

Agenda Item	6
Report No	HC/19/26

The Highland Council

Committee: Highland Council

Date: 25 June 2026

Report Title: Highland Wealth Fund

Report By: Assistant Chief Executive – Place

1 Purpose/Executive Summary

- 1.1 Members will be aware that energy development across Highland presents a major social and economic opportunity. It has the potential to deliver investment, jobs and contribute to a significant part of the UK's Modern Industrial Strategy, while helping to establish the Highlands as a global destination for investment and sustainable development.
- 1.2 The scale of this opportunity in the Highlands should not be underestimated. It offers the chance to create something truly distinctive, not only through substantial economic benefits, but also a lasting social legacy for our communities and future generations.
- 1.3 The Highland Social Value Charter (HSVC) (June 2024) brought forward a co-ordinated approach to community benefit funding. This is founded on the principle of securing a voluntary agreement with (and pledges from) investors that they will contribute to local and strategic funding pots throughout the lifetime of their projects for the long-term benefit of Highland communities. One of the deliverables in the Charter is contribution to a Partnership Strategic Investment Fund (SIF) for Highland. This delivers on one of the core principles of the Charter, namely, that all communities across Highland should benefit from renewables investment.
- 1.4 At this meeting, the Council agreed to *'facilitate creation of a Strategic Fund Partnership, to manage the strategic fund, to be comprised of Council, public agencies, Renewables Companies and Community representatives. A Strategic Investment Plan will be prepared which will set out the investment priorities of the Community Planning Partnership around:-*
 - *Housing;*
 - *Connecting People and Places;*
 - *Employment and Employability; and*
 - *Addressing inequalities*

This Strategic Investment Plan will allow all stakeholders to identify strategic projects that could be supported through the Fund, subject to the formal Governance set out above.'

Officers have borne this prior commitment in mind in compiling this report.

- 1.5 In December 2025, Council agreed to launch the Invest Highland Prospectus which gathers together strategic, regional and local priority projects from a range of partners, which are needed, but which are not all funded. These include regional priorities such as roads, bridges and ports; area developments such as schools, housing and flood defences; and very local place-based opportunities, crucial to community sustainment. In essence this is the partnership investment plan envisaged in 2024.
- 1.6 In March 2026, Council agreed a report on Climate Mitigation and Adaptation that highlighted the plight of twenty-nine communities which are deemed by experts from national agencies to be vulnerable to climactic episodes by 2050 and which require urgent investment. The ethos of that paper was that investment derived from schemes to generate and distribute energy needed to be utilised to adapt and preserve Highland Communities. The paper referenced work around the Social Value contributions of developers as being critical to this work.
- 1.7 The aim is to create a wealth fund to deliver long term investment across Highland, investing in these strategic, regional, area and local priority projects. Akin to the Norwegian Sovereign Wealth fund, this will leave a true legacy from development for people in the Highlands long into the future.
- 1.8 The rationale is to reposition the Strategic Investment Fund as the Highland Wealth Fund (HWF), underpinned by a clear governance framework. This fund would then provide a sustainable, long-term source of support for the delivery of strategic projects and initiatives, benefiting communities across the Highlands. As a Partnership fund, the proposed governance model was agreed by the CPP Board at its meeting on 12 June 2026, subject to agreement of the Council given the proposed model places the Council in the accountable body role.
- 1.9 The report also updates Members on the latest engagement with Scottish and UK Government to support the redesign of community benefits, with a view to ensuring that they embed a stronger, more equitable, mandatory, and enforceable arrangements which deliver long-term value to Highland communities.

2 Recommendations

- 2.1 Members are asked to:-
 - i. **Consider and agree** the proposed governance model for the Highland Wealth Fund, noting that Members will make up one third of the Partnership Board;
 - ii. **Agree** that as part of the governance model, the Council takes the role of the Accountable Body, and, as with the Inverness and Cromarty Green Freeport, holds the right of veto on spend against the Investment Priorities and the annual Delivery Plan;
 - iii. **Consider and agree** the Highland Wealth Fund Investment Priorities, noting that Members will be asked to agree the annual delivery plan;

- iv. **Note** the ongoing activity of the Council to engage with and influence Scottish Government and UK Government in relation to Community Benefits from renewable energy development;
- v. **Note** the next steps for progressing the Highland Wealth Fund; and
- vi. **Note** that the agreed model of governance will be subject to an annual review which will be reported to the Highland Council and the CPP Board.

3 Implications

- 3.1 **Resource** - The Highland Council is lead partner for implementing the Highland Social Value Charter (HSVC) on behalf of the Highland Community Planning partnership and is doing so within existing budgets. The HSVC is part of the Council's approach to Community Wealth Building and seeks to maximise the opportunities for Highland communities and the local economy.
- 3.2 The proposed governance model detailed at section 6 of the report seeks to balance the need for appropriate independence and decision making of the fund, with making best use of experience and expertise of the Council in the role of accountable body. At this stage the costs of the model will be absorbed within business-as-usual activity but as funds grow, costs associated with the accountable body role and administration of the fund will need to be met.
- 3.3 **Legal** – As set out in the report, the proposed governance model for Highland Wealth Fund, places the Council in the role of accountable body, similar to the model previously utilised for Leader funds and has been agreed for Inverness Cromarty Firth Green Freeport Non-Domestic Rates Fund.
- 3.3 **Risk** – Engagement with developers to date has highlight the need for any fund to be Partnership driven, rather than led by any one organisation. The proposed governance model for the Highland Wealth Fund (HWF) is designed to mitigate this risk. Transparency in this is critical to build confidence, particularly amongst developers and encourage contributions to the fund.

It should be noted that, if a partnership governance model cannot be agreed, with the Council acting as the accountable body, an alternative lead agency will be required to assume that role for the Highland Wealth Fund. This is because the Social Value Charter (SVC) is a Community Planning Partnership initiative, and the Wealth Fund is an integral part of SVC. Commitments secured from developers to date have been made on the basis of a partnership-led Wealth Fund, and developers have been clear that their contributions are contingent on the Fund being led by the Partnership.

At the present time, and within the current legislative framework, the SVC continues to be voluntary and so there is no compulsion for developers or investors to sign up – it is a voluntary commitment. Work will continue to engagement with UK and Scottish Governments to encourage a more statutory approach. However, the SVC enables a framework through which to engage developers, and the Council will use the tools in place e.g. the major pre-planning advice service and other discretionary planning services offered to ensure early engagement in partnership agreements with developers.

The flow of funding into the HWF is also long term and will not start until these large-scale energy projects are delivered so this must be recognised as a long-term source of investment not a quick fix. The role of the accountable body also needs to reflect this longevity.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no implications.

3.5 **Gaelic** - There are no implications.

4 Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 An Integrated Impact Assessment screening has been undertaken on the Wealth Fund with the screening concluding, that in the main, it has the potential for positive impacts. Positive and negative impacts are highlighted, and Members are asked to consider the summary in **Appendix 1** to support the decision-making process.

4.3.1

Impact Assessment Area	Conclusion of Screening/Full Assessment (to be deleted as appropriate)
Equality	Sex – positive Age – positive Disability – positive
Socio – economic	Positive
Human Rights	No impact
Children’s Rights and Wellbeing	Positive
Island and Mainland Rural	Positive
Climate Change	Positive and negative
Data Rights	No impact

5 Background

5.1 The Highland Social Value Charter (HSVC) was agreed by Highland Council and subsequently the Highland Community Planning Partnership (CPP) Board in June 2024. The Charter set out a 9-point plan articulating the expectations of the Highland area for any renewables and green energy developments – this was established on extensive discussion with elected Members about ensuring a greater sense of justice for communities in how community benefits were disbursed, in recognition that historically, some communities have disproportionately benefited from renewables investment. A core premise of the Charter is that all communities across Highland should benefit from renewables investment.

5.2 The aims of the Charter are to:-

- embed an approach to community wealth building into Highland;
- maximise the economic benefits arising from our geography and unique appeal to energy companies;
- engage and involve relevant stakeholders to understand how we can continually improve our impact; and
- unlock economic opportunities for area

5.3 One of the core deliverables for the Highland Social Value Charter (HSVC) when first established was the Strategic Investment Fund (SIF). A Partnership Fund, this would be in addition to community benefit received directly by local communities but would ensure that all communities across Highland could benefit from renewables investment.

5.4 The aim is to create a wealth fund to deliver long term investment across Highland, investing in critical strategic, regional and local priority projects. Akin to the Norwegian Sovereign Wealth fund, this will leave a true legacy from development for people in the Highlands long into the future.

5.5 Work has been ongoing to develop an appropriate governance model to underpin the fund, and external legal advice has now been received on how best to achieve this. We are now coming forward with the governance model for the Highland Wealth Fund which will rebrand the Strategic Investment Fund.

5.6 Members are asked to recall that the agreed Social Value Charter Report of June 2024 stated that *'This will require the creation of a Partnership grouping – akin to the former Strategic Local Action Group in place for Leader funding – which will comprise of Councillors, public and private sector partners and community representatives. Options for funding management and dispersal will form part of this process, with consideration of the “accountable body” model in place for the Green Freeport being an option. Options for delivery this will come forward to a future meeting of the Economy and Infrastructure Committee. Alongside this work, a Strategic Plan will be developed to identify core criteria for the distribution of funds. This will need to take into account the Council’s Programme and Highland Investment Plan priorities alongside the HOIP priorities.'*

Officers have borne this in mind when compiling this paper.

6 Highland Wealth Fund

6.1 The success of the Highland Wealth Fund (HWF) will ultimately depend on how well it is governed. If it is to command confidence, both to the communities it is intended to support, and to the partners and developers contributing to it, the arrangements need to be transparent, balanced and genuinely fair.

6.2 As the lead partner for the SVC, the Council has sought external legal advice on how the Fund could be governed. The legal advice makes clear that there is no single model that will meet every objective. Instead, the focus should be on striking the right balance. Any governance approach will need to:-

- give communities a **meaningful and visible role in decision-making**, not simply a formal presence;

- ensure there is **clear accountability and oversight**;
- provide assurance that funding is **properly ringfenced and used as intended**; and
- remain **practical and workable**, allowing decisions to be taken efficiently.

In essence, the challenge is to find an approach that places communities at the centre of decisions, while also allowing the Council to meet its responsibilities around governance, financial control, risk and sharing the wealth beyond narrow funding boundaries.

6.3 Governance Options - The legal advice obtained sets out four broad options for how the Fund could be structured. These can be viewed as a spectrum, ranging from direct Council control through to more independent, arm's-length arrangements. The differences between these options centre on three key considerations: where the Fund sits, how decisions are made, and how independent those arrangements are perceived to be. These are detailed further at **Appendix 2**, along with an assessment of the options, based on the legal advice received.

6.4 The legal advice highlights that where the Fund remains within the Council, stakeholders may still have concern, particularly around how clearly funds can be ringfenced and whether decision-making is sufficiently independent in practice. This mirrors the feedback received from developers; they support and are willing to contribute to a Partnership led fund, where decisions on spend are taken by a range of partners, including community voices.

Each option presents a different balance between control, independence and delivery. Fully Council-led approaches offer clarity and simplicity but would not provide the level of assurance sought by partners, developers and communities and nor does it align with the original commitments in the Charter that this would be a Partnership fund. More independent models can strengthen confidence but introduces additional cost and complexity.

6.5 On balance, the recommended preferred model is a **Partnership Led Fund with the Council as the Accountable Body**. Under this model, the Council acts as Accountable Body and administers the Fund, with funding decisions taken jointly with partners through a Partnership Board - including Council members, community representatives and developers - under a formal agreement. Members would make up one third of the Partnership Board.

This would deliver on the original aims and purpose of the fund by ensuring this is a partnership model, with involvement from partners, communities and developers. It also has a number of practical advantages:-

- It builds on the Council's existing experience in managing funding programmes as an accountable body (e.g. Inverness and Cromarty Firth Green Freeport and European Leader);
- It creates space for meaningful partner and community involvement in decision-making; and
- It also avoids the time, cost and complexity associated with establishing a new standalone organisation

6.6 As part of this governance approach, it is proposed there would be three key components:-

- Highland Wealth Fund Board – a partnership board comprising of elected Members (one third of the membership), third sector/community, public sector and developer representatives. Highland Council Members would have a key place on the Board. The Board’s role is to set the strategic direction of the Fund, ensuring that all activity aligns with the aims and priorities of the HWF. The Board must also ensure robust governance frameworks are created and upheld, with regular reporting to stakeholders. The Board will consider and decide on investments based on recommendations and assessments from the management team.
- Highland Wealth Fund Management Team – will be comprised of key officers from partner organisations to support the management and assessment of any funds. The Management Team should produce a HWF Delivery Plan on an annual basis based on the HWF priorities and emerging projects to support and guide the Board in any funding decisions. The management team will be responsible for developing specific evaluation criteria which will be used to assess all proposals. Criteria are likely to consider strategic fit, value for money, deliverability, additionality, match funding and impact. As the fund grows, it is likely that it will be necessary to bring in additional specialist advice to resource to help manage the Fund.
- Accountable Body - the Accountable Body is responsible for the expenditure and management of the HWF. The Accountable Body must ensure funding is used appropriately with all information on expenditure, activities and outcomes properly recorded and reported. This will ensure transparency and confidence in the operation of the Fund. The Accountable Body role includes sign off of any investments, and a right of veto, if the proposed investments do not align with the priorities of the fund. This aligns with the arrangements in place for management of NDR funds from the Freeport. With the role as Accountable Body, there would require to be regular updates to elected Members.

6.7 For this model to be effective and to command confidence, it will be important to:-

- establish clear and transparent governance arrangements;
- ensure that funding is appropriately ringfenced and protected;
- define roles and responsibilities for all partners; and
- put in place robust decision-making processes that reflect the principles of the Social Value Charter

The legal advice recognises that concerns around ringfencing and independence can be addressed through carefully structured agreements and governance mechanisms.

Further work will therefore focus on developing these arrangements in detail, with the aim of bringing forward a governance model that is practical, credible and aligned with the Council’s role as accountable body, while ensuring that communities remain central to how the Fund operates and delivers benefit across the Highlands.

It will be important for the Council, in the role of Accountable Body, to continually review the governance model in place for the Fund, to ensure it is operating effectively. This would also need to take into account the scale and scope of the fund, potentially moving to a separate body should the value of the fund grow.

6.8 Highland Wealth Fund – Investment Priorities

To support the distribution and allocation of the fund, there is need to establish a clear set of priorities. These priorities would also be used with developers as part of the negotiation approach, to give clarity and build confidence on how any funds contributed to the HWF would be directed. This builds on learning and feedback from developers to date.

6.9 To support this work, the Council engaged the Centre for Local Economic Strategies (CLES) to help support the development of a clear set of investment priorities. CLES's approach to developing the SIP has been multi-faceted and iterative. Given the importance of community voice and ownership in community wealth building, CLES engaged with multiple stakeholders, alongside undertaking a review of regional and area-based plans, to map the alignment of thematic priority areas between them. In particular, Area Place Plans have been useful in identifying potential project areas. Online focus groups were then held with key members of Community Planning Partnerships across the region as well as Highlands and Islands Enterprise (HIE) and developers of renewable energy projects.

6.10 Building on existing partnership and individual partner priorities, the overarching aims of the HWF are to:-

- **People** – Enable people to live independently, safe and well within their community.
- **Place** – Work in partnership to develop sustainable and resilient local communities.
- **Prosperity** – Creating opportunities for all people and places to prosper and to thrive economically.

6.11 The Highland Wealth Fund is first and foremost an investment fund. It is about creating a long-term legacy for Highland, that through wise investment will grow over time to enable spend on a range of priorities. Specialist advice is being sought regarding how the reinvestment of the fund could operate. Should a decision be taken in this regard, further work would be required to design an overall model to achieve this, considering the financial and risk implications of this.

6.12 In addition to the primary investment function above, six investment/spend priorities have been identified at this initial stage:-

- **Creating and enabling Housing**
In addition to point 3 of the Charter which seeks developers to contribute to legacy housing options, this would enable investment directly in a range of projects areas including: housing development – both community and social housing projects -, support for retrofit projects to directly address fuel poverty, key worker and alternative accommodation solutions, and supported accommodation projects.
- **Connecting People and Places**
The investment priority aligns closely with a number of regional priorities within Invest Highland. Connectivity in relation to transportation and the infrastructure to enable it, along with the importance of digital connectivity to enable people to access and utilise services. A range of potential investment opportunities could include developing innovative community transport

solutions, contributing to/enabling road/bridge infrastructure projects, active travel projects and creating the physical and social networks to enable improved digital access to services.

- **Skills, Employment and Employability**

Building Point 4 of the Charter which seeks developers to adopt Highland's Employer Charter and introduce apprenticeship programmes as part of their developments. Potential investment opportunities could include incentives for local employment e.g. graduate schemes and supporting Workforce North led projects, such as investment in the Highland Construction Skills Academy.

- **Supporting Community Led Approaches to Tackling Inequality**

Investment in this priority could include supporting new approaches to childcare, projects to support and address fuel poverty, developing community approaches to emergency food provision and targeted youth provision to reduce social isolation and build resilience.

- **Building, developing and enhancing Social Infrastructure**

Investment in this thematic could include both the feasibility and development stage of enabling community led service delivery through infrastructure investment and enhancing community-based facilities identified through the Highland Investment Fund, Invest Highland and regeneration projects.

- **Land, Environment and Biodiversity**

Investment could be targeted as support for the Nature Investment fund, nature-based solutions and eco-system restorations projects and climate led adaptation and resilience projects.

6.13 The first four of these intervention priorities at 6.12 align with the 2024-27 Delivery Plan for the HOIP and they cut across the strategic aims of people, place and prosperity. The fifth and six recognise the opportunity to investment in key infrastructure projects which have a wider social/community purpose and to support adaptation and restoration works. The potential project areas reflect areas emerging from the Area Place Plans, alongside wider Highland wide strategic projects captured through Invest Highland.

6.14 Initial engagement with developers on these intervention themes has been positive; providing direct support and investment within communities.

6.15 It is important to note that the HWF priorities may require to be reviewed in response to new priorities and projects as they emerge. The annual review of Area Place Plans will assist in supporting this approach along with the work around Invest Highland. As noted at 6.6, the intention is to develop an annual delivery plan – mirroring the approach of the Freeport NDR Strategy – which would support the HWF Board direct and prioritise funds on an annual basis. Members will be asked to agree the Delivery Plan annually.

7 Developments and Updates

7.1 At its meeting on 12 June, the CPP Board agreed to an update of the Social Value Charter deliverables to better reflect wider investment and development taking place across Highland. This has been in response to discussions with business stakeholders and developers. At a time where there are changes to UK and Scottish

policies and guidance relating to renewable energy activity, particularly in relation to community benefits, the introduction of the Community Wealth Building (Scotland) Bill 2026, grid reform and other developments relating to inward investment, there is a clear logic for updating the Charter so it can be implemented across all sectors.

7.2 The revised Charter includes a set of core deliverables that are relevant to investment across all sectors, including:-

1. Strategic Investment Fund
2. Supporting Development of the Highland Investment Plan
3. Housing
4. Jobs, Skills and Training – Workforce for the Future
5. Match Funding for Local Projects

Additional sector specific deliverables are included, where appropriate and relevant, on a sector-by-sector basis. For example, the Renewable Energy sector Charter continues to include the existing principles of:-

1. Community Benefit Funds
2. Shared Investment into Renewables
3. Maximising Socio-economic prosperity through the planning system.

7.3 The revised Charter provides investors with clear articulation of the key drivers for each deliverable, along with enhanced guidance and detail on the requirements underpinning them. This is intended to support a consistent and robust approach by investors in meeting their commitments.

7.4 Scottish Government's Good Practice Principles for Community Benefit
Community Benefit in Scotland continues to be on a voluntary basis, with onshore renewable energy developments often being guided by the Scottish Government's Good Practice Principles. In December 2024, the Scottish Government launched a consultation to review the Good Practice Principles for onshore and offshore renewable energy, aiming to enhance community benefits provided by developers.

7.5 The Council responded to this consultation in March 2025: [Community Benefits from Net Zero Energy Developments: Consultation](#). The key areas of focus in the Council's response related to:-

- Equitable distribution of community benefits across the whole region.
- Sustainable Economic Growth.
- Inclusive Decision-Making.
- Measurable Outcomes.
- Setting Strategic Priorities.

The Council's response highlighted that implementation of these measures would help to maximise long-term economic resilience, infrastructure investment, and sustainable growth across the Highlands. A structured, transparent, and inclusive approach would ensure that all communities, both directly and indirectly affected would share in the opportunities presented by Scotland's renewable energy transition.

- 7.6 In February 2026, in response to the consultation, Scottish Government launched their [Working Paper - Refreshing the Good Practice Principles for Community Benefits from Onshore Renewable Energy](#).
- 7.7 The proposals outlined within the paper fall short of the Council's and wider Highland Partnership's expectations. While welcoming the opportunity to engage with Scottish Government in relation to their proposed changes to the guidance, the Council's response, at **Appendix 3**, expressed strong disappointment that the Working Paper fails to reflect the Council's, the Community Planning Partnership's and Highland communities' consultation feedback. And as one of the main regions most affected by renewable development it has been highlighted that the proposals represent a missed opportunity to deliver a fair, consistent and future-proof framework and highlights key concerns including the continued reliance on voluntary guidance, inadequate and regressive community benefit funding levels, lack of legally enforceable and mandatory standards, failure to address regional inequality through a strategic fund model, weak governance, insufficient community engagement requirements, and poor reporting and accountability mechanisms.
- 7.8 The response urges the Scottish Government to revise the Working Paper to introduce a mandatory, enforceable framework with higher, revenue-linked contributions, dual local and regional benefit distribution, robust governance and monitoring, and stronger alignment with place-based and community wealth-building priorities across the Highlands.
- 7.9 Officers continue to engage with Scottish Government to support the development of a framework that would be equitable and deliver long-term value for communities across Highland and other areas of Scotland

8 Next Steps

- 8.1 Should the Council support the proposed governance model for the HWF, next steps would include progressing the arrangements for developing a detailed governance model at set out at section 6.
- 8.2 Engagement with developers to sign up to the Charter continues and an update on progress will be considered at the Economy and Infrastructure Committee in August.

Designation: Assistant Chief Executive - Place

Date: 12 June 2026

Author James Welsh, Chief Officer Enterprise and Investment
Alison Clark, Chief Officer Housing and Communities
Alan Webster, Economy and Regeneration Manager
Gail Anderton, Community Benefits Manager

Background Papers: None

Appendices: Appendix 1 - Impact Assessment Screening Summary
Appendix 2- Comparative Assessment of Option
Appendix 3 - Highland Council response to the 'Scottish Government's Refresh of the Good Practice Principles for Community Benefits from Onshore Renewable Energy'

Impact Assessment Screening Summary

Equalities, Poverty and Human Rights

The priorities for the Highland Wealth Fund have the potential to have a positive impact on a range of the protected characteristics. Skills, employment and employability has the potential to have a positive impact on young people and also on disabled people by increasing the range of employment opportunities and supporting skills development within Highland. Community Led Approaches to Tackling Inequality, includes a focus on childcare and youth provision and therefore has the opportunity to have a positive impact on women and young people. Social Infrastructure, which includes a focus on enhancing community-based facilities through the HIP programme, has the potential to have a positive impact on key groups relying on local facilities including, younger people and older adults and people with disabilities.

The Wealth Fund aims to deliver long term investment across Highland and the investment priorities of the fund have been identified to deliver a positive socio-economic impact - increasing housing, increasing skills and employment, supporting critical infrastructure to connect people and places, supporting community approaches to tackle inequality such as childcare and fuel poverty and supporting social infrastructure such as enhancing community-based facilities and regeneration projects. These priorities all have the potential to have a positive socio-economic impact on increasing opportunities for individuals, on vulnerable communities and on individual household resources.

Children's Rights and Wellbeing

The priorities of the Wealth Fund include a focus on increasing skills and employment opportunities, on tackling inequality, improving housing and enhancing community spaces, all of which have the potential for having a positive impact on the rights of young people. In particular, Article 3 - working in the best interests of the child, and Article 27 - children have a standard of living that is good enough to meet their physical and social needs and support their development.

Rural and Island

The Wealth Fund aims to address a range of priorities across the Highland area which have the potential to have a positive impact on all communities, however a number of the infrastructure projects identified through Invest Highland, are particularly targeted at improving infrastructure within rural areas. Another of the key priorities is addressing fuel poverty, which is a greater issue across rural communities due to the type of fuel sources available.

Climate Change

The Highland Wealth Fund has the potential to have both a positive and negative impact in relation to climate change. One of the key priorities of the fund is infrastructure projects related to roads and bridges which are designed to improve connectivity across Highland but could have a negative climate impact. This is however balanced with priorities including support for community transport and active travel routes who have the potential to have a positive climate impact. In addition, there is a core priority focused on land environment and biodiversity, with the potential for investment to be targeted as support for the Nature Investment fund, nature-based solutions and eco-system restorations projects and climate led adaptation and resilience projects. These could all have a positive climate impact, particularly to support biodiversity and supporting communities to adapt to changing climate and the impacts of this.

Comparative Assessment of Options

Four potential governance options were considered:-

- **Option 1 – Council-managed Fund**
The Council holds and administers the Fund, with funding decisions taken by elected Members.
- **Option 2 – Partnership Led Fund with Council as the Accountable Body**
The Council acts as Accountable Body and administers the fund, with funding decisions being taken by a partnership board - including Council members, community representatives and developers - under a formal agreement.

Note: under this model, Elected Members would make up one third of the Partnership Board.

Moving towards more independent approaches:-

- **Option 3 – Arm’s-Length Organisation**
A new body is established to manage the Fund, bringing together the Council and key stakeholders within a shared governance structure.
- **Option 4 – Third-Party Managed Fund**
An external organisation is appointed to design, manage and distribute the Fund on behalf of stakeholders.

The table below summarises the four options and their respective strengths and considerations:-

Option	Summary	Advantages	Considerations
<i>1. Council-managed Fund</i>	<i>Fund held and decisions made by the Council</i>	<ul style="list-style-type: none"> • <i>Clear democratic accountability</i> • <i>Straightforward to establish and administer</i> • <i>Clear governance, financial and risk controls in place</i> 	<ul style="list-style-type: none"> • <i>May not fully reflect community-led decision-making</i> • <i>Potential concerns around ringfencing</i> • <i>May limit confidence among stakeholders</i>
<i>2. Council with Partner Agreement</i>	<i>Fund held by Council, with decisions taken jointly with partners under a formal agreement</i>	<ul style="list-style-type: none"> • <i>Builds on existing Council role as accountable body for other funding streams</i> • <i>Enables shared decision-making with partners and communities</i> • <i>Retains appropriate oversight and accountability</i> • <i>More practical and cost effective than to establish and operate than a new standalone entity</i> 	<ul style="list-style-type: none"> • <i>Requires robust governance arrangements and clear agreements to ensure transparency</i> • <i>Ringfencing arrangements must be clearly defined to provide confidence</i> • <i>Council statutory duties will continue to apply</i>

Option	Summary	Advantages	Considerations
3. Arm's-Length Organisation	<i>Separate body established to manage the Fund</i>	<ul style="list-style-type: none"> • <i>Stronger ringfencing and independence</i> • <i>Direct stakeholder and community involvement</i> • <i>Builds confidence with developers and partners</i> • <i>Greater flexibility outside local authority systems</i> 	<ul style="list-style-type: none"> • <i>Requires time and resource to establish</i> • <i>Ongoing governance requirements</i>
4. Third-Party Managed Fund	<i>External organisation manages and distributes the Fund</i>	<ul style="list-style-type: none"> • <i>Minimal administrative burden for the Council and partners</i> • <i>Clear independence from the outset</i> • <i>Often attractive to developers</i> • <i>Can be established relatively quickly</i> 	<ul style="list-style-type: none"> • <i>Risk of weaker alignment with local priorities</i> • <i>Community involvement depends on governance design</i> • <i>Will involve significant costs which are not available at the early-stage development of the fund</i>



Highland Council response to the 'Scottish
Government's Refresh of the Good Practice
Principles for Community Benefits from
Onshore Renewable Energy'



Robert Scott
Energy System Projects Team
Leader
Sent by email to:
onshorecommunitybenefits@gov.scot

Foighnich airson/Please ask **Councillor Raymond**
Àireamh fòn/Direct phone:
Ur n-Àireamh-iùil/Your ref:
Ar n-Àireamh-iùil/Our ref: RB/rm
Ceann-latha/Date: 1st April 2026

Dear Mr Scott

**Scottish Government's Working Paper on Refreshing the Good Practice
Principles for Community Benefits from Onshore Renewable Energy –
February 2026**

On behalf of The Highland Council, we welcome the opportunity to respond to the refresh of the *Good Practice Principles for Community Benefits*.

However, we must express significant concern and our huge disappointment that the Working Paper published in February 2026 does not adequately reflect or incorporate the substantive views, evidence, and recommendations provided in the Council's formal consultation response.

In its current form, the paper represents a missed opportunity to establish a fair, consistent and future proof framework for community benefit in Scotland's most impacted regions. It also falls short of facilitating and supporting our Community Wealth Building aspirations throughout the Highland region, and ignores the work done to prepare and promote the Social Value Charter form Renewables in Highland.

I would note in particular our concern at the extent to which public views and lived community experience appear not to have been meaningfully reflected in the proposed updates.

As one of the geographic areas in Scotland most impacted by the growth in renewable energy, we participated constructively in the consultation process, submitting a detailed response that outlined clear opportunities to strengthen Scotland's approach to community benefits.

This included:-

- the need for equitable distribution;
- legally enforceable governance;
- mandatory standards; and
- a strategic approach to benefit allocation

These were central themes within Highland's submission but appear to have, on the whole, been ignored within the Working Paper. The proposed levels of funding across the different technologies fall woefully short of any values that would have been achieved had community benefit funding had index-linked increments applied year on year since the implementation of the guidance.

While the Working Paper highlights that responses were gathered from Councils, communities, stakeholders and advisory groups across Scotland, many of the most critical issues repeatedly raised by the Council and Highland communities appear not to have been meaningfully considered. Given that there is a greater level of impact in this local authority area than perhaps any other in Scotland, it is extremely worrying that the concerns and issues have been dismissed.

The following sets out a number of areas for concern.

1. Community Benefit Distribution – Failure to Address Regional Inequality

The Council's response last year emphasised the need for a balance between direct host-community benefits and a local authority wide strategic fund model. This is essential to address socio-economic inequalities and ensure fairness across communities directly or indirectly impacted by renewable developments.

However, the Working Paper fails to recognise the strong evidence base supporting strategic allocation presented or indeed the Highland Social Value Charter framework. Instead, the position adopted has maintained a traditional and narrow local-first model that risks perpetuating regional inequalities. More importantly, it does not address the longer-term legacy that Highland Council, its partners and communities are demanding. Rural communities in parts of Highland need to be sustained and supported for the long term, and this paper does not meaningfully address this.

There is a strong case for change, not perpetuating existing inequalities and systematic failures. The current proposals change nothing.

2. Insufficient commitment to mandatory, legally secure arrangements

The Highland feedback was clear that voluntary guidance is no longer adequate. It set out a strong case that it is essential community benefit arrangements are:-

- **Legally enforceable** - community benefit agreements should be legally enforceable,
- **Incorporated into planning** – the requirement for community benefit agreements should be integrated within the planning system and process;
- **Monitoring and compliance** – community benefit agreements should be subject to clear mechanisms for monitoring and compliance, ensuring accountability.

There is clear evidence that developers are not adhering to the current guidance. Without system change, 'guidance' will make no difference.

The Scottish Government's continued reliance on voluntary principles overlooks the challenges communities face in negotiating with large energy developers and fails to address long-standing concerns about transparency and accountability.

The proposed process still leaves substantial discretion with developers and intermediaries rather than embedding the local community as the primary decision-maker from the outset. This risks perpetuating the very inconsistencies and inequalities the refresh claims to address.

3. Proposed Community Benefit funding levels – materially inadequate and regressive

The Council highlighted the need for significantly higher, mandatory and revenue-linked funding levels to ensure fairness and reflect both local and strategic priorities.

In contrast, the Working Paper proposes only modest, voluntary contributions - £6,000 per MW for onshore wind, £700–£1,000 per MW for solar, and £150 per MW for battery storage.

The rates set out:-

- Are not reflective of the value of developments not the impacts experienced by communities;
- Provide no defined contributions for technologies such as pump hydro storage – this is fundamentally wrong given the huge impact and long duration of these developments; and
- Include no provision for a regional strategic fund to address inequalities and lasting legacy across the area.

This represents a substantial divergence from the Highland position, which supports and advocates for considerably higher payments across all technologies and a dual-level model comprising both local and strategic community benefit funds.

The Working Paper is already generating concerns amongst communities. In particular, that this could lead to a retrenchment from developers who morally and rightly recognise that the current guidance had not increased with inflation and have committed to higher levels of community benefit. Justifiable concerns now exist that developers will renege on commitments – supported by Scottish Government guidance – and ultimately disadvantaging communities across Highland.

4. Community Engagement – Insufficient Structure and Protection

While the working paper acknowledges the importance of engagement, it fails to introduce:-

- Mandatory early-stage engagement requirements;
- Defined timelines aligned to the planning process; and
- Minimum standards for developer led engagement

Highland communities continue to report late, inconsistent, and reactive engagement, limiting their ability to influence outcomes. The Working Paper proposals will not address these.

The omission of a more structured mandatory process risks continued inconsistency and missed opportunities from meaningful community engagement and influence.

5. Limited recognition of the Council's proposed governance improvements

The proposed governance framework remains optional and non-binding and does not address the issues raised.

Highland set out detailed recommendations in relation to a strengthened governance framework which would introduce transparent, community-led governance - including participatory budgeting, strategic oversight bodies, and independent auditing - to ensure effective delivery of community benefits.

Whilst the draft guidance provides a set of principles and optional governance models, these remain non-binding and lack statutory weight. This will not address the current inadequate and inconsistent practice across Scotland.

6. Reporting and monitoring – failure to enable accountability

The Council argued for **mandatory, standardised national reporting**, with clear KPI's, independent audits, and long-term impact evaluations to move beyond voluntary submissions to the Community Benefits Register.

However, the Working Paper continues to encourage voluntary reporting rather than requiring it. This undermines transparency and severely limits the ability of public sector partners and communities to assess the long-term value of developments at a regional and national level and hold developers to account.

7. Lack of alignment with Highland's Place-Based and Community Wealth Building approaches

The Working Paper does not adequately align with established place-based frameworks, including:-

- Area and Local Place Plans;
- The Highland Outcome Improvement Plan; and
- The Highland Social Value Charter

In particular, the absence of a recognised strategic investment model undermines the ability to deliver:-

- Regional infrastructure;
- Economic diversification; and
- Long term legacy community wealth building

A purely localised approach does not reflect the integrated nature of energy systems or regional economies, particularly in rural and island contexts.

Conclusion: A Missed Opportunity – Strategically and for Communities

Whilst we welcome and support the refresh of the Good Practice Principles, the Council remains committed to supporting the development of robust, fair, and future-proof Good Practice Principles.

The current Working Paper does not do this.

The Working Paper does not fully recognise the scale of opportunity, or the risks associated with failing to embed stronger, more equitable, and enforceable arrangements.

We therefore urge the Scottish Government to revise the Working Paper and commit to:-

- **Mandatory Framework** - move beyond voluntary guidance and establish a mandatory, enforceable framework for community benefits.
- **Revise Contribution Levels** - introduce minimum, revenue-linked and index-linked contribution levels across all technologies.
- **Regional Distribution** - formalise a dual-level distribution model, incorporating both local and strategic regional funds, as proposed in the Highland Social Value Charter.
- **Mandatory Engagement** - embed mandatory engagement standards aligned with the planning process.
- **Governance Delivering Accountability** - establish robust governance, reporting, and audit requirements.

We would welcome direct engagement with the Scottish Government to support the development of a framework that is credible, equitable, and capable of delivering long-term value for communities across the Highlands and Scotland as a whole.

Yours sincerely / Leis gach deagh dhùrachd,

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