

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

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

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1 EXECUTIVE SUMMARY

Community benefits schemes are a well-established, integral part of renewable energy developments, and represent a positive relationship between renewable energy businesses and communities.

They are voluntary arrangements offered by renewable energy businesses to communities located near developments, and are not a material consideration in a planning application.

In 2014, the Scottish Government, in consultation with the renewables industry and communities, published the Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments. Our aim was to promote transparency in the process by providing a practical guide for stakeholders to use.

The Good Practice Principles have been widely adopted across the renewables industry, providing a benchmark for the sector. It has become an invaluable tool for those communities with little or no experience of engaging with renewable energy businesses developing projects. The Welsh and UK governments have also adopted a similar process for their use.

The UK Government's response to its recent Contract for Difference consultation also refers explicitly to our Good Practice Principles:

Decisions on the details regarding how projects can deliver local benefits are best taken locally, but the (UK) government expects renewable energy businesses, and operators of remote island wind projects should seek to provide community benefits consistent with Scottish Government or other relevant guidance and Good Practice Principles. This includes providing an opportunity for communities or local people to invest in the project, with any offer additional to a community benefit fund. Community benefits are expected to last for the lifetime of a wind farm and it is our expectation that the operator, or subsequent owner if the project is sold on, will honour agreements with the local community.

The (UK) government also expects renewable energy businesses to register community benefits package on the relevant community benefit register (which for projects on the remote Scottish islands is on the Scottish government's Register of community Benefits), so that delivery can be monitored.

This example highlights wider recognition of the value associated with our approach and principles. We will monitor progress to ensure that the application of the above is consistent with the UK Government's intent.

Our Good Practice Principles as published included a commitment to review and update the document on a regular basis, to ensure that it remains relevant. We signalled our intention in the Scottish Energy Strategy and supporting Onshore Wind Policy Statement (published in December 2017) to undertake a review during 2018 highlighting the changes that have been introduced to the UK renewable energy

support schemes, and their effect on the decision to investment in certain renewable projects.

The starting position for the review was that much of the document remains relevant and valid. This means that we see no need for wholesale change; however, the review provides a good opportunity to enhance and amend some aspects to reflect lessons learned, and align with current and future investment conditions.

We commend the renewables industry for working with Scottish Government and local communities in seeking to build a positive experience in relation to renewable energy developments. Community benefits from projects developed to date are making a real – and in some cases, transformational – difference at a local level. This is demonstrated by the diverse range of projects supported and the value of community benefit payments received by communities in the last 12 months:

Community Benefit Headline Facts and Figures

- 214 projects offering community benefits packages
- £15,719,720 total community benefits paid last 12 months

Example of projects supported:

- Community car club
- Community kitchen class room
- Community cycle club
- Befriending programme
- Refurbishment of community hall
- Start -up grant for small businesses
- Bursaries for further education

Source: Scottish Government Community Benefit Register

The Good Practice Principles are a great example of Scotland leading the way, and ensuring that communities are front and centre in the development of renewable energy projects.

We accept that the renewables industry is in a period of transition at the moment, following changes to the UK renewable support schemes, and that investment decisions are being taken in a more challenging context than has been the case in the past. This means that new models of community benefit, and new approaches, are likely to be needed.

It's in everyone's interest to work towards ensuring renewable energy continues to play an important role in Scotland's transition to a low carbon future. We believe that securing lasting benefit for communities adjacent to renewable developments must remain the core principle at the heart of the Good Practice Principles.

We will continue at a national level to promote community benefit of the value equivalent to £5,000 per MW. However, we recognise that some renewable energy businesses will seek to offer communities a more flexible package of benefits.

That package might not necessarily be based on a rate per MW. It may, for example, include a different rate or include scope for direct funding of projects identified by the community.

This flexibility is not an entirely new development. The Good Practice Principles already recognise that community benefit packages are not limited to annual monetary payments in a fund, and that alternative arrangements can also address longer term community needs by generating positive social and economic impacts which provide a lasting legacy.

We want to promote a more flexible and evidence based approach to discussions about community benefit in future – a process which allows both renewable energy businesses and communities to identify clearly the best and most meaningful community benefit options and packages.

Key to future discussions will be a community possessing a community action plan: detailing its investment aspirations and associated outcomes. This will be critical for communities in their discussions with renewable energy businesses, irrespective of the community benefit package being offered and will deliver our goal of a lasting legacy in line with a community's aspirations and ambitions, as captured in a community action plan.

This document has been enhanced to include guidance on developing a community action plan. We encourage communities and renewable energy businesses to consider all community benefit options openly and fully, including whether a "fund" is the most appropriate or suitable mechanism.

In summary we expect to see a change in emphasis from the way community benefits packages were offered in the past – purely monetary payments- towards a more holistic approach of supporting a community's needs and aspirations. However community benefits will still remain an integral part of renewable energy developments.

The success of these Good Practice Principles has been built on a fair process for all sides, with **trust and transparency at its core**. This needs to continue for the next generation of renewable energy generation projects to flourish.

We intend to continue to review the Good Practice Principles on a regular basis, and to capture and share emerging practices for the benefit of renewable energy businesses and communities.

This Review Process was overseen by an independent Steering Group, which included representatives from community groups, the renewables industry and public bodies, and chaired by the Scottish Government. Full membership is attached as an annex.

This document supersedes the 2015 version. Although, there will be a number of renewable energy projects, not yet operational, that will have already agreed a community benefits package or, are well advanced in their discussions. We do not expect these arrangements to change as a result of the revised guidance.

Section Summaries

A brief overview of the document's sections is provided below:

2: Overview : Key Principles of Community Benefits

- Provides a high level overview of community benefits
- Summarises key principles
- Discusses expected value of community benefit
- Outlines key steps
- Help to Identify the 'area of benefit'
- Explains the right to express view on the development
- Roles and Responsibilities

3: Community: Identification and Consultation

- Principles of consultation
- Approach to consulting
- Consulting on details of community benefit fund
- Identifying stakeholders
- Widening area of benefits, including Regional Funds
- Community Benefit Agreement

4: Supporting local legacy

- Developing a community action plan
- Milestones and timeline
- Creating lasting legacy
- Adjusting to changing priorities

5: Getting the Governance right

- Good Governance Principles
- Governance Structure options
- Effective Fund administration
- Wider Package of Benefits

6: Ongoing roles for the renewable energy business and the community

- Point of contact
- Reporting
- Review

7: Support Available

- Provides details of the support available under Scottish Government's Community and Renewable Energy Scheme.

2 OVERVIEW AND KEY PRINCIPLES OF COMMUNITY BENEFITS

This section sets out:

- High level overview of community benefits
- Key principles
- Community benefit packages
- Help to Identify the 'area of benefit'
- Explains the right to express views on the development
- Roles and responsibilities

2.1 Overview

Community benefits are a renewable industry led **voluntary initiative** to support communities and offer an opportunity for communities to work with renewable energy businesses for the long term benefit for the community.

The Scottish Government commends the role of the renewables industry over the last decade in making community benefits an integral part of renewable energy projects, and for their willingness to continue to offer this for new developments.

As previously indicated, we accept that the renewables industry is in a period of transition following changes to the UK renewable support schemes, and that investment decisions are being taken in a more challenging context than has been the case in the past. It is in everyone's interest to work towards ensuring renewable energy continues to play an important role in Scotland's transition to a low carbon future.

The onshore wind sector has been at the forefront in terms of offering community benefits but the Scottish Government would encourage all renewable generation developments irrespective of technology and scale to adopt the guidance.

The ultimate aim is to achieve a lasting legacy for communities irrespective of the set-up of a community benefit package.

A key component of this guidance is the planning for and provision of information regarding community benefits, allowing time for communities to build capacity, and the development of ideas that can support the establishment of effective local arrangements that are in line with communities aspirations.

Alongside agreeing a community benefit package, we encourage communities to develop an action plan at the earliest opportunity. However, ultimately, that is a decision for a community to take.

Community action plans are discussed in more detail in section 4. However, it is worth highlighting, that the development of a community action plan is not a linear process; some communities may already have one in place, others may decide to wait until later in the process, or refresh an existing plan that is not necessarily directly linked to the specific site but linked to a local development plan. What's important is the community has ownership of a "plan", that it identifies key priorities

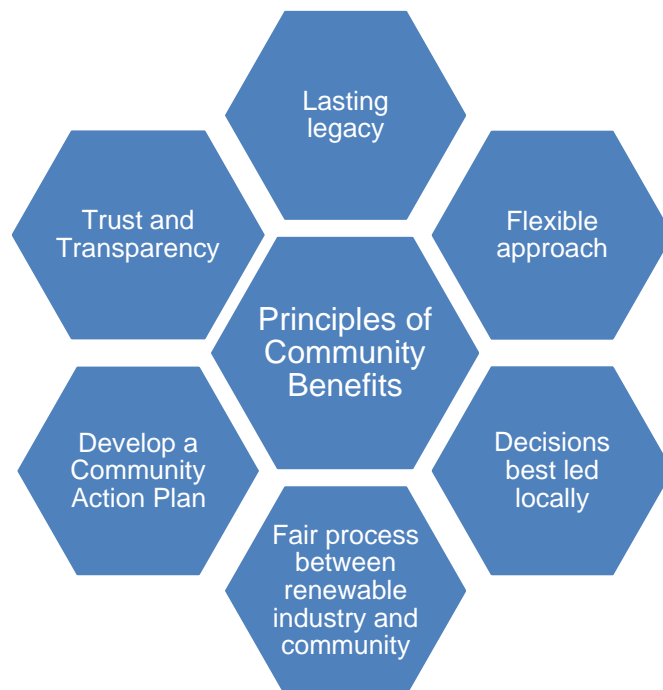
to maximise impact and has a process in place to update on a regular basis. A plan should be viewed as a “live” document that can be adapted to meet the current and future priorities of the community.

In summary, community benefit packages can take many forms and decisions on the details are best led locally based on consensus between the renewable energy business and the community/ communities concerned.

2.2 Key Principles

Community benefits offer an opportunity for communities to benefit from their local renewable energy resource by engaging them in discussions to build a lasting relationship with the renewables industry that supports Scotland’s transition to a low carbon future.

Figure 1



Community benefits are voluntary initiatives; they are not a material consideration in the planning process: planning permission will be assessed against the provisions in Scottish Planning policy, the local authority’s development plan, and any other material considerations.

A renewable energy business may also wish to offer a community the opportunity to invest in the renewable energy project or a community itself may wish to make the initial contact to a renewable energy business about investing in a project. Further information on this can be found in the Scottish Government Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments.

2.3 Community benefit packages

The package of benefits that a renewable energy business offer may vary in line with the priorities of community/ communities involved, and the size and scope of the renewable energy project. However, community benefits should relate to the specific needs and aspirations of local people, evidenced by some form of ballot or other mechanism to capture views and presented in a community action plan.

The importance of having a community action plan is critical to being able to engage with the renewable energy business irrespective of the community benefit package being offered.

While we will continue at a national level to promote a community benefit value of equivalent to £5,000 per MW, we do understand that some renewable energy businesses will seek to offer a more flexible package of benefits.

2.4 Identifying the 'area of benefit'

Community benefit arrangements may benefit one community or many, depending on a range of factors.

Once determined through consultation with local communities, the geographical area that any community benefit package is targeted towards is commonly known as the 'area of benefit'.

The Scottish Government is keen to encourage renewable energy businesses and communities to be open to consider widening the area of benefit, but at a scale that is commensurate with the community benefit package that has been agreed.

2.5 Right to express view on the development

Contributing to community benefit discussions does not affect an individual's, community 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.

Renewable energy businesses are encouraged to make this clear to all community members at the outset of the project, underlining the separation between community benefit discussions and the planning process. This discussion between the renewable energy business and the community should be logged or noted, and reaffirmed when appropriate.

Some people may be opposed to the development, but may still wish to have input on the community benefit discussions. This is one reason why a separate forum for consultations on the community benefit package is recommended.

2.6 Roles and Responsibilities

The roles and responsibilities of communities and renewable energy businesses, based on lessons learnt, are summarised below:

Community

- Register Interest with the renewable energy business
- Engage constructively with renewable energy businesses.
- Recognise the complexity of energy projects.
- Appoint a lead organisation, could be a community council or other appointed representative group.
- Keep local people apprised.
- Regular contact with renewable energy business.
- Utilise the support provided through Local Energy Scotland.
- Engage professional advice as required.
- Development of a community action plan.
- If applicable, devise a strategy to effectively administer and manage a fund.

Renewable energy businesses and/or their agents

- Establish geographical boundary.
- Recognise local level capacity.
- Engage in early discussion openly.
- Participate in effective local consultation.
- Appoint a single, key point of contact.
- Continue discussions post-consultation with community, as required.
- If applicable, utilise the support provided through Local Energy Scotland.
- Where necessary, support community in creation of a community action plan.
- Submit community benefit details to Scottish Register of Community Benefits from Renewables.

3 COMMUNITY – IDENTIFICATION AND CONSULTATION

This section includes details on:

- Principles of consultation
- Approach to consulting
- Consulting on details of a community benefit package
- Identifying stakeholders
- Widening area of benefits
- Community Benefit Agreement

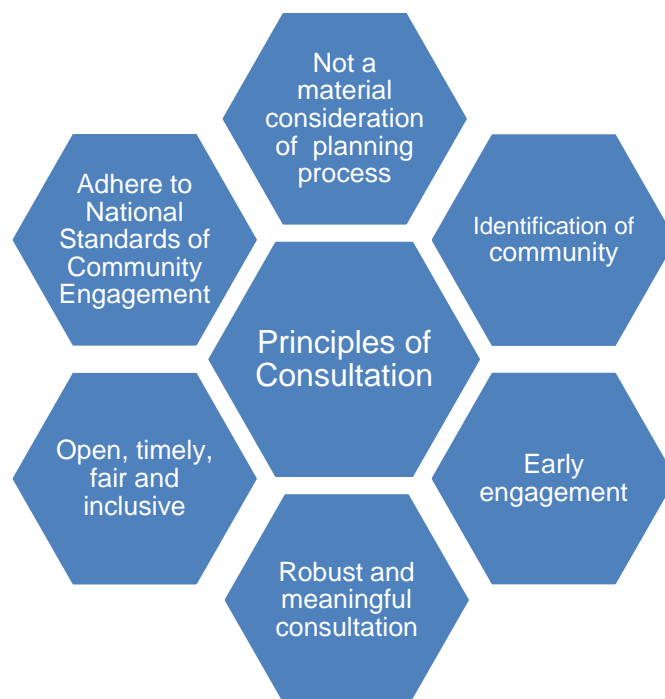
3.1 Principles of consultation

Local consultation is an important component of identifying appropriate communities that will be involved in community benefit schemes. This can also help to avoid division and ill-feeling locally, helping to ensure the community benefit offer is viewed positively over the longer-term.

The Scottish Government encourages this process to begin at an early stage, pre-consent where possible, to allow community group's time to consolidate their available resource and build capacity, as well as to enable discussion and identification of an appropriate area of benefit.

The creation of mutual trust and strengthening of relationships is integral to the overall process. Consultation should be open, timely, fair and inclusive; everyone should have the opportunity to get involved and be heard.

Figure 2



Although 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. Discussions on the provision of community benefits **are not a material consideration in 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. However 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. Therefore, when the concept of and approach to community benefit is introduced, it should be made clear to the community that it is independent of the planning process and is not a material consideration in deciding an application.

3.2 Approach to consulting

Figure 3



Renewable energy businesses and communities are encouraged to:

- Be transparent and clear during the consultation process, and be prepared to be flexible, on the proposed boundary of the benefitting area, and what the community benefit will deliver (i.e. the proposed package and potential areas of needs and opportunity to be addressed).
- Ensure engagement with the wider community.

- Be clear at the outset which elements of the proposed community benefit package can be shaped by this consultation and which cannot.
- Be open to tailoring the community benefit package to a local community's specific circumstances while retaining consistency across their portfolio (where appropriate).
- Identify any barriers to participation.
- To make themselves aware of other relevant renewable energy developments and existing/proposed community benefit packages, and to communicate with each other and work together where possible and appropriate.
- Community members directly engaged in discussions with renewable energy businesses should ensure they are keeping local people apprised of progress, to avoid generating conflict or ill feeling amongst the wider community.

3.3 Consulting on details of the benefit package

As a first step, the consultation on the specific of the community benefit package should at least engage the same geographical area that formed the consultation on the development itself.

Fairness and transparency are key during the identification process. Favour must not be shown to particular individual groups or those with the strongest voices.

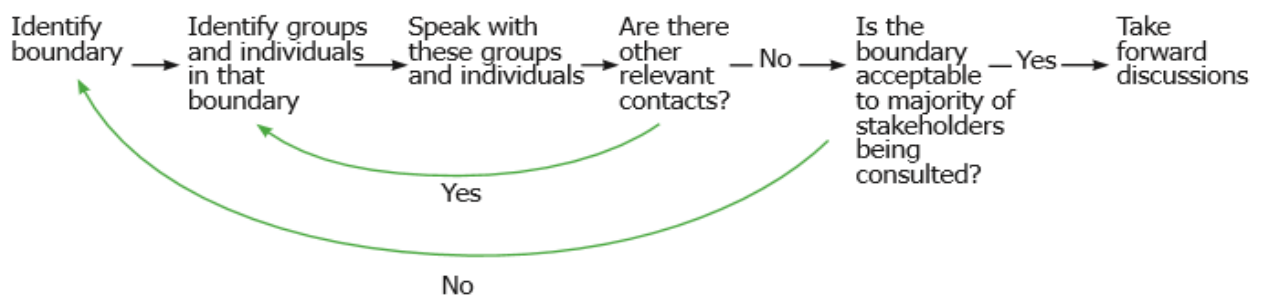
Discussions should:

- Initially involve every community council (where these exist).
- Where they don't exist, other representative community bodies within the geographical area should be approached.
- Similar organisations representing those communities directly bordering the application site should also be approached.
- The renewable energy business may also wish to explore links with the relevant local authority (or authorities) who may be able to provide support during this stage. Using the boundary of the relevant community council(s) administrative areas as a starting point, the following factors may also be employed to help determine the appropriate geographical area that makes up the 'area of benefit' for a proposed community benefit package:
 - Proximity to site - may give a starting point for identifying an area of benefit.
 - Geography and topography - immediate, adjacent and/or surrounding postcode areas.
 - Characteristics of development – its size, scale, siting and visibility.

- Construction - communities that will be affected most significantly by the construction of the development.
- Demographics – population density and spread.
- Any relevant local authority policy/guidelines.

This list is not exhaustive and factors selected may vary according to local context and renewable energy businesses' corporate policies.

Figure 4



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

3.4 Identifying other local stakeholders

Following identification of an appropriate geographical boundary for consultation, renewable energy businesses are encouraged to engage with other relevant local stakeholders, which could include:

- Local residents
- Local businesses
- Land managers
- Community councils (often likely to be an important lever into the wider community) or, if none exist, any other representative community body
- Local authorities
- Thematic groups and clubs, for example youth groups, sports groups, heritage groups, or lunch clubs for the elderly
- Community development trust or community company
- Housing associations and tenants associations
- Other existing community groups
- Local environmental bodies, and other national environmental non-governmental organisations with a local presence
- Local Chamber of Commerce, Federation of Small Businesses, and/or Business Improvement District
- Other key service providers, e.g. village hall committees, schools, colleges, healthcare facilities, residential facilities, care providers, community transport services, credit unions etc.

3.5 Widening the area of benefit

There may be an opportunity to be more flexible in terms of widening the geographical area of benefit to reach a greater number of individuals and organisations would could support projects that are area-wide. This may be appropriate for larger projects of >100 MW.

Any decision to widen the area of benefit should form part of the discussions/consultation process with the community living within the boundary of the development area and, the renewable energy business.

For larger projects one option may be to split the community benefit package to allow both local and wider regional benefits, particularly where the longer term economic and social impacts are identified as a priority.

These type of arrangements are likely to be successful when implemented with grassroots engagement and support.

If part of the agreed community benefit package includes a community benefit fund, the consultation process may wish to consider how this might fit in with other operational funds that may already exist in the area.

Priorities for wider area arrangements should reflect the needs and aspirations of the region. Local authorities should be aware that guidelines cannot be enforced through the planning system and must remain as optional guidance.

Stakeholders should be aware that where funds are administered by a local authority, any awards made to community groups may be assessed as state aid and must comply with State Aid regulations.

3.6 Further factors

Some additional factors to consider when identifying the area of benefit:

- Resource and capacity of communities: some communities may require additional support to contribute fully, while others will be able to draw on established networks.
- Other relevant stakeholder areas, including:
 - The catchment area of any local schools
 - Travel to work areas
 - Neighbouring or nearby service centres or communities that serve the 'primary communities'.

3.7 Achieving majority support

Renewable energy businesses are encouraged to be sensitive to, and welcome, the many different views within the community and where possible seek a consensus over the area of benefit.

It is good practice to produce a report on the consultation process, representations, and the outcome and to circulate to interested parties— whether they participated in the consultations or not. This should also be publicised on relevant local websites.

If individuals or groups opt out of community benefit discussions until a planning application has been made, it should be made clear that they will have the opportunity to re-join discussions at a later date, if that is indeed the case.

3.8 Local authority guidelines

Some local authorities have policies or guidelines to aid regional consistency in the administration and distribution of community benefit arrangements. This is one possible route. The renewable energy business and the community should discuss the relevant local authority approach, where there is one, 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.

3.9 Review and agreement

The findings of the consultation should be shared with the wider community. Following which, there should be a process of review and discussion between the renewable energy business and a group of local people mandated to progress discussions about confirming the community benefit arrangements. This group may be the Community Council or other mandated representative group and may involve a relevant third party. When the Area of Benefit includes multiple communities the group should include representation of all those communities.

It is worth highlighting that discussions may take some time and changes in personnel will occur (both renewable energy business staff and community volunteers). There may also be a considerable time between a project receiving consent and the start of its construction and subsequent commissioning. For this reason, it is recommended that all meetings are documented and shared with all involved, and then a formal agreement reached between relevant parties over the key tenants of the community benefit package.

3.10 Community Benefit Agreement

It is recommended that community benefit arrangements become formalised through a **legal agreement** between relevant parties. These 'parties' will vary according to different contexts. For example, some renewable energy owners will want an agreement directly with a mandated community body and others will want to have the agreement with a relevant third party that will have overall responsibility for administering the community benefit package.

Irrespective of the parties involved, at its most fundamental the agreement should detail:

- The proposed community benefit package, including the time period it covers.
- The proposed roles of all involved, including any third parties.
- The protocol for advising the community if a site is to be sold.
- A commitment to honour all agreements should the site be sold on with documents being passed to the subsequent owner.

The renewable energy business should also provide an ongoing clear point of contact. In some cases this could be a third party appointed by the developer to deliver the community benefit package, to ensure that the community groups are able to access relevant support going forward.

4 SUPPORTING A LOCAL LEGACY

This section covers:

- Developing a Community Action Plan
- Milestones and timeline
- Creating a lasting legacy
- Adjusting to changing priorities

4.1 Developing a Community Action Plan

Discussions about community benefit allows both renewable energy businesses and communities to identify clearly the best and most meaningful community benefit options and packages. It is, therefore, important to be able to capture a community's aspirations and ambitions, and we would encourage communities to develop a community action plan to support these discussions.

The format of an action plan can vary and there is no standard template; what works for one community might not necessarily work for another. In addition; the process for developing a plan will vary; some communities may already have one in place, others may decide to wait until later in the process, or refresh an existing plan that is not necessarily directly linked to the specific renewable site but part of the local development plan.

What is important is that the community has ownership of a "plan", which identifies key priorities to maximise impact and has a process in place to update on a regular basis. A plan should be viewed as a "live" document that can be adapted to meet the current and future priorities of the community.

In summary, as a minimum a community action plan should be strategic, outline a long term vision, incorporate broad themes or outcomes in order to achieve that vision and, where possible, identify local projects.

The implementation of the plan should improve the social, economic and environmental wellbeing of the community over the long term and help create a valuable legacy for future generations.

Examples of community action plans, demonstrating varying approaches, are available at the links below:

- [Coalburn, Douglas and Glespin Community Action Plan](#)
- [Three Villages \(Arrochar, Tarbert and Ardlui\) Community Action Plan](#)
- [Dalavich Community Action Plan](#)
- [New Luce Community Action Plan](#)
- [Watten Community Development Plan](#)
- [Fairlie Community Action Plan](#)
- [Muirkirk Community Action Plan](#)

4.2 Milestones, Timeline and Support

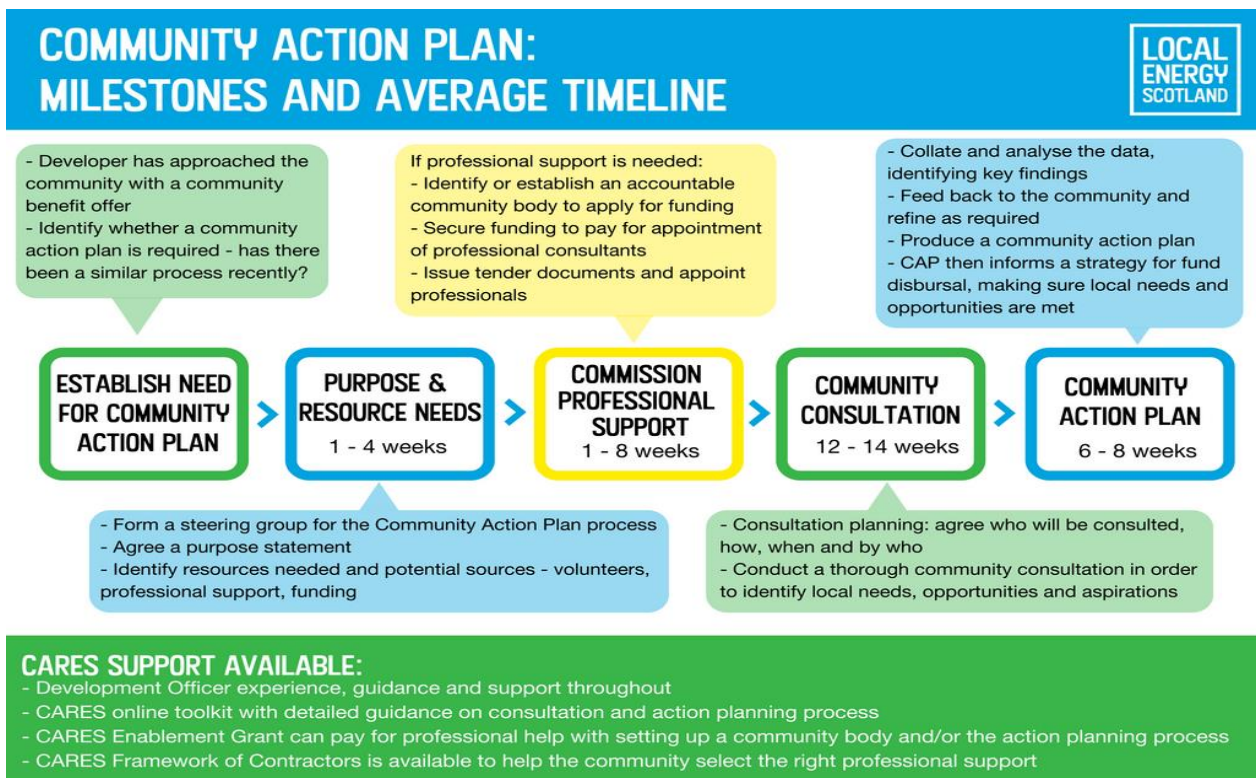
Whatever methodology or approach is adopted, the community action planning process can take a minimum of four to six months (or possibly longer). It is important that both the renewable energy business and the community recognise this stage can be lengthy, but one that is critical to get right and devoting time at this stage will ensure a positive outcome for all parties.

This work of developing a plan can be undertaken by a local community organisation, an external organisation, or a combination of both, and can be funded by the community, the renewable energy business or the Scottish Government.

Where a community does not have a plan, funding is available from the Scottish Government's CARES programme, delivered by Local Energy Scotland, who can also signpost community groups to the relevant local, regional and national support organisations who can help build capacity to devise strategic and effective action plans.

An example of the steps to complete a community action plan, are set out below, along with the support available through CARES. Please note, however, this is a guide only and will vary depending on specific circumstances.

Figure 5



Developing a Community Action Plan – case study

Identifying priorities

- The village of Dalavich faces a number of challenges in access to services and outward migration on young people.
- The Dalavich Improvement Group was set up in response to these challenges and in 2016 produced a Community Action Plan with CARES support.

Action Plan Process

- An extensive survey of local residents, visitors and holiday homeowners (past and present) was undertaken to gather the views of a wide range of people with an interest in the area.
- Interviews were also held with local business owners, children and elderly people to help understand the needs of different groups.
- The Action Plan set out a clear mandate for allocating funds generated by the local community hydro scheme.
- A community meeting was then held to determine the overall priorities of the area.

Outcome

- The Plan outlines projects to enhance life in the community. Members of the community have since been involved in planning and delivering these projects alongside the Community Council, Dalavich Social Club, Dalavich Improvement Group, Argyll & Bute Council and others.

You can view the full plan here: <http://www.awesome-energy.com/documents/15988-Final-report-compressed.pdf>

4.3 Creating a Lasting Legacy

In discussion with the renewable energy developer, a community action plan should provide the focus for the community to consider what delivery arrangement will help achieve some of the priorities in the plan.

By this point, it is expected that the detail of the community benefit package offer will be clearer, along with any exclusions set by the renewable energy business.

Using the action plan as the basis, a community should draw up a strategy for supporting key priorities. As a minimum, it should seek to provide details of the following:

- The key purposes or priorities to be supported.
- What can't be supported, often referred to as 'exclusions'.
- Any other criteria to decide what type of projects or initiatives will be supported.
- Who can receive support, often referred to as 'eligible bodies'.
- Details of the distributing mechanisms.
- How changing priorities will be dealt with.

4.4 Review Process

The Scottish Government recognises that most communities' priorities will change over time. It will therefore be appropriate to revisit and review a community's needs and wishes at regular intervals.

It is important therefore that provision is made for a community to review and make appropriate changes to both the community action plan and their strategic priorities at regular intervals.

It is recommended that any review includes a review of area of benefit, impact and long term socio-economic benefits to the community.

The community and the renewable energy business should also be open to consider whether the delivery mechanism is still "fit for purpose" and all options should be explored on a regular basis. It is important to focus on achieving a lasting legacy for a community- the outcome- and not the process.

5 GETTING THE GOVERNANCE RIGHT

This sections covers:

- Good Governance Principles
- Governance Structure options
- Effective Fund Administration
- Wider Package of Benefits

5.1 Good Governance – principles

The Scottish Government encourages the renewables industry and communities to ensure community benefit packages are set up in a way which will support and promote local decision making, accountability and generate a lasting legacy.

The current practice adopted relatively widely by the renewables industry is to offer a community an annual payment over the lifetime of the project and to set-up a “Community Benefit Fund” to support local projects identified by the community.

However, as previously stated, and worth reiterating, while the Scottish Government will continue at a national level to promote community benefit of the value equivalent to £5,000 per MW, we understand that some renewable energy businesses will seek to offer a more flexible package of benefits for new projects being developed. That package might not necessarily be based on a rate per MW, but may include a different rate or provide scope to directly fund projects identified by the community.

The rest of this section provides guidance on the administrative arrangements that both the renewable energy business and the community might want to consider in setting up and operating a “fund”. However the high level principles are transferable to any community benefit arrangement that is put in place.

Figure 6



The renewable energy businesses, communities and others involved in the process should be as flexible as possible to ensure they find the best solution for their local area, including considering the feasibility of aligning with arrangements from other local renewable developments in order to maximise local benefit.

Once the key features of the community benefit package have been determined, including area of benefit, value and types of benefit, as set out in the community benefit agreement, the renewable energy business is expected to consult further with the relevant communities about the implementation of the community benefit package.

Whatever administrative arrangement used, most communities are likely to want representation in, or ownership of, the decision-making process.

Even in instances where a third party or the renewable energy business themselves are administering the package, most communities will expect the actual decision-making process to be devolved to them in some way. We would encourage renewable energy businesses to consider enabling a fund to be set up in a way which will support and promote local decision-making through an arrangement that has the endorsement of the local community as far as that can be achieved.

However, communities may require support to do this from those with experience, such as other communities or specialist consultants or other third parties.

Further issues to note are:

- Community benefit funds do not have to reflect the conventions of more traditional funding – they can be more flexible and responsive.
- The governance structure and decision-making arrangements for the package/fund may need to change over time as local circumstances and capacity change.
- All parties need to be prepared to be flexible to enable the best solution for the local context.
- Decision-making arrangements should seek to be inclusive of the wide range of perspectives, experience, knowledge and ambitions within the fund area of benefit.
- The group making decisions over distribution of money should be separate from any group looking to apply to the fund to deliver a project.
- The role of the decision-making group and how they award funding should be drawn up in a governance document. This will vary in nature, terminology and legal standing depending on the structure chosen for the decision making vehicle.

5.2 Governance Structure – options

The most common structures used to deliver community benefit funds in Scotland are:

- A community council, or other unincorporated association, where the amount of money involved is small.
- A new community body established specifically for the role, which may be a community company with or without charitable status or a Scottish Charitable Incorporated Organisation (SCIO).
- An existing community body that is appropriately set up to take on this role. Again, this body may be a community company with or without charitable status or a SCIO. Where that body also delivers local services and projects, delegation of decision-making to a group with wider representation can help to ensure decisions on the allocation of funds are not obscured by conflicts of interest and have wider local 'buy-in'.
- A specialist third party organisation that provides fund governance services, normally in conjunction with a 'panel' of local representatives whose role is to support decision-making on fund strategy and spend. The same body will usually also administer the fund for a fee. The fund donor holds the fund and maintains governance responsibility for it, either with or without a panel of local representatives.
- In some cases the organisation governing the fund may seek support with the work involved in administering it, for example grant-making, from a specialist third party. If a third party specialist is used there will be a cost attached which tends to be deducted from the annual monetary payment. Communities should be aware of this when seeking help.

5.3 Effective Fund Administration

Effective fund administration involves the ongoing business of managing and, in most cases, distributing money to groups and organisations in a timely and fair manner. It may involve a range of activities such as: producing the fund material, receiving and processing funding proposals, making payments in the form of grants and/or loans, and monitoring and evaluating impact.

5.4 Wider packages of benefit

In consultation with local communities and in line with the priorities identified and set down in the community action plan, a renewable energy business may wish to consider direct funding of an infrastructure project or provision of other in kind benefits (as appropriate). Such measures could complement an annual community benefit fund, or be combined to offer a package of benefits as an alternative if acceptable to the community. Some examples include:

- Direct sponsorship of local groups or events.
- A one-off payment relating to construction activity.
- Capital works using heavy plant that is in the area as a result of construction activity, such as improvements to a vital community facility.
- Improvements to, and affordable lease of, housing and business units.
- Support for the community's own renewable energy project, such as help with feasibility work or sharing a grid connection.
- Strategic investments towards regional or area-wide services (renewable energy companies or their suppliers may offer this directly) like higher education courses or apprenticeship schemes (for example linked to renewable energy or engineering) or countryside ranger services.
- Local energy discount schemes.
- In-kind support, such as donations of equipment or developer staff volunteering on local projects.
- Local jobs and contracts: employing of local contractors and using local suppliers, where effort has been made to source these directly from within the local or adjoining communities; apprenticeships and initiatives to support return to work for long term unemployed, post maternity etc.
- Tracks & walking routes: making roads, paths and tracks accessible to local users either on foot or by bike, where additional effort has been made such as signposting, the extension of paths to other local points of interest or provide car parking or other services; additional footpaths.
- Preserving local heritage/archaeology: redeveloping historic buildings, erecting statues and memorials.
- Ecological enhancements/conservation: wildlife/biodiversity enhancement, habitat expansion. These improvements often go beyond the planning condition of onsite mitigation and substantially enhance some habitats and local biodiversity.

In summary, it is likely that future community benefit packages will be more flexible and it is, therefore, important for the community to be involved in agreeing the best approach for their area: one which fits their long term needs and aspirations. However, the Scottish Government would encourage the renewables industry to offer a package of benefits that is of the equivalent value to £5,000 per MW.

The earlier discussions take place between the renewable energy business and the community, the greater the opportunity for consensus to be achieved on the community benefit package, and for it to be viewed positively by the community.

If a community action plan is already in place then this may support the identification of appropriate 'wider' community benefits, where these are also at a scale appropriate to the development and in consultation with the local community.

5.5 Ensuring transparency between partners

It is important that communities are made aware of, and understand, any conditions or limitations attached to the community benefit package, including details of any common exclusions (things they don't want to be supported through community benefit resources) and their underlying explanations to communities at an early stage.

However, the renewables industry should understand that community benefit funding can be of most value to the community where it can be used to meet the priorities the community determines for itself.

6 ONGOING ROLES FOR THE RENEWABLE ENERGY BUSINESS AND COMMUNITY

This section covers:

- Point of contact
- Reporting
- Review

6.1 Point of Contact

It is in everyone's interest to ensure community benefits arrangements are well run over the long term and deliver the maximum positive local impact.

The Scottish Government would encourage the renewable energy business to remain involved in some way once the community benefit package is signed off and becomes operational as it can help to maintain good working relationships.

6.2 Reporting

As a minimum and where a fund is devolved, the renewable energy business should request an annual report detailing the projects funded in the previous financial year, and any projects planned for the forthcoming year. Where help to spend funds is requested by the community, we would encourage the renewable energy business to 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. Local Energy Scotland can also help the community.

6.3 Scottish Government Register of Community Benefits from Renewables

Good practice requires all renewable energy businesses of operational projects to submit details to the Scottish Register of Community Benefits from Renewables, and to encourage community groups to submit recipient details.

The Scottish Government also expects a community to submit details to the Register, and this should be encouraged by the renewable energy business as part of their reporting requirements. The register is an opportunity to share and showcase the positive impact from community benefit across Scotland. The Register can be found at: www.localenergy.scot/register

6.4 Review

The Scottish Government would encourage a review of community benefit arrangements to be undertaken on a regular basis, to ensure that priorities remain relevant. Communities might wish to consider doing this every 3-5 years. The renewable energy business does not necessarily need to be involved in this process,

but may wish to be and could ask for a report on the outcomes of the review and any intended changes the community wishes to make to the scheme.

We recommend that a point of contact, reporting arrangements and review process form part of the legal agreement.

6.5 Sharing Experiences

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 "good practice" and Scottish Government hopes that this guidance inspires innovative arrangements and discussions. This document will be reviewed and updated on a regular basis.

7 SUPPORT AVAILABLE

This section set out:

- Support available through CARES
- Signpost to other relevant organisations

7.1 Support Available

Support is available through the Scottish Government's CARES programme, delivered by Local Energy Scotland, to help a community to engage with a renewable energy business to discuss the community benefit package.

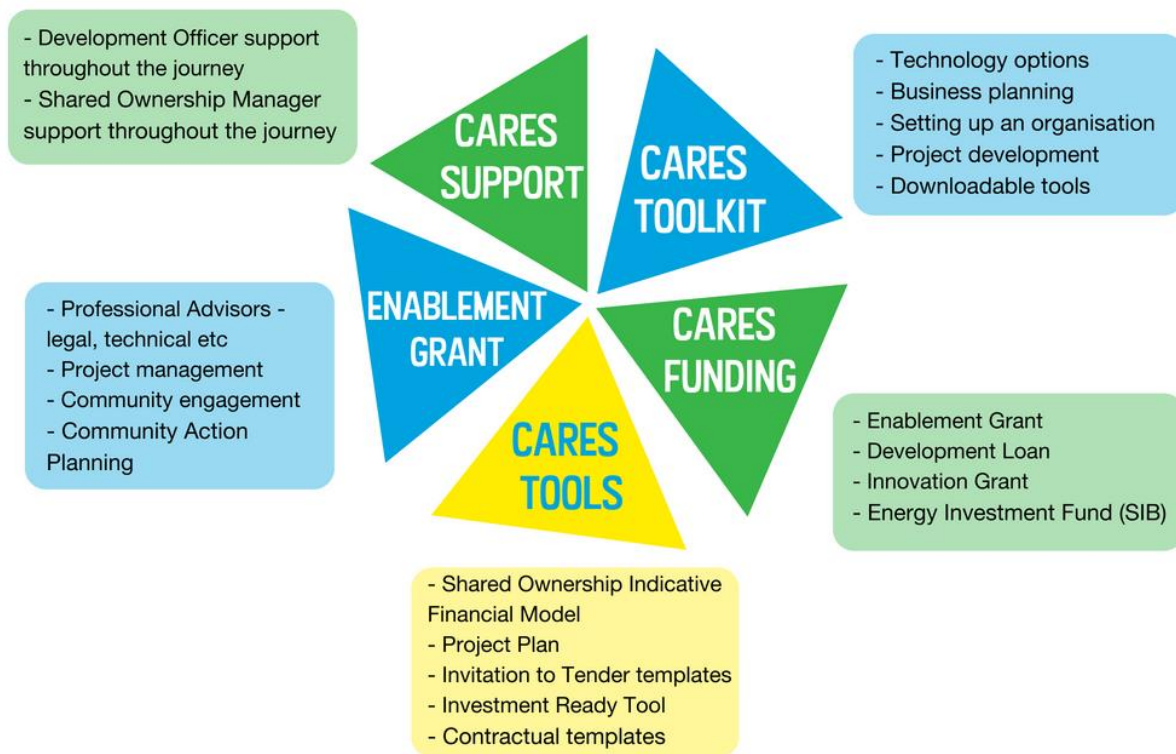
Local Energy Scotland will guide both the renewable energy business and community through the process from beginning to end, including (if necessary) acting as an independent facilitator to help progress.

The first line of support will come from a Local Development Officer. Referrals to other agencies and support mechanisms will be suggested as part of this service.

A key issue for a community is to consider its capacity (skills and expertise) to support and manage the process. This will be different for each community - for example, some may have paid development staff, while others will be reliant solely on volunteers.

However, irrespective of the level of capacity within a community, Local Energy Scotland will assess a community's overall requirement, and in discussion with the community, outline what CARES support is available as well as signposting to other organisations who may be able to assist. The support available falls into the following broad categories and the diagram below summarises the key elements:

- **Funding**
- **Professional Services**
- **Online Tools and Resources**
- **Signposting**



There are a number of other organisations which can provide help and assistance. Contact details for the main ones are:

Scottish Enterprise deliver the Energy Investment Fund (EIF)

- The EIF team offers a range of financial solutions to facilitate communities' aspirations to secure stakes in shared ownership projects.
- EIF works closely with all stakeholders following planning approval to maintain open discussions to smooth the progress of the project through to successful completion.
- Find out more by contacting Scottish Investment Bank on 0845 607 8787

Highlands and Islands Enterprise (HIE)

- HIE also provide support specifically to local energy projects through their Energy Team and Strengthening Communities team as well as account management for communities in fragile areas.
- Further information on the support HIE can provide is available here: <http://www.hie.co.uk/community-support/community-energy/shared-ownership-of-renewables.html>

Other organisations supporting communities to move forward and understand investing in renewables and what to do with the income generated include:

- Development Trusts Association Scotland
<http://www.dtascot.org.uk/>
Tel: 0131 220 2456
Email: info@dtascot.org.uk
- Community Shares Scotland
<http://communitysharesscotland.org.uk/>
T: 0131 220 3777
- Foundation Scotland
<https://www.foundationscotland.org.uk/>
Edinburgh –
Tel: 0131 524 0300
Email: edinburgh@foundationscotland.org.uk
- Social Investment Scotland
<http://www.socialinvestmentscotland.com/>
0131 558 7706
hello@socialinvestmentscotland.com

There is also the South of Scotland Enterprise Agency under development which will provide economic support to communities and businesses operating in the Scottish Borders and Dumfries and Galloway. This document will be revised to include details when operational.

Local Energy Scotland website

More detailed information, material and relevant links are available at www.localenergyscotland.org/sharedownershipsupport

8 GLOSSARY

Area of benefit	The geographical area that any community benefit package is targeted at.
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 action plan	Document outlining the community's priorities and the changes local people would like to see.
Community Benefit Scheme	A package of benefits that a renewable energy business may offer communities nearest their development. These are voluntary arrangements.
Community Council	The most local tier of statutory representation in Scotland. They bridge the gap between local authorities and communities.
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, coffeehouse, 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.
In kind benefits	Non-cash benefits.
Legal agreement	A contract that is exchanges between two or more parties which is enforceable by law.

MW	Megawatt: unit of power in which renewable energy installations are measured.
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.

Consultation Question:

Question 1: Do you consider that the revised Good Practice Principles (GPPs) will ensure that communities continue to benefit from renewable projects in a manner that is appropriate for the current and future context in which projects are developed?

Response:

Question 2: The revised GPPs promotes a more flexible and evidence based approach to discussions about community benefit, with the focus on creating a lasting legacy? Do you agree with this approach?

Response:

Question 3: The revised GPPs will continue to promote community benefit of the value equivalent to £5,000 per MW, however at the same time recognising that some renewable energy businesses will seek to offer flexible packages of benefits for new developments. Do you agree with this approach? If so, can you provide further details of what might these flexible packages of benefit might look like?

Response:

Question 4: The revised GPPs now includes guidance on developing a community action plan? Is there any additional details that you consider should be included?

Response:

Question 5: Do you have any other views on the revised GPPs?

Response:

MEMBERSHIP EXTERNAL STAKEHOLDERS

Chaired by Sue Kearns, Deputy Director, Consumers and Low Carbon Scottish Government

Organisation	Contact
EDF Energy	David Cameron Head of Scottish Policy
Scottish Power Renewables	Gillian Arnot Community Liaison Officer
SSE	Morven Smith Head of Community Investment
Vattenfall	Berry Jordan Business and Community Investment Advisor
Scottish Renewables	Stephanie Conesa Policy Manager
Triodos	Norrie Cruickshank Relationship Manager (Scotland)
Heads of Planning	David Mudie Energy and Resources Chair
Foundation Scotland	Rachel Searle-Mbullu Head of Communities
Valley Renewables Group	Margaret Porter
Girvan Community Council & Falck's Assel Valley CFP	Kenneth Johnstone
Harthill, Eastfield and Greenrigg	Angela McLaren
Kyle of Sutherland Community Development Trust	Helen Houston
New Cumnock Community Council	Eric Bennett

SECRETARIAT: Local Energy Scotland

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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