



East Ayrshire Local Development Plan

Non Statutory Planning Guidance Community Benefits from Wind Energy

Planning Guidance

Community Benefits from Wind Energy Development

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1. Introduction and background

- 1.1 Community benefits present an unrivalled opportunity for communities to share in the benefits of local energy resources. They are a voluntary contribution given to local communities affected by wind energy developments by renewable energy developers or operators. There is no statutory requirement or obligation for community benefits to be offered, however with the rapid acceleration of the renewable energy industry in Scotland there has been a clear willingness from developers to incorporate community benefit packages as part of their developments. Community benefits can be wide ranging and can deliver a variety of projects, such as improved infrastructure, new community facilities, job creation schemes and environmental education projects.
- 1.2 Scottish Planning Policy (SPP) supports the delivery of community benefits, associated with development proposals that are acceptable in land use terms. Associated good practice guidance has been prepared by Scottish Government '*Good Practice principles for Community Benefits from Onshore Renewable Energy Developments*'. This document outlines the good practice principles and procedures promoted by Scottish Government for developers, operators, councils and communities. It is intended as a practical guide to the process and reaffirms Scottish Government's ongoing commitment to community involvement in renewable energy.
- 1.3 The East Ayrshire Local Development Plan (LDP) 2017 encourages the provision of community benefits and sets out the Councils preferred mechanism for delivery, a combination of (i) a contribution direct to the community and (ii) a contribution to the Council managed Renewable Energy Fund (REF). The Councils preferred approach is voluntary, therefore an applicant may wish to take forward alternative arrangements, which are in line with the Scottish Governments best practice and have the support of the community.
- 1.4 The purpose of this guidance is to provide more detail on community benefits and assist those involved in the community benefits process. It has been prepared particularly to help communities understand their role in the process and how to maximise the opportunities provided by community benefits. This guidance also helps those involved to understand the advantages of the Renewable Energy Fund.

2. Community Benefits in East Ayrshire

- 2.1 The East Ayrshire LDP encourages all developers of renewable energy developments to provide community benefits. The Council encourages operators to make a payment of £5,000 per megawatt of installed capacity per annum, index linked from the date on which the first turbine is fully erect. This is in line with the Scottish Government's document Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments, which promotes a national rate for onshore wind equivalent to at least £5,000 per megawatt per year, index linked to the date on which the first turbine is fully erect.
- 2.2 The Council recommends that the £5,000 be split, with £2,500 going directly to communities and £2,500 going to the Council managed Renewable Energy Fund (REF). The Council recommends that all community benefits should go to those communities within 10km of the wind energy development for the first ten years and thereafter, some of the monies should be available to the wider East Ayrshire area. Having a 10km boundary area ensures that those communities likely to be most affected by development benefit most from the funds. However, this approach recognises that wind energy developments can also affect far wider areas, for example through their impact on long range views, and allows for communities in the wider area to also have the opportunity to benefit from them.
- 2.3 Community benefits do not form part of the assessment of planning applications and are not a material consideration in the development management process. Planning permission will be assessed against the provisions in the development plan for East Ayrshire and any other relevant material planning considerations. The Council, if mindful to grant planning permission for a wind energy development, encourages applicants to provide a community benefit payment. Community benefits should not be confused with developer contributions, which are directly related to the impact of the development, and are secured through a planning obligation under section 75 of the Town and Country Planning (Scotland) Act 1997 or other form of agreement. .

3 The East Ayrshire Renewable Energy Fund

Why have a Renewable Energy Fund?

- 3.1 The East Ayrshire Renewable Energy Fund (REF) was established by the Council in 2010 to distribute developer contributions from wind energy developments within East Ayrshire. The purpose of the REF is to support a wide range of community projects that can benefit the local community and, if appropriate, cross boundary projects with a view to providing greater opportunity for communities within East Ayrshire to benefit.
- 3.2 Having the Council administer, distribute and manage community benefit funds can be advantageous to communities. To date the renewable energy fund has been successful and has ensured that the monies are invested in valuable projects benefiting local communities. It gives the Council the ability to work in partnership with community groups, offering advice and guidance at different stages in the community benefit process. Where possible the Council can assist communities in identifying and securing match funding from other funding sources helping to maximise the benefits of the wind energy monies.

Who can access the Renewable Energy Fund?

- 3.3 For a period of 10 years, all contributions will be directed exclusively to projects within 10 kilometres of the boundary of the wind energy development. Thereafter, 50% of the contributions received will be directed towards projects within 10km, with 50% being reserved for use in the wider East Ayrshire area. Having a 10km boundary area ensures that those communities likely to be most affected from the impacts of a development benefit most from the funds
- 3.4 The following groups are eligible to apply for REF funds:
 - Constituted Voluntary and Community Organisations including community councils, community led action plan steering groups, trusts and organisations with charitable status where the project can demonstrate wider community benefit.
 - Social Economy or Social Enterprise projects where the project may be a Company Limited by Guarantee and/or have charitable status. Any profits made by the project are reinvested in the project.
 - Local Authority or Other Agencies where the project is led or supported by the community, is new and **does not** represent a substitution of core Council business activities.

Note: The REF will not be used to benefit specific individuals or to promote any political purpose. In all cases the benefits to communities and groups in East Ayrshire must be demonstrated.

What will the Renewable Energy Fund monies be spent on?

- 3.5 The REF can support a wide range of projects that will benefit local communities. It seeks to support projects in relation to renewable energy, service provision, employability and job creation, sports and leisure and environmental enhancement. The REF will not be used for projects that are the statutory responsibility of the Council.
- 3.6 In recent years, the Renewable Energy Fund has assisted in the funding of a very wide range of projects. These have included community gardens and allotments, building purchases and repairs, environmental improvement projects and sports and leisure projects. Specific projects have included the refurbishment of gardens in Dunlop by the Wee Gardens Projects; the installation of mains water supply at Annanhill Walled Gardens Project; the provision of a solar mounted management system for Darvel Skateboard Club and the creation of an arts hub at Kilmarnock Railway Station to be managed by the Kilmarnock Railway Station Heritage Trust.
- 3.7 The East Ayrshire LDP emphasises the importance of placemaking and has identified a number of strategic and deliverable projects via placemaking maps. The Council has produced placemaking maps initially for the five communities of Kilmarnock, Cumnock, Galston, Stewarton and Dalmellington. Maps for the remaining East Ayrshire settlements will be produced as set out in the Action Programme and will be adopted as supplementary guidance, forming part of the LDP.
- 3.8 A number of East Ayrshire communities have or are in the process of preparing Community Led Action Plans. These plans will contain a number of key priorities for action as well as specific projects that communities would like to see implemented. The Council would particularly encourage the use of community benefit funding to assist in the delivery of those projects that are consistent with this guidance.
- 3.9 Other projects which will benefit a number of communities and that are of a strategic nature (e.g. community transport initiatives) will also be particularly supported. This would ensure the deliverability of the projects identified but also help focus funding on projects that will benefit communities' in the long term.
- 3.10 Project eligibility criteria has been developed to ensure there is a fair and transparent approach to distributing REF funding. The following types of projects are eligible to be considered for funding through the REF:
- **Community Renewable Energy Projects:** For example, community recycling centres, insulation projects, installation of wind turbines/solar panels/bio fuels for community owned facilities.
 - **Environmental Projects:** For example, woodland planting and maintenance, town/village streetscape projects, community allotments, community gardens, environmental art projects, environmental education projects, landscape schemes, cycle tracks and path networks.

- **Environmental Education Projects for Schools:** For example, school sensory gardens, weather stations, woodland planting, environmental education packs, for local nature reserves.
- **Community Led Service Provisions:** For example, new initiatives that help improve the environment such as rural community transport initiatives where there is demonstrable case that the project will reduce carbon footprint and/or improve the environment.
- **Feasibility Studies and Business Plans:** For example, feasibility studies to identify renewable energy options or to undertake the detailed planning for eligible projects and/or support for the preparation of associated Business Plans.
- **Community Based Social Enterprises:** Capital and revenue support is available for new or existing social enterprises to develop their project or expand their operation/geographical area of operations to the benefits of communities in East Ayrshire.
- **Employability and Training Programmes:** Employability support and small business up-skilling programmes co-ordinated by East Ayrshire Employability Forum to enable members of the local community to access jobs either in renewables, engineering or other sectors of the economy where there are local job opportunities.
- **Community led sports and leisure:** For example, capital projects, such as, improvements to sports/community land or buildings, pitch improvements, floodlighting, new sports related initiatives.
- **Income Generating Projects:** Support for projects whose main focus is income generation to support community activity.
- **Community run events that are advertised:** Events held in eligible settlement areas that are located within 10km of the wind energy development which attracts visitors from outwith East Ayrshire and deliver a quantifiable economic benefit to the local area.

3.11 There are a number of general considerations that apply to all eligible categories of projects that should be taken account of when exploring potential REF projects.

Council Owned Assets: Renewable Energy fund monies cannot be used for improvements to/refurbishment of Council assets unless the asset is leased, managed and maintained by a local community group or social enterprise.

Acquisition Costs: These may be considered as eligible for consideration only in very exceptional circumstances, such as, where all other avenues have been explored and where the land/property values have been independently verified. Projects must also fall within the broader eligible REF criteria.

Capital and Revenue Costs: The REF can provide both capital and revenue support if considered appropriate. Revenue funding will be for a maximum period of three years and will only be awarded where the need is clearly demonstrated in a Business Plan or other appropriate justifications accompanying the application. In addition each project must consider how

revenue costs can be met beyond the maximum three year period and be able to demonstrate longer term sustainability measures.

Recognition of Grant Support: Applicants will be required to give appropriate recognition to the fund by all or some of the following methods:

- Prominent signage during works
- Permanent plaque on premises
- Acknowledgment in all press and media releases
- Acknowledgement in all project documentation
- Acknowledgement on applicant's website

What level of support will the REF offer?

- 3.12 There is no cap on the level of funding that can be sought from the REF. However, applicants to the REF are required to demonstrate that they have also applied for project funding from other sources. The REF will not routinely provide 100% grant funding to any project, although the Council's Grants Committee does have discretion to consider a higher intervention rate for appropriate projects in exceptional circumstances, for example, projects which are of strategic importance and where there is evidence that match funding from other sources has been unsuccessful or there is a valid reason why it has not been sought.
- 3.13 As the REF seeks to support projects of a scale that can make a lasting difference to communities, the fund will not support applications with a value less than £1,000.

How will applications for the Fund be assessed?

- 3.14 Applications to the renewable energy fund can be submitted and considered by the Council on a twice yearly basis. Applications can be submitted no later than 31st January each year to be considered by the appropriate Council Committee in May, and no later than 31st May each year to be considered by the appropriate Council Committee in September.
- 3.15 Applicants will be required to have completed the preparatory and investigatory works prior to submitting an application to the fund. This is to ensure that monies awarded are not unduly ring-fenced to the detriment of more project ready applications. Accordingly all awards will be subject to the following conditions:
1. All projects must commence within 12 months of the date of funding award.
 2. A progress report must be provided on all outstanding awards prior to the next scheduled REF Grants Committee meeting following the grant award.

How will REF projects be monitored?

- 3.16 The Council will regularly monitor the distribution of community benefit funds acquired through the Renewable Energy Fund, to ensure that the projects achieve what they set out to achieve as detailed in the application form. Whilst there will be a focus on more significant projects all approved projects will be liable to be monitored. At present, the Council monitors grant awarded projects on a quarterly basis. These quarterly cycles cover the following:
- project performance to date, to include progress against the agreed targets and outcomes;
 - project and finance, to include consideration of any Council grant funding expenditure and also the organisation's overall financial position;
 - an update on any organisational change within the project, to take account of any changes to the organisation's staffing and governance arrangements; and
 - a sustainability update, in respect of future project development and funding beyond the lifetime of the current grant award.
- 3.17 In addition, site visits are carried out by the Council to see what progress is being made on a project. There is also a requirement for an organisation to submit relevant receipts to support the project. The monitoring information is regularly submitted to the appropriate Council Committee for consideration on a regular basis.

4. Community Benefits Direct to Communities

What is being sought?

- 4.1 It is requested that those developers seeking planning permission for wind energy development provide a minimum contribution of £2,500 per megawatt of installed capacity per annum direct to the affected communities, through an appropriate community fund specifically established to manage the funds received from the wind energy development. This contribution should be index linked to and payable from the date on which the first turbine is fully erect.

What are the advantages?

- 4.2 Having community benefit payments being made direct to communities can empower communities, in terms of having the ability to use the skills and expertise of community members to maximise the benefits of the funding for the good of the local area. It also means that local residents are actively involved in the future of their community and area. It provides the opportunity to acquire funds in a variety of different ways and effectively manage timescales and influence how the funding is administered and spent. With this comes responsibility for the administration, governance, management and monitoring of community benefit monies.

Community Structure Required

- 4.3 An appropriate Community Structure and Fund must be established prior to any community benefits being acquired, administered and distributed. There are a variety of community structures available and the type of structure agreed upon will depend on what best suits the operations a community wish to undertake and what goals they want to achieve. A process also needs to be established to ensure that the community benefit monies are managed in an effective manner. Many of the community led action plans that have been produced by communities in East Ayrshire, are now being taken forward by associated community groups with their own governance arrangements. These groups could be one mechanism for managing any community benefit in the area.

Legal and Financial Responsibilities

- 4.4 It should be ensured that existing or new community groups specifically dealing with community benefit monies have the legal power to administer, set a constitution, and manage where the funds will be held and overall maintain and manage the community benefits money. If the community group take the decision to negotiate with the developer/operator and manage the community benefit monies themselves then it is their full responsibility in how this is taken forward.

Governance

- 4.5 A good robust governance structure is fundamental to the success of a representative community organisation. The term 'governance' is used to refer to general good practice in running an organisation. Failure to maintain good governance can result in tension within a community, legal or financial difficulties and tensions with the developer. Any tensions can be easily avoided if a community group set out a clear and transparent process and knowledge of what is required. It is the full responsibility of the developer to ensure that a satisfactory governance structure is established prior to community benefit funds being released to communities.

Administration

- 4.6 There will be a level of work involved in processing a community benefit fund, fulfilling legal requirements, demonstrating accountability and ensuring resources are available. Effective fund administration is essential to the success of a community organisation. It requires the organisation to have ongoing functionality to manage, audit and distribute funds successfully. The administration of community benefit funds is closely related to the governance structure under which a fund is delivered and the work required will vary:
- where a new legal entity is established to hold and manage the fund, there will be a level of administrative work around processing the fund, fulfilling legal requirements, ensuring it is resourced and demonstrating accountability
 - where an existing community structure or vehicle is used, that body must be aware of the additional work required to administer the fund
 - where the fund is managed through a third party or directly by a developer, the administration will be undertaken by that third party or developer, while all decision making should be kept local.
- 4.7 There are a variety of ways to administer a community benefit income and a community group will need to explore what approach is best for them. The Scottish Government document 'Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments' outlines a number of different administration options that can be taken.
- 4.8 The Scottish Government encourages a review of the fund process, spend and purpose every 3 to 5 years. This measures the benefits to the community and ensures that the governance arrangement and administration structure is adequate and allows the community to achieve their goals.
- 4.9 If there is not an appropriate structure in place to manage community benefit monies but the community are committed to managing the fund themselves then there are other options available, such as obtaining the assistance of organisations, for instance, Foundation Scotland who can assist in setting up and administering community benefit monies on behalf of communities. It should be noted that depending on the nature of what is being sought from a community group some organisations might charge for offering support and

this should be factored into the spending of community benefit monies. East Ayrshire Council's Vibrant Communities team can also provide support and assistance in establishing a community structure ranging from obtaining the right skills and training to having the right financial structure in place.

Role of Council

- 4.10 When community benefit monies are directly managed by communities the Council can, where appropriate, play a supportive role. Officers from key services within the Council can offer advice and assistance in relation to community benefit funding and the implementation of certain projects. For example, Vibrant Communities may be of particular assistance with obtaining funding for projects identified through Community Led Action Plans. Vibrant Communities can also provide support and assistance for community groups in terms of, for example, skills, training, finance and marketing.
- 4.11 In addition, if a community does not have a structure, governance and administration process in place at the time of the community benefit monies being distributed, East Ayrshire Council can establish a fund to hold the monies until arrangements are in place. Once a constituted community structure is in place and the group can demonstrate that there are also appropriate governance and administration mechanisms in place then the funds can be released to the community group to administer.

Delivering Funds Effectively

- 4.12 There is a need to ensure that community benefit funds being managed directly by community groups are used to benefit projects that will support sustainable development and maximise opportunities and benefit in the long term. The use of community led action plans which have identified local priorities for action could be used as well as projects identified in existing and emerging placemaking maps through the East Ayrshire Local Development Plan and Supplementary Guidance. Communities will have the responsibility to make important decisions on what the funding is invested in. It is imperative that a community structure is set up and that an eligibility criteria is in place to focus the funds on specific types of projects and that value for money is obtained.

Participatory Budgeting

- 4.13 Participatory budgeting (PB) is a process which directly involves local people in the decision making about how funding, which may include public funding, is spent in their community. PB will work in different ways in different communities and there are various ways in which it can be implemented. There are however basic values and principles that should be met, in terms of transparency, local ownership, deliberation around budget decisions and shared responsibility from all those involved. The PB approach is supported by the Scottish Government.

- 4.14 PB involves an individual or group presenting their ideas and the funds needed to progress, to the community. It is then for the members of the local community to vote and decide on what should be supported. Therefore, it is an approach that could easily be adopted by communities to manage community benefit funds and engage the whole community in the decision making process. East Ayrshire Council has been working with communities and partners to pilot the approach locally. Support and assistance could be given to local communities to develop a PB model for their areas by Vibrant Communities and partners.

Monitoring of Community Benefit Monies

- 4.15 A monitoring process will be required to be put in place and managed by a community group to regularly review what the funds are being spent on, by who and when. Annual reports, including an independent audit, relating to a community structure's finances will be required. The report should also outline the projects that have been funded in the previous financial year and those projects to be funded for the forthcoming year. The annual report should also emphasise any issues and/or the need for any assistance on the spending funds. This report will provide information for the local community and the developer and ensure the community group are operating in a clear and transparent manner. Some renewable energy operators will have their own monitoring procedures in place and community groups should work with them, in terms of monitoring accordingly.

Relationship between the Developer and the Community

- 4.16 It is fundamental that there is a good relationship between the community group and the wind energy developer/operator. The community group and developer/operator should engage with each other at the earliest opportunity in the community benefit process. It is important that discussions and consultations regarding community benefit are held separately to any engagement in relation to the development process.
- 4.17 The role of the community group is to ensure that the right community benefit scheme is established and that the monies acquired from the developer/operator are managed and monitored in an effective manner. From an early stage, community groups should seek clarification from the developer on, for example, the different models of community benefit being offered, the amount to be paid to the community per annum, how the payments will be calculated, whether the payment will be related to profit and whether there is flexibility with when the money can be spent. In terms of the community group itself, the right structure of the group needs to be established as well as what role people will play in the process, such as community members, local authority officers etc. and a plan will need to be prepared to determine the long term planning, management and monitoring of the community benefit scheme.

4.18 In addition to effectively engaging with the community, the role of the developer/operator in the community benefit process includes operating procedures and arrangements in line with the Scottish Government's Good Practice Principles for Community Benefits; providing a legally binding contract with the fund administrator for the lifetime of the project; requesting an annual report and audit which should outline what projects have been funded in the previous financial year and what is to be funded over the forthcoming year; and ensure that provider details are submitted to the Scottish Register of Community Benefits from Renewables and encourage community groups to submit recipient details. As stated previously, it is the full responsibility of the developer to ensure that, prior to community benefit funds being released to communities, there is a satisfactory community and governance structure and administration procedures in place.

5. Community Ownership

- 5.1 In addition to community benefit packages, the Scottish Government is encouraging developers and communities to explore the opportunities presented by increasing the level of community ownership in development and in particular renewable energy developments. This would offer communities the chance to invest in local developments so that they have a direct stake in the energy being generated locally.
- 5.2 The Scottish Government 'Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments' provides useful guidance for developers, community members and groups, local authorities and other stakeholders involved in the development of renewable energy. It sets out the principles that should be applied in shared ownership projects; the role the planning system plays; structuring a shared ownership model; engagement, consultation and involvement on shared ownership and the support that is available to progress shared ownership projects.

6. Useful Contacts

Planning Policy

Tel: 01563 576790

Email: localdevelopmentplans@east-ayrshire.gov.uk

Development Management

Tel: 01563 576790

Email: submittoplanning@east-ayrshire.gov.uk

Democratic Services

Tel: 01563 576137

Email: Admin@east-ayrshire.gov.uk

Vibrant Communities

Tel: 01563 576705

Email: vibrantcommunities@east-ayrshire.gov.uk

7. Other Guidance to Assist Communities

Scottish Government 'Good Practice Principles for Onshore Renewable Energy Developments' provides practical guidance on good practice and procedures in relation to community benefits.

Local Energy Scotland provide free local advice and support – www.localenergyscotland.org. In addition they provide a 'community benefit guidance package' which sets out guidance for local communities on negotiating with developers, establishing a community group and the management of community benefits.

Note: Community Benefit funds cannot be used to support wind energy projects for feed-in-tariffs. This was due to an Ofgem ruling in 2011.

8. Useful Links

East Ayrshire Council Renewable Energy Fund: [https://www.east-ayrshire.gov.uk/CouncilAndGovernment/About-the-Council/Grants-and-funding/Renewable-Energy-Fund-\(REF\).aspx](https://www.east-ayrshire.gov.uk/CouncilAndGovernment/About-the-Council/Grants-and-funding/Renewable-Energy-Fund-(REF).aspx)

Scottish Government Good Practice Principles for Community Benefits for Onshore Renewable Energy Developments: <http://www.localenergyscotland.org/good-practice/onshore-community-benefit/>

Scottish Government Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments: <http://www.localenergyscotland.org/good-practice/shared-ownership/>

CARES (Local Energy Scotland): www.localenergyscotland.org

Foundation Scotland: www.foundationscotland.org.uk

Participatory Budgeting Information: www.pbnetwork.org.uk