Securing the Benefits of Wind Power in Scotland

A new concept for community benefit provision

vento ludens ltd
Docherty Consulting ltd

June 2012

Contents

Foreword

The purpose of this research paper, which has been prepared by Docherty Consulting Ltd on behalf of vento ludens Ltd, is to ignite a much-needed industry debate about community benefit provision in Scotland. This paper highlights the urgent need for the establishment of an industry-wide 'Community Benefit Charter', or code of best practice, to guide developers and communities in determining community benefit. The paper goes on to propose a series of actions which will contribute to the establishment of this charter.

Current community benefit provision in the UK is plagued by the lack of an industry-wide consensus on what good practice is and by a lack of guidance from policymakers. This has caused the proliferation of many different benefit models as developers and communities have to create their own approaches. This has also led, in many cases, to poorly realised community benefit with a lack of any real or long-term impact. Local authorities have increasingly begun to fill this 'guidance void' with their own, largely prescriptive, policies. In order to promote and maintain public trust, and to be able to deliver effective community benefit provision, this needs to change.

We believe that these aims can ultimately be achieved through the adoption of both a 'Community Benefit Charter' and an industry standard process for the best practice in determining community benefit. This process, presented in Chapter 6 of this paper, guides the developer through an auditable, robust process of benefit determination from project inception to completion. Offers that have been through this process can then be marked with a 'stamp of quality': allowing communities and developers to better understand the value of offers for themselves. This process is a flexible, 'bottom-up' approach, being led by the needs and desires of both community and developer, in the context of emerging local authority and government policy.

In conjunction with an industry Community Benefit Charter, the adoption of this approach would give developers a powerful tool with which to deliver effective, well-researched and useful forms of community benefit. It presents a genuine opportunity to link into community aspirations and find ways to support long-term sustainable development. This opportunity must be seized now before it is too late.

This paper therefore proposes that the Wind Industry needs to:

- Establish an industry-wide 'Community Benefit Charter' or code of good practice to guide developers and communities when determining community benefit.

- Consider adopting the 'Best Practice Community Benefit Determination Process' presented in Chapter 6 as a way to ensure that benefit offers have been through a rigorous process of quality control and are robust, auditable and stand up to scrutiny.

- Consider adopting an industry-wide 'Stamp of Quality' for community benefit offers that have been through the 'Best Practice Community Benefit Determination Process'.

Following publication, Docherty Consulting and vento ludens invite comments on this paper and, if there is sufficient interest, proposes to hold a public event (in the Autumn) to discuss how key stakeholders in the Wind Industry can collaborate to achieve these key aims.

Our thanks are due to those who kindly agreed to review and comment on this report during its preparation.

Calum Macaulay	Albyn Housing Society
John Mulloy	Hillcrest Housing Association
Vijay Bhopal	Sustainable Community Energy Network
Daljit Singh	Scottish Community Foundation
Neil Gerrard	Highlands and Islands Enterprise
Paul Minto	HBJ Gateley Wareing

None of the above can be held responsible for mistakes, errors of judgement, misrepresentation of the facts or other failings of this work, for which we accept responsibility.

Thank you all.

Dr Jay Butler
Managing Director
vento ludens UK

Peter Docherty
Director
Docherty Consulting Ltd

This paper has been structured as follows:

Chapter 1 – Introduction
Overview of the context in which community benefit is situated

Chapter 2 – What is Community Benefit?
Introduces community benefit as a concept, and discusses the need for a best-practice guidance policy for developers.

Chapter 3 – History and Practice of Community Benefit
Overview of the history and practice of community benefit in the UK and EU.

Chapter 4 – Policy and Legislative Context
Overview of the policy and legislative context in which community benefit is framed.

Chapter 5 – Forms of Community Benefit Currently on Offer
Discusses the range of community benefit models currently offered in the UK, and their strengths and weaknesses.

Chapter 6 – Best Practice Community Benefit Determination Process
Presents a series of flowcharts illustrating a proposed best practice process for the determination of community benefit.

Chapter 7 – Recommended Actions

1. Introduction

The UK, due to its location on the edge of the Atlantic, enjoys Europe's best wind resource. Scotland alone possesses up to 25 per cent of Europe's wind energy potential (SDI 2012). Despite a slow start, recent years have seen a rapid expansion in the UK's wind power capacity, with 6540 MW installed capacity at the end of 2011 (EWEA 2012), a substantial increase on the 1332 MW installed in 2005 (EWEA 2009).

The UK's Wind Industry is expected to continue this rapid growth over the next decade as government targets for renewable energy contributions become more ambitious (Table 1-1) As the most established form of renewable energy production in the UK, wind power is expected to be the largest single contributor to these targets (Toke and Strachan 2006; SCDI 2008; Scottish Renewables 2012a).

Table 1-1: Carbon emissions reduction and renewable energy targets for the EU, UK and Scotland.

Name of authority	Carbon reduction target	Renewable energy target
European Union	Reduce emissions 20% by 2020	20% of energy consumption from renewables by 2020
UK Government	Reduce emissions at least 34% by 2020, and 80% by 2050	15% of energy consumption from renewables by 2020
Scottish Government	Reduce emissions 42% by 2020, and 80% by 2050	100% of electricity consumption from renewables by 2020

(Sources: House of Lords 2008; Scottish Government 2012; Climate Change Act 2008; Scottish Government 2011b)

Although past polls have shown a high level of support for wind power, recent studies have noted increases in both public, and in turn political, opposition to new wind developments (Carrington 2012; Telegraph 2012; Gray 2012). Concerns have been raised that, in a rush to develop and make money, some developers are not adequately sharing the benefits that wind power can bring (CSE 2009).

Research from countries such as Germany and Denmark, where deployment of wind power is greatest, suggests there is a strong connection between community benefit provision and public acceptance of wind power (CSE 2009). To maintain public support, and hence support from policymakers, it is therefore essential that developers provide some form of community benefit. Good practice community benefit provision also has the potential to be a source of important long-term investment in many local communities, if implemented strategically. However, and importantly, there is currently a lack of industry and policymaker consensus on what is best practice in providing community benefit. This void is being filled increasingly by Scottish local authorities issuing their own prescriptive guidance policies (see Section 4.3). If developers are to ensure that community benefit provision remains flexible, open and responsive to the needs of communities, then there is an urgent need for the establishment of an industry-wide standard setting out a good practice approach to community benefits provision.

Chapter 1: Summary

Providing community benefit is a key way through which to both maintain a positive public impression of wind power, and to benefit communities directly.

There is no consensus on what is best practice – or even good practice – in community benefit provision

Action Point:

1. Facilitate an industry consultation to establish an industry-wide 'Community Benefit Charter' setting out a good practice approach to community benefits provision.

2. What is Community Benefit?

2.1 Defining community benefit

Although widely-used, the term 'community benefit' remains relatively poorly defined.

In particular, there are questions about what can be defined as a 'community' and how best to identify benefit where it occurs. There are two main definitions of community: communities of locality and communities of interest (Table 2-1) (Mitchell 1994).

Table 2-1: Definitions of community (adapted from Mitchell 1994).

Type of community	Example
Communities of locality	People who live in a defined geographical area. This can range from a small village to a large city.
Communities of interest	People who may live in very different *communities of locality*, but who share common interests (such as the promotion of renewable energy).

Both communities can overlap significantly; a community of interest may come up with a proposal for a wind farm, which is then put to a community of locality for consultation. Importantly, it is the latter which can control the fate of the project through objections to the planning process. It is therefore important to define and involve communities of locality in a project from the beginning.

Community benefit opportunities tend to focus on communities of locality, and possibly also communities of interest within the community of locality (i.e. a locally based riding club). There may also be an opportunity to consider whether communities of interest that fall out with the communities of locality (i.e. a nationwide rambling organisation) could or should benefit.

Highland Council is one of the few Governmental Bodies to have set out a clear definition of community benefit, defining it as:

"a 'goodwill' contribution voluntarily donated by a developer for the benefit of communities affected by development where this will have a long-term impact on the environment." (Highland Council Community Benefit Conference 2012)

Community benefit can be offered simply because of a desire from a developer to act as a 'good neighbour' and to demonstrate their goodwill towards the community. More pragmatically, however, offering community benefit may, for some developers, be a way of meeting corporate social responsibility aims and of maintaining positive public opinion towards wind developments (see Section 2.3.1).

2.2 Community benefit and planning

To build an onshore wind farm in the UK a series of legal planning conditions and agreements must be met. Planning conditions placed on a proposed development are used to limit or qualify the terms of the planning permission; this ensures specific areas of concern are attended to in extra detail. A planning legal agreement is used to control any factors that cannot be adequately accounted for by a condition. In Scotland, a Section 75 planning agreement, incorporating planning gain, is understood to be a control or controls imposed on a planning agreement above the jurisdiction of a planning condition. Planning gains are therefore a legally binding agreement between the planning authorities and the developer. Planning gain is defined as:

> *'Aspects of a development proposal required for the development to go ahead (including financial contributions to public services), secured by the local authority to mitigate the impact of the development on the local community.'* (Planning Aid Scotland, 2012)

In contrast, community benefit is not a legal requirement nor is it a material consideration in determining a planning application. Additionally, the timing of the two sets of agreements and actions differs significantly. Planning gain is required and must be agreed to achieve approval (and deemed approval) whereas community benefit can be agreed at any time but is only taken forward if the wind farm is constructed.

Whilst discussions on planning conditions and planning gain must focus on mitigating the impact of the development, community benefit discussions can have a much broader scope. Community benefit should ideally build on or compliment planning gain as well as offering additional benefits. There is a genuine opportunity to link into community aspirations and find ways to support long-term sustainable development. The table below highlights the differences between the two.

Actions	Purpose	Status	Link to Development	Timing
Planning Conditions & Planning Gain	Mitigate the impact of development	Legislated	Required	Agreed prior to approval. Implemented within agreed timescale.
Community Benefit	Sharing the rewards and investing in the community	Voluntary	As agreed between community and developer	Agreed at any time, implemented if built (often beginning during construction).

Although regulation is not feasible in the current political setting and a developer is not required to offer community benefit, it has become common practice and, in a sense, a *de facto* requirement of large wind farm applications. Given this position, community benefit deserves its own agreed set of parameters. The concept that the benefit offer is 'voluntary'

is contradicted by the policy aspirations of several proactive local authorities such as the Highland Council, Argyll and Bute Council and Dumfries and Galloway Council (see Section 4.3 and Appendix B) as well as the position of the Scottish Government, which is providing implicit support to community benefit provision through the publication of an online register of benefit payments (see Section 4.2).

Since the area is unlegislated, current practice is decided largely by precedent as well as influence from some proactive local authorities, with little overall consensus on best practice. Developers are, at present, essentially operating within an informal voluntary code of practice.

It is the purpose of this paper to help inform this debate and promote a 'code of good practice' that avoids the need for regulation but solves the problem of Councils promoting a 'one size fits all' solution such as that set out by the Highland Council or the myriad of bespoke solutions offered by developers.

2.3 Who currently negotiates and administers on behalf of communities?

There are 3 main routes through which community benefit funds have been negotiated and administered:

1. Community bodies, such as Community Councils (the most common)
2. Local authorities
3. Third party bodies (such as the Scottish Community Foundation)

Community Councils are the body which most commonly represents communities, both in the negotiation and administration of community benefits in Scotland (for more information see Chapter 4). This is not always the case however, particularly in complex situations where multiple council boundaries may overlap, or where there is no active Community Council present. Local authorities such as Dumfries & Galloway Council and Highland Council have increasingly begun to offer their own negotiation services, offering to act as an intermediary between communities and developers. Although this may be a positive development in cases where communities feel they do not have the expertise or energy to carry out negotiations themselves, it could also result in communities being awarded benefit settlements which do not meet community needs or aspirations.

Developers such as SSE have recently begun to move negotiation and distribution services increasingly away from communities and more 'in-house', with SSE recently announcing that in future their funds would be distributed from within the company (HIE Conference 2012). This move is likely to result in less community involvement with community benefit funds.

2.4 Why is community benefit important?

Beyond the ethical considerations of being a 'good neighbour' and meeting corporate social responsibility aims, community benefit can play an important role in informing a positive public opinion of wind power and help to root developments firmly in the local community. Importantly, it can also be a highly significant contributor to rural economies.

2.4.1 Public opinion

Research in Scotland has consistently found that high levels of public support exist for wind power in general (Warren et al 2005; CSE 2005; Carrington 2012), with evidence even showing that those who live closest to wind farms are the most strongly positive towards them (Krohn and Dambourg 1999; Warren et al 2005). However, local opposition to specific applications can often be fierce (Musall 2011) and worryingly, overall public resistance to wind farms is increasing. One recent poll noted a threefold increase in opposition since 2010 (Carrington 2012). This suggests that the increasing opposition may be due more to *how* wind farms are being implemented rather than *why* (Devine-Wright 2005a; b; Warren et al 2005; Musall and Kuik 2011).

Evidence from mainland Europe (where large-scale wind farm development began well before the UK)shows that public opinion can present a strong obstacle to local wind farm development through its effect on site availability (Wolsink 1996; Wustenhagen et al 2007; Macintosh 2008). More widely, insensitive developments may result in public backlash, in turn forcing changes in government policy, a trap into which many hydro power developers fell in the 1980s (Warren et al 2005). There are some worrying recent signs that this may already be happening: a recent letter signed by 100 MPs urging the Prime Minister to consider scrapping subsidies on wind power, as well as negative comments by the chairman of the National Trust, are examples of growing discontent amongst policymakers (The Telegraph 2012; Gray 2012).

Pragmatically, community benefit provision can be an important route through which to maintain a positive public, and hence political, image of wind farms. Establishing and maintaining strong local support for wind farms can also help reduce objections to planning committees and the likelihood of a scheme being referred to a public enquiry, something which can cause significant delay and cost an extra £150,000 to £200,000 (CSE 2007a; Munday et al 2011).

Importantly, as the most easily accessible and least contested sites for wind farms are used up, new developments are likely to become more controversial, and more expensive to develop, with concerns already appearing in the media that Scotland is 'running out of land' for wind turbines (Campsie 2011). If the Wind Industry is forced to develop these already controversial sites in a negative political environment, it could prove expensive and difficult. It is likely that implementing community benefit schemes will therefore be important, both in promoting and maintaining future support and limiting local opposition to individual projects, a phenomenon already observed in Germany and Denmark where benefit

provision is routine (CSE 2005:13) (see Section 3.2 for more on EU community benefit policy).

2.4.2 Effect on communities

Community benefit schemes provide a way of giving the benefits of their local resources back to communities. Importantly, the benefits and drawbacks of wind farms are inherently unfairly distributed; benefits are felt most at a national level (in carbon emissions reductions) whilst disadvantages are most keenly felt at a very local level. These can include visual impacts, transport disruption during construction, disturbance of wildlife and noise. Many of the jobs created by wind power, so often lauded as a potential benefit, are in fact largely based outside the UK[1] or are based in large hub cities distant from the affected communities.

Community benefit therefore offers an excellent opportunity to ensure that local communities share in the rewards that wind power can bring, and to mitigate the perception that wind power is something that is 'done to' communities (CSE 2009:5) by outside developers who then become wealthy by exporting the community's resources.

2.4.3 Long-term planning and lessons from the past

Community benefit income from wind power is likely to be a hugely important source of investment in rural Scotland over the next decades, with locally and regionally significant sums (e.g. £9.5 million over the lifetime of the Strathy North wind farm) to be made available for investment. If managed strategically, this money could provide a long-term source of investment, in turn safeguarding future rural development and providing a significant boost to local quality of life.

The opportunity to establish strategic funds aimed at long-term community investment is an opportunity that was largely missed by the Oil and Gas Industry following the discovery of North Sea oil in the 1970s. Although the impact of oil on the Scottish economy as a whole has been highly significant (over 150,000 people are currently employed in the Oil and Gas Industry and £15.3 billion is contributed to the economy every year (Scottish Enterprise 2012)), very little money has been set aside in funds (like Norway's Government Pension Fund) for long-term national or regional investment. The exception to this is Shetland (see Table 2-3) where 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 (£11million in 2011) to the Shetland community (see Table 2-3), providing services such as support for the elderly and infirm as well as funds for local cultural and sporting activities.

[1] Recent developments, such as the announcement by Gamesa of £125m blade and generator unit plant in Leith providing over 800 jobs (Vaughan 2012; Bolger 2012), and a study showing that over 2200 full-time jobs in Scotland are supported by onshore wind alone (Scottish Renewables 2012b), are positive signs that this might be changing. Other recent developments have included the building of a turbine tower plant by Wind Tower Ltd in the Mull of Kintyre, a new Skills Academy at Nigg Bay aiming to train over 3000 people and Mitsubishi's plans to invest £100million into an Edinburgh renewables research centre creating 200 jobs.

One notable finding from the comparison of oil and wind income in Shetland, shown in Table 2.3, 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. However, it needs to be noted, some wind farms will not be able to provide large enough sums to make a meaningful contribution to such funds in the long-term.

> ***Action point:***
>
> *2. Industry, government and local communities should collaborate on the strategic use of community benefit – possibly with the aim of establishing a national investment fund (or series of regional funds).*

Table 2-3: Community benefit from the onshore wind and fossil fuel industries in Shetland.

	Oil and gas	Onshore wind
Historic	• Shetland Island Council secured long-term funding from the development of the Sullom Voe terminal through the Zetland County Council Act 1974. • The financial value of the funding received is £216 million. • The Council set up the Shetland Charitable Trust to manage and distribute funds.	• The Burradale wind farm was the first onshore wind farm built in Shetland opening in 2000. The financial contribution from the Burradale development to the local community is unknown. However it is described as 'paying a dividend to the community via economic development activities'.
Current contributions	• The Shetland Charitable Trust continues to invest the money gained from the Oil and Gas sector back into the local community. • The total value of the grants and schemes funded by the Trust in 2011 was £11,935,800.	• See above.
Projected future contributions	• Future income from the Oil and Gas sector is directly reliant upon the continued discovery of reserves off the coast of Shetland.	• The 103 turbine Viking Energy development is expected to invest £930million into Shetland's economy over the project's lifespan (25years).

		• Shetland Charitable Trust is set to receive £23 million per annum. • £1 million per year will be paid into a community benefit fund to be controlled by communities closest to the site.

Shetland Charitable Trust, 2011; Viking Energy, 2012; Shetland Islands Council, 2009
http://www.shetlandcharitabletrust.co.uk/assets/files/accounts/SCT%20Fanancial%20Statements%20to%2031%20March%202011.pdf
http://www.vikingenergy.co.uk/benefits-community.asp
http://www.shetland.gov.uk/policy/documents/ShetlandRenewableEnergyStrategy-approved27August2009.pdf

2.5 The need for a developer-informed guidance policy

As so much of current community benefit practice has been established through precedent, current approaches to benefit are often incoherent and complex. ScottishPower Renewables, for instance, currently has 28 different models of community benefit (Highland Council Community Benefit Conference 2012). Even for the relatively well-established mechanism of community funds there no clear standard on the best governance structure, or indeed what is a fair level of pay; RenewableUK recommends a level of £1000 per MW, Argyll & Bute Council at least £2000 (although this is currently under consultation), whilst SSE and Highland Council advocate a level of at least £5000 per MW. There is therefore a clear need for a coherent, organised industry-wide policy on best practice in community benefits provision.

2.5.1 Problems with current guidance policies

The national Governments of the UK and Scotland have avoided issuing explicit guidance on the question of wind farm community benefit. This void has largely been filled by Scottish local authorities, a number of whom have issued detailed protocols which developers are recommended to follow (see Section 4.3 for further discussion). This lack of leadership from government means that a fragmented jigsaw of differing policies has emerged across the country. This raises the scenario of two neighbouring villages, both similarly affected by the same wind development, receiving significantly different benefits to one another simply because of their location across different council boundaries.

> ***Action point:***
>
> *3. The Scottish Government, in partnership with local authorities and developers, should be urged to provide strategic guidance on community benefit.*
> *This would help reverse the trend towards a fragmented collection of different local authority policies.*

Where councils have developed guidance policies, these have concentrated heavily on community funds as a model for delivery, with one central strand of policies from influential councils such as Highland and Dumfries & Galloway being the recommendation of a minimum per megawatt payment into community funds. Following the publication of these guidance policies, as well as the Scottish Government's community benefits payments register in April 2012 (Scottish Government 2011a) (see Section 4.2), it is likely that a standardised baseline package of community benefits based on the community fund will become increasingly established . If communities see one development receiving £5000 per MW, it is likely that they will also demand that level of payment, whilst perhaps sidelining other potential benefits.

This focus on community funds could have other significant disadvantages if community funds become a one-size-fits-all development 'norm'. Communities can differ greatly from one another, and approaches suited to one community may be entirely inappropriate for another. In particular, some communities might benefit more from infrastructure investment than a community fund in which many competing influences all fight for a share of the profits. A wide range of community benefit opportunities have been offered across the UK, greatly varying in financial scale, particularly when compared to the output of the respective wind farms. (See Chapter 5 for further discussion)

Importantly, the focus on funds as benefit also ignores the impact of construction and development cost on the profitability of a project. A farm in an area of high wind speed, and therefore rated at a high megawatt capacity, may also be in a remote area and have a high grid connection and construction cost. Small projects which make up a large proportion of new developments and are a significant source of community benefits, are also likely to have less money to spare as the costs of development and operation will comprise a greater proportion of income (CSE 2009:17). Recent increases in business rate and decreases in the value of the onshore wind Renewables Obligation Certificate (ROC), a main source of income for wind farms, also mean that wind farms are likely to be less profitable in the coming years.

The expectation of high community fund payments is therefore something that could potentially result in such low profit margins (CSE 2009:17) that projects may be more likely to be abandoned, resulting in a loss of *any* potential community benefit.

2.5.2 Community benefits – no long-term economic impact?

Long-term local economic benefit to communities from wind farms in the UK has often tended to be very limited, largely because of limited long-term job creation (Munday et al 2011). The Cefn Croes wind farm, the largest onshore wind farm in Wales, has led to the creation of only 4 full-time jobs in the local area. Payments into benefit funds are also rarely managed in a way which can provide a long-term strategic investment for a community (Macintosh 2008). A few developers (such as CarbonFree at Earlseat) have offered forms of benefit such as provision of apprenticeships that deliberately aim for a long-term local

economic improvement, but in general, provision for long-term (post wind farm removal) benefits at a local level remains poor. This is in stark contrast to countries such as Norway, where money from oil has been invested in a national long-term investment fund. Although the Scottish Government has, in the past, considered setting up a 'Future Generations Fund' to be funded through renewable energy there is, as of the writing of this report, no sign that this is due to be established.

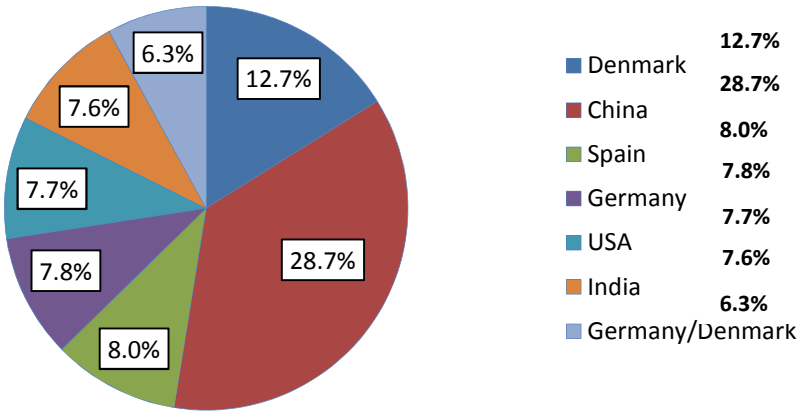
Wider economic benefits in the form of jobs provision to the national economy has also, until recently, been a poor argument for wind power in the UK. There are few companies in the UK capable of building turbines or blades (see Figure 2-1): the most high value components of a wind farm. This means that, historically, much of the jobs and money generated through wind power have been 'exported' out of Scotland; however, several recent announcements have reversed this trend (Section 2.3.2).

This failure of community benefits to deliver long-term economic improvement in general suggests that communities might be better served by adopting a more strategic approach in future: one with the aim of building local capacity and community growth in the long-term. Although bodies such as Community Energy Scotland (CES) play a crucial role in delivering capacity building at present, if the industry as a whole were to adopt a unified strategic approach, this would be likely to deliver a far more powerful end result.

Community investment from wind power, with guaranteed, stable levels of return over 25 years, could provide the ideal tool with which to plan such an approach. Such a policy would also be likely to gain government support as it meets the priorities laid out in both the Scottish Government's Community Empowerment Action Plan and the Westminster Government's Localism Act (see Chapter 4).

> ***Action point:***
>
> *4. Developers, in conjunction with communities, local authorities, government and social enterprises should do more to aid communities in capacity building and planning.*

Figure 2-1 – Turbine manufacturer world share as of 2011 (Adapted from IHS 2012)



Chapter 2: Summary

Community benefit has become, in a sense, a de facto requirement of large wind farm applications.

Community benefit provides a genuine opportunity to link into community aspirations and find ways to support long-term sustainable development.

Communities can differ greatly from one another, and approaches suited to one community may be entirely inappropriate for another.

Current methods of benefits provision are not always delivering as well as they could, particularly with regards to long-term economic benefit.

There is therefore a clear need for an industry-wide consensus on what is best practice in community benefits provision.

3. History and Practice of Community Benefit

3.1 History

The provision of community benefits by energy developers in the UK is not a new phenomenon. It dates back to the beginning of the Oil and Gas Industry in the 1970s. The Shetland Charitable Trust, for instance, was set up in 1974 and receives money from the Sullom Voe oil terminal, spending over £11 million annually on community projects (Shetland Charitable Trust 2011). Mining ventures also contribute community benefit funds, such as at the Mainshill coal mine in South Lanarkshire (Mainshill Trust 2012) and at mines in East Ayrshire (East Ayrshire Council 2002). Although accusations are often levelled at the Wind Industry that community benefit payments are 'bribes', the history of energy developers offering payments to local communities, either in compensation for disruption or to redistribute benefits back into the community, is a long and established one.

3.2 European history and practice

In countries such as Germany and Denmark, where wind power is highly prevalent, community benefits have historically been built into the wind power development process. Wind power in these countries is a well-developed industry which supports many jobs at a national level, with local business taxes accruing directly to the community (CSE 2005). Options for community ownership are routine and voluntary contributions to local funds by developers are rare, with local benefits instead accruing from taxes and the provision of local jobs.

3.3 UK history and practice: An overview

In contrast to the situation in much of the EU, community benefit in the UK has become a highly contested issue (CSE 2005).

3.3.1 Why so contested?

The contested nature of community benefit in the UK has arisen largely because of a combination of rigid planning regulations, nationally set government renewables targets, and funding mechanisms which created market conditions with high entry costs. These factors, as well as the financial complexity of setting up community owned wind farms, mean that, in contrast to mainland Europe, development is dominated by commercial companies with limited local input (CSE 2005:12). The limited involvement of local communities in running, or affecting, a development in any way can be a significant factor in causing people to feel alienated or exploited by developers (Musall and Kuik 2011).

The UK's planning system mandates that applications be considered on an individual basis, with no consideration to be given to community benefit (see Section 2.2). The trade association Scottish Renewables argues that any community benefit negotiations should not

start until after the planning stage is over to ensure that accusations of unfairly influencing the planning process cannot be made. Although this may achieve the laudable aim of ensuring that authorities cannot be 'bribed' with benefits, it is inconsistent with much of current practice. More importantly, it would mean that communities are not able to effectively negotiate with developers whilst the development is in progress, or be better informed about the proposal. In practice, benefits have become a somewhat 'shadowy' background figure during the planning process. Their 'shadowy' nature, as well as the misconception that they are offered as a 'bribe' to achieve planning permission, means that community benefit provision in the UK has become a controversial issue.

Action point:

5. Can the wider Wind Industry propose standards for involving the community in benefit negotiations from an early stage?

6. At what point in the planning process should the final offer of community benefit be made, subject to operation being achieved?

3.3.2 Benefits of the UK system

One of the key advantages of the UK's community benefits system in comparison to that of the EU is that benefits are not legislated or prescribed, and so can be tailored to fit specific community needs. This flexibility to take local needs into account is a key strength of the UK Wind Industry and one which is not accorded enough prominence in national debates. To prescribe a one-size-fits-all approach, as some local authorities have done (see Section 4.3), is to ignore this key strength of the UK system, with potentially damaging consequences to the communities they serve and to the Wind Industry as a whole.

Additionally, and importantly, this flexibility allows room for developers to create their own distinctive policies on community benefit: a sort of 'unique selling point' that sets them apart from other wind power companies. If, for instance, a developer has set itself an aim to tackle health provision in rural communities, it can aim to incorporate this into its community benefits provision (It is important that this does not become a prescriptive approach but instead responds directly to community needs and desires if it is to be effective. The application of any such approach must therefore link directly to a framework that has been agreed with the relevant community).

Chapter 3: Summary

Community benefit provision has a long history in the UK, and is not confined to the renewables sector alone.

High market entry costs means that the UK wind market is dominated by commercial developers, with only a limited role for communities.

The misconception that benefits are a 'bribe' by large commercial developers means that community benefits provision in the UK has become increasingly controversial.

UK community benefits provision has the advantage of being highly flexible and the ability to tailor benefits to individual communities should be publicised as a key point in its favour.

4. Key Stakeholders, Policy & Legislative Context

Because of the devolved nature of the UK's administrations, policy on community benefit in Scotland is markedly different to that in the rest of the country, with the Scottish Government and local authorities playing a key role.

4.1 UK Government

Although this paper is concerned with the community benefit situation in Scotland, it is important to take account of the policies of the UK government with regards to community benefit, as these can play a key role in shaping the approaches adopted by developers.

At present, UK government policy towards wind farms is framed by the National Planning Policy Framework, which, in its 2012 revised version, has a presumption in favour of sustainable development: "local planning authorities should recognise the responsibility on all communities to contribute to energy generation from renewable or low carbon sources." (Department for Communities and Local Government 2012:22). UK government policy towards wind farms is therefore broadly positive.

With regards to community benefit, however, the UK government has refrained from offering much guidance to developers and communities, although it has pronounced itself committed to encouraging more community ownership of wind farms. The former energy secretary Chris Huhne strongly welcomed RenewableUK's protocol on community funds announced in 2011 (a minimum £1000 per MW annual payment over the lifetime of a wind farm) (Table 3) (DECC 2012).

Interestingly, the Office for Renewable Energy Development (ORED), under the Local Government Finance Bill (currently going through parliament), has recently carried out a consultation on allowing local governments to retain business rates paid on renewable energy in their area, in addition to already allocated community benefit. This is very similar to the kind of benefit provision currently widespread in much of the EU, where taxes accrue directly to the local area. If this bill were to become law, at least part of the benefits provision from wind farm development could follow the EU model and become routine.

The UK government's new Localism Act (although effective in England only) may also change the current provision of community benefit in England quite significantly. In particular, the act gives communities the power to draw up their own neighbourhood plans and even to permit wind developments without the need for planning applications. In such a case, the developer would need to negotiate directly with the community itself for planning applications rather than through an intermediary provided by the Local Authority. This has raised concerns that developments may be blocked by local communities set against wind power: a 'so-called nimby charter' (Murray 2011).

4.2 Scottish Government

The Scottish Government (which must approve all Scottish developments over 50 MW) is a key player in the UK wind power market. Whilst it has offered little explicit guidance on the best model of community benefit to use, the National Planning Framework for Scotland emphasises that 'rural areas are well placed to benefit' from the boom in wind power in Scotland (Scottish Government 2009), and the Community Renewable Energy Toolkit published in 2009 offers guidance to communities on how to achieve good quality community benefits. The policy environment in Scotland seems to be increasingly supportive towards community ownership of renewables in particular, with the Scottish Government working towards a target of 500MW of community and locally owned energy by 2020. The Scottish Government's acknowledgement of the role that community benefit can play in rural development is reflected in the provision of the £23.5 million Community and Renewable Energy Scheme (CARES), which provides development-stage loans to projects with significant community benefit. These loans can cover up to 95% of pre-development costs (such as Environmental Impact Assessments), with a maximum contribution of £150,000.

The Scottish Land Reform Act 2003, which enabled community buy-outs of land, in addition to the Community Empowerment Action Plan, provide a framework which is favourable to increasing community engagement with, and ownership of, local resources (Sayers and Follan 2010; Scottish Government 2009). Community capacity building, a key aim of the Community Empowerment Action Plan, is particularly well served by a community engaged with the skills and technical expertise necessary to own a development.

However, it is clear that concerns exist within the government at the current state of benefits provision; the 2010 consultation '*Securing the Benefits of Scotland's Next Energy Revolution'* posed the question, '…could a Statement of Community Benefit be introduced to accompany applications for wind farm development?' (Appendix A) That such an option was considered illustrates the fact that current provision is not always effective and that some believe a statutory provision for community benefit may be required. This was also shown in the inclusion of a question on establishing a 'Future Generations Fund', again reflecting government concerns that long-term economic benefit for Scotland is not being effectively delivered at present.

The Scottish Government's hands-off approach to community benefit is reflected in their decision, following the consultation exercise, not to issue explicit guidance on community benefit, but instead to create a publically available Scottish Community Benefits Register. This register will enable communities to negotiate benefits with developers from an informed position and to compare their proposed package to that of other communities. The focus on benefit payments, however, again ignores the other forms of benefit which can be offered to communities under the flexibility of the UK system.

This passive approach to community benefit guidance illustrated by the benefits register contrasts with the Scottish Government's very strong public support for renewable energy. If the Government is truly committed to helping communities make informed choices on community benefit, this could be done more effectively in other ways. One example could

be to provide communities with comprehensive, 'plain-English guides' to the community benefit options available to them, or the creation of a virtual one-stop-shop where communities could access information. This would allow communities to make a *truly* informed choice about the options being offered to them, as well as to aid in community capacity building.

> ***Action point:***
>
> *7. Recommend that a 'plain-English' industry-endorsed guide to community benefit options is made available to communities to enable them to make informed decisions.*
>
> *8. Recommend the creation of a virtual one-stop shop where communities could access information on legislation, planning rules and financial structures etc.*

4.3 Local authorities

In recent years, in response to the growth in community benefit funds and the lack of legislative guidance on how to best manage community benefit, Scottish local authorities have begun to create their own guidance policies. Local authority guidance on community benefit in Scotland is highly variable, with local policies being decided by councils with often widely differing priorities. However, usually these policies consist of a combination of the following:

- a set, per-megawatt annual sum payment
- a defined 'affected area' – e.g. the Highland Council's policy of a 15 Km radius
- a weighting formula which decides how much benefit particular areas should receive based upon impact
- a formula by which benefit should be divided between local and regional areas

Some councils, such as Highland, Argyll & Bute and Dumfries & Galloway, have established a clear guidance policy on community benefit; whilst others, such as Moray Council, have policies in development. Since local authorities have no legal power to compel developers to offer benefit, these policies have so far consisted of sets of guidelines or protocols within which to work. The majority of local authorities have no guidance on community benefit.

4.3.1 Local authority guidance policies

Highland Council was the first council to take a lead on the issue of community benefit, announcing in 2003 that, "most renewable energy developments offer little social or employment benefit to the Highland area" (Highland Council 2003b, cited in Macintosh 2008). In February 2012 they announced a new guidance policy on benefit, centred on a £5000 per megawatt minimum payment. This follows Argyll & Bute Council, who announced a guideline amount of £2000 per megawatt in 2005 (Argyll & Bute Council 2005) (N.B. Argyll & Bute Council is currently holding a consultation on their future community benefit policy, due to run until May 2012, so this policy is likely to change in future).

The table of all 32 Scottish Local Authority positions set out in Appendix B provides an overview of the position across the country and provides the community benefit context for future development proposals.

There are some key points that emerge from the survey of these 32 councils:

- **Of the 32 councils, only 8 have a clear policy on community benefit:** Argyll and Bute, Dumfries and Galloway, East Ayrshire, Highland, North Ayrshire, South Ayrshire, South Lanarkshire and West Lothian.
- **Of these 8, 6 set a minimum per megawatt payment as a key cornerstone of their policy.** South Ayrshire recommends that a price per megawatt should reflect the national industry practice, whilst West Lothian council does not publically set a minimum price.
- **Of the other 24 councils, 19 have no policy at all.** Of the other 5, 4 have a set of working guidelines (Aberdeenshire, Angus, Fife and Orkney) and Moray is in the process of consulting on a policy. Policies that divide benefits between the local and regional level seem to be increasingly favoured.
- There is a divide between councils who favour local community control of their benefit fund, and aim to help local communities with negotiation (such as Highland Council), and those who prefer to administer the fund themselves or through a regional body (such as South Lanarkshire).
- All councils who have adopted a policy emphasise a division of funds between local communities and a wider regional area. Highland Council, for instance, advocates a foundational allocation followed by a 3 tier distribution. The first £100,000 will accrue to the local level. For funds above £100,000 the balance will be split of 55:30:15, with 55% going to the local area, 30% to the wider area and 15% to a Highland-wide trust fund.

Given the emphasis on the payment per megawatt from the councils who have announced clear policies, it is likely that other authorities will follow suit and also recommend minimum levels of payment. This trend has been strongly criticised by trade bodies such as Scottish Renewables (Scottish Renewables 2012c) (see Section 4.5 for more information), on the basis that it is prescriptive and does not allow room for developers who cannot afford to pay such a high premium on their developments.

Although there are significant advantages to having community funds, their relative simplicity, for instance, compared to other models, the 'one-size fits-all approach' exemplified by the over-reliance on funds by local authority guidance '*may undermine what some developers feel are 'enhanced' benefits which distinguish them from other developers*' (CSE 2005: 60). Although Highland Council, and other bodies, may argue that added value in the form of other kinds of benefit should also be provided, the very fact that so much of policy centres on community payments shows that these are prioritised highly over other forms of benefit. It is important that local authorities ensure that:

"*…the Local Authority does not take over the process and negotiate benefits that suit the Local Authority as opposed to the community itself. It is also important that the Local Authority does not take control of any funds offered, as it should be the community that decides how any funds are spent." (CSE 2007b)*

This trend towards prescriptive guidance policies on community benefit means that the advantages of the UK benefits system, its inherent flexibility and ability to tailor benefits to the needs and desires of individual communities, risk becoming marginalised in a rush towards ever higher payments per megawatt.

4.4 Community Councils

Community Councils are the main vehicle through which community benefit settlements are negotiated and, in turn, administered and distributed. There are around 1200 Community Councils in Scotland, and they are formal bodies with elected members, which bridge the gap between local authorities and communities. Although they do not make policy, they have become the most commonly used partner with whom developers have delivered community benefit. Community Councils are often involved at all stages of community benefit negotiations, from project inception to finally administering payments from funds.

However, there are a number of difficulties often faced by Community Councils, or by developers attempting to work with them. Amongst these are the fact that many Community Councils are not highly active, and very often do not possess the capacity to effectively manage a community benefit fund. Additional complexities arise where a wind farm affects multiple different Community Councils at once – which body should represent the local population? In reaction to such situations, local authorities, such as Dumfries & Galloway Council, have begun increasingly to offer their own negotiation services, offering to act as an intermediary between communities and developers. In contrast, some Community Councils have formed joint arrangements: Creich, Lairg and Ardgay, for instance.

4.5 Developers

Commercial developers have been at the forefront of developing community benefits in the UK, with, until recently, little input from government or local authorities. Some developers have adopted a set approach to benefits which is applied to every development, whereas others, such as ScottishPower Renewables, which has 28 different community benefit

models, prefer to tailor benefits to each different community. This has resulted in a wide variety of community benefit models coming into being (see Appendix C for some examples), meaning that there is no clear consensus on what is best practice as regards community benefits provision in the UK.

4.6 Trade Associations

The two main trade association in the UK, Scottish Renewables and RenewableUK, have adopted different positions to one another. RenewableUK established a formal benefit protocol in England based around a £1000 minimum per megawatt payment in 2011, with certificates awarded to developers who adhere to the protocol. Scottish Renewables on the other hand, emphasises the benefits of having the ability to tailor benefits to local circumstances, but advised against holding any discussions prior to achieving planning approval (see Table 4.1).

Table 4-1 – Summary table of trade association policies on community benefit

Trade association	Policy on community benefit
Scottish Renewables	- Benefits should be tailored to individual communities to achieve most impact. A standardised approach would be counterproductive. - Benefit payments should not be discussed until after planning permission is achieved. - Over-focus on funds ignores the direct benefits that can accrue from wind farms (eg. local employment, capacity building, and new infrastructure). - Funds should be distributed to communities directly to maintain the link between project and community.
RenewableUK (formerly BWEA)	- Have established a formalised benefit protocol (published in 2011). NB This only applies to England. - A 'Community Benefit Certificate' will be awarded to developers adhering to the protocol. - A 'Statement of Community Benefit' should be provided to local authorities by developers. - Benefits should be tailored to individual communities. Protocol however, has a strong focus on community funds. - Support should be provided equivalent to £1000 per MW per annum. - Early and transparent consultation with communities should be carried out.
European Wind Energy Association	- No set policy on community benefit. - Welcomed the protocol set out by RenewableUK.
Renewable Energy Association	- No set guidance policy on community benefit.

Chapter 4: Summary

Policy towards community benefit varies significantly between authorities in the UK.

National governments have adopted a hands-off approach to community benefit, refraining from offering specific guidance on approaches.

Local authorities have tended to adopt much clearer, standardised policies. However, many local authorities have not yet adopted policies on community benefit.

Developer policies vary widely; multiple approaches can apply even within one company.

5. A Review of Current Models of Community Benefit

Although the standard approach to community benefits in the UK is dominated by community funds, a number of widely varying approaches have been adopted by developers in the past (see Appendix C) with varying success. Over 70 per cent of UK developers also offer benefits such as the use of local contractors, habitat improvement, and enhancement of local infrastructure, whilst all offer some form of community liaison activities (CES 2005).

There is a huge variety in the forms of community benefit offered. They fall into four main categories:

- **community benefit funds** (the most common)
- **community ownership** of wind farms
- **benefits in kind** such as the building of visitor centres or recreational facilities
- **wider economic benefits** through job creation or supporting local businesses

The following sections look into these categories in more detail. A table with specific examples and case studies of these benefit types is to be found in Appendix D.

5.1 Community benefit funds

5.1.1 An overview

Community funds are the model of delivering benefit most commonly used by wind farm developers, with a 2005 study by the Centre for Sustainable Energy showing that community funds were being offered by over 90 per cent of developers. Community benefit funds typically take the form of an annual payment by a developer based upon the installed megawatt capacity of a wind farm. Funds tend to be managed by Community Councils, limited companies or Community Trusts, often with administrative support from third party organisations like the Scottish Communities Foundation (SCF).

Most funds in the past have been used to fund short-term projects in the community, with few funds if any being set aside for long-term, strategic objectives (Macintosh 2008). This means that much of the opportunity these funds provide to increase long-term legacy of economic benefit in communities is lost. There are, however, some interesting initiatives now being explored by a number of developers who are planning the use of community benefit funds for strategic purposes (see Section 5.1.3).

5.1.1 Distribution of Community Funds

How community funds are distributed depends upon how many communities are affected and the policies of the fund distributing body. In some cases, funds may be distributed straight into one main fund, which is then distributed according to applications received,

with no particular consideration given to which areas should receive the most funds. In other cases, funds can be divided at source between different fund distributing bodies (such as community councils), with the amount received weighted according to various factors. Based on current research it is not clear whether one method has significant advantages over the other.

5.1.2 A 'development norm'

Community funds have rapidly become the most common form of benefit provision in the UK. This is largely because they are relatively simple to structure, and the responsibility for administering the funds can be given over to communities. The value of these funds can vary significantly, with payments varying from as little as £500 per MW (Fermanagh Trust 2012), to over £5000 per MW (SSE 2011). Older wind farms tend to pay significantly less: the 2002 Tangy development in Argyll & Bute paid just over £80/MW as a starting base line, whilst the 2006 Tangy 2 paid £1200/MW in its first year of operation. Fund payments are likely to continue this upwards trajectory into the future, although it must be acknowledged that the level of funding available is related to the financing and scale of the development; as sites become harder to develop, development profits may decrease into the future. It is also likely that community funds will continue to be the dominant form of community benefit provision, to the exclusion of other methods, if current policy continues.

> ***Action point:***
>
> *9. Community funds are a convenient but not necessarily the best way of providing benefit. This has become a default offer from developers. The industry must be more innovative and proactive in offering different forms of benefit, tailored to the needs of communities.*

Flexibility of how funds can be spent varies significantly in practice. The community fund for Burton Wold in England, for instance, is limited to spending on energy efficient installations or education only. This, however, rose out of a community desire for cheaper power. It was considered impractical to achieve this through the current energy supply grid, so instead energy efficiency measures were introduced. The Altahullion fund on the other hand, is distributed to three different community groups who are then free to spend the money as they see fit (with caveats that it cannot be spent on environmentally damaging or religiously offensive activities).

There are a number of different ways in which financial contributions from developers can be made to the community. Amongst those commonly used are:

- ***Annual sum paid per MW,*** simple, predictable levels of income for the community that are generally linked to the size of development. Creates a long-term fund which is paid into over many years. Annual payments are normally index-linked.

- ***Variable annual payment per MW,*** with payments generally linked to profit or productivity measures. Not fixed so may be higher or lower. Some arrangements may contain both fixed and variable elements.

- ***Lump sum***, normally an initial 1-off payment

- ***Combination,*** of 2 or more of the above methods.

5.1.3 Achieving long-term benefit with community funds

Although community benefit funds have often failed in bringing local economic benefits (Macintosh 2008; Munday et al 2011), a number of community funds have responded to this criticism by adopting strategic aims as part of their community fund provision. Examples include SSE, which has adopted the aim of promoting community and social enterprise as part of its fund schemes, such as that at Achany wind farm. Achany wind farm fund's aims include:

- Strengthen and diversify the local economy through support for social enterprises, especially those that explore, test and develop activity that sensitively exploits the area's tourist potential or niche business areas.
- Stimulate new ideas and innovative approaches to generate growth and development and new employment.
- Support the acquisition, development and use of new community assets and maintain and enhance existing ones.
- Ensure adequate provision and/or services are available for the community that improve their life chances and/or quality of life.
- Support efforts that co-ordinate community activity and optimise local resources and assets.

Adopting strategic, long-term aims as part of fund establishment may be a way to ensure that funds deliver meaningful benefits to local communities, and help to counteract the growing perception that community benefit is a 'bribe' with little real beneficial effect.

The Scottish Community Foundation (2011) carried out a study which concluded that, given certain conditions, community benefit funds can be a highly effective method of delivering community benefit:

- "a well-informed, united community negotiating directly with a developer
- honesty and clarity from the community around what it wants to achieve for the long-term
- honesty and clarity from the developer as to the types of projects they will support as well as the ones they won't
- a Community Benefit Fund with clear aims, objectives and criteria: one step removed from the developer, with complete transparency on how funds are disbursed

- third party administrator, through a body such as SCF, or by working in partnership with the local authority
- an ongoing relationship with the developer, post-establishment of a Community Benefit Fund, with engagement continuing with the community through local staff, "

5.2 Community ownership

5.2.1 Understanding Community Ownership

Despite its prevalence in much of Europe (over 150,000 people in Denmark were wind co-operative members as of 2004 - Birchall 2009), community ownership of wind farms in the UK has historically been the exception to the norm; less than 4% of wind farms in Scotland are community owned (SCENE conference 2012). This can largely be attributed to four main barriers (adapted from Westmill Wind Farm 2007) which can only be removed with the co-operation of developers, funders, government and regulatory bodies:

- ***Access to information:*** Communities do not know about the option to become involved in projects, or how to go about doing so.
- ***Access to knowledge:*** Specialist skills (eg. legal) may be needed in setting up a project which communities have no access to.
- ***Access to finance***: Capital outlay can be very large and communities may not be able to borrow the amounts needed.
- ***Access to markets.*** The Renewables Obligation (large developments) and Feed-in Tariffs (up to 5MW developments) can be complex to understand for small communities.

Potential of the community ownership model

Although these barriers can be used to explain slow community uptake, it is perhaps surprising that commercial developers have also been resistant to providing community ownership given its potential benefits. Community ownership provides the strongest link between a community and a wind development, with communities then having a vested interest in the local wind farm being a success.

Importantly, community ownership schemes also allow developers to tap into a different source of investment: private investors. Wind energy developers who can get access to private investment from individuals or communities can enjoy much cheaper rates on that investment than they would if it were to come from a financial institution (Bolinger 2001).

Risks of the community ownership model

Although it undoubtedly possesses many advantages, the use of community ownership is not without risks, both to the community and the developer.

- Communities lacking financial/technical/legal expertise may make bad choices.

- Projects risk being controlled by only shareholders/a small group. Benefits may accrue to those who can afford it most.
- European model means legal structures are already in place to accept money. Is this necessarily the case in the UK? Community councils are not always very active or organised, and there is also the question of who should represent communities when multiple council boundaries intersect?
- Lower profit margin for developer.

To weigh the risks against the benefits of community ownership properly, developers and communities need to understand fully the risks that come with this model of delivering benefits.

Action point:

10. Developers, funders, government and regulators all need to get together and consider how to reduce barriers to community ownership.

11. Can the industry lobby government/Ofgem to reduce market entry costs for small community projects?

5.2.2 Models of Community Ownership in Europe

The Danish Model

Wind power development in Denmark has been overwhelmingly community based. Danish wind partnerships take the form of a co-operative-like system in which individuals pool financial resources to invest in a wind turbine or wind farm. The generated electricity is then sold wholesale to utility companies.

The German Model

Community ownership in Germany is a popular option, with most models taking the form of a limited liability structure known as GmbH & Co KG. Shares in these developments can be bought by members of the public. Hundreds of thousands of people in Germany have invested in wind farms through this method.

5.2.3 Models of Community Ownership in the UK

One of the key strengths of the UK community benefits system is that, because community benefit is not prescribed through law, it can be adapted to closely fit the needs of communities. A number of different types of community ownership models have therefore emerged in the UK (see Appendix E for more details), ranging from community-led projects

where the community owns a set number of turbines or a percentage of all the turbines (such as at Fintry and Findhorn), to co-operative models where members of a community can buy shares in a development (such as at Kilbraur, Harlock Hill etc.).

The policy environments in the UK, and particularly in Scotland, seem to be increasingly supportive towards community ownership of renewables (see Section 4.1 and 4.2).

There have been four main models of wind farm community ownership used in the UK (adapted from TLT Solicitors 2007):

- Wholly community owned (eg. Gigha)
- Partly owned: Investment by individuals (eg. Kilbraur Co-op)
- Community investment in joint venture partnership with developer (eg. Neilston)
- Ownership of certain turbines or a percentage of the turbines (eg. Fintry)

1. Wholly community owned (eg. Gigha)

Wholly owned projects have the benefit that all of the profit generated can be invested back into the community. The community also retains full control over the development and its future. However, full ownership can be hard for communities to achieve by themselves as raising the equity required may be beyond their means. Furthermore, banks may be unwilling to lend to communities if they are perceived not to have the skills and expertise necessary to run a wind farm.

For a combination of these reasons, wholly owned community wind farms are rare in the UK, with Gigha, which was driven through by a motivated and educated community following a community buy-out of the island, being a notable exception.

Because of the scale of the funds needed to be raised, wholly community owned projects appear to be feasible for small-scale developments only.

2. Partly owned: Investment by individuals (eg. Kilbraur)

This model is the most popular and successful of current UK community ownership models. It is exemplified by the multiple developments of Energy4All (formerly Baywind), which now has over 7000 members across the country (Energy4All 2012).

Under this model, individuals buy shares, the proceeds of which are then used to buy a share of a wind farm. Shareholders are then usually paid annual dividends from the profits made by selling electricity and Renewable Obligation Certificates (ROCs).

Depending on the legal structure used (see Section 5.2.2), schemes can be designed to benefit those who live closest to the wind farm, and can be highly democratic, with a one-member one-vote structure.

3. Joint venture partnership (eg. Neilston)

Joint venture partnerships can be used when a community is unable to raise enough money to either wholly or partly invest in a development. This is usually the case where a proposed development is very large (2020 Climate Group: undated). Joint ventures can make it easier to achieve funding for a project, but the feeling of community ownership may be diluted.

4. Ownership of a share equivalent to a specific number of turbines (eg. Fintry)

Ownership of a share equivalent to a specific number of turbines (eg. 1/15th of 15 turbines) may be an option where a community is unable to raise enough money to take a full or joint ownership stake in a development. There are clear advantages to this model, in that a community feels a direct sense of ownership over 'its' turbines, but there can be problems again raising the equity or capital necessary to invest. It also avoids the risks entailed with owning only one turbine: the risk of that turbine breaking and the income stream disappearing.

5.2.4 Legal Structures for Community Ownership

There are three main legal structures that have been used in the UK to facilitate community ownership of wind developments: the Industrial and Provident Society (IPS), the Public Limited Company (PLC) and the Private Company Limited by Guarantee with charitable status.

Industrial and Provident Society

Case studies: Harlock Hill, Kilbraur, Westmill.

An Industrial and Provident Society (IPS) is defined by the FSA as:

> "An organisation conducting an industry, business or trade, either as a co-operative or for the benefit of the community, and is registered under the Industrial and Provident Societies Act 1965." (FSA 2012)

The former definition, with an IPS being run as a co-operative for the mutual benefit of its members, is most relevant for community ownership in the case of wind farms.

Industrial and Provident Societies must have a minimum of 7 members, and cap investment by individuals at £20,000. Although they follow some standard co-operative procedures such as having a one-member one-vote system, because an IPS is not technically a co-operative it can have considerable leeway in deciding how to structure itself. Amongst the advantages available to an IPS are (adapted from Stanford 2004):

- Ability to restrict membership to certain geographic areas (such as within 5km of a wind farm)
- Require a minimum number of shares to be purchased by an investor

- Can pay dividends according to level of investment
- Unrestricted ability to advertise shares to the public

Public Limited Company (PLC)

Public Limited Companies (PLCs) are the other main form of legal structure that has been used in the UK as part of a community ownership model. PLCs can offer shares to the general public and differentiate themselves from the IPS model by deciding voting power according to shareholding. PLCs also have no upper limit on a maximum shareholding, so communities struggling to raise funds from other sources may find it easier to do so through a PLC model.

Private Company Limited by Guarantee with Charitable Status

Private companies limited by guarantee are a legal structure used primarily for non-profit distributing organisations. These companies are comprised of members (who also act as guarantors) rather than shareholders. The guarantors agree to provide a nominal amount in the event of the company being wound up. Guarantee companies are commonly used for non-profit distributing organisations such as student unions, workers co-operatives and charities (such as Oxfam).

Despite often being wrongly referred to as 'Development Trusts': they are not considered such. Directors (or 'Trustees') must be elected and can be forced to stand down to allow new directors to run the company. Directors are answerable to members (in this case the community).

Charitable status is optional, but does give significant tax benefits. These companies will have a membership (often drawn from the local community for a "true" community project), and a board of directors drawn from that same membership.

5.3 Benefits in kind

Benefits in kind can be delivered either as a complement to, or instead of, other forms of benefit such as community funds. Benefits in kind can deliver tangible, on-the-ground local improvements tailored to the desires of the community, such as the construction of new facilities or infrastructure. In addition, they can be relatively low cost to the developer and often be undertaken using local contractors, thus delivering two forms of benefit simultaneously. Benefits in kind can also be designed to accord with developers' objectives and interests, thus fulfilling both the needs of the community and the aims of the developer. They can even be used to give developers their own unique selling point. However, despite their numerous advantages, benefits in kind are relatively rare as a form of community benefit (Munday et al 2011).

Action point:
12. Developers have the opportunity to specialise in unique supplementary benefits that build on the strength of their organisations.

When proposing benefits in kind to a community it must be borne in mind that any benefit in kind proposed must be in response to a genuine demand or need from the community. If this is not the case, it risks introducing the perception that the developer is using what should be 'the community's money' to meet their own priorities.

The following sub-sections contain details of benefits in kind from wind farms that have been delivered previously in the UK.

5.3.1 Habitat improvement

Habitat improvement has been a prominent benefit of some wind farm developments, particularly those which are sited in environmentally sensitive areas. Such an approach would not be appropriate for every site, but where applicable could go a long way to easing community concerns about the environmental impacts of wind farms. It can even be used to enhance landscapes that have been degraded through previous land use (Fielding and Haworth 2010). A wind farm development in this case could result in a better, healthier landscape following development. In areas where tourism is important to the local economy, this may not only be cosmetic but also economically useful.

It is important to note that habitat improvement is carried out over and above any mitigation measures required by planning authorities.

Case Studies (see Appendix F for more details)	
Beinn an Tuirc ScottishPower Renewables	Close to a known Golden Eagle territory. Over £2million was invested in plans for habitat improvement for the eagles. This included felling conifers, and management of heather moorland to increase bird of prey populations.
Cefn Croes Falck	£250,000 over the lifetime of the project set aside for restoration of upland mires damaged by forestry and agriculture. Without the wind farm, it is unlikely this habitat would ever have received money for restoration.

5.3.2 Visitor facilities

Early wind farm developments often incorporated tourist signage, special access paths and information signs. Bigger developments, such as the 140 turbine Whitelee wind farm near Glasgow (the second largest in Europe), often maintain free to visit dedicated visitor centres.

Case Studies (see Appendix F for more details)	
Altahullion RES (Ireland)	The community requested that the developer build tourist signage and special access paths to the wind farm, as well as provide information signs about the development.
Whitelee ScottishPower Renewables	Has styled itself as an 'eco-tourist attraction'. Contains an interactive visitor centre run by the Glasgow Science Centre, café and learning hub. Built over 70km of hiking and riding trails. Attracted over 120,000 visitors in its first year of operation.

5.3.3 Community amenities

Community amenities provision can range from complex, high-budget projects such as building of a new sports hall, to the provision of simpler items such as the oven purchased by RES at Roos wind farm

Case Study (see Appendix F for more details)	
Roos RES	Developer purchased a new professional oven for the local Residents Association, which allows the local community centre to accommodate and feed up to 24 people at a time.

5.3.4 Discounted electricity

Through the course of several resident surveys carried out by Docherty Consulting, the desire for cheaper electricity has been raised on a consistent basis. It is clear that there is an appetite for wind farms to deliver cheap electricity to nearby residents. In addition, it would provide a real, tangible link between a community and the electricity generated by a wind farm.

Despite difficulties, a number of schemes have been set up that aim to offer discounts to local residents, usually through residents signing up to a specific electricity tariff with a partner company (see Case Study example below).

Case Study (see Appendix F for more details)	
Vectis Infinergy	The developer Infinergy is trialling a scheme by which residents living close to the proposed development can be offered discounted electricity by a green energy supplier. Households directly neighbouring the wind farm will be offered a 10% discount on unit rate, plus an annual rebate of £100 from a Local Energy Association.

Action point:

13. Industry suppliers should be encouraged to talk to Ofgem about removing barriers to providing cheap electricity prices to those directly affected by wind farms.

5.3.5 Apprenticeships

Responding to the complaint that wind farms often have little long-term economic benefit to an area, or that benefits are 'exported' out of the country, a small but growing number of developers have begun to offer funded local apprenticeships. At the proposed Earlseat development, for instance, the developer Carbon Free has proposed to provide 150 renewable energy apprenticeships through its Earlseat development delivered through local colleges. The apprenticeships will be limited to applicants from local communities only, thus ensuring as far as possible that any benefit from the apprenticeships remains within the local area.

Another example of apprenticeship provision is supported by the Achany wind farm in Sutherland, which is funded through community benefit and was set up aiming to:

> *"…enhance prosperity and promote thriving communities within the Kyle of Sutherland by supporting sustainable local business and increasing employment opportunities for young people."*

This scheme, as of May 2012, supports four apprenticeships with local businesses, with travel, course and salary costs (when attending college) covered. It is hoped that in the longer term, this will lead to lasting benefits for the local economy.

Schemes such as this, which emphasise strategic long-term objectives as part of their goals, provide a powerful means of countering the argument that wind farms provide little economic benefit to local communities.

5.4 Economic benefits

This section examines the economic benefits that can accrue to communities from use of local contractors and businesses in the construction, operation and decommissioning phases of wind farms. These benefits can be considerable: RenewableUK (formerly BWEA) estimate that around £1million per each installed megawatt stays in the local and regional community over the lifetime of a typical project (RenewableUK 2011), whilst Scottish Renewables state that at least 11,000 jobs are supported through the renewables industry in Scotland, with over 2200 of those in onshore wind (Scottish Renewables 2012b).

Use of local contractors can mean that community benefits become 'built-in' to the very fabric of a development. This may be very helpful in convincing communities that wind

farms can be a good investor in their area. However, long-term local economic benefits from wind farms are proving harder to achieve (Munday et al 2011; CSE 2005).

5.4.1 Construction and capital expenditure

The construction of a wind farm is an expensive process (usually in the order of £800,000 to £1.2 million per MW (O'Herlihy and Co 2006; Scottish Borders Council - undated; CSE 2009)). Annual operating costs following installation can run to around £12-15,000 per MW (CSE 2007a). Although only 15 to 20 percent of a typical development's construction budget will typically be spent locally (specialist activities such as turbine construction which amount to a large percentage of total cost can only be done at a few facilities (O'Herlihy 2006)), this can still amount to a significant local investment.

However, according to the Centre for Sustainable Energy:

> *"Local or regional economic benefits, in the form of significant turbine or component manufacturing jobs, are proving difficult for UK wind projects to achieve." (CSE 2005: 11)*

Although procurement laws in the UK generally prohibit the guaranteeing of any contracts to local contractors before construction begins, some approaches have been adopted by developers in the past to maximise the amount of money entering the local economy. These have included (adapted from CES 2009: 36):

- providing early details of the type of work that will be done locally
- holding briefings for contractors in the locality of the wind farm site
- indicating to all their contractors and suppliers a preference, for sustainable development reasons, for sourcing labour and materials locally

Many Scottish companies in the wider economy have already been successful in operating in the onshore Wind Industry, adding jobs to the national economy.

Action point:

14. The Government, in accordance with EU procurement laws, should examine ways of supporting the explicit local contracting of jobs for wind farm construction, operation and maintenance, and decommissioning.

5.4.3 Operations & Maintenance

The majority of jobs created by individual wind developments are short-lived, with few long-term full-time jobs directly created (O'Herlihy and Co 2006; Munday et al 2011). The Cefn

Croes project, the largest onshore wind farm in Wales with 39 turbines, employs just 4 on-site technicians (Munday 2011). Given the size of the development, this is not a significant contribution to the local economy. This situation is largely reflected in other developments across the UK.

5.4.2 Decommissioning phase

The decommissioning phase of a wind farm, after 25 years, is the time at which benefits from community funds / ownership stop accruing to the local community. If the community is to continue to benefit after decommissioning, this requires significant strategic planning from the community in question (see Section 2.3.3 for more on the potential of community benefit to provide long-term investment opportunities).

Although there are currently few community benefits (aside from employment of local firms) associated with the decommissioning phase of a wind farm, it may be that there are options to provide community benefit which are not being fully explored. A review of the costs and opportunities associated with this phase would allow this to be better understood.

5.4.3 Overview

Ultimately it is clear that different methods of community benefit provision have very differing benefits and drawbacks. Some models will work in some circumstances, but not in others. Although community funds are overwhelmingly the most used model for community benefit provision at present, it is clear that there is an appetite for innovation from many communities, as shown by the drive from communities such as Gigha to install their own turbines. This is supported by recent research by the Scottish Community Foundation (2011), who found that despite the prevalence of the community fund, communities were open to innovative models for providing benefit, such as shareholding in a development.

Chapter 5: Summary

Community funds have become the dominant form of benefits provision in the UK, and this is likely to become entrenched under current local authority guidance policies.

Community ownership schemes provide the strongest psychological link between a community and a development, but are currently very uncommon in the UK.

Benefits in kind provide a tangible and usually low-cost method of tailoring benefits to a community, but developers must be careful not to be perceived as offering these instead of financial benefits.

Because of the flexibility of the UK benefits system, developers have the opportunity to develop their own unique community benefit approaches as a 'unique selling point'.

6. Process for the Determination of Community Benefit

From the review of current community benefits provision, a number of clear conclusions emerge:

- Current models of benefit are too numerous and often complex, with little guidance on what works and what doesn't. This gap is being filled by prescriptive policies being set out by various local authorities.
- Communities are rarely given adequate involvement in the negotiation and decision making process for benefits.
- Despite their promise, community benefits are largely failing to deliver economic benefits at a local level.
- There is little strategic thinking for long-term investment with the majority of community benefits.
- There is an over-reliance on the community fund as a one-size-fits-all model.
- At present, there is a lack of guidance on community benefit best practice.

It is clear that at the root of all these problems is the lack of guidance and industry consensus on what is best practice as regards community benefits. Developers, often unsure about how to approach communities, either fall back on the simple approach of providing a pot of money for the community to spend, or develop a multitude of different models for each separate site. Though the idea of tailoring benefits may be laudable, in the absence of any reference for communities as to what is a good offer, many may feel frustration or distrust of what is being offered to them. The recently launched community benefits register is a start but should not sit by itself as the sole reference point. Rather it should be accompanied by a recommended approach in the form of a "best practice" process.

In establishing such a process there are a number of key strengths in current community benefits provision which should be recognised and retained:

- The ability to tailor policies to individual communities. Different types of benefit: community fund, community ownership and benefits in kind, can be appropriate to different situations.
- Because of this flexibility, the community benefit model can be led by the needs and desires of both communities and developers.
- Developers have the opportunity to create their own unique community benefit approaches as their own Unique Selling Point.

Any process by which community benefit is determined needs to take these advantages into account.

6.1 A process for the best practice determination of community benefit

The flowcharts on the following pages present a process by which this paper proposes that community benefit should be determined.

These flowcharts illustrate a step-by-step process which guides the developer from project inception through to the final benefit offer, ensuring that at every step the developer is taking into account the needs and desires of the community involved and the views of other key stakeholders, as well as considerations such as the developer's own profit margins and any 'unique selling points' they may offer. The set of steps is documentable and therefore auditable, ensuring that any final offer stands up to scrutiny by communities, the media and policymakers.

It is proposed that, any community benefit offer which has been developed through this process could be given a 'Stamp of Quality' certificate, to illustrate that good practice has been followed in its formulation. In conjunction with an industry Community Benefit Charter, the adoption of this approach would give developers a powerful tool with which to deliver effective, well-researched and useful forms of community benefit[2].

[2] These flowcharts represent a possible approach to solving the problems with current community benefit provision. As such, they should be agreed by all main stakeholders on a project-specific basis. It is proposed that, in Autumn, workshops be held with key stakeholders to further discuss how such an aim could be achieved.

Flowchart 1

Best Practice Community Benefit Development Process

June 2012

KEY

CF: Community Fund
CO: Community Ownership
BiK: Benefits in Kind

In favour
Possible
Opposed

Developer

What are our company aims?

What can we afford?

Community

What does the community want?

Local councils/ government

What is council / government policy?

NB 1: Where a community wishes it, or lacks capacity to negotiate itself, a local authority can provide support to, or act on behalf of, a community during the negotiation stage.

Offer in principle

CF	CO	BiK

Identify area of benefit

Mapping
GRO records
Council boundaries
Socio-economic studies

Ideal benefit offer

CF	CO	BiK

NB 2: Please note colours are used here for illustrative purposes only.

Consult with community representatives.

Community consultation survey (door-to-door/postal/exhibition)

Capacity building

Is there a representative body in place?

YES

NO

Consult with this body.

Can we help to establish one?

NO

YES

Three possible steps:
1. Consult with local council
2. Use results of survey
3.Developer decides approach

Consult with this body

Desired offer

CF	CO	BiK

Stakeholder desires compared

	Community fund	Community ownership	Benefits in kind
vento ludens			
Community			
Local authority/ government			

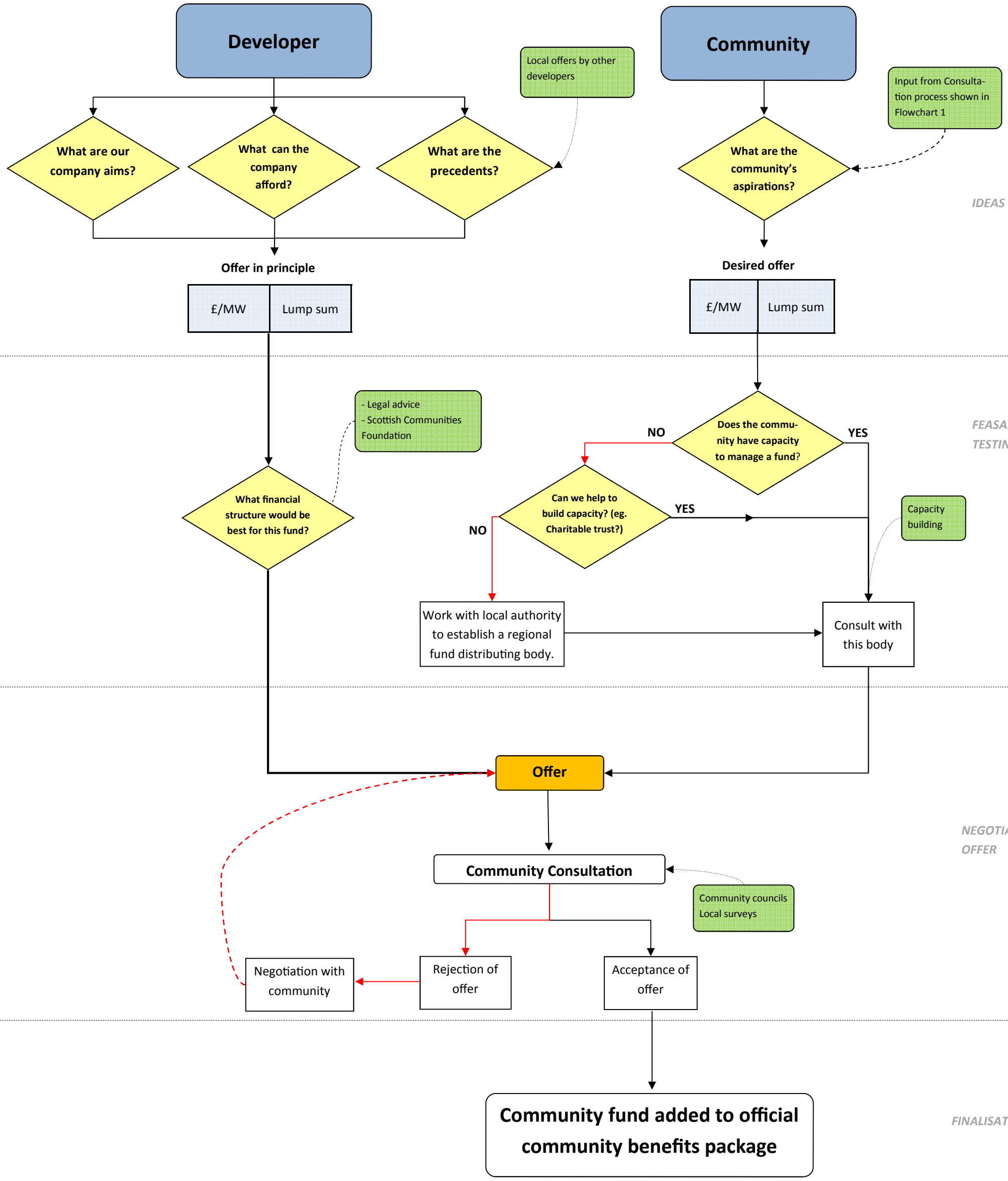
N.B 3: Local authority desires are presented greyed-out as their role in community benefit determination is as a consultee. The role of the local authority is important in setting local policy, but any use of a council policy must be agreed between the developer and community first. Alternatively a council can take a key role: see NB 1 above.

Developer to investigate the different options in parallel to determine the balance of the offer (see Flowcharts 2, 3 and 4)

Following negotiation, final community benefit offer decided.

Flowchart 2
Determining the Community Fund Offer
June 2012

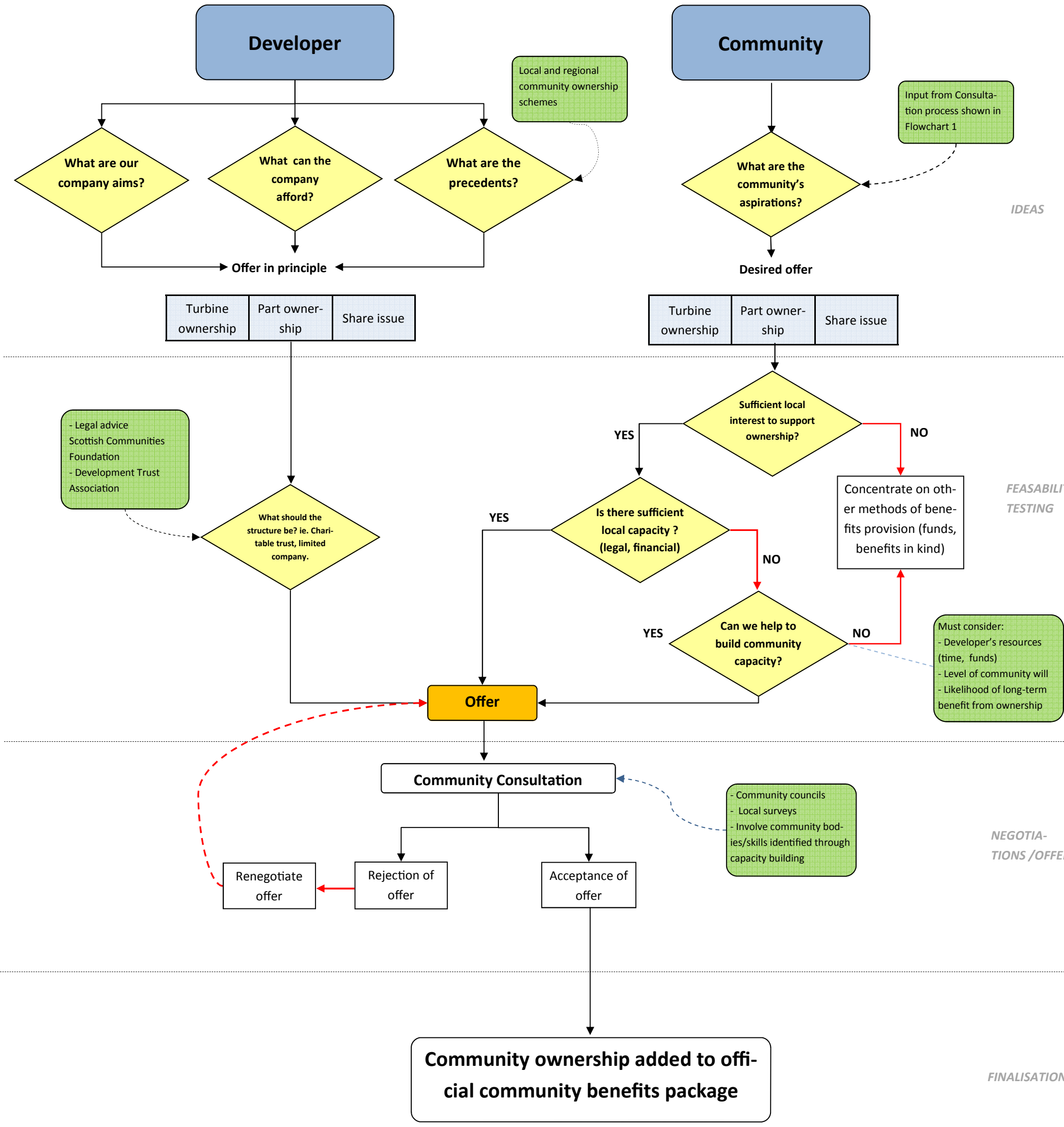
N.B. Offer must be decided predominantly by the developer and what they can afford, in negotiation with the community.



Flowchart 3

Determining the Community Ownership Offer

June 2012



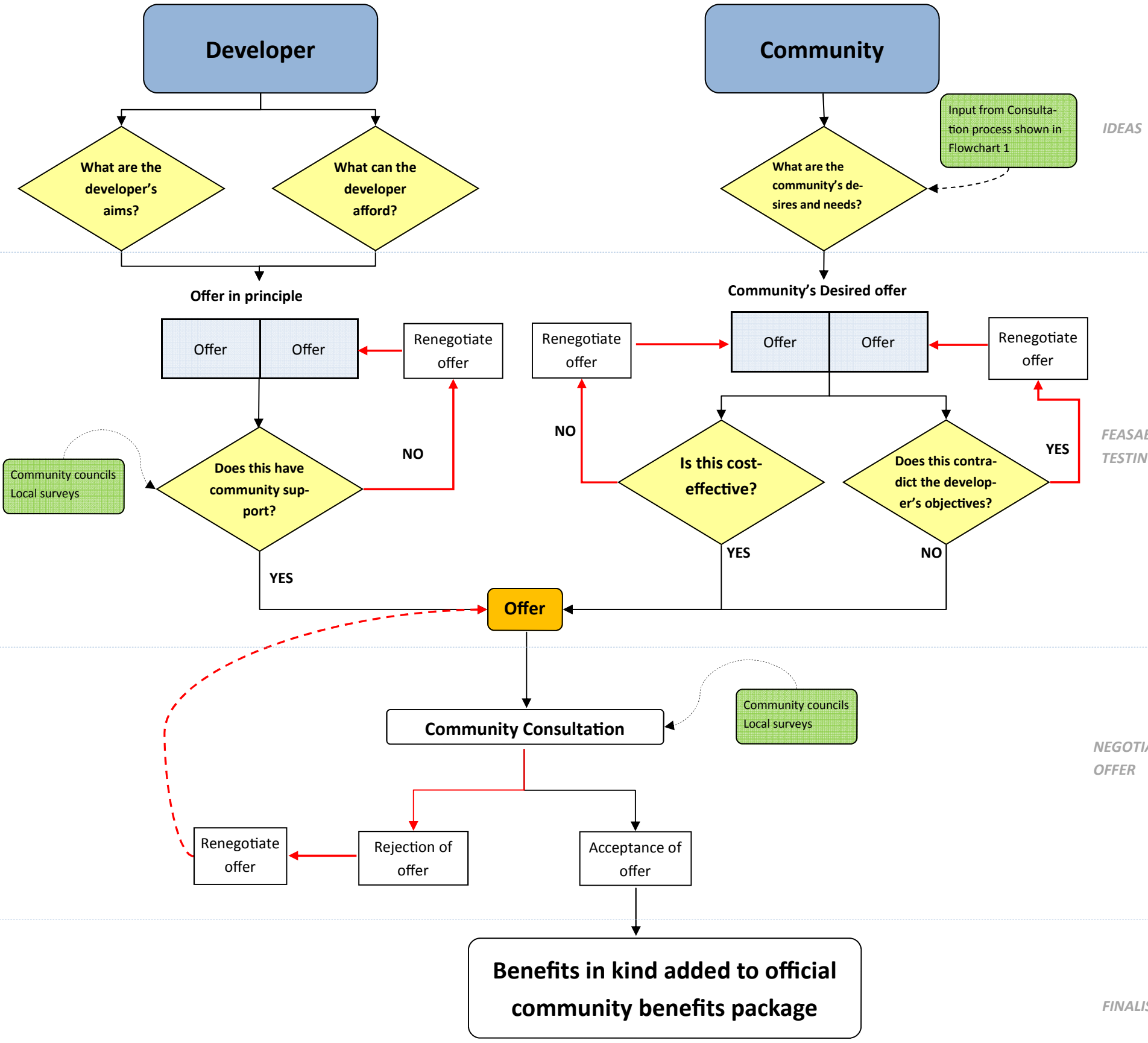
Flowchart 4

Determining the Benefits in Kind Offer

(inc. Economic Benefits such as apprenticeships provision)

June 2012

N.B. Offer needs to be **led by the needs of the community**, combined with the aims of the developer eg. a developer's aim to eradicate fuel poverty, combined with a community high fuel poverty level/low income. If a community did not possess high levels of fuel poverty, then the developer might have to reassess its default approach.



7. Recommended action points

Number	Action/recommendation	Page
1	Facilitate an industry consultation to develop a shared definition and national code of good practice for community benefit.	2
2	Industry, government and local communities should collaborate on the strategic use of community benefit, possibly with the aim of establishing a national investment fund (or series of regional funds).	8
3	The Scottish Government, in partnership with local authorities, should be urged to provide strategic guidance on community benefit. This would help reverse the trend towards a fragmented collection of different local authority policies.	9
4	Developers, in conjunction with communities, local authorities, government and social enterprises should do more to aid communities in capacity building and planning for long-term investment.	11
5	Can the wider Wind Industry propose standards for involving the community in benefit negotiations from an early stage?	14
6	At what point in the planning process should the final offer of community benefit be made, subject to operation being achieved?	14
7	Recommend that a 'plain-English' industry-endorsed guide to community benefit options is made available to communities to enable them to make informed decisions.	19
8	Recommend the creation of a virtual one-stop-shop where communities could access information on legislation, planning rules and financial structures etc.	19
9	Community funds are a convenient, but not necessarily the best, way of providing benefit. This has become a default offer from developers. The industry must be more innovative and proactive in offering different forms of benefit, tailored to the needs of communities.	26
10	Developers, funders, government and regulators all need to get together and consider how to reduce barriers to community ownership.	29
11	Can the industry lobby government/Ofgem to reduce market entry costs for small community projects?	29
12	Developers have the opportunity to specialise in unique supplementary benefits that build on the strengths of their organisations.	33
13	Industry suppliers should be encouraged to talk to Ofgem about removing barriers to providing cheap electricity prices to those directly affected by wind farms.	35

Number	Action/recommendation	Page
14	The Government, in accordance with EU procurement laws, should examine ways of supporting the explicit local contracting of jobs for wind farm construction, operation and maintenance, and decommissioning.	36

References

2020 Climate Group (undated) Investment models and case studies. [Online]. Available at http://2020climategroup.org.uk/files/community_funding_models.pdf. Accessed 8th May 2012.

Argyll & Bute Council (2005) *A new model of community trust funds*. [Online]. Available at http://www.argyll-bute.gov.uk/sites/default/files/planning-and-environment/Planning%20Awards%20A4%20handout.pdf. [Accessed 7th March 2012.]

Birchall, J. (2009) *A comparative analysis of co-operative sectors in Scotland, Finland, Sweden and Switzerland.* Co-operative Development Scotland: Glasgow. Available online at http://offline.cooperatives-uk.coop/live/images/cme_resources/Users/CMSUSER/Comparitive-Co-operatives.pdf. Accessed 26th March 2012.

Bolger, A. (2012) Wind turbine group to build Scottish plants. *The Financial Times*. March 23rd 2012. Available online at http://www.ft.com/cms/s/0/643560d6-7504-11e1-90d1-00144feab49a.html#axzz1qEJMYNdJ. Accessed 26th March 2012.

Bolinger, M. (2001) *Community Wind Power Ownership Schemes in Europe and their Relevance to the United States.* Lawrence Berkeley National Laboratory: Berkeley. Available at http://eetd.lbl.gov/ea/emp/reports/48357.pdf. Accessed 26th March 2012.

Campsie, A. (2011) Scotland 'running out of land' for wind farms. *The Herald.* December 26th 2011. Available online at http://www.heraldscotland.com/news/environment/scotland-running-out-of-land-for-wind-farms.1324875606. Accessed 26th March 2012.

Carrington, D. (2012) Local opposition to onshore wind farms has tripled, poll shows. *The Guardian*. March 1st 2012. [Available online at http://www.guardian.co.uk/environment/2012/mar/01/local-opposition-onshore-windfarms-tripled. Accessed 1st March 2012.

Centre for Sustainable Energy (CSE) (2005) *Community Benefits from Wind Power: A Study of UK Practice and Comparison to Leading European Countries – Report to the Renewables Advisory Board and DTI.* [Online]. Available at http://www.cse.org.uk/pdf/pub1049.pdf. Accessed 1st March 2012.

Centre for Sustainable Energy (CSE) (2007a) *Developing Community Benefit from Wind Energy Development: A Toolkit. A report for the Renewables Advisory Board and DTI.* [Online]. Available at http://www.cse.org.uk/pdf/pub1078.pdf . Accessed 1st March 2012.

Centre for Sustainable Energy (2007b) *The Protocol for Public Engagement with Proposed Wind Energy Developments in England: A Report for the Renewables Advisory Board and DTI.* Centre for Sustainable Energy, with BDOR and Peter Capener. Department of Trade and Industry.

Centre for Sustainable Energy (CSE) (2009) *Delivering Community Benefits from Wind Energy Development: A Toolkit.* [Online]. Available at http://www.decc.gov.uk/assets /decc/What%20we%20do/UK%20energy%20supply/Energy%20mix/Renewable%20energy/ ORED/1_20090721102927_e_@@_DeliveringcommunitybenefitsfromwindenergyATookit.p df. [Accessed 1st March 2012).

Climate Change Act (2008) London: UK Stationery Office. Available online at http://www.legislation.gov.uk/ukpga/2008/27/pdfs/ukpga_20080027_en.pdf. Accessed 20th March 2012.

Department for Communities and Local Government (2012) *National Planning Policy Framework.* Available online at http://www.communities.gov.uk/documents/ planningandbuilding/pdf/2116950.pdf. Accessed 4th April 2012.

Department of Energy and Climate Change (DECC) (2012) *Communities and Planning*. [Online] Available at http://www.decc.gov.uk/en/content/cms/meeting_energy /wind/onshore /comms_planning/comms_planning.aspx. Accessed 19th March 2012.

Devine-Wright, P. (2005a) Local aspects of UK renewable energy development: exploring public beliefs and policy implications. *Local Environment* 10: 57-69.

Devine-Wright, P. (2005b) Beyond NIMBYism: towards an integrated framework for understanding public perceptions of wind energy. *Wind Energy* 8: 125-139.

East Ayrshire Council (2002) *Minerals Trust Period Review.* Available online at http://docs.east-ayrshire.gov.uk/crpadmmin/AGENDAS/DEV%20SERV/DEC%202002/ Minerals%20Trust%20-%20Periodic%20Review.pdf. Accessed 26th March 2012.

Energy4All (2012) *Our History*. [Online]. Available at http://www.energy 4all.co.uk/ aboutus.asp?ID=ABT1&catID=1. Accessed 26th March 2012.

European Wind Energy Association (EWEA) (2012) *Wind in Power: 2011 European Statistics*. Available at http://www.ewea.org/fileadmin/ewea_documents/documents/publications /statistics/Stats_2011.pdf. Accessed 26th March 2012.

European Wind Energy Association (EWEA 2009) *Wind energy development in the EU 1998 to 2009*. Excel spreadsheet document: Available online at http://www.ewea.org/index.php?id=1486. Accessed 26th March 2012.

Fielding, A. and Haworth, P. (2010) *Golden Eagles and Wind Farms*. Haworth Conservation.

Financial Services Authority (FSA) (2012) *Industrial and Provident Societies.* [Online]. Available at http://www.fsa.gov.uk/doing/small_firms/msr/societies. Accessed 8th May 2012.

Gray, L. (2012) National Trust comes out against 'public menace' of wind farms. *The Telegraph*. February 12th 2012. [Available online at http://www.telegraph.co.uk/

earth/earthnews/9077468/National-Trust-comes-out-against-public-menace-of-wind-farms.html]. Accessed 19th March 2012.

O' Herlihy and Co Ltd (2006) *Wind farm Construction: Economic Impact Appraisal*. Glasgow. Available at http://www.scottish-enterprise.com/~/media/SE/Resources/Documents/Sectors/Energy/energy-renewables-reports/windfarm-construction-appraisal.ashx

Highland Council Community Benefit Conference (2012) *Community Benefit FAQs.* Friday 24th February 2012. Inverness: Highland Council.

House of Lords, European Union Committee (2008) *The EU's target for renewable energy: 20% by 2020. Volume 1: Report.* Available online at http://www.publications.parliament.uk/pa/ld200708/ldselect/ldeucom/175/175.pdf. Accessed 20th March 2012.

IHS Emerging Energy Research (2012) Global Wind Turbine Supply Market Evolution. Available online at http://www.emerging-energy.com/Content/Document-Details/Wind/Global-Wind-Turbine-Supply-Market-Share-Evolution/1238.aspx. Accessed 20th March 2012.

Krohn, S. and Dambourg, S. (1999) On public attitudes towards wind power**.** *Renewable Energy* 16: 954-960.

Macintosh, E. (2008) *An evaluation of wind farm community benefit funds in Scotland*. BSC Hons dissertation. Scottish Agricultural College/The University of Edinburgh.

Mainshill Trust (2012) *About the Mainshill Trust*. Available online at http://mainshilltrust.co.uk/. Accessed 26th March 2012.

Mitchell, R. (1994) *Community Involvement in Renewable Energy Projects*. ETSU K/FR/00095/REP. Gloucestershire, England: Rubicon Link for the U.K. Department of Trade and Industry.

Munday, M., Bristow, G. and Cowell, R. (2011) Wind farms in rural areas: How far do community benefits from wind farms represent a local economic development opportunity? *Journal of Rural Studies* 27: 1-12.

Murray, J. (2011) *industry warns Localism Bill could spark yet more planning delays*. businessGreen. [Online]. Available at http://www.businessgreen.com/bg/news/1937642/wind-industry-warns-localism-spark-planning-delays. Accessed March 19th 2012.

Musall, F.D. and Kuik, O. (2011) Local acceptance of renewable energy – A case study from southeast Germany. *Energy Policy* 39: 3252 – 3260.

Nicoll, V. (2010) Wind farm a star turn with 120,000 visitors in a year*! Evening Times*. December 30th 2010. Available online at http://www.eveningtimes.co.uk/news/editor-s-

picks/windfarm-a-star-turn-with-120-000-visitors-in-a-year-1.1077140. [Accessed 7th March 2010.]

Philanthropy UK (2003) Charitable trusts. [Online]. Available at http://www.philanthropyuk.org/publications/guide-giving/how-give/charitable-trusts. Accessed 12 April 2012.

Planning Aid Scotland (2011) Glossary of Common Planning Terms in Scotland [Online]. Available at http://www.planningaidscotland.org.uk/images/pdf/glossary.pdf. Accessed 5 May 2012.

The Fermanagh Trust [online]. (2012) *Maximising Community Outcomes from Wind Energy Developments.* Available from: http://www.fermanaghtrust.org/cms/uploads /1/Summary_REPORT.pdf. [Accessed 5th March 2012].

RenewableUK (2011) *A Community Commitment: The Benefits of Onshore Wind.* [Online]. Available at http://www.bwea.com/pdf/publications/CommunityBenefits.pdf. [Accessed 1st March 2012.]

Sayers, M. and Follan, E. (2010) *Vulnerable Communities and Community Ownership in Scotland: A review of literature, policy and practice.* Oxfam. Available online at http://www.oxfam.org.uk/resources/policy/right_heard/downloads/community-ownership-071210-en.pdf. Accessed 26th March 2012.

Scottish Borders Council (undated) *Achieving Community Benefits from Commercial Windfarms in the Scottish Borders.* Available online at http://www.community pathways.org.uk/resource/achieving-community-benefits-commercial-wind-farms-scotland. Accessed 8th May 2012.

Scottish Community Energy Network (SCENE) Conference (2012) *Engaging with Communities in Renewable Energy: A Business Forum.* March 30. Edinburgh: Edinburgh Centre for Carbon Innovation.

Scottish Community Foundation (2011) *A Research Report into Community Benefit Funds (Scotland) provided by Major Wind Farm Developers for Vattenfall.* Scottish Community Foundation: Edinburgh.

Scottish Council for Development and Industry (SCDI) (2008) *The Future of Electricity Generation in Scotland*. Wood McKenzie. Available at http://www.scdi.org.uk /energy/SCDI_Future_of_Electricity_Generation_in_Scotland.pdf. Accessed 7th March 2012.

Scottish Enterprise (2012) *Key Facts.* [Online]. Available at http://www.scottish-enterprise.com/your-sector/energy/energy-background/energy-key-facts.aspx. Accessed 8th May 2012.

Scottish Government (2009) *Scottish Community Empowerment Action Plan*. Crown Copyright. Available at http://www.scotland.gov.uk/Resource/Doc/264771/0079288.pdf. Accessed 7th March 2012.

Scottish Government (2011a) *Community benefits from renewables*. December 2nd 2011. Available online at http://www.scotland.gov.uk/News/Releases/2011/12/01135633. Accessed 7th March 2012.

Scottish Government (2011b) *Low Carbon Scotland: Meeting the Emissions Reduction Targets 2010 – 2022*. Scottish Government: Edinburgh. Available online at http://www.scotland.gov.uk/Resource/Doc/346760/0115345.pdf. Accessed 20th March 2012.

Scottish Government (2012) *Renewable Energy*. [Online]. Available at http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185. Accessed 20th March 2012.

ScottishPower Renewables (2008) *Two Golden Eagle chicks hatched at ScottishPower Renewables' Beinn an Tuirc Wind Farm site*. [Online]. Available at http://www.scottishpower. com/Casestudies_1779.asp. [Accessed 5th March 2012).

Scottish Renewables (2011) *Onshore wind energy facts*. Available at http:// www.scottishrenewables.com/static/uploads/publications/wind_fact_sheet_june2011.pdf.

Scottish Renewables (2012a) *Onshore wind*. [Online]. Available at http://www.scottishrenewables.com/technologies/onshore-wInd/. Accessed 7th March 2012.

Scottish Renewables (2012b) *Delivering the Ambition: Employment in Renewable Energy in Scotland.* Available online at http://www.scottishrenewables.com/static/uploads /hidden_links/sr_jobs_report_21032012_-web.pdf. Accessed 4th April 2012.

Scottish Renewables (2012c) *Scottish Renewables' Letter to The Highland Council on Community Benefit Policy.* Available online at http://www.scottishrenewables .com/publications/letter-highland-council-community-benefit-policy/.

SDI (2012) *Offshore wind energy in Scotland*. [Online]. Available at http://www.sdi.co.uk/ sectors/energy/sub-sectors/offshore-wind.aspx. Accessed 26th March 2012.

Shetland Charitable Trust (2011) *Trustees Report and Consolidated Financial Statements.* [Online]. Available at http://www.shetlandcharitabletrust.co.uk/assets/files/accounts/ SCT%20Fanancial %20Statements%20to%2031%20March%202011.pdf. Accessed 26th March 2012.

SSE (2011). *SSE establishes new £90 million onshore wind community investment plan.* Press release, issued 30th November 2011. Available at http://www.sse.com/News /PressReleases/2011/

Stanford, M. (2004) *Community ownership: The best way forward for wind power?* MSc. University of East Anglia. Available online at http://www.uea.ac.uk/env/all/teaching/eiaams /pdf_dissertations/2004/Stamford_Mike.pdf. Accessed 26th March 2012.

The Telegraph (2012) *Full letter from MPs to David Cameron on wind power subsidies*. February 5th 2012. Available online at http://www.telegraph.co.uk/earth/energy/ windpower/9061554/Full-letter-from-MPs-to-David-Cameron-on-wind-power-subsidies.html. Accessed 7th March 2012.

Toke, D. and Strachan, P.A. (2006) Ecological modernisation and wind power in the UK. *European Environment* 16: 155-166.

TLT Solicitors (2007) *Bankable Models Which Enable Local Community Wind Farm Ownership: A report for the Renewables Advisory Board and DTI*. Department of Trade and Industry: London. Available online at http://webarchive.nationalarchives.gov. uk/+/http://www.berr.gov.uk/files/file38707.pdf. Accessed 19th March 2012.

Vaughan, A (2012) Gamesa announces plans to build £125m offshore wind farm facility. *The Guardian.* March 23rd 2012. Available online at http://www.guardian.co.uk/environment /2012/mar/23/gamesa-offshore-windfarm? newsfeed=true. Accessed 26th March 2012.

Walker, D., McGrady, M., McCluskie, A., Madders, M. and MacLeod, D. (2005) Resident Golden Eagle ranging behaviour before and after construction of a wind farm in Argyll. *Scottish Birds* 25: 24-40.

Warren, C.R, Lumsden, C., O'Dowd, S. and Birnie, R.V. (2005) "Green On Green": Public perceptions of wind power in Scotland and Ireland. *Journal of Environmental Planning and Management*, 48(6), pp.853-875.

Westmill Wind Farm (2007) *Community Owned Green Energy.* [Online]. Available at http://www.westmill.coop/westmill_aboutus.asp?ID=ABT4. Accessed 19th March 2012.

Wolsink, M. (1996) Dutch wind power policy: stagnating implementation of renewables. *Energy Policy* 35: 2751-2760.

Wustenhagen, R., Wolsink, M. and Burer, M.J. (2007) Social acceptance of renewable energy innovation: an introduction to the concept. *Energy Policy* 35: 2683-2691.

APPENDIX A

Scottish Government Consultation Exercise on Community Benefit

The Scottish Government held a consultation entitled "*Securing the benefits of Scotland's next energy revolution*" between 29th November 2010 and 25th February 2011. A total of 104 responses were received**.** Following the consultation the Scottish Government decided not to issue explicit guidance on community benefit, but instead to publish an online register of benefit fund payments.

The Scottish Government noted in its introduction to the consultation that it was inclined to support greater transparency in aiding communities to understand the types of community benefit on offer to them, and that it saw merit in the creation of an openly accessible register of benefits in Scotland

Key questions relating to community benefit and a summary of responses is provided below:

3a: Should a community benefit register, covering all renewable technologies, be placed on a statutory footing?

- A majority of respondents agreed. Local authorities, individual and third sector respondents were generally supportive; most private sector and energy were not.
- Some of those for and against the idea raised similar issues raised concerns that a register could hinder industry development by creating a disincentive for some developers or by inflating expectations.
- Some felt the register should be flexible, taking account of the individuality of each project and associated community.
- It was thought that the register may in essence endorse a code of conduct for community benefit agreements, and encourage positive community engagement.

3b: Which specific aspects of a development should it make reference to?

Respondents gave an extensive range of information to include in a register of community benefit:

- Development details (i.e. technology type, installed and generated capacity, location, operational timeline, capital costs, income generated, land ownership).
- Defined 'local community' to receive benefits.
- Financial community benefits (i.e. amount paid, administration of funds, and local community expenditure).
- Associated non-financial benefits (i.e. socio-economic benefits, including infrastructure, supply chain, jobs created, and environmental benefits e.g. habitat management).
- Impacts of developments (e.g. displaced economic activity, loss/gain in amenities, Environmental Impact Assessment findings).

- Additional comments called for a flexible, case-by-case approach to community benefit.

3c: Should information on existing community benefits flowing from operational onshore wind-farms be covered by these proposals for a register?

- 31 of 54 respondents were in favour of this proposal and 17 against (predominantly Private sector: energy).
- The majority of those in support felt that the existence of a full record would lead to much more transparency in community benefits provision.
- Others felt that it could potentially undermine community/developer relations.
- Again, there was confusion over why only the renewables sector was being targeted.
- While respondents felt that much of the relevant information was already publicly available, they did not necessarily see the usefulness of comparing inherently different developments and recommended that encouraging partnerships was preferable to securing 'community funds'.

4a: Can the present arrangements within the planning system be developed to secure the benefits of Scotland's next energy revolution in a more creative way whilst maintaining the impartial and legal requirement for sound planning decision-making?

There were 48 responses to Question 4a. There was no clear consensus on the matter. Generally speaking, there were several themes across responses from those who thought that present arrangements within the planning system *could* be developed to secure the benefits.

- These included the inclusion of enhanced community consultation during the planning process and Community Benefit Statements accompanying planning applications.
- A wide variety of respondents thought that attempting to secure benefits through the planning system could threaten its integrity.
- There were concerns that such changes could potentially lead to developers 'bidding' for planning consents permission’. It was also felt that marginal and smaller scale development could suffer.

4b: Is there merit in seeking to introduce a Statement of Community Benefit to accompany applications for wind farm developments?

- Approximately half of the respondents (31 of 59) supported the idea of a Statement of Community Benefit.
- The Statement of Community Benefit was generally accepted as enhancing transparency, encouraging and facilitating better community engagement.
- Those opposing the proposal thought that it would be inappropriate as it could be seen as unduly influencing planning decisions. There was again concern that it would negatively impact the viability of smaller scale developments from the energy sector.

6: What other options are there for securing community benefit from renewables and other low carbon energy developments? Where should the revenue generated be directed and how should it be used?

- In total there were 58 responses to these open questions. Supporting small-scale, community owned renewable energy projects and investing in energy efficiency were popular suggestions.
- Identified community benefits included domestic energy security at a reduced cost which, with better insulation to reduce energy demand, could help address fuel poverty and reinforce Scotland's commitment to investing in a low-carbon economy.
- The importance of investment in research and development, increasingly effective energy production and storage technologies was mentioned.
- Investment in education, skills and infrastructure development which are beneficial to both local communities and developers was considered an effective regime for securing long-term community benefit. When aligned with adequate local community education and skills development, this has the potential to increase local employment and provide associated socio-economic benefits.
- Development of the local supply chain would encourage industry investment and development in Scotland.
- There was general agreement that benefits should be channelled, at least in part, to local communities impacted by developments. It was suggested that an independent assessor may be appointed to determine the local community based on the level of impact of renewables developments.

  A division of revenues between local communities and a broader fund operating at a national level, such as the suggested Future Generations Fund, was suggested by several respondents.

APPENDIX B

Scottish Local Authorities Guidance Policies on Community Benefit

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Aberdeen City	No current policy	No current set amount	- Supports the development of the community benefit register. - They state that community benefit funds should have a high level of clarity and should create a tangible return for those most affected. - Aberdeen City Council is a signatory of the Aalborg Commitment which is an action tool to reinforce the United Nations Local Agenda 21 action plan which promotes Sustainable Development.	No current policy	None currently, focus on offshore developments	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Aberdeenshire Council	No specific policy but covered by a policy dated 2011	No set amount, examples between £1000 - £2000 per MW installed	- Economic Development Strategy 2011-2016 states that Aberdeenshire aims to be a location of choice for the renewables sector. - An objective of this Strategy is that developments should support communities in becoming more self-sufficient and sustainable through the community benefits renewable energy can offer.	Adopted	No exact figure but as of January 2012 capacity of >120MW had been installed with >200MW consented. Including the 75MW development at Midhill and the 50MW development at Clashindarroch	Significant wind farm development is occurring in Aberdeenshire and the community benefit policy appears misaligned. Aberdeenshire Council to be contacted to confirm position.
Angus Council	No specific policy but covered by a policy dated 2009 (under review)	No set amount	- Current advice: Where renewable energy schemes accord with policies in this local plan (ER34 and ER35) there may be opportunities to secure contributions from developers for community initiatives. - Local Plan Policies currently under review as of January 2012 are: - ER34: Renewable Energy Developments and; - ER35: Wind Energy Development and those factors that will be taken into account in considering and advising on proposals for renewable energy projects in Angus. - From this a specific approach to community benefit could emerge.	In consultation.	No developments >5MW	The outcome of the current consultation is expected soon.

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Argyll & Bute	2005	£2000 per installed MW, with an additional £1000 per MW based on actual annual output	-- Funds to be split – 60% to local community, 40% to wider Argyll & Bute area - Online register of benefits published online. - Council and developer agree a Strategic Concordat whereby developers voluntarily agree to provide funding to the community and the Argyll, Lomond and Island Energy Agency (ALI Energy). - Community money to go into Community Wind Farm Trust Fund (CWFTF).	Adopted. Out for new consultation as of March 2012, consultation due to end May 2012.	9 operational 4 approved or under construction 4 in planning 4 scoping	The outcome of the current consultation is expected soon.
Clackmannanshire Council	No current policy	No set amount	- Currently there is no set policy in place. - NB. Clackmannanshire Council is working closely with the Partnership for Renewables aiming to develop a council owned wind development to benefit the community.	N/A	1 operational 1 in planning	Clackmannanshire Council to be contacted to confirm wind farm figures.

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Dumfries and Galloway	2005	> £2000	- 60:40 split of funds between local community (15km of farm) and region - Fund to be used to support a low carbon economy, as well as the environment, culture & tourism, affordable housing, community transport, improved broadband and the economy. - Encourage communities to take an equity stake in wind farms, managed through a community trust or similar - Maintain a developer contributions officer - Aid communities in ensuring that any negotiating bodies have the financial and technical expertise necessary	Adopted	9 operational 9 approved or under construction 18 in planning	
Dundee City Council	No current policy	No set amount	- No set guidance available.	N/A	No developments >5MW	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
East Ayrshire Council	2007	£2,500 per MW produced per annum	- Requires wind farm developers to contribute to a dedicated Renewable Energy Fund (REF) administered by the Council - REF to be used to fund sustainable community projects. - For a period of 5 years from the commencement of construction work, all contributions will be directed exclusively to local projects within 10km of the boundary of the wind farm. - Thereafter, 50% will be directed towards local projects with 50% being reserved for use in the wider East Ayrshire area.	Adopted	5 operational 4 approved or under construction 6 in planning A further 1000MW (400+) turbines are at the scoping stage or awaiting a S36 decision	
East Dunbartonshire Council	No current policy	No set amount	- No set guidance on community benefit.	N/A	N/A	No windfarms in council area.

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
East Lothian	No current policy	No set amount	- No guidance on community benefit provided.	N/A	1 operational (1 overlapping East Lothian and Scottish Borders boundaries) 1 under construction 1 refused	
East Renfrewshire Council	No current policy	No set amount	- No set policy on community benefit, but has adopted a community fund approach towards the only operational wind farm in the council area - Whitelee wind farm has created a community fund to the value of £140,000 per annum, which is administered by the council environment department. - Funding only available for capital projects, primarily targeted at projects needing less than £20,000	N/A	1 operational	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Edinburgh City Council	No current policy	No set amount	- No guidance available. - Area highlighted as only suitable for small scale renewables.	N/A	N/A	
Falkirk Council	No current policy	One project is set to grant £5,000 per MW installed	- No set community benefit policy.	N/A	2 in planning 3 scoping A further 6 are located in other Councils but cross over into the Falkirk boundary.	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Fife Council	2012	Between £2,500 - £4,000 per MW installed depending on project merits	- Fife Council published a guidance note on community benefit in March 2012. - Proposal WE2 in the Fife Wind Energy SPG outlines that Fife Council will prepare customer guidance notes based upon emerging Scottish Government guidance.	Adopted and working on future guidelines	1 consented 5 in planning	
Glasgow City Council	No current policy	No set amount	- No set guidance on community benefit	N/A	N/A	
Highland	2012	£5000	- Funds to be distributed between local level (55%), area level (30%) and pan-Highland level (15%) - No prescription on how funds should be administered. - Council is willing to step in as an administrator of funds if communities fail, but prefers if communities take an active role in administering funds - £5000 is a baseline figure, and other forms of benefit should also be considered for communities	Adopted	23 operational 16 approved or under construction 23 in planning 2 under appeal 28 scoping 11 refused 8 withdrawn	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Inverclyde	No current policy	N/A	- No set guidance on community benefit.	N/A	0 operational 1 withdrawn 1 refused	
Midlothian	No current policy.	N/A	- No set guidance on community benefit.	N/A	0 operational 1 refused 3 in planning	
Moray	No current policy – in development.	tbc	- Working on a draft policy for community benefit, expected to be circulated in April 2012 - Aims to cover all forms of renewable energy, not just wind	Under consultation - Draft due April 2012.	4 operational 4 consented 3 in planning	Consultation draft due April 2012
North Ayrshire	2007	> £3500	- Community Benefit from Renewable Energy fund established, to administer funds from developers. - All benefit money goes into this North Ayrshire-wide fund. - To be used to fund environmental improvements of the physical environment, environmental education and sustainability work.	Adopted	3 operational 2 approved or under construction 2 refused (1 on appeal) 3 withdrawn	Midlothian Council to be contacted to ascertain more details of their policy – publically available information is scant

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
North Lanarkshire	No current policy.	N/A	- No set guidance on community benefit.	N/A	2 operational 1 consented 4 in planning	
Orkney Islands	2009	£2000 per installed MW, plus £1000 per MW installed x actual efficiency in any given year	- Strong backing for community owned projects, with council announcing it would consider investing its own funds in these schemes - A combination of payments based on installed capacity and actual electricity generated is thought to be most fair by the council.	Adopted	1 operational 1 under construction	
Perth & Kinross	No current policy.	N/A	- No set guidance on community benefit. - Considered introducing a council-wide fund in 2004 but did not act on this	N/A	3 operational 3 approved or under construction 1 scoping 2 refused	Perth and Kinross Council to be contacted to confirm wind farm figures and whether policy is in development.
Renfrewshire	No current policy.	N/A	- No set guidance on community benefit.	N/A	No windfarms in area.	No windfarms in council area.

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Scottish Borders	2006	No defined per MW amount	- No clear guidance policy as yet - Has issued a toolkit to aid communities in negotiating benefits	Adopted	11 operational 3 approved or under construction 11 submitted pending outcome 1 on appeal 7 refused 1 approved on appeal	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Shetland Islands	No current policy.	N/A	- No set guidance on community benefit.	N/A	2 approved or in construction	
South Ayrshire	2006	To reflect wider industry practice in Scotland	- 60% of fund to go to those within 5km of development, 40% to those within 15km - Preference for a 'Super Company' to administer the 40% wider area funds - Bodies distributing funds should be comprised largely of local people. - Initially bodies to administrate funds were set up with council involvement – this has ceased in some cases following local capacity building (eg. at Hadyard Hill).	Adopted	3 operational 3 in planning 1 scoping 1 refused 1 withdrawn	
South Lanarkshire	2004 updated 2010	£2,500 per MW minimum payment	- 2 funding options: Renewable Energy Fund (REF) and Local Grant Scheme. - REFs receive 70% of income and are administered by the council. Gives grants over £10,000 up to 50% of total 'eligible' costs. - REFs focus on larger 'legacy' projects - 30% goes into Local Grant Scheme administered by the South Lanarkshire Rural Partnership. Grants of less than £5,000 and up to 100% of total 'eligible' costs for smaller community-based projects. - Funds used up to 10km from the site, with preference given to sites within 5km. - Council – not communities – negotiates with developers.	Adopted	7 operational 10 consented or under construction 8 submitted pending outcome	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Stirling	N/A	N/A	- Developers directed to liaise with the council's Economic Development officers to determine scale and nature of any potential economic spin-offs, and whether they meet the tests set out in Circular 1/2010 Planning Agreements - A report on this will then be used as a Material Consideration when the council considers the application	N/A	4 operational 1 approved or under construction 3 in planning	How does Stirling's use of benefit as a material consideration accord with legal guidance?
West Dunbartonshire	No current policy.	N/A	- No set guidance on community benefit.	N/A	1 in planning	No windfarms in council area as yet.
West Lothian	2008	Information not available	- Set up the West Lothian Development Trust. - - Comprises of members from the communities within 10km of the developments, West Lothian Council and the windfarm developers. - 70% of funding received will be spent in communities within 5km. The remaining 30% will be spent within 10km - Project should either relieve poverty, secure economic benefits, increase renewable energy provision and/or encourage environmental improvement.	Adopted	1 operational 2 approved 2 in planning	

Council	Date of policy	Recommended payment per MW	Guidance on other benefits	Status (adopted/in consultation)	No's of wind farms (over 5MW)	Comments
Western Isles	No current policy.	Information not available	- No set guidance on community benefit. - Hope to develop a structure to apply community benefit over the next 5 years	N/A	- 0 operational - 5 approved or under construction - 3 in planning	

APPENDIX C

Developer Policies on Community Benefit

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
SSE	£5000 per MW payment: £2500 payable to the local community projects and £2500 to projects in the wider geographical area.	2011	Strathy North	This approach is widely used by SSE and is the approach taken at all developments.
RES	All projects undergo extensive consultation to ensure they benefit local people and businesses. RES indicate a preference to set up trusts allowing the community to distribute funds as they see fit. The benefits are delivered through a community benefits package and using local contractors where possible.	Unknown	Dunlaw	At Dunlaw a trust fund grants approximately £50,000 to local projects every year. There are terms and conditions attached to funds but it is unclear if RES or the trustees implemented them. Occasionally deliver benefits in kind such as buying a new industrial oven for community centre in Roos.

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
Falck	Falck offer a community benefit package in two parts: a Revenue Benefit and a Performance Payment. On average this equates to an average annual payment of £1,000 per installed MW, additionally a local cooperative is set up which ensure community ownership of at least one turbine. Where a development is small a community ownership package is preferred to per MW grants.	Unknown	Dunbeath	Focus on encouraging community ownership and supporting the creation of cooperatives in the community.
E-on	Establish a Community Liaison Group to keep the local community informed throughout. Visits local schools to teach children about energy. Financial benefits include a Community Benefits Fund potentially worth up to £750,000 a year, payable upon construction. This equates to £5,000 for each potential MW installed.	Unknown	Corsbie Moor	Focus on combining outreach education and financial support to communities.

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
Vattenfall	Aim to develop Community Benefit Packages proportionate to the local community. On average the benefits are equal to £5,000 per MW installed.	Company focus on responsible energy development for over 100years.	Blackmyre Moor	Vattenfall prefer to calculate community benefit based on installed MW capacity. They are another developer who states £5,000 per MW as an average amount granted.
ScottishPower Renewables	In the absence of a clear policy from the relevant local authority, ScottishPower Renewables will offer a community benefit as follows: Funds will be allocated on a local authority area, based upon the location of turbines. Where a wind farm crosses local authority boundaries funds will be disbursed pro rata to each local authority areas. The preferred ScottishPower Renewables option is to devolve decision-making on the use of funds to a local mechanism established by the local community. The funds shall be managed by an accountable body, with clear governance arrangements	2008	Cruach Moor	ScottishPower Renewables community benefits packages vary widely between sites (over 28 different models). Packages are decided through negotiation with local authorities and communities.

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
Banks Group	Developments will provide a boost for the local economy through the use of local contractors where possible, to construct and maintain the proposed wind farm. Provide direct local funding over 25 years with significant opportunities for many local clubs and groups along with long-term support to local community action plans. Additionally depending on the site Banks Group offers individuals investment opportunities in wind farm developments.	Unknown	Kype Muir	Banks Group offer financial support in line with their gross annual revenue: approximately 1.5% is granted to community projects. The development at Kype Muir could potentially generate £8.9million for the local community over its lifetime. A sum of £2,500 per MW installed would be granted to the local council Renewable Energy Fund and the remainder would be administered through a Banks Group community fund.

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
CarbonFree	CarbonFree tend to favour a community ownership model or long-term income for the community. At the Earlseat development Carbon Free will invest in the local community through the creation of an innovative community benefit package. Working with Adam Smith College, Skills Development Scotland and employers in Energy Park Fife, Carbon Free will fund a renewable energy apprentice scheme with payments of more than £60,000 per annum. At Neilston, the community is offered a 49.9% stake in the wind farm.	Unknown	Earlseat, Neilston	The community benefit packages offered at Earlseat and Neilston are unique and not linear with the community benefit usually offered by CarbonFree.

Developer	Known/acknowledged policy	Date of policy	Examples	Comments
Infinergy	Revenue from the wind farm will be donated into a trust fund. It will be up to the local residents to decide how the money is best invested. Recent projects such as Limekiln have received payments up to £5000 per megawatt. Aim to work with local consultants, contractors and service providers wherever possible. With enough wind farms the UK will be able to develop and sustain its own wind energy industry, creating permanent jobs for thousands of people across the UK.	Unknown	Limekiln, Vectis	At Vectis wind farm, have collaborated with community to form a Local Energy Organisation offering discounts on electricity to local residents.
RWE nPower	In most RWE nPower offers a community fund, index linked in line with RPI. Packages are designed with the size, geography and demographics of the community in mind. New wind farms such as the proposal at Carnedd Wen, are offered £5000 per megawatt.	Undated	Farr, Carnedd Wen, An Suidhe	

APPENDIX D

Types of Community Benefit used in the UK

Category of benefit	Specific Benefit type	Examples	Case study
Community fund	Community fund	Annual or lump sum payments	Farr/ Burton Wold
Community ownership	Community ownership	Community wholly or partly owns a wind development	Fintry/ Isle of Gigha
Benefits in kind	Habitat improvement	Mire restoration, landscaping, tree planting	Beinn an Tuirc/ Cefn Croes
	Visitor centres/tourist facilities	Visitor centre construction, new footpaths, bike trails	Whitelee/ Altahullion
	Community amenities	New professional oven for the local community centre	Roos
	Electricity discounts	Rebates on electricity bills for local people	Vectis
	Apprenticeships	Funding local colleges to deliver apprenticeships in renewable energy	Earlseat
Economic benefits	Use of local contractors	Using local construction staff to help install turbines	Rothes (Cairn Uish)/ Blacklaw

APPENDIX E

Summary of Models of Community Ownership

(adapted from CSE 2009 and TLT Solicitors 2007)

Model of community ownership	Description	Pros	Cons
Community owned: Ownership of whole development (eg. Gigha)	- Community raises enough money to buy or build complete development - Shares are owned by those who provide money to invest in the development. - Suited to smaller schemes. - Generally a minimum investment level is set. - Involve setting up a co-operative or a public limited company	✓ Community retains control of the development ✓ 100 percent of profits returns to the shareholders ✓ Can help support local economy ✓ Sense of ownership of the development	✘ Raising funds can be challenging without developer backing ✘ May receive no dividend if costs are high, or not as much electricity is generated as expected. ✘ May be a delay of several years before dividends are first paid. ✘ Some people may not be able to afford to invest and may therefore see very little benefit – could be divisive. ✘ Administration can be complex and expensive.
Partly owned: Investment by individuals (eg. Harlock Hill)	- Individuals purchase shares in wind farm developments and form a co-op or PLC - Suited to large schemes to guarantee returns	✓ Limited liability for shareholders ✓ Developer can take on complex aspects of administration and funding ✓ May be easier to obtain funding	✘ Some people may not be able to afford to invest and may therefore see very little benefit – could be divisive. ✘ May not be able to raise funds from local community alone – may have to go out-with the community.

Model of community ownership	Description	Pros	Cons
Community ownership of certain turbines or a percentage of turbines (eg. Fintry)	- Community can raise enough equity to purchase a few turbines/percentage of turbines but not the entire development.	✓ Community feels a sense of ownership over 'their' turbines ✓ Developer can take over if the community body fails, a comfort for banks ✓ Option to invest post-commissioning, thus ensuring community doesn't take on any risk ✓ Community develops skills in project management ✓ Community gets more say in how money is spent	✘ May be difficult to get loans if community has no experience of a similar project
Community investment in joint venture	- When community cannot raise the equity required for a development by itself - Form a joint venture company between the community and the developer - Typically used for large-scale projects	✓ Skills and expertise from developer ✓ Banks more likely to approve loans ✓ Potentially able to negotiate cheaper deals for turbines etc. ✓ Early stage risk and finance provided by developer	✘ Community may not feel full ownership over the project ✘ Possible conflicts over priorities – community may want different things than the developer

APPENDIX F

Case Studies of Community Benefit from across the UK

Adapted from RenewableUK 2011

Cefn Croes (Falck Renewables)

- Charitable trust with a board which decides how funds will be allocated.
- Developer sponsors the Red Kite Challenge race every year.
- Developer contributes £10,000 a year to habitat restoration in the area – lots of upland mire had been degraded by forestry and intensive agriculture. Measures include re-wetting the bog by raising the water table, re-seeding heather to re-establish heathland, and measures to bring back the water vole and otter into the area.

Burton Wold (YourEnergy)

- Lump sum of £40,000 and subsequent annual payments of £10,000.
- Fund is available for the installation of energy efficiency measures or the promotion of energy efficient education.
- Has enabled the installation of solar panels in a sheltered housing scheme and installation of sun tubes at a local Guides centre.
- This scheme is quite strict in the limitations it applies to the community and fund. Also quite a low payment at £500 per megawatt annually – the farm is a 20MW farm.

Vectis Wind Farm, Isle of Wight (Infinergy)

- Infinergy collaborated with renewable energy supplier GreenEnergy UK to set up a Local Energy Organisation.
- LEO is a not-for-profit organisation controlled by residents that will offer reduced rate electricity to houses surrounding the development.
- Those directly next to the farm receive a £100 rebate if they sign up to UK Energy's Deep Green rate, as well as a 10% discount. Wider community gets 10% discount.
- A total of £52,000 will be deposited into a community fund over the life of the scheme (25 years).

Farr Wind Farm (RWE nPower Renewables)

- 40 turbines, 92MW.
- Community benefit fund was set up by members of the local community.
- Lump sum of £1 million provided on completion of the wind farm. Fund started at a base level of £100,000 and is index-linked to inflation.
- Grants have been offered to young people going on to further education and vocational training.
- Grants offered for the installation of small-scale renewables.

- Grant received to build a new sports changing facility at Farr Village Hall. £70,000 made available from the fund and an extra £30,000 from Highland Council and various bodies.
- Used community fund to buy and install an air source heat pump to heat the hall.

Earlsburn, Stirling (Fintry) (Falck Renewables)

- 15 turbines (37.5 MW).
- Fintry saw the local development as an opportunity. The village decided that they wanted to adopt an approach which could bring benefits to the wider community, with the potential for impacts on energy use in particular even beyond the village.
- Developer was requested to add an additional turbine, which was to be owned by all villagers, not just the ones who could afford to invest. The community owns 1/14th of all the turbines.
- Development trust set up to manage the revenue received.
- Received over £280,000 in the first 3 years – this will go up to close to £500,000 annually after the developers have been paid for the turbine (8/9 years).
- Trust offers free insulation and energy saving measures to villagers – over 58% so far have taken it up, saving an average of £600 on fuel bills – a community saving of over £90,000 (£180,000 if behavioural changes are taken into account.
- Has significantly reduced the number of households in fuel poverty In Fintry.

Harlock Hill and Haverigg II / Westmill Wind Farm Co-op (Energy4All)

- Examples of wind co-ops, where local people can buy shares in the energy.
- Minimum investment of £250.
- Shares preferentially offered to people in the local community, and then offered to members of Energy4All wider afield if the share issue is not fully taken up.
- Only 0.5% of the profits are paid into development trusts. This means that at Westmill, for instance, fund only receives £6000 per year: not very much considering it is a 6.5MW scheme (under £1000 per MW).

Beinn An Tuirc (ScottishPower Renewables)

- The wind farm was within close range of a known Golden Eagle territory.
- Measures included increasing eagle territory so that they would be attracted away from the turbine area.
- Felling of conifer plantations as well as management of heather moorland to increase the population of grouse and ptarmigan as prey were used (Walker et al 2005).
- No eagle collisions with the turbines since installation.
- In 2008 the first live chicks for over a decade were successfully hatched (Fielding and Haworth 2010).
- Work has not only been beneficial for eagles, but also other native species dependent on heather moorland, with mountain hare being reintroduced.
- ScottishPower Renewables have invested over £2million in habitat improvement and management at Beinn an Tuirc (ScottishPower Renewables 2008).

Whitelee (ScottishPower Renewables)

- Styled itself as an ‘eco-tourist attraction’.
- Visitor centre run by Glasgow Science Centre.
- Facilities include cafe, gift shop and learning hub.
- Centre is listed as a local tourist attraction by the visitLanarkshire website.
- Developed and expanded over 70km of hiking and riding trails on nearby moorland.
- Attracted over 120,000 visitors in first year of operation (Nicoll 2010).