developers in the region to deliver a collaborative package; Contributions to existing regional funds.

Other measures may be delivered alongside a fund, to create a package of benefits - these should be identified by the developer on a site-specific basis, in consultation with the community. Developers may also wish to support communities to access expertise to maximise impact of a community benefit fund.

6.3.3 Capacity Building

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:

- Scottish Government provides support through the Community and Renewable Energy Scheme (CARES), delivered by Local Energy Scotland at 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.
- Community Energy Scotland provides networking services and capacity building: www.communityenergyscotland.org.uk.
- DTA Scotland provides support to groups wishing to form a community development trust: www.dtascot.org.uk.
- Education Scotland provides support with community learning and development, including community capacity building: www.educationscotland.gov.uk.
- Foundation Scotland can support community development and planning: www.foundationscotland.org.

- Planning Aid Scotland provides support to community groups and other stakeholders on planning issues and concerns: www.pas.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.
- The Scottish Community Development Centre provides support and training in building community capacity: www.scdc.org.uk/what/building-community-capacity.

It is recognised that there may on occasion be conflicts within or between stakeholder groups. It is recommended that developers seek advice or support in this scenario.

6.3.4 Governance and administration

It is vital that a governance and administration structure is selected on a site-by-site basis. The following questions could be considered as a starting point for discussion:

- Community capacity and resource
 - Is the recipient group adequately resourced to deliver the scheme?
- Scale of fund
 - Where large sums will be paid annually, does the recipient group have the confidence and experience to manage and distribute funds effectively?
- Structure of fund
 - Will regular meetings be required?
 - Is there an open application process which will require detailed assessment from a panel, or are there set criteria which will require minimal input?
 - Have any potential conflicts of interest been identified?

It will be prudent for communities to seek professional advice to ensure that funds are administered correctly and accountably. Developers may wish to support this process.

7. FURTHER PRINCIPLES

7.1 Definitions

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.

7.2 Good Practice Principles

7.2.1 Guarantee of provision

Scottish Government encourages all agreements to be provided in writing between relevant parties at an early stage in the process. It is proposed that such a document will be a Memorandum of Understanding before agreements are finalised, after which point a legally binding document will be signed. Due to the nature of the offshore renewable energy industry, it is vital that this Memorandum of Understanding and subsequent legal contract provide a guarantee to honour all agreements should the site be sold on to a new owner, developer or operator at any point in the development's lifetime. This Memorandum of Understanding may recognise that specific details may change over the project's lifetime and is likely to outline discussions and agreements to date with scope for review.

7.2.2 Application of principles

These principles are intended to apply to developers in the offshore wind industry, but will be of interest to those in other offshore technologies. This document will be reviewed as the marine energy sector develops, and it is intended that guidance will be produced to support the provision of community benefits from marine energy projects in a future publication.

7.3 Further information

7.3.1 Community Investment

Strategic community investment is recognised by The Scottish Government as a key mechanism to help Scottish communities engage in the potential of the marine environment. It is recognised that due to the nature of the industry, community investment is high risk and presents challenges to developers and communities alike. The Scottish Government therefore encourages use of the Community and Renewable Energy Scheme (CARES) and the Renewable Energy Investment Fund (REIF) to overcome hurdles and to undertake research to progress the industry to a

point where community investment becomes a secure and appealing option for stakeholders.

Groups undertaking research in this area are encouraged to share outputs and findings to allow the sector to progress. Examples of community ownership of offshore renewable energy developments can be seen in Denmark where at least 20% of the ownership of an offshore wind farm should be offered to geographically local communities and adjacent municipalities¹¹.

8. CASE STUDIES

8.1 Case Study 1: East Ayrshire Coalfield Initiative

The East Ayrshire Coalfield Environment Initiative is a successful partnership between the local authority, conservation bodies and industry, which has been working over the last 10 years to enhance, conserve, and promote the environment in East Ayrshire.

The initiative aims to support communities in the coalfield region to live and work within a high quality natural environment and derive a sense of pride from their local landscape. The initiative holds regular events and has volunteering opportunities for those interested in nature conservation or looking to enjoy the outdoors.

Find out more at: <http://www.ea-cei.org.uk>

8.2 Case Study 2: Scottish Landfill Community Fund

The Scottish Landfill Community Fund (SLCF) is a tax on the disposal of waste to landfill and is charged by weight on the basis of two rates: a standard rate for active materials; and a lower rate for less polluting (referred to as 'inert') materials. The Scottish Landfill Community Fund will replace the UK Landfill Communities Fund over a transitional period from April 2015 until March 2017. The Scottish Landfill Community Fund will maintain the private status of contributions, facilitating the ability of projects to receive match funding from public and European sources.

The Scottish Environmental Protection Agency (SEPA) has created an interactive Scottish Landfill Communities Fund Screening tool which allows a potential SLCF project to see if they are within 10 miles of a landfill site or transfer station. Projects will be able to apply for monies from the Fund later in 2015, and will apply to Approved Bodies. SEPA will be publishing their list of approved bodies on their website.

Find out more about the Scottish Landfill Tax and Scottish Landfill Communities Fund at:

<https://www.revenue.scot/scottish-landfill-tax/scottish-landfill-communities-fund>

¹¹ Climate Xchange, 2015, "Community Benefits From Offshore Renewables: Good Practice Review"

8.3 Case study 3: Oil in Shetland

“[In Shetland], a charitable trust currently worth £217 million was set up in 1974 to accept money from the Sullom Voe oil terminal. This fund dispenses millions of pounds a year (£11 million in 2011) to the Shetland community, providing services such as support for the elderly and infirm as well as funds for local cultural and sporting activities. One notable finding from the comparison of oil and wind income in Shetland, is the importance of strategic legacy planning: income from oil in the form of the Shetland Charitable Trust is currently being used to fund the planning and construction of the Viking wind farm, which is then projected to deliver a return of £23 million per year back to the trust, on top of community benefit payments to the local community of £1 million per year. The future of the trust, and local investment, will thus be safeguarded even as oil levels decline. If the income from wind energy can be harnessed in a similar, strategic way, either at a community or a regional scale, then communities around Scotland can plan for their future development.”

Excerpt from <http://www.ventoludens.co.uk/cms/upload/unternehmen/presse/Securing-the-Benefits-of-Wind-Power-in-Scotland-website.pdf>

8.4 Case Study 4: Offshore Infrastructure

“The UK Government’s Offshore Wind Industrial Strategy sets a pathway for the creation of 30,000 FTE jobs and delivery of £7 billion GVA to the UK economy by 2020 through a strong growth delivery scenario. The strategy adopts a variety of programmes aimed at ensuring UK based companies benefit from this burgeoning industry, including requiring developers to produce a supply chain plan when they apply for government funded revenue support. The Scottish Government has also been working closely with its enterprise agencies to ensure companies throughout Scotland benefit from the development of offshore wind, and a range of programmes and policies already exist or are in development, including Scottish Enterprise’s Offshore Wind Expert Support Programme which pro-actively engages with Scottish supply chain companies to ensure they benefit from the deployment of offshore wind in Scotland. This is in addition to the developer’s own programmes, such as SSE’s Highland Portal, which facilitates trade and engagement between SSE, local suppliers and service providers. The portal provides a platform for the company to promote opportunities originating in the region, enabling local suppliers to have visibility of SSE opportunities, register as a supplier and respond to notices free of charge.

In this sense the offshore renewable energy industry is similar to the oil and gas sector, where the majority of infrastructure is based offshore but benefits have accrued to onshore communities across the nation through investment and job creation associated with manufacturing, operations and maintenance activities and the establishment of global centres of excellence”

Scottish Renewables, 2013. Find out more at:
http://www.scottishrenewables.com/media/uploads/scottish_renewables_offshore_renewables_community_benefit_position_paper.pdf

8.5 Case Study 5: The Coastal Communities Fund (CCF)

The CCF is a UK Government programme which aims to see coastal communities experience regeneration and economic growth through projects that directly or indirectly create sustainable jobs and safeguard existing jobs. The Fund is equivalent to 50% of the revenues from Crown Estate marine activities. The CCF priorities in Scotland have included:

- from small and medium size coastal communities with a population of around 60,000 or less, facing economic challenges;
- that promote sustainable economic growth and jobs through economic diversification activities in coastal communities that enable the growth of local businesses;
- that complement strategic regeneration initiatives within coastal communities.

An example project funded under the CCF is the Argyll and Bute Forest. A grant of £71,285 was given in 2013 to fund a part-time Business and Marketing Manager, a new workshop and equipment and promotional materials. The award will help to support the business to establish a range of products and a customer base quickly, enabling the business to employ people locally and ensuring BFL can meet the ongoing the costs of maintaining the forest. The CCF has contributed to a range of projects including: water sports facilities and apprenticeship schemes in Argyll and Bute and in Moray, renovations to Skye Sailing Club's boathouse in Portree, developing the Arran Coastal Way and creating slipways and moorings in Leverburgh, Port Ellen and across North Ayrshire to promote and safeguard jobs in tourism.

Find out more at: <http://www.biglotteryfund.org.uk/global-content/programmes/uk-wide/coastal-communities>

8.6 Case Study 6: RWE Rhyl Flats Offshore Wind Farm Community Fund

Rhyl Flats was constructed throughout 2008 and 2009 and began generating energy in July 2009. It is currently the largest operating renewable energy scheme in Wales and one of the most powerful offshore wind farms in the UK. The Rhyl Flats Wind Farm fund will invest over £2 million into local activities and projects in communities surrounding the site..

- The base level of the annual fund is £90,000 for the 90MW wind farm per year throughout the operational life of the wind farm, normally expected to be in the region of 25 years. This equates to £1000 per MW per year, or £3600 from each of the 25 3.6MW turbines.
- The fund is index linked each year in line with the retail price index.
- The fund supports communities living in Rhyl (£15k) and 13 wards in neighbouring Conwy (£75k).
- To maximise the benefit for local communities, RWE Innogy UK has worked in partnership with the Welsh Assembly Government to develop an administration arrangement for the Conwy part of the fund that presents local

communities with easier access to wider funding options through one simple application form.

- Local groups can apply for funding packages and the schemes fund capital and / or revenue projects run by charities, community and voluntary groups.

Find out more at: <http://www.rwe.com/web/cms/en/478728/rwe-innogy/sites/wind-offshore/in-operation/rhyl-flats/local-community/>

8.7 Case Study 7:

Existing benefit structures – Fife College and AREVA Wind Pre-apprenticeship programme

Many regional projects support community development across Scotland. There is an opportunity for developers to deliver community benefits by investing in existing programmes and structures, with a focus on employment, training, apprenticeships or any other topic as deemed appropriate by local stakeholders.

For example, the AREVA Wind sponsored Pre-Apprenticeship programme for wind turbine technician training in partnership with Fife College was launched in 2013. This programme is specifically designed to provide the training and skills required for the offshore wind industry and serves as a precursor for further training opportunities to become AREVA Turbine Technicians.

8.8 Examples of Community Benefit Types:

Excerpt from Climate Xchange, 2015, Community Benefits from Offshore Renewables: Good Practice Review

8.8.1 Models considered as ‘community benefit’ as defined in this document:

Benefit Model	Description of Mechanism	Examples
Community Funds	<ul style="list-style-type: none"> • Developers pay in to a particular fund arranged for an offshore development • There are different models of community funds that are either administered by developers, authorities or communities • Contributions are made on voluntary basis and provide constant flow of revenues • Mechanisms of funds are usually established in consultation with affected and benefiting communities • Usually annual payments corresponding with capacity of offshore wind farm • Most common in the UK for offshore wind farms • Funds for affected communities and regions or funds for communities in which developers operate • Access to fund can be regulated • Communities and community organisations can usually apply for project-funding from the fund 	<ul style="list-style-type: none"> • Rhyl Flats Community Fund • North Hoyle Wind Farm Fund • Burbo Bank Extension Community Benefit Fund • Robin Rigg West Cumbria Fund • Teeside Offshore Community Benefit Fund • Sheringham Shoal Community Fund • Gwynt Y Mor Community Benefit Fund • Gwynt Y Mor Tourism Fund • London Array Community Benefit Fund • Dudgeon Community Support Fund • Triton Knoll Community Benefit Fund • Hornsea Community Fund • Eneco Lochterduinen Fonds, NL
Pre-existing funds	<ul style="list-style-type: none"> • Developers can also pay into existing funds that were not set up specifically for funds from offshore renewables • Such funds comprise regional development funds, nature preservation funds, wildlife trusts 	<ul style="list-style-type: none"> • Leiston and Sizewell Community Benefit Fund (Greater Gabbard) • Kent Wildlife Trust (London Array)

Equal Distribution of Revenues

- Equal distribution of revenues generated from offshore renewables
 - Distribution is usually centrally managed by one authority
 - In place where offshore renewables generate non-specific revenues through charges by the state or communities
 - These revenues can be applied to benefit the wider society or specific communities
 - Tax income from offshore wind levied by federal states in Germany, as offshore area is not municipalised
- Highland Council, UK
 - Coastal Community Fund, UK
 - Germany

Direct Investments & Project Funding

- Developers can also make direct investments in or donations for local projects and sponsor local initiatives
 - Such one-off investments are usually made in addition to establishments of funds in order to boost particular branches of the local economy, e.g. tourism
 - Some developers (e.g. Centrica) also decided to invest in local projects instead of creating specific funds
 - Funding from offshore developers has gone into exhibitions, community & visitor centres, wildlife reserves, local education programmes.
- Lynn and Inner Downsing
 - Lincs
 - Ormonde
 - Thanet
 - Scroby Sands
 - Sheringham Shoal
 - London Array

Apprenticeships & Studentships

- There are a few benefit schemes that focus on education as well as skills and training by providing funding
 - Bursary schemes and studentships are regarded as a particular component of the community benefit fund
- University Bursary Scheme (London Array)
 - Sheringham Shoal Bursary Scheme
 - AREVA pre-apprenticeship programme
 - East Anglia ONE Skills Strategy
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	<ul style="list-style-type: none"> • RWE Gwynt y Mor Apprenticeships • Rampian (considered) 	
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Educational Programmes	<ul style="list-style-type: none"> • Presentations and workshops in schools and colleges • Raising awareness of climate change, sustainability, environment and renewables • Encouraging and providing specific skills and knowledge for careers in the renewable energy sector 	<ul style="list-style-type: none"> • Sheringham Shaol • Hornsea • Tidal Lagoon Swansea Bay • Navitus Bay Offshore renewable wind farm
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Electricity Discounts	<ul style="list-style-type: none"> • There have been no electricity discount schemes from offshore renewables put in place so far • Only in place for onshore wind • Idea exists and was raised in context of the Walney Offshore Wind Farm, Tidal Lagoon Swansea Bay and a social acceptance study in Germany 	<ul style="list-style-type: none"> • Tidal Lagoon Swansea Bay (proposed)
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Community Benefit Agreements	<ul style="list-style-type: none"> • Binding agreements between developers and local authorities or communities to deliver benefits • Can be non-binding policy from council (Highland Council) 	<ul style="list-style-type: none"> • Highland Council • Massachusetts, USA
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2.8.2. Further ways in which communities can profit from offshore renewable developments

Benefit Model	Description of Mechanism	Examples
Community Ownership	<ul style="list-style-type: none"> • Co-ownership through coastal communities, co-operatives or non- local energy utilities is very rare • Benefits are generated through revenues from partial ownership of wind farm • Legal obligation of 20% ownership for nearshore wind farms in Denmark • Revenues generated through ownership are also administered by funds and trusts • Municipal utilities ownership and citizen participation possible in Germany (community buy-in) • Developer of Dutch Westermeerwind Offshore Windpark grants the possibility of community buy-in 	<ul style="list-style-type: none"> • Denmark: Middelgrunden, Samso, (non-voluntarily) • Germany: Global Tech 1, Windreich • Netherlands: Westermeerwind
Indirect benefits from supply chain	<ul style="list-style-type: none"> • Community benefit-style compensation payments and indirect non-monetary benefits • Not necessarily community benefits, but some developers and authorities interpret them as such • Creation of jobs through regional supply chain involving local businesses and using local infrastructures • Some developers highlight the significance of indirect benefits in addition to community benefit arrangements while others only emphasise the role of indirect benefits 	<ul style="list-style-type: none"> • Germany • UK

Indirect benefits through tourism

- Offshore renewables are regarded as a novel and innovative technology and as tourist attractions in their own right
 - Facilities as an attraction for tourists and also use for tourist activities (tidal barrages)
 - Tidal Lagoon Swansea Bay
 - Sheringham Shoal
 - Scroby Sands
 - La Rance Tidal Project, France
 - Sihwa Tidal Project, S. Korea
 - Wyre Tidal Energy
-

9 REFERENCES AND FURTHER READING

- Climate Xchange, 2013, “Community Benefits From Offshore Renewable Developments”
<https://www.climateexchange.org.uk/research/projects/community-benefits-from-offshore-renewable-developments/>
- Climate Xchange, 2015, “Community Benefits From Offshore Renewables: Good Practice Review”
<https://www.climateexchange.org.uk/research/projects/community-benefits-from-offshore-renewables-good-practice-review/>
- Offshore Wind Scotland
<http://www.offshorewindscotland.org.uk/>
- The Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments
www.localenergyscotland.org/goodpractice
- The Crown Estate Offshore Wind
<http://www.thecrownestate.co.uk/energy-infrastructure/offshore-wind-energy/>
- The Scottish Government, 2010, “Securing the Benefits of Scotland’s Next Energy Revolution”
<http://www.scotland.gov.uk/Resource/Doc/332551/0108218.pdf>
- The Scottish Government, 2014, Community Empowerment Bill (Scotland)
<http://www.parliament.scot/parliamentarybusiness/Bills/77926.aspx>
- Scottish Renewables, 2014, Employment in Renewable Energy in Scotland 2013” <http://www.scottishrenewables.com/publications/employment-renewable-energy-scotland-2013/>

10 GLOSSARY

CCF	Coastal Communities Fund, administered by Big Lottery Fund
Community	There are a number of acceptable definitions of 'community'. This document explores this issue in depth in section 5.
Community Benefit	Additional voluntary measures which are provided outside of the planning process and are not part of the supply chain or any other impacts arising from the development.
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, 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.
Host community	Can be understood as a location geographically linked to a renewable energy development, and those who live in this area.
Impact	Effects of a renewable energy project, both positive and negative. These may be measurable or intangible.
Index-linked	Adjusted according to the value of a retail price index.
Inshore waters	Term used generally to describe all waters within 12 nautical miles of the coast.

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.
Offshore	A project which is not developed on land.
Onshore	A project developed on land.
Package	A community benefit package may be composed of several measures. A cash fund is encouraged as a fundamental component of a package
Revenue generating	The sale of goods and/or services, and the use of assets and/or capital to produce income for a company or individual.
Stakeholder	A person with interest or concern in something.
Supply chain	A channel of distribution beginning with the supplier of materials or components, extending through a manufacturing process to the distributor and retailer, and ultimately to the consumer. 'Supply chain benefits' will refer to positive impacts arising from such a channel.

Consultation Question:

Question 1: Do you think that the Scottish Government's Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments remain relevant and valid? If not, what do you consider requires reconsideration or further explanation?

Response:

RESPONDING TO THIS CONSULTATION

We are inviting responses to this consultation by **31 January 2019**.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). Access and respond to this consultation online at <https://consult.gov.scot/energy-and-climate-change-directorate/onshore-renewable-energy-developments>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of **31 January 2019**.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form to:

Lorne Frew
Local Energy Systems
Scottish Government
4th Floor
5 Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://beta.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at CBSOGuidanceReview@gov.scot

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



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