

Consultation: Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government published a draft document outlining its Good Practice Principles for Shared Ownership of Onshore Renewable Energy Development in March 2015. The document supports the Scottish Government target that by 2020 there should be 500MW of community and locally owned renewables across Scotland. Shared ownership schemes, where the community are a partner within the development, are seen as a key method for achieving this.
- 1.2 The draft Good Practice Principles set down guidance for communities, developers and local authorities in relation to community investment in renewable energy schemes but allows flexibility in terms of the model used. Responses to the consultation are required by 9 June 2015.
- 1.3 The proposed response to the consultation can be found at Appendix 1.
- 1.4 It is recommended that Committee:
1. Notes the content of this report; and
 2. Approves the consultation response attached as Appendix 1.

Consultation: Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments

2.0 INTRODUCTION

- 2.1 The Scottish Government published a draft document outlining its Good Practice Principles for Shared Ownership of Onshore Renewable Energy Development in March 2015. The Scottish Government is committed to supporting shared ownership of onshore renewables and the document sets out guidance for communities, developers and local authorities. The consultation document can be viewed at <http://www.localenergyscotland.org/developers/good-practice-principles/shared-ownership/> and responses should be made by 9 June 2015.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee:
1. Notes the content of this report; and
 2. Approves the consultation response attached as Appendix 1.

4.0 DETAIL

- 4.1 The Scottish Government has set a target that by 2020 there should be 500MW of community and locally owned renewables across Scotland. Shared ownership schemes, where the community are a partner within the development, are seen as a key method for achieving this.
- 4.2 Shared ownership schemes offer the opportunity for communities to be directly involved in the renewable energy development and to benefit from the revenues generated; this does however come with increased levels of risk for local communities. Funds raised as a result of shared ownership schemes, could help to support the outcomes of the Single Outcome Agreement directly through the creation of safer and stronger communities (outcome 6) and indirectly as a result of spending to support local facilities, infrastructure and local residents. Expanding community ownership of renewables supports the aspirations of the Renewable Energy Action Plan (REAP).
- 4.3 The draft Good Practice Principles set down guidance for communities, developers and local authorities in relation to community investment in renewable energy schemes but allows flexibility in terms of the model used. It is proposed that the guidance applies to onshore renewable schemes over 50kw.

- 4.4 To facilitate communities and developers the government has also launched the Partnership Portal (<http://www.localenergyscotland.org/partnershipportal>) which allows those looking to invest or seeking investment to indicate their requirements.
- 4.5 To assist communities in investing in renewable energy schemes, the Government is proposing to pilot the Local Energy Investment Fund (LEIF) which will make an early investment on behalf of the community and then allow them time to seek support and consider whether they wish to proceed with the investment. If they wish to proceed, they can buy back the LEIF stake at a later date.

5.0 CONCLUSION

- 5.1 The proposed response to the consultation can be found at Appendix 1.

6.0 IMPLICATIONS

- 6.1 Policy – the promotion of community ownership of renewables aligns with priorities set down in the Economic Development Action Plan and Renewable Energy Action Plan and would support the objectives of the Single Outcome Agreement.
- 6.2 Financial – there are no direct financial implications for the Council as a result of the consultation paper however there are expectations that local authorities will support community organisations which could have resource implications.
- 6.3 Legal – none expected.
- 6.4 HR – Council support for communities could have resource implications.
- 6.5 Equalities – none expected.
- 6.6 Risk – none expected for the Council although communities involved in shared ownership discussions will need to accept increased levels of risk.
- 6.7 Customer Service – none.

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APPENDICES

Appendix 1 Proposed consultation response.

Appendix 1 – Proposed consultation response

1. Are the principles that should be followed by developers, community groups and local authorities clearly defined?

Whilst the principles set down in section 6 are clearly identified, we do have some concerns regarding section 8 Shared Ownership and the Planning System.

The consultation document is quite clear that renewable energy applications must always be assessed in the planning system on the basis of their individual merits, particularly with regard to environmental, economic and social effects of each project. This is a fundamental principle, which has been recognised in the consultation document, and should continue to do so.

The document clearly states that developers should not request support from the community as a condition of offering shared ownership and this is welcomed. There should also be a clear statement that there is no obligation for any community group to take on a shared ownership scheme.

Whilst it is accepted that socio-economic impacts should be taken into account, the guidance should make it clear that the ownership status of any proposed development will not be a material consideration in the planning process.

The contribution that the proposed development is anticipated to make to local socio-economic conditions and the arrangements which are to be made to deliver these should be explained in any planning submission.

Further advice from the Scottish Government to planning authorities on assessing economic development and the impact of shared ownership on this as part of the planning process would be welcomed.

2. Do you agree with the principles as outlined in the document?

We welcome the confirmation that the level of flexibility required by communities and developers in designing shared ownership arrangements is reflected within the principles. We are in general agreement with the principles set down within section 6 of the Good Practice Principles document.

3. Is the support offered through CARES, LEIF and REIF adequate to allow the principles set out in the document to be achieved consistently?

The support offered by CARES (Community and Renewable Energy Scheme), LEIF (Local Energy Investment Fund) and REIF (Renewable Energy Investment Fund) provides an element of support but it should be recognised that there is still a significant amount of input required from communities themselves as well as support required from other specialists in relation to legal, financial issues etc. In some cases, funding in excess of that readily available from CARES may be required.

The guidance should also reference the support available from social enterprise agencies and Business Gateway to community groups which are establishing themselves and developing business plans.

The Good Practice Principles state in a number of places that local authorities

should support and promote shared ownership opportunities. Whilst we can make use of our existing services, making communities aware of opportunities and offering support and guidance utilising existing social enterprise, community development and Business Gateway teams, we may be unable to provide comprehensive support to some local communities as they progress through the shared ownership process.

Unfortunately the support we are able to provide is limited by the resources we have available. As we are not aware of any additional resources being made available and given that our existing services are currently at capacity, if the number of communities progressing shared ownership schemes increased as a result of the Good Practice Principles we may need to prioritise which groups received direct assistance from the local authority. Priority would go to those groups which most help to address the objectives of the Single Outcome Agreement.

The local authority can continue to have a role in signposting communities to third party organisations which can assist them through the process. In Argyll and Bute we do this through an online web portal with links to relevant documents, websites and organisations.

The document should make clear that in some cases the support that the local authority will offer will be to signpost communities to other organisations who are able to assist them and advise them, for example to Local Energy Scotland which has the required knowledge and funding available to assist communities.

The Good Practice should not create unrealistic expectations in relation to the support that the local authority is able to provide to a community group.

4. Are the principles sufficient to encourage more shared ownership development that takes place in a fair, transparent way and is of benefit to communities and developers?

The principles appear to encourage more shared ownership however there is still significant efforts required from both the community and developer to make this a reality. The principles should however help both community and developer to approach the discussions understanding what is expected of them.

It may be useful if shared ownership schemes were mapped so that any community starting shared ownership discussions were able to see whether there were any other shared ownership schemes existing nearby and, if required, form networks with other community groups who have been through the process.

5. Are there further challenges to delivering shared ownership which are not addressed in this document?

Community capacity both in terms of recruiting any required volunteers and developing the skills to progress through a shared ownership discussion may be an issue although the support from CARES to appoint a project manager should assist in this. It will be critical that the necessary funding and support is in place to allow communities to consider shared ownership.

6. Do you have any further comments on the document?

We welcome the additional guidance and support offered by the Good Practice Principles as well as the establishment of the Local Energy Investment Fund. The principle of shared ownership is reflected in draft guidance being prepared by Argyll and Bute Council. We hope that the Argyll and Bute Council and Scottish Government guidance together will enable more communities across Argyll and Bute to benefit from investment in renewable energy schemes.