

**COMMUNITY BENEFITS FROM NET ZERO ENERGY DEVELOPMENTS:
CONSULTATION RESPONSE**

1.0 INTRODUCTION

- 1.1 The Scottish Government launched consultation to inform a review of their Good Practice Principles guidance documents for the payment of community benefit in relation to both onshore and offshore net zero developments in December 2024. Responses are due for submission by 11 April 2025.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Committee approve the draft response set out within Appendix 1 and delegates approval to officers to submit this as the Councils formal response to the consultation.

3.0 DETAIL

- 3.1 The creation of community benefit funds associated with renewable energy development has become common and offers an opportunity for local communities to benefit financially from nearby activities. A community benefit fund is a voluntary fund established by the developer, most commonly in association with commercial wind farms but other renewables/energy projects setting up community benefit funds. Community benefit funds are dealt with as voluntary payments and are not part of the planning gain/section 75 agreements that sit alongside some planning consents nor are they covered by planning condition. Community benefit funds are typically agreed between the developer and local community and the Council has limited or no involvement in the governance or operational arrangements.
- 3.2 Argyll and Bute Council has adopted guidance that is available for developers and communities to use in the negotiation of community benefit funds and how they are operated. The guidance reflects the current Scottish Government Good Practice Principles. There are currently more than 20 community benefit schemes operating within Argyll and Bute, which currently provide in excess of £2.2m to communities per annum.
- 3.3 Since the publication of the updated Scottish Government Good Practice Principles for onshore renewables in 2019, Scotland's – and the global – energy system and policy landscape have evolved significantly. Changes in domestic

and international markets, regulation and the emergence of new technologies are shaping the future energy mix. These in turn will influence how the Scottish Government can maximise the benefits flowing into communities. The review seeks feedback from interested parties to inform the next version of the Good Practice Principles.

- 3.4 Officers have reviewed the consultation document and prepared draft responses to the questions posed. The draft response is attached at Appendix 1 for consideration.

4.0 CONCLUSION

- 4.1 Officers are seeking to submit the draft consultation response attached as Appendix 1 to the Scottish Government consultation, which runs until 11 April 2025.

5.0 IMPLICATIONS

- 5.1 Policy – the response will help to inform the Scottish Government’s Good Practice Principles for community benefit funds. The Council has guidance on community benefit would require refresh if the national recommendations are updated. Community benefit funds can support Council, Community Planning Partnership and other local policy.
- 5.2 Financial – none anticipated.
- 5.3 Legal – none anticipated.
- 5.4 HR – none anticipated.
- 5.5 Fairer Scotland Duty:
- 5.5.1 Equalities - protected characteristics – none anticipated.
- 5.5.2 Socio-economic Duty – maximising community benefits from energy developments can help to deliver socio-economic benefits.
- 5.5.3 Islands – maximising community benefit and introduction of more strategic funds could help to make community benefit funds available across a wider range of our communities.
- 5.6 Climate Change – none anticipated.
- 5.7 Risk – none anticipated.
- 5.8 Customer Service – none anticipated.
- 5.9 The Rights of the Child (UNCRC) – none anticipated.

Kirsty Flanagan, Executive Director with responsibility for Development and Economic Growth

Councillor Jim Lynch, Policy Lead for Economic Development, Islands and Rural Communities, Housing

18 February 2025

For further information contact:

Fergus Murray, Head of Development and Economic Growth
fergus.murray@argyll-bute.gov.uk

Anna Watkiss, Senior Development Officer
anna.watkiss@argyll-bute.gov.uk

APPENDICES

Appendix 1 – draft response

APPENDIX 1 – DRAFT RESPONSE

Questionnaire

Section 1: Offshore Wind Communities

Question 1

In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

In relation to offshore wind, we believe that it would be appropriate for funding to be split with part of the community benefit fund accessible to those communities closest to the offshore wind site and the main operations and maintenance port (these may be different communities) and the remainder of funding being made available on a wider basis.

The first, local community would perhaps be those community council areas where there is physical infrastructure or clear visual links to the offshore wind site.

The second, sub-regional fund would be appropriate to sit at a local authority level and would enable communities of interest to benefit from the community benefit fund.

We would support community benefits in relation to offshore wind being made mandatory.

Question 2

When defining the relevant communities to receive benefits from offshore wind development, which factors should be considered, and by whom? Are there any factors which are most important, and why?

Factors to be considered include:

- Proximity to infrastructure;
- Visual impact of the offshore wind site;

Under the current situation, where funds are provided on a voluntary basis, the consideration would largely be that of the developer in consultation with the local communities however given the varying way in which community benefit funds are operated we would be supportive of making payment of community benefit mandatory.

As noted in question 1, we would be supportive of a regional element to the community benefit fund to ensure that benefits are available across the wider community including communities of interest.

Section 1: Maximising the impact of community benefits from offshore wind developments

Question 3

Who should decide how offshore wind community benefits are used (decision-makers)? Are there any groups, organisations or bodies you feel should have a formal role in this?

The decision on how the funds are used should be made by local decision makers.

In the case of a local fund this might take the form of an arm of a community council or other local group.

In the case of a regional fund this might take the form of a panel representing interests from across the local authority area.

In some areas suitable organisations may already exist and utilisation of these could help to simplify the funding landscape locally.

These organisations can be supported where appropriate by administrative bodies that can ensure that appropriate governance and decision-making processes are followed. The cost of this administration should be funded by the offshore wind developer.

Question 4

What are the best ways to ensure that decision-makers truly reflect and take into account the needs and wishes of communities when determining how community benefits are used?

We support the development of community plans as a way of capturing the aspirations of communities at a local level. Projects that support plans and policies of the Council and other bodies such as the Community Planning Partnership, enterprise agency etc. would also help to reflect the strategic aspirations of the local area. Consideration should be given during decision making as to how a proposal would support approved plans.

Question 5

What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

All offshore wind projects should provide community benefits at the designated level; we would support this payment being made mandatory.

A good scheme would be one that offered funds at both a local and regional, local authority level.

At a local level, communities should feel that it is an easy to operate fund that can be used to realise the ambitions contained within their local community plans. The burden of administration should lie with either the developer or an appointed body.

At a regional level, an adequate level of funding should be available to support strategic and sectoral projects. There may also be an element of the fund that is available to communities beyond the immediate reach of the windfarm such that they are also able to progress local priorities as part of a just transition.

Question 6

How do you think directing community benefits towards larger scale, longer term, or more complex projects would affect the potential impact of community benefits from offshore wind?

Where there are larger scale projects being developed, the use of community benefits to support these would appear to help to secure these projects, offering the opportunity for funding over multiple years and delivering a positive legacy because of the fund. We would welcome funding for these larger scale and more strategic projects.

Question 7

The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities? Please explain your answer.

We would agree with a regional approach and in relation to Argyll and Bute, given the large size of the authority, believe that this should be set at the local authority level. A fund covering the whole of Argyll and Bute would ensure not only that strategic projects could be delivered but that some of the funding could be made available to communities who might be less likely to host offshore renewables as a result of their location, environmental protections etc. this would be an important part of a just transition. Clear objectives could be set up as part of the fund and a panel of decision makers could reflect the interests of our diverse communities.

We would not support a national approach, which would appear to take decision making a significant way from local communities.

Question 8

Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any other specific groups in Scotland, particularly: businesses; rural and island communities; or people on low-incomes or living in deprived areas? The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.

Impacts of the funds would be considered when dealing with applications however having a regional, local authority level fund would ensure that all communities are able to access funding and this would support those rural and island communities that are not hosting infrastructure and also the most deprived areas of the community.

Section 1: Determining appropriate levels of community benefits from offshore wind

Question 9

In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

We agree that a balance is required between affecting the cost of electricity for consumers and providing a community benefit fund however we are keen to see that community benefit funds distribute a reasonable fund to those communities and their surrounding areas that are hosting the developments.

We note that values of community benefit for offshore wind have to date been lower than onshore but that a funding level of £5,000/MW has been announced for the Spiorad na Mara offshore wind site. We would support £5,000/MW as a minimum, index linked, payment for offshore wind projects.

Question 10

What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

A clear steer of how community benefit amounts are to be calculated is essential, the Scottish Government Good Practice Principles have clearly set a benchmark for community benefit payments and it is important that they continue to do so, in lieu of community benefit funds becoming mandatory.

It should be clear that funding should, ideally, commence ahead of construction and continue for the lifetime of the project, with payments index linked for this period. Support for communities, such as that currently available through Local Energy Scotland, can help them to feel empowered when dealing with a large corporate organisation and can help to share good practice and build local knowledge.

Section 1: Shared ownership of offshore wind developments

Question 11

What do you see as the potential of shared ownership opportunities for communities from offshore wind developments? Please explain your answer.

As with onshore, we believe that shared ownership offers a significant opportunity for community wealth building which can help communities to achieve their ambitions and become more sustainable. Many of our coastal communities are incredibly fragile and face significant challenges, not least being at the forefront of the impacts of sea level rises. Where they have the opportunity to invest in renewables then this can help to provide a sustainable income to address challenges and progress opportunities.

Communities will require support and access to specialist advisors if they are to progress shared ownership opportunities.

Question 12

Thinking about the potential barriers to shared ownership of offshore wind projects, what support could be offered to communities and developers to create opportunities and potential models, and for communities to take up those opportunities? Potential barriers include high costs of offshore wind development, community access to finance and community capacity.

At an initial stage, communities should be able to access support from organisations such as Local Energy Scotland to support them in the early discussions regarding community benefit. At this stage, developers should be asked to provide easy to understand key facts and figures to enable community organisations to consider the opportunity.

Should they wish to progress a shared ownership model, communities should be able to access independent support and advice to enable them to seek the financial support that they will require and undertake their due diligence.

Section 2: Extending the scope of the Good Practice Principles

Question 1

a) Which of the following onshore technologies should be in scope for the Good Practice Principles? Select all that apply.

- Wind
- Solar
- Hydro power (including pumped hydro storage)
- Hydrogen
- Battery storage
- Heat networks
- Bioenergy
- Carbon capture, Utilisation and Storage (CCUS)
- Negative Emissions Technologies (NETs)
- Electricity transmission
- Other – please specify in question 1b

b) Please explain your reasons for the technologies you have selected or not selected and provide evidence where available.

We would support all energy projects being covered by the Good Practice Principles but accept that the level of community benefit would vary between the sources with emerging technologies liable to contribute at a lower level. We would support making of community benefit payments mandatory for onshore energy developments.

Question 2

Should the same Good Practice Principles apply in a standard way across all the technologies selected, or should the Good Practice Principles be different for different technologies? Please explain the reasons for your answer and provide evidence where available.

How the funds are operated and the engagement with local communities should be the same for each of the technologies however we accept that the level of payment may vary between the technologies to take account of how commercialised that particular sector is.

Section 2: Improving the Good Practice Principles

Question 3

Do improvements need to be made to how eligible communities are identified? For example, changes to how communities are defined at a local level, and whether communities at a regional and/or national level could be eligible. Please explain your answer and provide supporting evidence if available.

When eligible communities are being identified, particular in rural areas and where the funding pot is significant, consideration should be given to how the local area functions. Many energy developments are located in rural areas, which look to nearby towns for their services and facilities. Focusing a community benefit fund on solely the rural community council area which hosts it can make it difficult for projects in nearby towns to access funding even where they would benefit the residents of the host community council area.

Where community benefit funds are at a level that allows for meaningful support to the local community but there remains an opportunity to distribute funding wider, regional community benefit funds operating at a local authority level can help to distribute wealth to communities that might otherwise not benefit and to support more strategic and regional scale projects.

Question 4

Should more direction be provided on how and when to engage communities in community benefit opportunities, and when arrangements should take effect? Please explain your answer and provide evidence/examples of good practice where available.

The current arrangements for starting the discussions about community benefit would appear appropriate although it should remain a requirement for developers to be clear with communities that the discussion of community benefits does not form part of the consideration of the consenting process and that they are able to engage with both independently. Making community benefit payments mandatory would help to remove some of the uncertainties around the funds.

Most community benefit funds commence once the site is operational however support to communities to develop plans and proposals ahead of any fund opening is highly beneficial and should be encouraged.

If funds were available once construction started, albeit possibly at a lower level, this would ensure that community benefits impacts are being realised as soon as possible in communities and reflect the company's involvement in the local area.

Question 5

How could the Good Practice Principles help ensure that community benefits schemes are governed well? For example, what is important for effective decision-making, management and delivery of community benefit arrangements? Please explain your answer and provide evidence/examples of good practice where available.

Open, fair and transparent arrangements with information published about the amount of funding received and the grants distributed should be published annually for all community benefit funds. Funds managed by Foundation Scotland appear to be a good example helping people to understand how to apply, who makes decisions and where the money is being spent - <https://www.foundationscotland.org.uk/apply-for-funding/funding-available/achruach>.

Some communities may require support in establishing good governance models and, where appropriate, the developer may either directly or via a third party provide administrative support.

Question 6

How could the Good Practice Principles better ensure that community benefits are used in ways that meet the needs and wishes of the community? For example, more direction on how community benefits should or should not be used, including supporting local, regional or national priorities and development plans. Please explain your answer and provide evidence/examples of good practice where available.

Communities should be encouraged to develop community plans, subject to local consultation, which can guide local priorities and identify projects. At a regional level, plans and policies from local authorities, community planning partnerships and enterprise agencies can help to guide decisions.

Funding should be available for both capital and revenue costs with multi-year allocations being available where appropriate.

Funding should be available across a range of sectors including to individuals or local businesses where this accords with the priorities identified.

Where a community would like to seek enhanced services and facilities from the public sector (over and above statutory services) then community benefit funding should be available to them to support the cost of this.

Question 7

What should the Good Practice Principles include on community benefit arrangements when the status of a new or operational energy project changes? For example, reviewing arrangements when a site is repowered or an extension is planned, or when a new project is developed or sold.

Where community benefit arrangements have been agreed then these should be honoured should the ownership or circumstances around the development change.

Where a site is being repowered or extended then it would be appropriate to renegotiate community benefit with a view to the new proposal and any good practice principles in place at the time.

Question 8

Should the Good Practice Principles provide direction on coordinating community benefit arrangements from multiple developments in the same or overlapping geographic area? If so, what could this include? Please explain your answer and provide evidence/examples of good practice where available.

This should be guided by the communities involved but where possible new arrangements should, whilst ensuring that appropriate governance is in place, seek to minimise the administrative burden on communities and simplify the funding landscape for those organisations applying for funding. We are seeing examples of where multiple communities benefit funds are causing confusion and the community is acting to bring funds together where possible.

Question 9

What improvements could be made to how the delivery and outcomes of community benefit arrangements are measured and reported? For example, the Good Practice Principles encourage developers to record and report on their community benefit schemes in Scotland's Community Benefits and Shared Ownership Register. The register showcases community benefits provision across Scotland using a searchable map.

All funds should be contributing to the Community Benefits and Shared Ownership Register and this information should always include details of the amount of funding,

which areas are eligible and how to apply – with direct link to community benefit fund webpages where available.

The register could be improved by showing the areas over which each fund operates rather than a pinpoint on a map, as this would allow both communities and developers to see all the existing funds operating across a particular community.

Question 10

In addition to the Good Practice Principles, what further support could be provided to communities and onshore developers to get the most from community benefits? For example, what challenges do communities and onshore developers face when designing and implementing community benefits and how could these challenges be overcome? Please explain your answer and provide evidence/examples of good practice where available.

Communities should continue to be able to access support when negotiating and operating community benefit funds. Administrative support to facilitate the distribution of funding would be beneficial to many communities.

Support should be available to establish and operate regional, local authority level funds that can help to distribute funds to communities outwith the immediate area of the energy infrastructure, to communities of interest and to strategic projects.

Section 2: Setting a funding benchmark

Question 11

Do you think that the Good Practice Principles should continue to recommend a benchmark value for community benefit funding? The current guidance recommends £5,000 per installed megawatt per year, index-linked (Consumer Price Index) for the operational lifetime of the energy project.

Yes, the current Good Practice Principles have clearly been influential with many projects providing community benefit funds at the recommended level however it has been a number of years since this was set and it would be appropriate to agree an uplift.

Question 12

a. Should the benchmark value be the same or different for different onshore technologies? Please explain your answer.

The £5,000/MW level has been part of the Good Practice Guidance for some time and it would therefore be appropriate to consider an uplift for the more established, commercial technologies. Similarly, for emerging technologies, there may be a case for lower levels to be provided. In line with other local authorities, we would support a minimum value around £10,000/MW index linked for the lifetime of the project for projects such as onshore wind. We would support the regular review of the

benchmarking amounts to ensure that they remains appropriate as technologies emerge.

b. How could we ensure a benchmark value was fair and proportionate for different technologies? For example, the current benchmark for onshore is based on installed generation capacity but are there other measures that could be used? Please provide any evidence or data to support your preferred approach.

We only have experience of projects allocating funding based on installed capacity however, we would not object to an approach that allocated community benefit based on the energy generated as long as this maintained a similar level of contribution as a minimum to give communities certainty as to the level of funding that should be available annually.

Section 2: Assessing impacts of the Good Practice Principles

Question 13

Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any specific groups in Scotland, particularly: businesses; rural and island communities; or people on low-incomes or living in deprived areas? The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.

Impacts of the funds would be considered when dealing with applications however having a regional, local authority level fund would ensure that all communities are able to access funding and this would support those rural and island communities that are not hosting infrastructure and also the most deprived areas of the community.