



Guidance
on the application of
The Highland Council
Community Benefit Policy
for
Communities
and for
Developers
of onshore and offshore renewable energy developments.

February 2013

Introduction

Highland Council is committed to maximising community benefit both financial and material accruing to all Highland communities from all onshore and offshore renewable energy development. The Council's policy will apply to all onshore and offshore wind energy developments, wave and tidal energy developments, hydro scheme and run of river schemes and solar arrays.

Community benefit policy is intended to support growth in Highland communities through rural development based on the following type of community and partnership project:

- Financial and other support for business and community projects (including provision of infrastructure)
- Alternative and renewable energy research
- Energy generation and efficiency schemes (including community ownership or stakes in renewable energy developments)
- Community ownership or control of assets
- Projects which address issues of fuel poverty
- Other community interest projects based within the community
- Skills development and apprenticeships

In addition, The Highland Council anticipates that financial resources accruing by the application of its community benefit policy, at the local, area and pan Highland level will provide a valuable source of match funding for other EU and UK funding programmes.

In accordance with the Programme for the Highland Council and the Single Outcome Agreement with the Scottish Government, The Highland Council is committed to strengthening Highland communities and providing greater opportunities for all.

Policy

The Council's policy position on Community Benefit from renewable energy developments was agreed on 3rd March 2011 whereby Developers will provide Community Benefit of not less than £5,000 per installed Megawatt that will annually appreciate in line with the UK Retail Price Index.

They further agreed the detail of the Council's policy on 15th December 2011 that includes:

- 1) community benefit payment calculations determined by Allocation Factors
- 2) a concordat with developers
- 3) guidance for communities and for developers

The policy applies to all onshore and offshore renewable energy developments and will be applicable where Communities or Developers invite the Council to negotiate on their behalf.

Infrastructure - the Council has in place an infrastructure to support communities and developers with the transparent and equitable distribution of Community Benefit funds across Highland:

- Planning Gain Negotiator – the Planning Gain Negotiator has a responsibility for negotiating Community Benefit across Highland and will be the first point of contact for Developers. He/she will be responsible for maintaining a Register of Community Benefit agreements and reporting on Community Benefit to Highland Council.
- GIS team – the Council ICT Services provide a key role in applying the Allocation Factors in relation to renewable energy developments using GIS modelling. The computerised interpretation of the data provides proportional share of Community Benefit from each development.
- Ward Managers – the Council's Ward Management Team across Highland will be the first point of contact for communities in relation to Community Benefit from renewable energy developments and will ensure appropriate liaison within the Council's infrastructure to keep communities informed of progress.
- Establishment of appropriately constituted or contracted organisations to administer the Area Fund and Highland Trust Fund.

Onshore developments

Council policy states:

- The Community Benefit system for onshore developments will be calculated using a foundational allocation followed by a three tier distribution:
 - Foundational - the first £100,000 will accrue to the local level
 - For funds above £100,000
 - Tier 1 – 55% will accrue to a local level
 - Tier 2 – 30% will accrue to an area level
 - Tier 3 – 15% will accrue to a pan-Highland level

Community Benefit will be shared by taking account of 3 factors or allocation keys – called Allocation Factors - calculated within 5, 10 and 15 kilometre radii of the development site:

1. Proximity to site
2. Visual impact
3. Number of residences

Offshore developments

Council policy states:

- The Community Benefit system for offshore development will operate over two tiers in the following manner:
 - Tier 1 – 80% will accrue to a Pan Highland level
 - Tier 2 – 20% will accrue to a local coastal communities level

Onshore developments

Framework – the Council has in place a framework to ensure the transparent and equitable distribution of Community Benefit funds across Highland from wind farm, hydro and solar array developments:

- Policy – the policy as agreed by Highland Council will apply to all commercial renewable energy developments.
- 3 Allocation factors
 - **Proximity to site** – The relative proportions of Community Council areas falling in “proximity zones” 0-5, 5-10 and 10-15 km from the “Site” boundary.
 - **Visual impact** – The relative proportions of Community Council areas calculated to be able to see the “Site” falling in the “proximity zones”
 - **Number of Residences** – A count of the number of residential properties in each Community Council area, weighted depending upon the proximity zone in which they fall.
- Distribution of Funds
 - **Local Fund** – all of the first £100,000 and the 55% share of funds above that level will accrue to Local Funds. These may be under arrangements already in place such as Trust Funds set up by communities or may be held by other national organisations such as Scottish Community Foundation on behalf of communities. These arrangements will be decided in consultation with local communities.
 - **Area Fund** – the next 30% will accrue to Area Funds comprised as follows:
 - Caithness (Wards 2,3 and 4)
 - Sutherland (Wards 1 and 5)
 - Easter Ross (Wards 7 and 8)
 - Dingwall and Black Isle (Wards 9 and 10)
 - West and mid Ross (Ward 6)
 - Skye (Ward 11)
 - Lochaber (Wards 12 and 22)
 - Inverness (Wards 13, 14, 15, 16, 17 and 20)
 - Nairn and Ardersier (Wards 18 and 19)
 - Badenoch & Strathspey (Ward 21)
 - **Highland Trust Fund** - the remaining 15% will accrue to a Highland Trust Fund established by the Council using arrangements that allow democratic accountability and decision

making. They will be accessible for communities and organisations across Highland into which they can make applications.

- Governance of funds
 - At no time will the Highland Council alone be responsible for the management, strategic direction or allocation of grant aid at the Local, Area or Highland Trust level. The Council wishes community organisations to make these decisions at the Local Fund level and wishes to work with its partner organisations, including community organisations, to make these decisions at the Area and Highland Trust Fund level
 - **Local Fund** – local funds will be managed entirely by appropriately constituted local community organisations. These may include existing community organisations (e.g. development trusts), community companies set up for the purpose of fund management or by Community Councils. Where a community wishes to establish a company limited by guarantee for the purpose of local fund management, they should seek independent legal advice about it.

The boards of community organisations managing funds will be responsible for all the activities involved in company management, establishing strategic direction, fund eligibility criteria, allocation of grant aid to appropriate community projects, and all statutory reporting required in line with the normal management of the organisation.

- **Area Fund** – 9 area funds will be managed by an organisation appointed by Highland Council for that purpose. The organisation will have a track record in the management of community benefit funding and community economic development. Within each area a local board will be established to ensure an appropriate balance of community and agency representation, including community organisations, and to ensure that appropriate linkage is made with other existing funding streams, including for example the Rural Development Programme, Highland LEADER Programme, the UK Coastal Communities Fund and private sources of project funding.

Area boards will be responsible for establishing the strategic objectives and eligibility criteria for area funds, the allocation of grant aid to appropriate area projects as well as monitoring and reporting outcomes at all levels.

- **Highland Trust Fund** – the Highland Trust Fund will be managed by an organisation appointed by Highland Council for that purpose. The organisation will have a track record in the management of regional economic development funds. At the

Highland Trust level a board will be established to ensure an appropriate balance of community and agency representation, including community organisations, and to ensure appropriate linkage with other existing funding streams operating at the regional or national level.

The Highland Trust board will be responsible for establishing strategic objectives of the Trust Fund, eligibility criteria, the allocation of grant aid to strategic regional projects as well as monitoring and reporting outcomes at all levels.

The governance of funds at all levels will be reviewed every three years to ensure that the funds are contributing appropriately to economic development within the Highlands.

Offshore developments

Framework - the Council has in place a framework to ensure the transparent and equitable distribution of Community Benefit funds across Highland from wind farm, wave and tidal developments:

- Policy - the policy as agreed by Highland Council will apply to all commercial renewable energy developments.
- For Offshore developments – the following Allocation factors are used.
 - **Proximity to site** – The relative proportions of Community Council areas falling in “proximity zones” 0-5, 5-10 and 10-15 km from the “Site” boundary.
 - **Visual impact** – The relative proportions of Community Council areas calculated to be able to see the “Site” falling in the “proximity zones”
 - **Number of Residences** – A count of the number of residential properties in each Community Council area, weighted depending upon the proximity zone in which they fall.
- Coastal communities – these are community council areas that lie within the relevant Proximity Zones.
- Distribution of Funds
 - **Highland Trust Fund** – the first 80% will accrue to a Highland Trust Fund established by the Council using arrangements that allow democratic accountability and decision making. They will be accessible for communities and organisations across Highland into which they can make applications.
 - **Coastal Community Fund** – the remaining 20% will accrue to Local Coastal Community Funds. These may be under arrangements already in place such as Trust Funds set up by

communities or may be held by other national organisations such as Scottish Community Foundation on behalf of communities. These arrangements will be decided in consultation with local communities.

- Governance of funds
 - At no time will the Highland Council alone be responsible for the management, strategic direction or allocation of grant aid at the Coastal Community Fund or Highland Trust Fund level. The Council wishes to make these decisions with its partner organisations, including community organisations.
 - **Coastal Community Fund** – coastal community funds will be managed entirely by appropriately constituted community organisations. These may include existing community organisations (e.g. development trusts), community companies set up for the purpose of fund management or by national organisations such as Scottish Community Foundation via coastal community boards.
 - Where communities wish to establish a company limited by guarantee for the purpose of local fund management, they should seek independent legal advice about it.

The boards of community organisations managing funds will be responsible for all the activities involved in company management, establishing strategic direction, fund eligibility criteria, allocation of grant aid to appropriate community projects, and all statutory reporting required in line with the normal management of the organisation.

- **Highland Trust Fund** – the Highland Trust Fund will be managed by an organisation appointed by Highland Council for that purpose. The organisation will have a track record in the management of regional economic development funds. At the Highland Trust level a board will be established to ensure an appropriate balance of community and agency representation, including community organisations, and to ensure appropriate linkage with other existing funding streams which operate at the regional or national level. These may include for example the Rural Development Programme, Highland LEADER Programme, the UK Coastal Communities Fund, the European Fisheries Fund, and private sources of project funding.

The Highland Trust board will be responsible for establishing strategic objectives of the Trust Fund, eligibility criteria, the allocation of grant aid to strategic regional projects as well as monitoring and reporting outcomes at all levels.

The governance of funds at all level will be reviewed every three years to ensure that the funds are contributing appropriately to economic development within the Highlands.

Communities

The Highland Council policy provides the framework and infrastructure for the receipt and disbursement of Community Benefit from renewable energy developments. However, there is still an important role for communities to participate in how Community Benefit is received and distributed in their own communities through the Local Funds.

It is anticipated that Local Funds will be established by local communities using arrangements that allow local accountability and transparent decision making. They will be accessible for all sectors of their communities to make applications. Local communities that do not already have arrangements in place should take advice regarding the most appropriate structure for administering Local Funds.

Communities may have their own preferences in how Community Benefit is received. Some will prefer all Community Benefit as cash payments annually into the Local Fund while others will prefer up front lump sum payments in addition to annual payments. Variations such as these can be negotiated at an early stage in discussions with developers.

Additionally, some Community Benefit may be provided solely by cash payments while others will be augmented by local resource developments such as apprenticeships; visitor centres; or shares in a renewable energy development. Variations such as these can be negotiated at an early stage in discussions with developers.

The Council's Ward Management Team will liaise with communities regarding Community Benefit to keep them informed of progress with agreements. This will be supplemented by Developers who continue to have a responsibility to keep communities informed about their proposed developments and the associated Community Benefit.

Developers

Developers will liaise with the Council's Planning Gain Negotiator who has responsibility for Community Benefit negotiations where the Council's policy is to be adopted.

They will provide Community Benefit of not less than £5,000 per installed Megawatt annually that will appreciate each year in line with the UK Retail Price Index. 2011 will be considered the baseline year.

This will be payable one year in arrears after generation of electricity commences.

Community Benefit may include lump sum payments and these may, if agreed by all parties, be paid in advance of electricity generation.

Developers are invited to agree all Community Benefit from renewable energy schemes with the Council but shall retain responsibility for ensuring that communities are kept informed of progress on this.

Highland Council

The Highland Council will, in accordance with its policy, provide a framework and infrastructure for receiving Community Benefit from Developers and for its disbursement to qualifying communities as determined by a series of Allocation Factors.

The Council will establish an appropriately governed financial structure for receiving Community Benefit funds and for disbursing them.

The Council will communicate with affected communities in relation to Community Benefit and calculate the percentage of Community Benefit to be disbursed to qualifying communities.

The Council will arbitrate in any disagreement among communities in relation to the percentage of Community Benefit disbursed based on the contents of the policy.

Limitations

This Guidance booklet is produced entirely without prejudice to the execution and implementation of the Council's powers, duties and obligations as Local Planning Authority.