The Southern Uplands Partnership

A Study of Community Energy Benefits in the Southern Uplands

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Version 2.0: Final Report
Date: 11th March 2011

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Acknowledgements

I wish to acknowledge and thank all of the key contacts within the various wind farm developers, Local Authorities and support agencies noted in Appendix I, for giving their time and knowledge so freely and willingly to this study. Without their input, our work would have been significantly diminished and made much harder.

I also wish to offer my thanks to the authors of the reports noted in the 'References' section at the end of this report for their informative and detailed work which has helped to set the context and provide examples, proposals and other information for this work during the secondary research phase of our work. At all times, when any information contained in this study has been sourced from these reports I have acknowledged this in referencing the information in numbered superscript which refers to the numbered reference section at the end of the report.

James Finnie
CEiS
11th March 2011

Scope of this Study

The scope and working parameters for this study were established prior to CEiS commencing this work. After an initial scoping meeting with The Southern Uplands Partnership (SUP), CEiS prepared a detailed 'Proposal of Service' which was submitted to the Management and Board of SUP for approval or amendment. After making one revision to the proposal SUP accepted the revised version, a copy of which is provided in Appendix I, allowing CEiS to commence the work.

The context of this study is that, as part of its wider remit, SUP has been in discussion with a number of wind farm developers who are seeking to develop a number of wind farms across the Southern Uplands. SUP's interest and involvement in this area is focused on two main areas, namely:

i. Minimising environmental impact to the Southern Uplands; and
ii. Working to ensure that approved wind farm developments provide a tangible benefit to local communities across the Southern Uplands.

To these points, SUP aims to engage in direct dialogue with all wind farm developers across the Southern Uplands in order to present a *Prospectus* of clearly defined range of services which presents SUP as an attractive 'partner' to them as the most significant investors in SUPs area of operation at present. It will tacitly recognise that, as a sector, they face particular challenges in 'selling benefits' to communities faced with living with the consequences of their investment. By presenting the developers with a *Prospectus*, SUP will outline a range of potential solutions designed to meet the specific needs and identified drivers within the communities of the Southern Uplands rather than a generic attempt to address all circumstances.

In order that SUP is as fully informed as possible in its discussions with the wind farm developers it is looking to engage the services of CEiS to conduct research on its behalf. Specifically SUP is looking for this study to address the following key points:

- Determine the number, location, developer, status, scale, etc. of wind farm developments across the 5 local authority areas that make up the Southern Uplands, namely South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders.

- Identify the associated benefits of these developments to local communities, including community ownership, community benefit funds and any other social or economic benefits generated by the developments such as local jobs, training, planning gain, etc.

- Identify any published statements that refer to the wider community benefits of wind farm developments in general. This should include statements of "corporate social responsibility" from developers and Local Authority policies.

- Provide a summary and analysis of the management arrangements and methodologies employed re community benefits associated with the wind farm developments outlined above.

- Provide indicative illustrations of 2-3 actual wind based community energy developments across Scotland re high level costs and projected income streams.

- Offer conclusions and recommendations based on analysis of the above

The output from this study is intended to inform and advise SUP as it seeks to position itself to be a value add partner to developers, Local Authorities, agencies and local communities by working to ensure that approved wind farm developments provide a tangible benefit to local communities across the Southern Uplands. This study will be carried out in this context.

This report therefore will not rehearse the background debate to the pros and cons of wind farms. Nor is its purpose to make recommendations in regards to what actions should be taken by Local Authorities, local agencies etc with regards to ensuring maximum maximise community benefits; optimising local management structures; nor recommending who the beneficiaries should be. It will instead focus on the types of benefits, provide examples of their implementation and consider how these might translate into practice across the Southern Uplands.

1. Executive Summary

Scope of this Study
Formed in 1999, the Southern Uplands Partnership was started by local people keen to keep the communities and countryside of the south of Scotland alive and healthy. It has commissioned this study of Community Benefits from wind farms by CEiS based on its recent discussions with a number of wind farm developers across the Southern Uplands.

SUP's interest is focused on minimising the environmental impact to the Southern Uplands and working to ensure that approved wind farm developments provide a tangible benefit to local communities across the Southern Uplands. The output from this study is intended to inform and advise SUP as it seeks to position itself to be a value add partner to developers, Local Authorities, agencies and local communities across the Southern Uplands. It will allow SUP to engage with developers via a defined *Prospectus* which will outline a range of potential solutions designed to meet the specific needs and identified drivers within the communities of the Southern Uplands rather than a generic attempt to address all circumstances.

National Context
Renewable energy is the next great energy revolution. The Scottish Government has identified a potential for electricity generation from renewables of up to 60 Gigawatts (GW) – more than ten times the country's peak demand and has set a target of 80% of total Scottish energy use coming from renewable sources by 2020 (31% by 2011).

The Government believes that the people of Scotland are also entitled to benefit directly from this revolution, as its draws on collective resources and impacts on communities. The Government is therefore committed to the principle that the people see some return on the exploitation of Scotland's natural environmental assets. By getting this right, the benefits to Scotland and its local communities could be substantial and long-lasting.

Research Methodology
In conducting this research CEiS has employed a combination of initial secondary research in order to establish what published information pertaining to the scope of this study was already available within the public domain; and primary research conducted with 38 wind farm developers, contacts within 5 Local Authorities and various support agencies. The research was conducted from December 2010 to February 2011.

Key Findings & Opportunities
The key findings of this research, and the opportunities that such findings present, are that:

- Although communities in the Southern Uplands are receiving community benefit payments within the minimum and maximum ranges experienced by other communities across Scotland, there remains scope for such community benefit payments to increase significantly over time. As such, the opportunity exists for a new or existing organisation/agency to maximise community benefit payments from wind farm developments across the Southern Uplands by acting as a central negotiating body with developers.

- There is presently a lack of community ownership models in operation across the Southern Uplands when compared to the rest of Scotland. As such, communities across the Southern Uplands are missing out on additional financial benefits that such models can bring. The opportunity therefore exists for an organisation based in the Southern Uplands to work with local communities impacted by wind farm developments to inform, advise and develop the possibilities associated with community ownership.

- Wind farm developments across the Southern Uplands have not maximised the community benefit returns with regards to additional benefits. This includes local firms gaining work during construction; providing training or apprenticeship places for local young or unemployed people; and providing employment for local people.

  An opportunity exists for SUP to work with local developers to further develop the wider community benefit options, evidenced by a handful of exemplars in this report, and to develop them as a model for future wind farm developments across the Southern Uplands. This may be via the development of such models on a case-by-case basis or via a move towards a contribution to a Southern Uplands strategic fund that could be made available to support wider strategic projects that would support sustainable development and create a legacy for the region, something which the current voluntary frameworks have sought to do but have not yet achieved.

- An opportunity exists for communities and Local Authorities to work with developers to incorporate Community Benefit clauses – using an already established framework and taken on by many developers – into the construction and maintenance phases of wind farm developments in order to engage local businesses and social enterprises in the delivery of goods and services.

- The management of community benefit funds across the Southern Uplands appears to be coordinated and under control. Although there is no evidence to suggest a need for change in the management arrangements of community benefit funds in place today an opportunity does exist for such a service to be integrated with the other services proposed to provide a one-stop-shop approach for all aspects related to community benefits across the Southern Uplands.

Conclusion

When considered collectively, the benefits being realised by communities across the Southern Uplands fall short of their maximum realisable potential. Whilst communities are increasingly benefitting as more and more wind farm developments become operational the models being employed to realise these benefits are not being optimised.

As such, it is the conclusion from this study that a real opportunity exists to benefit the communities and people of the Southern Uplands through focused intervention by agreed intermediary/intermediaries to represent and assist local communities to consider and develop the most suitable models to realise community benefits. Having one negotiating body would also be of benefit to developers as would the ability of such an organisation to help liaise and consult with local communities.

2. Setting the Scene

"(Scotland) stands on the brink of a new energy revolution. Wind and wave can drive generators, waste can provide heat, and homes can be warmed from geothermal pipes. These renewable sources can power the nation for now and into the future - this is a revolution which will run for centuries. The more we develop them, the less we rely on carbon fuels and the greater our contribution to a sustainable planet for all.

With this energy comes a new chance to grow our economy and improve our standard of living. Perhaps in the past the benefits of our land and water have flowed to too few, or been spent too quickly by governments in economic difficulty. This government believes the benefits should go to many, and be invested for long-term stability.

We are a world leader in this field - let us ensure we also lead the world in the just distribution of the benefits."[1]

Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment, November 2010

The above statement is taken from the Scottish Government's consultation paper - *Securing the Benefits of Scotland's Next Energy Revolution* – published in November 2010, inviting comment as to how Scotland may best realise wider benefits of the new energy revolution to local communities across Scotland.

The premise of this consultation is timely in regards to this study commissioned by The Southern Uplands Partnership. Both seek to determine the best way forward to deliver maximum benefit to local communities from wind farm developments.

2.1 National Context

The Scottish Government's November 2010 consultation paper - *Securing the Benefits of Scotland's Next Energy Revolution* – sets the national context for the discussion of national and local community benefits from renewable energy. The information below is a summary of the key points from that paper which the Government has set out and which is also relevant for this study.

Scotland has an enormous geographical competitive advantage in the field of low carbon and renewable energy:

- In a UK context, Scotland punches well above its weight. The waters around the Scottish coast contain around 40% of the UK's fixed offshore wind practical resource; 35% of the floating resource; three-quarters of the wave resource; and over a third of the combined tidal stream and tidal range resource.
- In a European context, current estimates show that Scotland has 25% of Europe's potential offshore wind and tidal power and 10% of its wave potential.
- Scotland's offshore storage capacity for carbon emissions is the largest in the EU and greater than the capacity of the Netherlands, Denmark and Germany combined. [1]

The Scottish Government has identified a potential for electricity generation from renewables of up to 60 Gigawatts (GW) – more than ten times the country's peak demand and has set a target of 80% of total Scottish energy use coming from renewable sources by 2020 (31% by 2011). Specific targets include 50% of electricity demand, a 10% target for renewable transport and 11% of heat demand.[6]

As illustrated above, renewable energy is the next great energy revolution, set to transform economies as coal and oil did before. Exploiting these resources in an environmentally sustainable manner will enable Scotland to lead the world in the transition to a low carbon economy over the next four decades.

Set against this backdrop, the Scottish Government aims to ensure that in developing the country's assets we share our resources amongst our people, while preserving the integrity of our assets for future generations.

Previous energy revolutions have provided boosts to the Scottish economy but have often done little to provide long term benefits. The benefit from the discovery of North Sea oil has been thus far largely used to sustain day-to-day government spending. In contrast, Norway used this bounty to invest in the future care of its people, creating in 1990 a Government pension fund which today is worth the equivalent of £294.09 billion. Norway understood that it is the people who own the environment, and the people should manage this natural gift for future generations.

The Scottish Government believes that the people of Scotland are also entitled to benefit directly from this revolution, as its draws on collective resources and impacts on communities. The Government is therefore committed to the principle that the people see some return on the exploitation of Scotland's natural environmental assets. Getting this right, the benefits to Scotland and its local communities could be substantial and long-lasting:

- Local communities would be empowered to take a real stake in the low carbon energy opportunities on their doorsteps and to invest the benefits from such opportunities in their future. This could enhance the future for some of the most remote and isolated communities.

- Developers would benefit from working in an environment where local communities and businesses actively support and wish to be part of low carbon energy projects.

- Scotland could place itself at the heart of European sustainable energy production and use[1].

3. Introduction & Background

In this section, we provide the background to the Southern Uplands Partnership and outline the context for its interest in the matter of community benefits from wind farms.

3.1 The Southern Uplands Partnership

In 1999, after widespread public consultation, the people of the Southern Uplands gave overwhelming support for the creation of the Southern Uplands Partnership (SUP).

SUP was started by local people keen to keep the communities and countryside of the south of Scotland alive and healthy. The Partnership represents individuals, community groups, local initiatives and rural businesses, as well as government bodies, agencies and councils.

The Southern Upland Partnership is a company registered by guarantee with charitable status. It is active across the rural south of Scotland with projects undertaken in South and East Ayrshire, Dumfries & Galloway, South Lanarkshire and the Scottish Borders. It uses the term Southern Uplands to describe rural south Scotland - coast to coast, from the border to edge of the central belt.

SUP addresses practical land use issues faced by those working and living in the rural south of Scotland. It works to inform policy makers and to initiate sustainable social, economic and environmental projects. The Partnership's main areas of focus are:

- **Integration.** In the past, few organisations have looked at the south of Scotland as a whole. Governmental organisations, NGOs and voluntary bodies are often restricted to single authority areas. SUP brings together interests from east and west to promote a productive exchange of ideas, sharing of data and to encourage cross-border working.

- **Initiation.** SUP develops projects that address the needs of the Southern Uplands and which demonstrate new approaches and ideas. Where necessary it also delivers such projects. This is achieved through working with existing organisations - national and local agencies, businesses and community groups.

- **Innovation.** SUP is intended to unite organisations, individuals and communities that depend on the Southern Uplands together to find new ways of working. By bringing people together effort is co-ordinated, new ideas progressed, time and money saved and new funds attracted.

3.2 The Southern Uplands Partnership & Community Energy Benefits

As part of its wider remit, SUP has been in discussion with a number of renewable energy companies that are seeking to develop a number of wind farms across the Southern Uplands.

SUP believes that by adhering to its key focus areas as noted above – integration, initiation, innovation – that it can bring value to the Southern Uplands by working with interested parties to ensure a consistent, value add approach is taken across the region in order to achieve two key goals, namely:

i. Minimising environmental impact to the Southern Uplands; and

ii. Working to ensure that approved wind farm developments provide the maximum tangible benefit to local communities across the Southern Uplands.

SUP aims to engage in direct dialogue with all wind farm developers across the Southern Uplands in order to present a *'Prospectus'* of clearly defined range of services to the wind-farm developers to present SUP as an attractive 'partner' to them as the most significant investors in SUPs area of operation at present. It will tacitly recognise that, as a sector, they face particular challenges in 'selling benefits' to communities faced with living with the consequences of their investment. By presenting the developers with such a *'Prospectus'*, SUP will outline a range of potential solutions designed to meet the specific needs and identified drivers within the communities of the Southern Uplands rather than a generic attempt to address all circumstances.

The ultimate aim for SUP is that the companies will be driven to 'invest' in communities to leave lasting, tangible benefits through a number of mechanisms.

In order that SUP is as fully informed as possible in its discussions with the wind farm developers it has commissioned CEiS (http://www.ceis.org.uk/) to conduct a research study on its behalf. As already outlined, the scope of this study is to determine what investments have been made in the wind energy sector across the Southern Uplands and by which companies and to offer a rigorous understanding of what commitments have been made or agreed by wind farm developers to local communities. This will allow SUP to understand what plans are in place for energy companies to mitigate the community, economic and environmental impacts of the wind farms, to engage with local communities and contribute to long-term sustainable outcomes. For the prospectus to be responsive in its proposals this information is critical.

4. Research Methodology

The methodology employed by CEiS in delivering this research is provided below. This methodology was agreed with SUP prior to commencement of the research and was designed to deliver to the defined Scope.

The methodology employed is a combination of initial secondary research in order to establish what published information pertaining to the scope of this study was already available within the public domain; and primary research conducted with wind farm developers, key Local Authority contacts and support agencies. In line with the defined scope of the study there was no engagement with local communities already impacted by wind farm developments nor with key local and regional stakeholders to solicit their views. Such engagement would only have been necessary if the scope of the study had been wider.

4.1 Secondary Research

The secondary research techniques and sources employed by CEiS in conducting this research are as detailed below.

i. Strategic Context

The following documents were referenced to determine the wider strategic context for maximising community benefits from wind farm developments.

- Securing the Benefits of Scotland's Next Energy Revolution. Scottish Government. November 2010. http://www.scotland.gov.uk/Publications/2010/11/26094907/0
- Northumberland Protocol for Community Benefits from Wind Farm Developments. Final Report for the Northumberland Renewable Energy Group. Community Viewfinders. January 2007.
- DTI report: Community Benefits from Wind Power

ii. To determine the size, scale and location of wind farm developments across the Southern Uplands

This information was sourced from the UK Wind Energy Database operated by Renewable UK: http://www.bwea.com/ukwed/index.asp.

- Used to determine the number, location, developer, status, scale, number of turbines, operational capacity etc of wind farm developments across the 5 local authority areas that make up the Southern Uplands, namely South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders.

iii. To determine Local Authority policy towards community benefit

Local Authority wind farm policies were identified from the following policy and presentation documents sourced either directly from the key Local Authority contacts summarised in Appendix II or from the Local Authority websites.

- Dumfries and Galloway Council Windfarms Community Benefit Governance Framework. Dumfries and Galloway Council.
- Windfarm Policy - Report by the Depute Chief Executive/Executive Director of Corporate Support. Cabinet – 24 October 2007. East Ayrshire Council.
- Report by Depute Chief Executive and Director of Development, Safety and Regulation to Policy and Resources Committee of 22nd February 2006. Subject: Windfarm Community Funds in South Ayrshire - Policy and Protocol. South Ayrshire Council.
- Renewable Energy Fund Presentation by Stuart Hodge South Lanarkshire Council 21st May 2009. South Lanarkshire Council.
- A Review of Renewable Energy – The Challenges and Opportunities for the Scottish Borders. Scottish Borders Council. 2010.

iv. To determine wind farm developer policy towards community benefit

CEiS worked to identify any published statements that refer to the wider community benefits of wind farm developments in general. These were to include statements of "corporate social responsibility" from developers. The following policy from Scottish Power, the largest wind farm developer across the Southern Uplands, was sourced.

- Windfarm Sustainable Development Policy. Making sustainability a guiding principle in our decision making and development processes. Scottish Power.

v. To determine the community benefits currently in place or planned for wind farm developments in the SUP areas

A review of published literature was conducted to identify the range and scale of community benefits that is in place for operational and planned wind farm developments within the SUP geographic areas. Community benefits explored included community ownership, community benefit funds and any other social or economic benefits generated by the developments. The literature review included;

- The Impact of Community Energy Projects – An Initial Review. Summary Report – September 2010. Produced for Community Energy Scotland by Amanda Bryan, Aigas Associates.
- Investing for Community Benefit: Current Examples & Future Scale. Community Energy Scotland.
- The economic impacts of wind farms on Scottish tourism. A report for the Scottish Government. March 2008. Glasgow Caledonian University, Moffat Centre & cogentsi.
- An Evaluation of Wind Farm Community Benefit Funds in Scotland. Scottish Agricultural College / University of Edinburgh. Elaine Macintosh. May 2008.

4.2 Primary Research

The primary research techniques and sources employed by CEiS in conducting this research are as detailed below.

i. Directly engage with intermediaries, support agencies and local authorities to verify the secondary information identified and to fill any gaps in information

CEiS used the output from the secondary market research to conduct primary market research – using telephone and email follow up techniques - which built on and further developed the information already collated.

The primary research took the form of making direct contact with key individuals within each of the five Local Authority teams within the SUP operating area and a number of intermediary and support agencies with an interest or stake in community energy. A list of those intermediaries, support agencies and local authorities is detailed below, with more specific details provided in Appendix 1.

- **East Ayrshire Council:** To determine Council policy towards community benefit.
- **Scottish Borders Council:** To determine Council policy towards community benefit.
- **South Lanarkshire Council**: To determine Council policy towards community benefit.
- **Dumfries & Galloway Council:** To determine Council policy towards community benefit.
- **South Ayrshire Council:** To determine Council policy towards community benefit.
- **Solway Heritage:** To determine conditions and terms of community benefit funds which they manage.
- **Aigas Associates:** To discuss specifics related to their report into community benefits.
- **Community Energy Scotland:** To determine details of community ownership models they are working with across the SUP area of operation.
- **Scottish Community Foundation:** To determine conditions and terms of community benefit funds which they manage.
- **Scottish Association of Community Councils:** To determine how many of their members – Community Councils – are managing Community Benefit funds and the specifics of which.

ii. Directly engage with wind farm developers to verify the secondary information identified, to fill any gaps in information and to identify any relevant additional information

CEiS used the output from the secondary market research to conduct primary market research – using telephone and email follow up techniques - which built on and further developed the information already collated.

The primary research with the wind farm developers took the form of a detailed 20 question survey – See Appendix III - to source any additional information regarding the associated community benefits of the identified developments including community ownership, community benefit fund, developer policys and any other social or economic benefits generated by the developments. A list of the 38 wind farm developers approached is detailed below, with more specific details provided in Appendix 1.

- A7 Energy Ltd
- AMEC Wind
- Banks Developments
- Berwickshire Housing Ass /ENTEC
- Community Windpower Ltd
- Craig Wind Farm Co
- E.ON UK Renewables
- Ecotricity
- Energy4all Scotland
- Ecogen Ltd
- Force9 Energy
- Fred Olsen Renewables
- Gamesa
- Green Power
- Herr Von Pesold
- I&H Brown
- Infinis
- Lomond Energy
- North British Wind Power
- Novera
- Npower/RWErenewables
- RD Energy Solutions
- REC Ltd
- RES
- Ridgewind
- SSE Renewables/Scottish & Southern
- Scottish Power Renewables
- Selkirk Regeneration Group
- The Greenspan Agency Ltd
- The Natural Power Consultants Ltd.
- Vattenfall
- Volkswind
- West Coast Energy
- Wind Direct
- Your Energy Ltd/AES
- Wind Hydrogen Ltd
- Wind Prospect
- Windborne

5. Community Benefits from Wind Farm Developments– An Overview

According to Community Energy Scotland (CES), on-shore wind developments are set to become more common and an important contributor to Scotland's low carbon energy mix. CES estimated that by 2010 there could be as much as 3,400MW of installed onshore wind generation, with the majority of these installations in commercial wind farm developments.

The 2010 Community Energy Scotland report[16] goes further to estimate that, if we consider the total number of wind farms currently operational; under construction; consented; and in planning the total installed capacity may reach 9,189MW.

Broadly speaking, there are a number of ways in which communities can benefit from a local wind farm, these are:

- From voluntary community benefits payments donated by the developer/generating company.
- Through owning turbines as a shareholder in a co-operative or through a community body owning turbines outright.
- Through other means such as local contracting and jobs or benefits in kind.

An explanation of each of these options with relevant examples is offered below.

5.1 Community Benefit Payments

'Community Benefit Payments' occur when commercially developed wind farm projects make a financial payment to a local community to ensure that there is a community wide benefit from a development. Although there is no legal obligation for wind farm developers to do this it is however becoming established as standard practice and the accepted norm.

Such Community Benefit Payments typically involve payments to a local representative body to fund initiatives and actions that will benefit the whole community. These payments are traditionally based on paying an initial one-off sum of money and/or a set sum per annum per MW of installed capacity.

This represents a significant opportunity for communities to benefit from commercial wind farm developments. In comparison with a community owned and developed project, the income for the community from a commercial benefit payment could be significantly less, but it also comes with much less risk, and much less work required by the community.

Payment from a developer into a community benefit fund may come in one of three forms:

- a lump sum, usually paid once the wind farm first becomes operational;
- a fixed (often index-linked) annual sum based on installed capacity; or
- a productivity payment linked to actual output.

The annual fixed sum is by far the most common at present.

Although Community Benefit Payments are becoming the accepted norm, the amounts paid to local bodies across the country can vary greatly. Some communities have benefited little from having wind farms in their vicinity and others have been more successful.

As noted in the recent Scottish Government consultation on community benefits[1], an analysis of benefits payments relating to onshore wind power and hydro-electric projects carried out in the past three years, suggests an average community benefit payment of around £1,700 per MW. Similar 2009 UK research undertaken by the Scottish Community Foundation identified that commercial developers can pay significantly varying sums, ranging from £700 to £2,000 per MW of installed capacity per annum. This research also showed that sums paid have increased over the last decade and that although £2,000 per MW / annum is currently an industry ceiling, it is also becoming an adopted norm by many developers. However in some cases community benefits in Scotland have been set at a higher level[16].

To gain an insight into the potential future scale of community benefits to Scotland the 2009 CES report investigated a number of scenarios based on a range of different payments per MW. Although indicative and based on a number of assumptions, this research indicates a total potential of £66 million per year of community benefit from commercial wind farms across the UK, the majority of which will be sourced in Scotland.

5.1.1 Community Benefit Example – Community Benefit Payments, Whitelee Wind Farm[1]

Whitelee wind farm is Europe's largest wind farm and is located on Eaglesham Moor, 20 minutes from central Glasgow. It is owned and operated by Scottish Power Renewables and has 140 turbines which can generate 322 MW of electricity, enough to power 180,000 homes. Different levels of community benefit have been agreed for the various phases, as follows:

- **Phase 1 - 322 MW.** The developer agreed to distribute £1,000 per MW per annum divided between the three local authorities the site covers - East Ayrshire, East Renfrewshire and South Lanarkshire. For example, East Renfrewshire's share is around £130k per annum which is paid into the Whitelee Wind Farm Fund to support worthy projects.

- **First extension - up to an additional 130 MW.** The first extension promises to deliver community benefit at £2,500 per MW per annum to East Ayrshire Council to be directed exclusively at local projects.

- **Second extension - up to an additional 141 MW.** The developer has indicated that £225,000 to £350,000 will be paid annually into a Renewable Energy Fund for the lifespan of the wind farm.

5.2 Community Ownership

Although relatively new in the UK, community ownership in wind farm developments has been in existence in Continental Europe for many years. The aim of ownership is to deliver an enhanced financial 'benefit' to local communities either through providing income or through shared ownership options.

Although there are presently only a handful of completed community-owned renewable projects, CES estimates that there are some 138 schemes in development. Their total financial requirement is estimated at £225 million to provide some 200 MW of installed capacity. Net annual revenues accruing to community bodies from such projects is likely to exceed those from mainstream developments. At an average net income of £100,000/MW the combined annual profit will be of the order of £20 million per annum.

The 'Community Ownership' model can occur in a variety of forms as outlined below;

- **Full Community Ownership**, e.g. Isle of Ghia
  In this instance, the community fully own the wind turbines, funded by a mixture of mortgage, grant funding and/or community shares. The community is responsible for all stages from inception to installation and operation.

- **Co-operative model**, e.g. Westmill Wind Farm Oxfordshire
  This approach establishes a local Co-op to raise funds from individual investors in and around the local community through a public share offer in the area around the wind farm. The fund generated is then used to either purchase one or more turbines as a full ownership model as with Gigha or a share in the revenue from a commercial wind farm through a Royalty Instrument Agreement which is in addition to any community benefit payments which the developer and / or co-op may elect to give.

- **Part community ownership in a Private Development**, e.g. Fintry Renewable Energy Enterprise (FREE). This model takes the form of part ownership of a commercial wind farm, or ownership of some turbines within a commercial wind farm.

A detailed overview of each of these three examples is provided hereunder.

5.2.1 Community Ownership Example – Full Ownership, Heritage Trust, Isle of Gigha

In 2002 the community of the Isle of Gigha took ownership of their island from a private landowner in one of Scotland's highest profile community buyouts. In order to do so the community had to raise over £4million to secure the estate, much of which was raised through grant funding. The island is now managed by the Isle of Gigha Heritage Trust made up of elected members of the community.

The Trust has worked to regenerate their island economy and reverse the depopulation and under investment in the island. In order to generate an income to reinvest in the island the Trust established the first community owned wind farm on the island in 2003 with three refurbished Vestas V27 turbines at a cost of £440,000 which was raised through grant funds, loan and equity finance. These loans were repaid within 7 years. These generate a gross income of around £150,000 which is now reinvested into a capital renewal fund to replace the turbines at the end of their life and pay for maintenance. This results in an investment of between £75,000 to £100,000 for use within the community each year, with a fourth turbine planned.

- **Turbines:** 3 x 225kw **r**efurbished Vestas V27, fourth planned
- **Energy Produced:** 225kw installed capacity per turbine / 2.1Gigawatt hours per annum in total
- **Income:** Gross annual income £150,000 per annum / £75,000 pa profit after running cost and loan repayments

5.2.2 Community Ownership Example – Full Ownership, Co-operative Model, Westmill Wind Farm Oxfordshire

Westmill Wind Farm in Oxfordshire is 100% owned by community share holders. In 2005 a local landowner began the process of applying for planning permission for a wind farm and establishing a community owned co-operative. 5 Siemens 1.3MW turbines have been installed at a cost of £7.3million. This was raised through a mixture of loan finance of £3.8 million from the Co-Operative Bank and a share release, with 2,400 shareholders contributing £4.6million to the project.

The wind farm went on stream in 2008 and is expected to generate around sufficient energy to earn around £1 million pounds a year. In the last three years it has returned a profit of between £105,000-£125,000. This returns a dividend of around 2.5p per £1 share which will increase as the mortgage payments on the Co-operative Bank loan decreases.

A community benefit trust has been established called Westmill Sustainable Energy Trust which manages 0.5% of the profits from the wind farm for the benefit of the community.

- **Turbines:** 5 x 1.3MW Siemens turbines
- **Cost:** £7.3million pounds:
  - 5 turbines -£ 5.1million
  - Balance of Plant -£ 1.4million
  - Connection to the electricity grid -£ 0.6million
  - Project Management etc- £ 0.2million
  - Total Construction Cost £7.3million
- **Energy Produced:** 6.3MW
- **Income:** The wind farm has paid dividends of between 2.3 to 2.7p per £1 share over the last three years. This will grow as the bank loan repayments reduce over the next 10 years / 0.5% of the fund is allocated to a community benefit trust.

5.2.3 Community Ownership Example - Community Investment in a Private Development, Fintry

Fintry Renewable Energy Enterprise (FREE) was formed in 2003 to enter into partnership with a commercial wind farm developer who was proposing to install 15 x 2.5MW turbines in the hills above Fintry and offered the community a standard community benefit option. A group of individuals from the village - population c.700 - believed that they could negotiate a better return for the community by purchasing a turbine in the development.

FREE entered into an arrangement with the developer Falck in 2006 where by the developer loaned FREE the funds to buy into the scheme and purchase a 2.5 MW turbine and cover a proportion of the development cost, repaying over 15 years.

The benefit of this model was the developer had taken the financial risk of carrying out the feasibility of the site and planning permission costs before the community invested.

- **Turbines**: 1 x 2.5MW Nordex Turbine.
- **Income**: Repayment of development costs are for 15 years and therefore returns for the first 15 years are expected to be around £50,000 - £70,000
- The remaining 10 years returns are expected to be around £400,000 pa
- Additional fund created for the other communities, excluding Fintry, which will amount to £35,000 per year, around £1,200 per installed MW.

5.3 Local Contracting, Jobs and In-Kind Benefits

As detailed above, benefits to local communities from wind turbine developments normally come in the form of a community benefit payment or through direct involvement in a community ownership model.

In addition to these mechanisms, further benefits to the local community can be realised through other potential benefits such as;

- local firms gaining work during construction;
- local businesses and accommodation benefitting from construction teams in the locality;
- improvements to local community facilities, educational programmes or the local roads;
- carrying out improvements to local infrastructure beyond that which is required to mitigate the impact of the development;
- support for tourism initiatives;
- providing education resources;
- providing training or apprenticeship places for local young or unemployed people; and
- providing employment for local people.

In addition to the above, it should be recognised that some commercial wind developments usually result in the site landowners gaining some form of rental payments, which can be re-invested in their local businesses and subsequently back into the local economy.

5.3.1 Additional Community Benefits Example – Local Jobs, Cefn Croes, Ceredigion

This 39 x 1.5MW operational wind farm in Wales is expected to generate about £60,000 per year for local community projects such as “energy efficiency, environmental education, conservation and environmental management, tourism and community development”. This represents about £1,000 per installed MW p.a. The development was noteworthy in specifying the creation of 6 local jobs for operation and maintenance, and 60 for the construction phase[7].

6. Community Benefits from Wind Farm Developments – Southern Uplands

In this section we present the output from the primary and secondary research in order to provide a detailed overview of community benefits from wind farm developments across the Southern Uplands area.

6.1 Wind Farm Developments in the Southern Uplands – An Overview

For this exercise, information pertaining to the size, scale and location of wind farm developments across the Southern Uplands was sourced from the UK Wind Energy Database operated by Renewable UK and available at: http://www.bwea.com/ukwed/index.asp. This database is the most definitive database on wind energy projects in the UK. As such, the information extracted from this database has been taken at face value and has not been cross referenced to any other sources.

Information was extracted from this database in January 2011 and is used herein to provide an overview of the number, location, developer, status, scale, number of turbines, operational capacity etc of wind farm developments across the 5 local authority areas that make up the Southern Uplands, namely South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders. This summary if presented below in figure 1.

Status	Local Authority	Number of Locations	Number of Turbines	MW Capacity
Operational	Dumfries & Galloway	8	171	338.1
	East Ayrshire	2	160	335
	Scottish Borders	11	226	378.81
	South Ayrshire	1	52	130
	South Lanarkshire	5	84	146.55
Sub-Total		**27**	**693**	**1,328.46**
Under Construction	Dumfries & Galloway	1	2	4
	East Ayrshire	0	0	0
	Scottish Borders	1	11	22
	South Ayrshire	2	88	176
	South Lanarkshire	1	152	349.6
Sub-Total		**5**	**253**	**551.6**
Consented	Dumfries & Galloway	4	118	342.1
	East Ayrshire	1	39	109.02
	Scottish Borders	4	481	196.45
	South Ayrshire	0	0	0
	South Lanarkshire	4	33	78.3
Sub-Total		**13**	**271**	**725.87**
In-Planning	Dumfries & Galloway	18	324	822.3
	East Ayrshire	8	195	398.5
	Scottish Borders	8	122	356.4
	South Ayrshire	2	30	39
	South Lanarkshire	8	96	233.5
Sub-Total		**44**	**767**	**1,849.7**
Scoping	Dumfries & Galloway	0	0	0
	East Ayrshire	0	0	0
	Scottish Borders	19	267	476.3
	South Ayrshire	0	0	0
	South Lanarkshire	1	45	100
Sub-Total		**20**	**312**	**576.3**
Total		**109**	**2,296**	**5,031.93**

Figure 1:Summary of Operational, Consented, Under Construction & In-Planning in the Southern Uplands, January 2011 (Source: UK Wind Energy Database http://www.bwea.com/ukwed/index.asp)

6.2 Community Benefit Payments

Figure 2 below offers a detailed summary of the status and terms associated with the various community benefit funds both in operation and being planned by developers.

The information presented below was initially sourced from the secondary information sources listed in the References section of this report. This information was allied to the primary research which was then conducted by approaching as many of the 38 developers noted in order to solicit their direct feedback and amendments. It was possible to ascertain the contact details for 32 of the 38 developers and these were then approached for their feedback. Of the 32 approached, responses were received from 13 developers – 41% - which together represented 61% of the 109 developments identified.

Status	Local Authority	Community Fund? No Info?	Initial Payment? No Info?	Initial Payment - Total £	Annual Payment? No Info?	Annual Payment - Total £	Average £ per MW
Operational	Dumfries & Galloway	7 of 8 (88%) 1 NI	1 of 8 (12.5%) 1 NI	£30,000	7 of 8 (88%) 1 NI	£185,823	£566
	East Ayrshire	2 of 2 (100%)	0 of 2 (0%)	£0	2 of 2 (100%)	£112,000	£1,026
	Scottish Borders	8 of 11 (73%) 3 NI	1 of 11 (9%)	£9,180	8 of 11 (73%) 3 NI	£249,330	£1,092
	South Ayrshire	1 of 1 (100%)	1 of 1 (100%)	£240,000	1 of 1 (100%)	£120,000 + 1x25 payments @ 2.5% of recycled ROC	£923
	South Lanarkshire	3 of 5 (60%) 2 NI	0 of 5 (0%) 3 NI	£0	3 of 5 (60%) 2 NI	£82,400	£993
Sub-Total		**21 of 27**	**3 of 27**	**£279,180**	**21 of 27**	**£749,553 + 1 x 25 payments @ 2.5% of recycled ROC**	**£853**
Under Construction	Dumfries & Galloway	1 of 2 (50%) 1 NI	1 of 2 (50%) 1 NI	Share of £1,048,800 [3]	1 of 2 (50%) 1 NI	Not enough detail to calculate + @ 2.5% of recycled ROC [3]	£400 [3]
	East Ayrshire	N/A	N/A	N/A	N/A	N/A	N/A
	Scottish Borders	2 of 2 (100%)	1 of 2 (50%)	Share of £1,048,800 [3]	2 of 2 (100%)	Development 1 £44,000 Development 2-Not enough detail to calculate + @ 2.5% of recycled ROC [3]	Dev 1 - £2,000 Dev 2 - £100 [3]
	South Ayrshire	2 of 2 (100%)	0 of 2 (0%)	£0	2 of 2 (100%)	£282,400	£1,605

Status	Local Authority	Community Fund? No Info?	Initial Payment? No Info?	Initial Payment - Total £	Annual Payment? No Info?	Annual Payment - Total £	Average £ per MW
	South Lanarkshire	1 of 1 (100%)	1 of 1 (100%)	Share of £1,048,800 [3]	1 of 1 (100%)	Not enough detail to calculate + @ 2.5% of recycled ROC [3]	£2,000 [3]
Sub-Total		**6 of 7**	**3 of 7**	**£1,048,800**	**6 of 7**	**Not enough detail to calculate + @ 2.5% of recycled ROC [3]**	**£2,255 for 3 developments. Not enough detail to calculate for Clyde windfarm [3]**
Consented	Dumfries & Galloway	1 of 4 (25%) 3 NI	1 of 4 (25%) 3 NI	£75,900	1 of 4 (25%) 3 NI	£50,600 + 1x25 payments @ 2.5% of recycled ROC	£2,000
	East Ayrshire	1 of 1 (100%)	0 of 1 (0%)	£0	1 of 1 (100%)	£542,550	£2,500
	Scottish Borders	3 of 4 (75%) 1 NI	1 of 4 (25%) 1 NI	£69,000	3 of 4 (75%) 1 NI	£326,000 + 1x25 payments @ 2.5% of recycled ROC	£1,667
	South Ayrshire	n/a	n/a	n/a	n/a	n/a	n/a
	South Lanarkshire	1 of 2 (50%) 1 NI	0 of 2 (0%) 1 NI	£0	1 of 2 (25%) 1 NI	£59,800	£2,000
Sub-Total		**6 of 11**	**2 of 11**	**£144,900**	**6 of 11**	**£978,950 + 2x25 payments @ 2.5% of recycled ROC**	**£2,093**
In-Planning	Dumfries & Galloway	9 of 18 (50%) 9 NI	2 of 18 (11%) 9 NI	£234,300	8 of 18 (44%) 10 NI	£415,200 + 2 variable payments TBD	£1,856
	East Ayrshire	4 of 8 (50%) 4 NI	0 of 8 (0%) 4 NI	£0	4 of 8 (50%) 4 NI	£450,000	£2,960
	Scottish Borders	2 of 8 (25%) 6 NI	0 of 8 (0%) 6 NI	£0	2 of 8 (25%) 6 NI	£316,000	£1,463
	South Ayrshire	1 of 2 (50%) 1 NI	0 of 2 (50%) 1 NI	£0	1 of 2 (50%) 1 NI	£60,000	£3,077

	South Lanarkshire	2 of 8 (25%) 6 NI	1 of 8 (13%) 7 NI	£117,000	2 of 8 (25%) 6 NI	£153,000	£2,149
Sub-Total		**18 of 44**	**3 of 44**	**£351,300**	**17 of 44**	**£1,394,200 + 2 variable payments TBD**	**£2,043**

Figure 2: A Summary of Community Benefit Funds Across the Southern Uplands, January 2011 (Source: CEiS Community Benefit Research, January 2011)

Notes:

1. Where community benefit funds are to be shared across Local Authority areas, e.g. Whitelee Wind Farm covering East Ayrshire, East Renfrewshire & South Lanarkshire) we have attempted to determine the split between areas. If this information has not been available then we have assumed an even split between each LA. If in reality this is different then it will only impact on the total £ figures shown, it will not impact on the per MW numbers shown.

2. Information pertaining to wind farms being developed by SSE Renewables is taken, on their advice, from SSE's standard policy on community benefits.

3. This relates to the Clyde Wind Farm Extension which is situated in S.Lanarkshire, D&G and the Scottish Borders. Proposal is for a Community Fund Set up with South Lanarkshire Council (SLC) which is worth £2,000 per MW per year plus two smaller funds, one to be set up in the Dumfries and Galloway area (£400 per MW per year) and one in the Borders area (£100 per MW per year); Also a Variable Payment – usually 25 annual payments based on 2.5% of the recycled ROC payment.

4. Details for projects in scoping have not been included as it is too early to be able to discuss specifics however it is likely that the community benefits will be enhanced versions of those detailed previously.

As we move in our analysis from operational wind farms to those under construction to those consented and finally, those in planning, the results show that the level of payment per MW has increased over time, rising from an average of £853 per MW in those wind farms currently operational to £2,093 per MW for those consented to a projected £2,043 for those currently in planning.

These findings are in line with the 2009 UK research undertaken by the Scottish Community Foundation which identified that sums paid have increased over the last decade and that although £2,000 per MW / annum is currently an industry ceiling, it is also becoming an adopted norm by many developers.

6.3 Community Ownership

In researching the level of community ownership in relation to wind farms, CEiS conducted extensive secondary research of already published reports and studies; engaged directly with the 38 developers identified; and received direct feedback from Community Energy Scotland (CES), Scotland's community energy development organisation.

Of the 109 developments identified across the Southern Uplands, interest in the approach has been expressed by groups in the Selkirk, Hawick and Lauder areas but only the following 3 developments have any aspect of demonstrable community ownership attached to them:

- Lomond Energy, the company developing the Spurlens Rig site in North Tweeddale is offering local communities the opportunity to purchase a one-sixth equity in the development.

- The Gatehouse Development Initiative (GDI) at Rainton in Dumfries & Galloway. The Gatehouse Development Initiative secured grants covering the full cost of installation to build a 50kW community wind turbine in partnership with Cream o' Galloway who, under a long term

agreement, make a regular payment to the GDI corresponding to the amount of electricity generated, to take account of the value of the electricity and of the Renewable Obligation Certificates (ROCS) and other related payments. Cream o' Galloway administers the project. Income of £7,500 per annum less small costs go to GDI.

- A £9m Joint Venture (JV) between Community Energy Scotland and Berwickshire Housing Association (BHA) to develop 3 commercial scale wind turbines at Hoprigshiels near Cockburnspath in Berwickshire in the Scottish Borders. CES will own 1/3 of the project and BHA 2/3, with both receiving profits in proportion to their ownership. CES will use the income from this development to sustain and develop the organisation whilst BHA aim to direct the income generated towards projects aimed at reducing energy costs for their tenants and thus reducing fuel poverty issues.

  Aside of the community benefits to two social enterprises organisations, a community benefit fund totalling £30,000 per annum will be created, representing £5,000 per MW for the 6MW project. This sets a new baseline for community benefit payments in the Southern Uplands, representing more than twice the average payments being planned as identified in section 6.2 above. This CES/BHA JV model has the potential to act as a pilot for similar CES JV led developments with Registered Social Landlords (RSLs) across Scotland.

6.4 Local Contracting, Jobs and In-Kind Benefits

In addition to payment into community benefit funds and the possibilities presented by community ownership, additional benefits can be realised by wind farm developments for local communities. This can include jobs, training places, match funding and student bursaries.

Using the same methodologies as outlined above, CEiS was able to identify only a select number of operational, consented and in-planning developments where the secondary research or developer feedback indicated any additional benefits beyond community benefit payments. A summary of these findings is presented in figure 3 below.

Status	Local Authority	Number of Local Full-Time Equivalent (FTE) Training/ Apprenticeship Places	Number of Local Full-Time Equivalent (FTE) Permanent Jobs Created	Procurement Expenditure with Local Suppliers	Donations / Grants / Sponsorship Made to Local Groups / Other
Operational	Dumfries & Galloway – 1 development	0	- 1 - Also Predict 1.5 FTEs direct local employment for every 10MW installed capacity		- 1 Large community project: details not divulged
Operational	East Ayrshire				- Visitor centre, access strategy, habitat management
Under Construction	South Ayrshire				- Access strategy, habitat management plan
Consented	East Ayrshire				- Access strategy, habitat management plan
Consented	Scottish Borders – 1 development	0	1		

Status	Local Authority	Number of Local Full-Time Equivalent (FTE) Training/ Apprenticeship Places	Number of Local Full-Time Equivalent (FTE) Permanent Jobs Created	Procurement Expenditure with Local Suppliers	Donations / Grants / Sponsorship Made to Local Groups / Other
Consented	South Lanarkshire – 1 development			Could deliver an estimated £4m local and regional electrical and civil contracts	
In-Planning	Dumfries & Galloway – 5 developments	6.75	10		- Support to local social economy orgs. - Support of local events, fairs and shows. - Rental payments to farmers, - Local taxes, - Infrastructure improvements - Habitat enhancement
In-Planning	East Ayrshire – 3 developments	0	10	£8m local and regional electrical and civil contracts	- Educational school trips - Donation of educational wind charger kits for local schools
In-Planning	Scottish Borders – 1 development	0	5		
In-Planning	South Ayrshire – 1 development		2		- £135,000 match funding for new hall in Dunure and upgrade Maybole sports facilities. - Support farm diversification & ecologically and environmentally friendly agricultural. - 3km of path improvements. - Long term income to the Cassillis and Culzean Estates for community /environmental initiatives. - Management of heath and the associated semi-natural habitats.

In-Planning	South Lanarkshire – 1 development	0	3		- £75,000 per annum in community benefits, including funding for an Educational Ranger, environmental and eco-friendly community projects, educational presentations, student bursaries and sponsorship for community events

Figure 3: A Summary of Additional Funds from Wind Farm Developments Across the Southern Uplands, January 2011 (Source: CEiS Community Benefit Research, January 2011)

In a general sense, this research conducted by CEiS indicates that there has been a lack of additional benefits being generated for local communities that can be directly linked to wind farm developments in the Southern Uplands.

This conclusion is similar to that reached by Scottish Borders Council in its 2010 Review of Renewable Energy. In this study SBC concluded that:

"*No evidence was found to quantify the number of people working in the Borders on the construction and maintenance of wind farms. It may be that local companies are employed during the construction stages of wind farms, e.g. in the supply and laying of concrete and that electricity companies based outside the Borders employ some local people but this is not recorded.*

Furthermore, no evidence was found in national or local statistics of any employment in the renewable energy sector anywhere in the Borders. This is not say there is none because only registered companies are recognised.

In summary, the data suggests that although there is already a substantial wind farm presence in the Borders and large areas of woodland capable of providing wood biomass fuel, the effect to date on employment and business in the Borders has been minimal[6]*."*

The lack of additional benefits being realise by local communities has also been recognised by the *Renewable Energy Foundation (REF)*, a charity dedicated to promoting energy conservation and the use of renewable energy which suggests that a *"...less divisive form of community reparation would be preferable, including direct "compensation to affected neighbours, and reduced council tax to reflect lost amenity"*[17].

In considering the possibilities for additional benefits, the 2007 report for the Northumberland Renewable Energy Group[7] gives an indication of the possibilities in this area. It states that *"Local companies are more likely to be engaged in providing less specialist services, such as aggregate for construction, cranes, machinery and electrical contractors. This typically represents less than 20% of the total investment. Highland Council, among others, believes that it would be possible for as much as half of the investment to stay in the region."*

In further support of the case of additional benefits from wind farm developments, a DTI comparative study of the community benefits of wind farms found that a factor in public acceptance of wind farms

has been the demonstrable contribution that the industry has made locally to regional development, most notably when the public become aware of a regional turbine manufacture facility. Conversely, the issue of jobs can lose public goodwill if promised jobs do not materialise[7].

With regards to the future possibilities in this space, the proposed Aikengall II – Wester Dod wind farm development on the border of East Lothian and Scottish Borders - an extension to CWL's existing Aikengall Community Windfarm – may give some indication to the possibilities.

Community benefits outlined in the planning application include £100,000 that would be provided per annum to fund community benefits, split between 4 community council areas. The proposed community benefits would involve;

- The creation of five new permanent jobs in the area, 4 turbine engineers and an Educational Ranger;
- Funding the BeGreen Dunbar not-for-profit advice shop. The project to be extended to cover the community council areas in the Borders listed above;
- Funding school-based renewable projects, giving schools the opportunity to obtain funding for EST renewable energy grants;
- Providing bursaries to students from the local area who are enrolled on Renewable Energy courses at universities in the UK and particularly in Scotland;
- Funding for environmental projects which are planned or required in the local Community, e.g. the purchasing and installation of micro-wind turbines and solar panels on schools or public buildings[6].

Further indications of benefits with specific relevance to the work and focus of the Southern Uplands Partnership come from the developments being planned in Dumfries & Galloway, South Ayrshire and South Lanarkshire. This refers to Community Windpower Ltd.'s pledge in relation to the Calder Water Community wind farm of £75,000 per annum in community benefits, including funding for an Educational Ranger and funding for environmental and eco-friendly community projects, educational presentations, student bursaries and sponsorship for community events.

Further examples include the Banks Development project at Knoweside in South Ayrshire which will seek to support farm diversification and more ecologically and environmentally friendly agricultural practices in a marginal agricultural area. Other community benefits include a long term income source to the Cassillis and Culzean Estates in support of its current and proposed community and environmental initiatives in the local area and sustainable management of the policy woodlands on the estate and the management of heath and the associated semi-natural habitats on the site to protect the biodiversity of the countryside within and around the wind farm.

As further evidence of the possibilities in this area, in its response to the CEiS survey, the Developer Ridgewind has indicated that they have a general model in terms of community benefits that would look to replicate in future developments. In addition to a community fund payment of £2,000 per MW in previous developments in England the organisation has also supported;

- Subsidised electricity for residents living within 5km of site (£250 per household for 1st five years);
- Scholarships to university for people within general area;
- Looking into possibility of setting up scheme to invest in the wind farm whereby residents buy shares at early stages cheaply and then are bought back of them by Ridgewind at a higher price once planning is consented.
- Also encouraged local economic benefits through tendering process i.e. fencing, security, stone etc.

From a developer side, additional benefits to local communities can be said to be intangible as well as tangible and as such may not be as evident as other benefits. An example of this relates to the wider economic benefits to communities during the development and operational cycle of a wind farm. Maria McCaffery, CEO of RenewableUK, has recently suggested that *"our ongoing study of the economic benefits of onshore wind clearly indicates that the local and regional economy gains over £1 million per MW during the development and operational cycle of a wind farm*[17]*".*

Taking all of the above into consideration it is evident that the additional opportunities to be realised from wind farm developments for local communities can be significant. This said, based on the research conducted to date it is clear that this is an area which has not been extensively developed or explored within developments linked to the Southern Uplands. As such, scope for future engagement with developers in this area can be said to be significant.

7. Community Benefit Policy – Local Authority, Government and Developer

In considering the current and future benefits to local communities in regards to community benefits we offer hereunder an overview of current relevant Local Authority, Government and Developer policy, strategy and thoughts in this space as well as touching on a number of recent developments that may impact on future developments.

7.1 Community Benefits – Existing Local Authority Policy

The role of Local Authorities in the establishment of wind farm developments is an important one. Local Authority Planning Departments manage the planning process for new wind farm developments and have the authority to approve or reject applications on their merits.

With this said, there is a well-established principle that the determination of development proposals under town and country planning legislation should not be swayed by incentives. This separation maintains the objectivity of decision-making on wind-farm proposals by either the Scottish Ministers or planning authorities.

With respect to securing community benefits from wind farm developments, this means that Local Authorities may facilitate and encourage such initiatives so long as it is recognised that any benefit, including mechanisms for negotiating with communities, is offered entirely at the discretion of the developer. Developer contributions, on the other hand, allow planning authorities to approve proposals where off-site works are required by means of legal planning agreements or under local government or other legislation. For wind-farms, this may, for example, be related to local road improvements[1]. In essence, in the absence of a clear national strategy, the renewables industry is working within a context of an essentially voluntary code of practice.

Taking the above into consideration, the Scottish Government's recent consultation - *Securing the Benefits of Scotland's Next Energy Revolution* – aims to address this in posing the question *".(in) relation to good governance, transparency and maximising community benefit could the terrestrial and the emerging marine planning system - within their legal remits - operate more creatively? For example, could a Statement of Community Benefit could be introduced to accompany applications for wind-farm developments?"*

Further moves in this direction came on 16th February 2011 with the announcement by Energy Secretary Chris Huhne that the UK wind industry has voluntarily adopted a protocol on payments from wind farms to community benefit funds specifying a £1,000 minimum payment per year per MW of installed power over the lifetime of a wind farm.

Further to this, the UK Government has also supported an initiative to allow host communities to retain the business rates paid by onshore wind farms in England, meaning that the local council can keep business rates paid by the wind farm operator on top of the windfall already allocated to the local community.

The *Renewable Energy Foundation (REF)*, a charity dedicated to promoting energy conservation and the use of renewable energy, is however critical of these amounts proposed by the UK wind industry, saying that such a community windfall from wind farms would only reflect around 0.5% of the total annual income of an average wind farm[17].

With their powers to mandate community benefit limited, and as the renewables industry is working within a context of a voluntary code of practice, a number of Local Authorities have created a set of guidelines, known as a framework or protocol, to assist the process. A summary of these frameworks for each of the five Local Authorities that are covered by the Southern Uplands is presented below.

Local Authority	Wind Farm Policy
Dumfries & Galloway www.solwayheritage.co.uk	As Planning Applications for wind farm developments in Dumfries and Galloway were being received, the Council created a set of guidelines, known as a framework or protocol, to assist the process. Community Benefit is available to Community Councils at least part of whose area is within a 15km radius of the wind farm. The financial formula: Community Benefit to be paid on the basis of not less than £1 per megawatt/hour of actual output. This can be negotiated upwards. However, the Benefit will not fall below a figure of £2,000 per megawatt of installed capacity. Payments are to be index-linked and reviewed as appropriate. 60% of the funds to be used for Community projects (criteria as per report) and 40% for projects relating to Energy Efficiency to go towards a region-wide fund. Solway Heritage is the approved Third Party Administrative Body for all the funds (but, in respect of the 40% ring-fenced for energy efficiency and conservation projects, they must ensure close working with the Energy Agency to ensure maximisation of match funding etc). Solway Heritage is the point of contact for developers and for Community Councillors to ensure that developers receive co-ordinated project proposals. Solway Heritage has no decision-making role, decisions on spending made by Community Councils. At the time of writing, and as indicated in 7.5 below, this protocol has been put out for community consultation with a view to making amendments to it.
East Ayrshire	Finalised draft Local Plan December 2007 requires wind farm developers to contribute to a dedicated Renewable Energy Fund administered by the Council, 'to finance sustainable community environmental projects, particularly those designed to help reduce carbon emissions and counteract global warming'. For a period of 5 years from the commencement of construction work on the wind farm, all contributions will be directed exclusively to local projects within 10 kilometres of the boundary of the wind farm. Thereafter, 50% of the contributions received will be directed towards local projects with 50% being reserved for use in the wider East Ayrshire area. Contributions will be payable annually and be set at a standard rate of £2,500 per megawatt of energy produced per annum, index linked to 1 January 2008.The Council administers all wind farm contributions in East Ayrshire. Grant applications are sought for all projects and a scoring matrix is used to identify eligible projects.
South Ayrshire	Policy and Protocol agreed February 2006. Contributions to reflect current industry practice and be index-linked. Distributing bodies to be legal entities comprised of people from affected communities, plus Council and developer, with clear criteria for use of funds. 60% of funds to be used within 5 km of wind farm, 40% within 15 km. Preference for a Local Authority-wide *'Super-Company'* for administrative economies of scale; this would hold all wind farm funds and distribute the wider area 40%, with local bodies for each wind farm distributing their 60%.

Local Authority	Wind Farm Policy
Scottish Borders	Decided against central fund and prescriptive geographic boundaries after public consultation on proposed Governance Framework. Guidance issued instead as a Community Benefits Toolkit - covering types of benefit, typical rates (although no recommendation made), administrative arrangements, allocation and geographic distribution of benefits - to support developers and communities in direct negotiations.
South Lanarkshire	Renewable Energy Fund and Local Grant Scheme in operation with a 10km eligibility radius. Wide ranging aims and objectives; no deadlines for submission of application; fully transparent assessment process including committee authorisation; flexible approach adopted. Fund uses existing SLC staff resources and established mechanisms to deliver the proposed outcomes. The Council encourages developers of renewable energy facilities in South Lanarkshire to contribute to the Renewable Energy Fund established for the benefit of communities affected by renewable energy development. These funds will be used to – • secure investment, create employment, implement training, promote or secure sustainable development • relieve poverty, advance education and other social purposes beneficial to a community • preserve, protect or enhance the environment or heritage interests including any building • promote and encourage environmental improvement or enhancement including the provision or upgrading of infrastructure • provide or assist in the provision of facilities for recreation or other leisure time activities Contributions would be controlled by means of a Section 75 agreement to be concluded prior to the issue of planning consent.

Figure 4: Local Authority Community Benefit Policies, January 2011 (Source: Local Authority Websites and Direct Feedback)

7.2 Administration & Management of Community Benefit Funds

The other area where many Local Authorities further contribute in this space is in regards to the management of Community Benefit Funds. The governance and administration of community benefit income is widely varied, primarily because of the different policies of the different companies involved and negotiations happening on a case-by-case basis, but they fall broadly into three categories: Local Authority, Community Body and Third Party[6].

i. **Local Authority.** This model is not common. Only one generating company, Scottish Power, has a policy of directly involving Local Authorities in the governance of wind farm community benefits and Scottish and southern Energy will involve councils as partners with other agencies, as in Argyll & Bute[6].

ii. **Community Body.** This can be a community trust, development trust, company limited by guarantee or other similar organisation. They are normally based on the community councils in the area affected by the wind farm and are structured according to the circumstances and characteristics of the communities of individual wind farms[6].

iii. **Third Party.** A third alternative is to involve a body such as a community foundation. Community foundations are independent charities located across the UK and act as a link between donors and local needs managing funds donated by individuals and organisations. Scottish and Southern Energy now use the Scottish Community Foundation (SCF) for all community benefit purposes[6].

The SCF is a registered charity and receives support from the Scottish Government. It administers several funds for individuals and companies and also proactively identifies funding opportunities for communities. SCF currently manages funds for a number of communities within the Southern Uplands, including Carcant; Toddleburn; and Long Park, all in the Scottish Borders.

Other similar organisations provide a similar service, including:

- Solway Heritage - http://www.solwayheritage.co.uk/ - is actively involved in the management of a number of funds in Dumfries & Galloway;

- Community Windpower Ltd - http://www.communitywindpower.co.uk/ provide a similar function and, like Solway Heritage, is involved in the management of funds for communities within the Southern Uplands.

7.3 Wind Farm Developer Policy

As detailed above, the renewables industry is working within a context of an essentially voluntary code of practice. This means that the approach to community benefits can vary significantly between the many developers operating today.

As part of this research CEiS engaged directly with 38 developers currently engaged in developments across the Southern Uplands. Each developer was asked to detail their current policy in regards to community benefits. Of the 38 developers engaged, 11 replied with 10 of the 11 indicating that they did have a community benefits policy either in place or under development. Figure 5 below offers a summary of those developers who replied and details the key elements within each developer's policy. A more detailed summary of each policy is provided in Appendix IV.

Developer	Community Benefit Policy?	Details
Banks Group	Yes	• 'Development with care' policy: • Always ensure that a benefits package is implemented within their wind farm development areas • Benefits varying and include community funding, educational programmes and community ownership. • Community Fund usually between £2k-£3k MW.
Community Windpower Ltd	Yes	• Community benefits are provided for their wind farm projects and they are tailored to the requirements of the local community.
Ecotricity	No	• N/A
Energy4all Scotland	Yes	• Energy4All was formed in 2002 to expand the number of renewable energy co-operatives in the UK and is owned by the co-operatives it assists. • Offer a proven, flexible community ownership model for developers. • Offer a full support service for community ownership.
North British Windpower	Yes	• Generally work with local organisations/administrative bodies to set up a community fund.

Developer	Community Benefit Policy?	Details
Ridgewind	Yes	Do not have a formal policy in place but have a general model in terms of community benefits that would look to replicate in future developments. Previous developments in England have seen: • Community fund of £2k per MW; • Subsidised electricity for residents living within 5km of site (£250 per household for 1st five years); • Scholarships to university for people within general area; • Looking into possibility of setting up scheme to invest in the wind farm whereby residents buy shares at early stages cheaply and then are bought back of them by Ridgewind at a higher price once planning is consented. • Also encourage local economic benefits through tendering process i.e. fencing, security, stone etc.
SSE Renewables	Yes	SSE currently has a standard policy for community benefit for all onshore wind projects of 10MW (or 5 turbines) and above: • Fixed Payment – £2,000 per annum, index linked, per MW for the life of the project (or 25 annual payments, whichever is shorter). • Variable Payment – usually 25 annual payments based on 2.5% of the recycled ROC payment. • Energy Efficiency Fund – equivalent to a one-off payment of £3,000 per MW, paid within three years of construction starting.
The Greenspan Agency	Yes	• Work with land owners/farmers to develop wind farm projects and encourage clients to implement some form of community benefit where possible. This includes setting up a community fund based on output and also engaging with local contractors during development.
Vattenfall	Yes	• In the process of finalising their policy.
Volkswind	Yes	• Generally work with Parish/Community Councils to negotiate community benefit from wind farm developments. Have also looked in to the feasibility for community ownership in previous projects.
Your Energy Ltd/AES	Yes	• Offer community benefit in the areas they propose wind farms. • Do not have a set figure that they offer but define "the community" in each location individually. • Prefer to work with Scottish Communities Foundation.
RES	Yes	• Stated goal is to create significant environmental and economic benefits for the host community. • Options include: o rental payments to farmers and landowners; o local taxes; o infrastructure improvements; o habitat enhancement schemes; o tourism and recreation; o and community funds and sponsorship that can help finance local projects. • RES routinely sets up a community fund into which it pays a fixed amount of money each year for the lifetime of the project.
Scottish Power	Yes	• Scottish Power Renewables believes in the principle that local communities should be allowed to share in the benefits derived from its onshore wind farms. It aims to provide a specific wind farm community benefit for all new sites. • In the absence of a clear policy from the relevant local authority,

		Scottish Power Renewables will therefore offer a community benefit as follows. o The total amount offered will be £2,000 per megawatt installed capacity. Where a project is approved following a local inquiry, and where that inquiry finds the local authority at fault, Scottish Power Renewables will reduce the amount of community benefit to reflect the adverse impact of unnecessary delay upon the project economics. o Funds will be allocated on a local authority area, based upon the location of turbines. Where a crosses local authority boundaries funds will be disbursed pro rata to each local authority areas. o The preferred Scottish Power Renewables option is to devolve decision-making on the use of funds to a local mechanism established by the local community.

Figure 5: Wind Farm Developer's Community Benefit Policy Summary, February 2011 (Source: CEiS Developer Survey, January-February 2011)

As can be seen from the above summary the range of approaches and benefits to delivering community benefits can vary significantly between developers. Some like Ecotricity have no policy in place; some like SSE Renewables have a standard policy in place; and others like Ridgewind have no formal policy but do have a general model that they apply.

Needless to say, this disparate, voluntary approach has led to a polarisation of benefits from developer to developer. Some consider the benefits from development to development; SSE Renewables takes a positive approach in agreeing fixed and variable payments allied to further donations to a wider energy efficiency fund; Ridgewind is prepared to look at wider community benefits than the standard payments per MW, incorporating subsidised electricity, University scholarships, local supplier engagement and investment schemes; and Energy4all Scotland actively promotes the community ownership model.

As a final consideration when determining differences in community benefit arrangements between various developers and developments, it is necessary to state that this can be dependent on differences between developments across a number of underlying factors, as noted below;

- **Developer's business model.** The developer's cost structure; finance arrangements and energy market exposure are all factors that can have a direct impact on the developer's financial model.
- **Technical arrangements**. Certain technical aspects of the development also impact on profitability. This may range from environmental or ecological restoration of the site; improvement of road infrastructure for construction purposes; or a certain proportion of costs necessary to improve grid infrastructure.
- **Size.** It is generally assumed that the larger the development, the greater the profitability per MW, as fixed costs reduce as a proportion of the capital cost.
- **Wind.** The average wind strength and variability during the year and between years is generally considered as the single most important factor related to a development. The 'load factor' - the potential wind resource at a site, as an average proportion of the maximum theoretical output of the turbines – is the most important factor in driving profitability at a site.

All of the factors noted above have an impact on the expected profitability of a site and as such may determine the developer's position in regards to differing levels of community benefit.

On the flip side of this argument, and as outlined in section 7.1 herein, others such as The *Renewable Energy Foundation (REF)* remain critical of the amounts proposed by the UK wind industry in their voluntary protocol announced on 16th February 2011, saying that many community windfalls from wind farms only reflect around 0.5% of the total annual income of an average wind farm. The implication from this being that heightened levels of community benefit are more than affordable within the current business models being operated by developers.

7.4 Community Benefit in Procurement (CBiP)

In considering ways to maximise returns for local communities, local firms and local social enterprises, one way of doing this is to consider the possibilities presented by the use of Community Benefit Clauses in Procurement.

An example of CBiP being applied is the *Ready for Business* project - www.readyforbusiness.org - which is operated by CEiS, Social Firms Scotland and Senscot to support social enterprises, procurement agencies and contractors to do business and bring benefits to communities in Scotland. As the Scottish Government seeks to maximise the social and economic benefits of large scale works for local communities, there is a growing acknowledgement of the potential for social enterprises in achieving this aim.

This project supports social enterprises and procurement agencies to create maximum value from procurement opportunities. The Glasgow 2014 Commonwealth Games has provided the impetus for this project, but the Ready for Business focus and application is on the other procurement opportunities, in particular where there is potential for social enterprise to do business through community benefit clauses.

Recognition of the impact that Ready for Business has made so far came when the programme was shortlisted as finalists in the 2010 GO Awards under the category Best Supplier Engagement Initiative.

The Ready for Business programme includes an online social enterprise register to allow private sector organisations to source information on potential partners for procurement opportunities and allows information on social enterprises and key contacts to become available to the wider business community. The register collates key details of social enterprises including; turnover, sector, number of employees, contracting experience and location. Additional functionality includes signposting for social enterprises to other sources of support, regularly updated information on current public sector tender opportunities and access to downloadable advice and guidance documents on a variety of subjects relevant to the sector.

In addition to raising awareness of the register amongst social enterprises, the Ready for Business programme also seeks to improve awareness of community benefit clauses and how social enterprises can exploit the opportunities they create by working in partnership with other organisations.

The development of clusters and consortia of social enterprises that can compete effectively for contract opportunities arising from community benefit clauses in public sector contracts is a key outcome for Ready for Business. The target is to identify and support up to 12 social enterprise clusters ready to do business with private sector contractors, with 10 already identified in areas including:

- Catering
- Recycling
- Grounds Maintenance
- Horticulture
- Community Transport
- Heating & Insulation
- Interpreting & Translation Services

In addition to raising awareness of community benefit clauses amongst social enterprises and private sector organisations, Ready for Business also seeks to improve awareness amongst public sector procurement agencies and to encourage procurement teams to use such clauses in their contracts. To date, six public sector contracts issued in 2010/11 already include community benefit clauses.

Further to this, the Ready for Business partners anticipate that other local authorities and the Scottish Urban Regeneration Companies will include community benefit clauses in future contracts. This includes:

- Transport Scotland indicating that clauses may be included in Forth Road Bridge contracts.
- Highlands and Island Enterprise indicating that they are keen to adopt community benefit clauses in an as yet undisclosed construction contract.
- North Lanarkshire Council have indicated that they will include community benefit clauses in all Public Private Partnership (PPP) contracts valued at more than £1M.

In addition to supporting CBiPs, a significant volume of work has been carried out in relation to working with commercial agencies. Under Ready for Business, CEiS is involved with an ongoing support programme for NHS Greater Glasgow and Clyde regarding the delivery of the community benefit commitments made by Brookfield, the main contractor, for the construction of the New South Glasgow Hospital.

In considering ways to maximise community benefits to the wider business and social enterprise communities in the Southern Uplands, the Ready for Business programme and CBiP offers a viable and proven mechanism for Local Authorities to propose to wind farm developers operating across the Southern Uplands.

7.5 Community Benefits – Future Developments

The level of interest and focus related to community benefits from wind farm developments has increased throughout 2010-2011. The focus on maximising community benefits has come from national Government; Local Authorities; and community focused groups. In this section we touch on some of the current developments in this area which are likely to impact on the way community benefits are considered in the future.

On 25th February 2011 the Scottish Government's consultation, entitled *Securing the Benefits of Scotland's Next Energy Revolution,* will close to respondents. The consultation sets out the Scottish Government's commitment to the principle that the people of Scotland must see some return on the exploitation of our natural environmental assets. To this point, the consultation paper sets out the Government's intention to;

- Bringing about a fundamental reform of the administration of the Crown Estate in Scotland so that the revenues which the Crown Estate Commissioners receive from offshore low carbon energy projects benefit Scotland, in particular our coastal communities.
- Setting up a Future Generations Fund to give all of Scotland a real stake in the development of renewable energy. Such a long-term legacy fund would enable a source of investment to foster a successful renewable and low carbon revolution in Scotland and invest in Scotland's future generations.
- Ensuring communities benefit fairly from renewable energy developments by creating a publicly-available register of community benefit. This would ensure greater transparency for land-based renewable development, promote best practice commercially among developers of all renewables technologies and provide significant leverage to help communities negotiate on an equal footing.
- Enhancing community benefit within the planning system and maximising community benefit from renewables projects on property in Scotland owned by the public sector. The Government intends to actively explore how present arrangements within the planning system can be developed to secure the benefits of Scotland's next energy revolution in a more creative way whilst maintaining the impartial and legal requirement for sound planning decision-making. This may include seeking to introduce a Statement of Community Benefit to accompany applications for wind-farm developments.

In its 2010 *Review of Renewable Energy*[6], Scottish Borders Council outlines a number of priority areas which it intends to pursue or is actively pursuing in order to maximise community benefits within the Scottish Borders. These include:

- Lobbying the Scottish Government to introduce, either on a statutory basis or an understanding between the government and wind farm developers, a minimum fixed rate based on either installed capacity, number of turbines, output, or share of profitability.
- Acknowledging that the Scottish Community Foundation was an appropriate body to administer the revenue flows from wind farms on behalf of Community groups but not to negotiate with energy companies;
- To actively explore establishing a post dedicated to negotiation and the provision of support to Community groups seeking benefits from wind farms; that any such post established would be funded from the revenue generated from wind farm benefits; and that Community Groups

would be consulted to establish whether they would be likely to make use of, and pay for, any such post.

- As an addendum to the above, SBC goes on to note that Officer members of the SBC Working Group consulted colleagues in the Business Improvement Unit and Planning and Economic Development Department and sounded out opinion from several Community Councillors in areas where wind farms are operational. From this it was clear that community councils would not be willing to pay for any such post, despite the prospect that higher amounts of community benefit might be achieved.

Dumfries and Galloway Council is, at the time of writing, presently reviewing the Windfarms Community Benefit Governance Framework it put in place in 2005. The review is trying to find out how the Framework can be improved by consulting with community groups, community councils and wind farm developers. The key aspects of the consultation include:

- Consulting if the community benefit agreement should continue to be voluntary or be legally binding for wind farm developers
- Considering the definition of a community affected by a wind farm
- Considering increasing the community benefit payment by developers to £2,500 per MW installed, index linked at 1 January 2011.
- Considering a change in spending priorities supported by the 40% regional community benefit pot from projects relating to energy efficiency to support community and economic projects.
- Considering a change in the process for allocating the 60% community benefit pot of funding to communities.
- Considering if a third party organisation - currently Solway Heritage – is the right solution to administer the funds on behalf of wind farm developers and communities.

Looking outside the Southern Uplands operating area, other Local Authorities continue to explore avenues to best secure and maximise the benefits to local communities from wind farm developments. In its Renewable Energy Strategy, The Highland Council notes "*There may be merit in widening the scope of the Council's community benefit policy to develop a two-tier approach that delivers both direct benefit to the local community and strategic benefit to a wider area. A strategic fund could be used to finance, for example*:

- *Sub-regional improvements to infrastructure, over and above those which the public sector has a statutory duty to provide;*
- *Training to enable local people to enter the renewables industry;*
- *Development of local renewable energy technology such as community heat pumps or domestic solar water heating;*
- *Match-funding for community projects seeking grants from the Scottish Community and Householder Renewables Initiative*[6]*"*

Argyll & Bute Council has used the 'Powers of Wellbeing' of the Local Government (Scotland) Act to persuade renewable energy companies, notably Scottish Power and Scottish and Southern Energy, to voluntarily enter into a concordat by which they agree to provide funding at a preset rate (currently £2,000 per MW installed capacity plus £1,000 per MW based on annual output). For future trust funds, a 2-tier system of community benefit payment is proposed, with 60% allocated for local community projects and 40% to a region-wide Energy Efficiency Fund[6].

As can be seen from the developments noted above, the focus on extracting the maximum benefit for communities across Scotland from the renewables revolution is narrowing, driven at a national level by the Scottish Government's commitment to the principle that the people of Scotland must see some return on the exploitation of our natural environmental assets and at a Local Authority level as Councils aim to maximise return at a local level whilst working within the planning framework.

8. Key Findings & Opportunities

In reflecting on the information and analysis presented above, a number of key findings and considerations come to the fore. In this section we offer a summary of what we believe to be the key findings from this information and analysis and go on to outline the opportunity that this may present.

1. Key Finding

Communities in the Southern Uplands are receiving community benefit payments within the minimum and maximum ranges experienced by other communities across Scotland. This said, there remains scope for such community benefit payments to increase significantly over time.

Evidence

The research outlined herein indicates that in regards to average community benefit payments across the Southern Uplands, as we move in our analysis from operational wind farms to those under construction to those consented and finally, those in planning, the results show that the level of payment per MW has increased over time, rising from an average of £853 per MW in those wind farms currently operational to £2,093 per MW for those consented to a projected £2,043 for those currently in planning.

These findings are in line with both the Scottish Government consultation on community benefits[1], which suggests an average community benefit payment of around £1,700 per MW across Scotland; and 2009 UK research undertaken by the Scottish Community Foundation which identified that sums paid have increased over the last decade and community benefit payments range from £700 to £2,000 per MW of installed capacity per annum.

With this said, a number of sources indicate that the potential for such payments is greater than that currently being realised, including:

- A 2010 report[16] for Community Energy Scotland and the Scottish Community Foundation states that "*…in some cases community benefits in Scotland have been set at a higher level*".
- Research conducted by Community Viewfinders for the Northumberland Renewable Energy Group[7] indicates that both Highland Council has a stated objective of aiming for a figure in the range £4-5,000[7] and that Powys, a county in mid Wales, is similarly looking for £5,000.
- In their 2010 report[6], SBC found that *"Current levels of such funds are at least £2,000 per MW per annum, up to £4,000 per MW."*
- The recent announcement by BHA and CES of the set-up of the proposed community benefit fund at Cockburnspath amounting to £5,000 per MW.

Opportunity

The opportunity exists for a new or existing organisation/agency to maximise community benefit payments from wind farm developments across the Southern Uplands by acting as a central negotiating body with developers.

Such a group would bring a body of experience, knowledge and capacity to bear, working alongside local community groups, to maximise potential community benefit options and returns for local communities by assisting local communities to organise themselves along the best practice guidelines identified by CES in their *Guide for Community Groups on Investing for Community Benefit.* Assisting organisations in determining their mission; determining ownership and financing models; information, training and guidance; links to suitable intermediaries and agencies; community consultation; and determining a framework for investment strategies.

Providing a central body to negotiate with developers on behalf of communities will allow local communities at the commencement of the process to benefit from a well-developed knowledge base and will offer a consistency of approach and ability to up-skill and add to local community capacity in a very short timeframe.

The Scottish Government in their consultation acknowledge that when "*…a community body is about to enter into discussions with a renewable energy developer, it may feel it is in a 'David-taking-*

on-Goliath' situation when faced with negotiating with a large organisation with an extensive experience of dealing with community groups. Even though this is not necessarily through any fault of the developer, community groups can feel disempowered and unable to secure the level of community benefit they believe they deserve[1]."

The Community Energy Scotland Toolkit suggests that *"In order to improve the chances of getting the best deal it's important that all dealings are dealt with professionally, with a clear consistent approach towards negotiations".*

Such an opportunity has already been recognised by Scottish Borders Council. In their 2010 *Review of Renewable Energy*[6], SBC states its desire to pursue the establishment of a community support and development organisation - Borders Renewable Energy Agency (BREA) - to deliver renewable energy and carbon reduction information, advice and support, using the Council's Power of Wellbeing to establish the organisation as a company limited by guarantee with charitable status. It is envisaged that such an organisation will;

- Agree levels of community benefit with energy companies
- Provide information and advice on energy efficiency and renewable energy to homes, community groups and businesses
- Deliver education programmes on energy to schools, colleges and community groups
- Provide training on energy related skills
- Provide renewable energy project development

With an identified need across the 5 Local Authority areas covered by the Southern Uplands, and set against the backdrop of closer Local Authority working driven by increasing financial cuts, it would not seem illogical to suggest that there would be value in one organisation with such a remit working across the 5 Southern Uplands area. Potential funding for such an organisation/post could come either directly from the 5 local authorities within the Southern Uplands; via a grant application to many of the environmentally focused grant funders in operation today; or from the wider region wide community benefit funds that are in operation within many of the 5 SUP local authority areas.

2. Key Finding

There is presently a lack of community ownership models in operation across the Southern Uplands when compared to the rest of Scotland. As such, communities across the Southern Uplands are missing out on additional financial benefits that such models can bring.

Evidence

Through the January/February 2011 CEiS survey of developers; direct feedback from Community Energy Scotland; and secondary research conducted by CEiS, only one wind farm development in the Southern Uplands had any form of community ownership attached to it; one joint venture is being pursued between CES and BHA, a national and local social enterprise; with only one other option found where such a model was being actively discussed. This is set against a total of 109 developments at various stages.

Community Energy Scotland is on record as stating that although there are presently only a handful of completed community-owned renewable projects, there are some 138 schemes in development across Scotland. Net annual revenues accruing to community bodies from such projects is likely to exceed those from mainstream developments. At an average net income of £100,000/MW the combined annual profit will be of the order of £20 million per annum.

Opportunity

The opportunity exists for an organisation based in the Southern Uplands to work with local communities impacted by wind farm developments to inform, advise and develop the possibilities associated with community ownership.

Although the natural territory of CES, the demand on CES's resources from community groups across Scotland is at a premium. Although CES are able to respond to reactive requests from local

communities there appears to be a gap in proactively exploring such options with local communities. As such we believe that scope exists for such an organisation to liaise with CES or act as a proxy or associate of CES, engaging the services of CES later in the discussion process in order to access the technical expertise the organisation holds.

It would seem a natural fit that the body suggested in key finding 1 above and that suggested in key find 2 herein, are one and the same.

3. Key Finding

Wind farm developments across the Southern Uplands have not maximised the community benefit returns with regards to additional benefits. This includes local firms gaining work during construction; providing training or apprenticeship places for local young or unemployed people; and providing employment for local people.

Evidence

As detailed in 6.4 herein, CEiS was able to identify only a select number of operational, consented and in-planning developments where the secondary research or developer feedback indicated any additional benefits beyond community benefit payments. A number of examples did exist, as indicated in figure 3 herein, however these appear to be exceptions rather than the norm.

A similar conclusion was reached by SBC in its 2010 Review of Renewable Energy when it states that "*…although there is already a substantial wind farm presence in the Borders and large areas of woodland capable of providing wood biomass fuel, the effect to date on employment and business in the Borders has been minimal*[6]*."*

As detailed in 6.4, it would appear that – unlike with the key points 1 and 2 detailed above – the ability to make progress in this space lies firmly with the developers themselves. The examples provided in 6.4 of the proposed Aikengall II – Wester Dod wind farm development on the border of East Lothian and Scottish Borders; Community Windpower Ltd.'s pledge in relation to the Calder Water Community wind farm; and the proposed Banks Development project at Knoweside in South Ayrshire, give a clear indication of wider community benefits that could be used as a template by other developers.

In regards to the work and strategic focus of SUP, the solutions being proposed at these developments – renewables education training; renewable bursaries; funding for environmental projects; funding for local environmental focused positions; support for protection and development of local habitat; skills training and employment opportunities focused on land based jobs - would align clearly to SUPs environmental and community focus.

Opportunity

An opportunity exists for SUP to work with local developers to further develop the wider community benefit options evidenced herein and to develop them as a model for future wind farm developments across the Southern Uplands. This may be via the development of such models on a case-by-case basis or via a move towards a contribution to a Southern Uplands strategic fund that could be made available to support wider strategic projects that would support sustainable development and create a legacy for the region, something which the current voluntary frameworks have sought to do but have not yet achieved.

Further opportunities exist for communities and Local Authorities to work with developers to incorporate Community Benefit clauses – using the framework already established by CEiS and taken on by many developers – into the construction and maintenance phases of wind farm developments in order to engage local businesses and social enterprises in the delivery of goods and services.

It seems natural to us that centralising the focus for the development of community benefit clauses would fit naturally into one body, similar to that suggested in key findings 1 and 2 above, with the

Ready for Business model already proven and in place within Glasgow providing a sound basis for such a development.

Responsibility for the ownership and management of a Southern Uplands strategic fund - that could be made available to support wider strategic projects that would support sustainable development and create a legacy for the region - may well sit within such a centralised body. Alternatively, with its clear experience and record of delivery in this area, SUP could be seen to be a suitable organisation to take this forward.

4. Key Finding

The management of community benefit funds across the Southern Uplands appears to be coordinated and under control.

Evidence

Evidence from our research indicated that a number of organisations provide a management service for community benefit funds and that these operate in a coordinated and efficient way. Our research picked up no instances where this was not the case.

Organisations such as the Scottish Community Foundation, Solway Heritage and Community Windpower Ltd are actively managing community benefit funds for communities across the Southern Uplands and appear to be well established and efficient at doing so.

Opportunity

There is no evidence to suggest a need for change in the management arrangements of community benefit funds in place today. The only opportunity that does exist is that it would appear natural, linked to the key findings in 1-3 above, for such a service to be integrated with the other services suggested above to provide a one-stop-shop approach for all aspects related to community benefits across the Southern Uplands.

Appendix I

CEiS Assignment Brief – The Southern Uplands Partnership

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Background: In 1999, after widespread public consultation, the people of the Southern Uplands gave overwhelming support for the creation of the Southern Uplands Partnership (SUP).

SUP was started by local people keen to keep the communities and countryside of the south of Scotland alive and healthy. The Partnership represents individuals, community groups, local initiatives and rural businesses, as well as government bodies, agencies and councils.

The Southern Upland Partnership is a company registered by guarantee with charitable status. It is active across the rural south of Scotland with projects undertaken in South and East Ayrshire, Dumfries & Galloway, South Lanarkshire and the Scottish Borders. It uses the term Southern Uplands to describe rural south Scotland - coast to coast, from the border to edge of the central belt.

SUP addresses practical land use issues faced by those working and living in the rural south of Scotland. SUP works to inform policy makers and to initiate sustainable social, economic and environmental projects. The Partnership's main areas of focus are:

- **Integration.** In the past few organisations have looked at the south of Scotland as a whole, Governmental organisations, NGOs and voluntary bodies are often restricted to single authority areas. SUP brings together interests from east and west to promote a productive exchange of ideas, sharing of data and to encourage cross-border working.

- **Initiation.** SUP develops projects that address the needs of the Southern Uplands and which demonstrate new approaches and ideas. Where necessary it also delivers such projects. This is achieved through working with existing organisations - national and local agencies, businesses and community groups. Best practice is publicised through our regular newsletters, on this website and at seminars and conferences held during the year.

- **Innovation.** SUP is intended to unite organisations, individuals and communities that depend on the Uplands together to find new ways of working. By bringing people together effort is co-ordinated, new ideas progressed, time and money saved and new funds attracted.

Context:

SUP has been in discussion with a number of multinational companies who are seeking to develop a number of wind farms across the Southern Uplands. SUP's interest and involvement in this area is focused on two main areas, namely:

i. Minimising environmental impact to the Southern Uplands; and
ii. Working to ensure that approved wind farm developments provide a tangible benefit to local communities across the Southern Uplands.

SUP aims to engage in direct dialogue with all wind farm developers across the Southern Uplands in order to present a clearly defined range of services to the wind-farm developers to present SUP as an attractive 'partner' to them as the most significant investors in SUPs area of operation at present. It will tacitly recognise that, as a sector, they face particular challenges in 'selling benefits' to communities faced with living with the consequences of their investment. By presenting the developers with a Prospectus, SUP will outline a range of potential solutions designed to meet the specific needs and identified drivers within the communities of the Southern Uplands rather than a generic attempt to address all circumstances.

The ultimate aim for SUP is that the companies will be driven to 'invest' in communities to leave lasting, tangible benefits through either the planning conditions imposed by the local authority, or by voluntary agreements submitted as part of the planning application, or some combination of the two.

In order that SUP is as fully informed as possible in its discussions with the wind farm developers it is looking to engage the services of CEiS to conduct some research on its behalf. Specifically SUP is looking for the study to address the following points:

- What investments have been made in the wind energy sector and by which companies, as well as understanding the scale of investment and mapping their locations.
- Offer a view of the scale of the market through better understanding of the relationship between the investments, the environment and local communities.
- Offer a rigorous understanding of what commitments have been made or agreed by wind farm developers to local communities through a detailed review of the planning consents/applications and/or dialogue with the local authority/investor. This will allow SUP to understand what plans are in place for energy companies to mitigate the community and economic impacts of the wind farms, to engage with local communities and contribute to long-term sustainable outcomes. For the prospectus to be responsive in its proposals this information is critical.

Proposed Assignment:

Conduct market research for SUP to determine the size and scale of wind farm developments across the 5 local authority areas – South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders – making up the Southern Uplands and to determine what community benefits are in place, or are planned, for as many of these developments as possible.

***Proposed* Methodology:**

CEiS works with organisations to build their working capacity and the sustainability of their operations. In working with The Southern Uplands Partnership we would look to break down the engagement into a number of key phases as detailed below.

1. Secondary Market Research

- Use the Renewable UK website to determine the number, location, developer, status, scale, etc of wind farm developments across the 5 local authority areas that make up the Southern Uplands, namely South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders.

- Use existing databases and reports from the 5 Local Authority Planning Departments, Community Energy Scotland, developer websites or other published sources to identify (as far as is reasonably possible) the associated community benefits of these developments. This will include community ownership, community benefit funds and any other social or economic benefits generated by the developments (such as local jobs, training, planning gain, etc). Information on this may be held within existing databases and reports from the 5 Local Authority Planning Departments and/or the developers.
- Collate any published statements that refer to the wider community benefits of wind farm developments in general. This would include statements of "corporate social responsibility" from developers.

2. Primary Market Research

- Upon completion of the secondary market research the output will be an initial database and map of information which will show the number, location, developer, status, scale and any associated community benefits available from the various secondary sources.
- CEiS will use the output from the secondary market research to conduct primary market research which will build on and further develop the information already collated. The primary research will look to identify the associated community benefits of the identified developments including community ownership, community benefit funds and any other social or economic benefits generated by the developments (such as local jobs, training, planning gain, etc). This will involve:
    - CEiS designing an in-depth survey to be used in discussions outlined below. CEiS will liaise with SUP at this stage to ensure that all information required is included within the survey.
    - CEiS conducting an in-depth telephone survey with the top 10 wind farm developers (based on number of developments);
    - CEiS conducting an email and online survey - with a telephone follow up for non-respondents - with all remaining wind farm developers identified by the secondary market research across the five local authority areas identified. Initial research conducted by CEiS within the Scottish Borders has identified 28 such developers as indicated below:
        - Scottish Power
        - Powergen Renewables
        - Fred Olsen Renewables Ltd
        - Renewable Energy Systems Ltd
        - AMEC Wind Energy
        - Wind Prospect Ltd
        - RDC Scotland Ltd
        - I&H Brown Ltd
        - EON UK PLC
        - Green Power
        - PI Renewables Ltd
        - Natural Power
        - North British Wind Energy
        - Windjen
        - Airtricity
        - North British Windpower Ltd
        - Novera Energy
        - Community Windpower Ltd
        - NPower Renewables
        - Renewable Development Company Ltd
        - West Coast Windfarms (Scotland) Ltd

- West Coast Energy
- Lomond Energy
- The Natural Power Consultants Ltd
- Volkswind
- RD Energy Solutions
- Atmos Consulting
- Energy 4all Scotland

o This initial research suggests that the total number of organisations to be included in the survey may be up to 70-80 organisations.

o Further to this, CEiS will engage in direct, in-depth discussion with a number of relevant organisations and agencies to further inform the study as detailed below;

- Community Energy Scotland;
- The Scottish Government - Renewable Energy Department;
- Scottish Natural Heritage;
- Development Trusts Association Scotland.

3. Report Write Up

Upon completion of the secondary and primary research CEiS will prepare a written report for submission to SUP. This will include:

- Executive Summary
- Background information and context
- Research methodology
- Stakeholder and survey interviewee and respondent particulars
- Survey questionnaire and summary of responses
- Detailed profile and map of the number, location, developer, status and scale of wind farm developments across the 5 local authority areas that make up the Southern Uplands, namely South Lanarkshire, South Ayrshire, East Ayrshire, Dumfries & Galloway, Scottish Borders.
- Detailed summary and analysis of the number, type, scale, management arrangements and methodologies employed re community benefits associated with the wind farm developments outlined above.
- Indicative illustrations of 2-3 actual wind based community energy developments across Scotland re high level costs and projected income streams.
- Conclusions and recommendations
- Appendices including copy of survey employed and statistical spreadsheets.

Note: The profile and analysis above will be dependent on the number and quality of respondents. CEiS has outlined the methodology that it will employ to obtain this information but with this comes the caveat that we are reliant upon the participation of the stakeholders and agencies outlined herein and thus are not able to guarantee the level of response that we will achieve.

Outputs: Delivery of a community energy market research report as outlined herein.

Key Dates:

• Assignment start	November 2010
• Survey design and approval	November 2010
• Secondary Market Research	November 2010
• Interim report to SUP	December 2010
• Primary Market Research – Telephone Survey	December 2010
• Primary Market Research – Email and Online Survey with telephone follow up as required	December 2010
• Analysis	December 2010
• Report write-up – draft circulated for comment	December 2010 /January 2011
• Final Report	January 2011

If we have not heard from you within 3 months of the date on this assignment brief, it will be held to have lapsed, and any enquiry you make after that time will be treated as new. We understand that it can take time to consult everyone involved in making decisions affecting future resources, but we have many requests for our assistance and we need to plan our own work programmes with some accuracy. We cannot therefore commit our resources indefinitely.

Appendix II

Community Benefit Survey Respondents

Organisation	Website	Main Tel	Email	Main Contact
A7 Energy Ltd	No contact found			No contact found
AMEC Wind	www.amec.com	0141 585 6342		Charlie Boyle
Banks Developments	http://www.banksgroup.co.uk/banks-group/banks-renewables/	0844 209 1515	enquiries@banksgroup.co.uk	Siobhan Samson
Berwickshire Housing Ass /ENTEC	www.berwickshirehousing.org.uk	01361 883 115		Alan Hobbett
Community Windpower Ltd	www.communitywindpower.co.uk	01928 734544	info@communitywindpower.co.uk	Gillian Cropper
Craig Wind Farm Co	No contact found			No contact found
E.ON UK Renewables	www.eon-uk.com	(0)1900507070		Emma Steel / Sophie Moeng
Ecotricity	www.ecotricity.co.uk	01453 756 111	home@ecotricity.co.uk	Simon Tarr
Energy4all Scotland	www.energy4all.co.uk	01229 821 028	info@energy4all.co.uk	
Ecogen Ltd	www.ecogen.co.uk	0845 345 7731	info@ecogen.co.uk	
Force9 Energy	http://force9energy.com	0141 582 1606	info@force9energy.com	Andrew Smith
Fred Olsen Renewables	www.fredolsen-renewables.com	020-7931 0975		Alex Woodward
Gamesa	www.gamesacorp.com		Online contact form only	Online contact form
Green Power	www.greenpowerinternational.com	01259 272 158	enquiries@greenpowerinternational.com	General email enquiries
Herr Von Pesold	No contact found			No contact found
I&H Brown	www.ihbrown.com	01738 637 171	enquiries@ihbrown.com	General email enquiries
Infinis	www.infinis.com	0131 243 1380		Keith Hobbs
Lomond Energy	www.lomondenergy.co.uk	01389 830 800	info@lomondenergy.com	Deborah Macken
North British Wind Power	www.nbwindpower.com	0131 452 2018	nbw@nbwindpower.com	Graham Irvine
Novera	www.noveraenergy.com	0131 243 1380	mail@noveraenergy.com	
Npower/RWErenewables	www.rwe.com	01738 82 51 10		Francis Park
RD Energy Solutions	http://renewabledevices.com/rd-group/about-us/	0131 535 3403	info@renewabledevices.com	No contact found
REC Ltd	www.recltd.co.uk	01355 573 350	sales@recltd.co.uk	
RES	www.res-group.com	0141 404 5500		Allan Johnston
Ridgewind	www.ridgewind.com	01993 882 511	info@ridgewind.com	Neil Reid
SSE Renewables/Scottish & Southern	www.scottish-southern.co.uk	01738 456 000	ccw@sserenewables.com	Chris Bell
Scottish Power Renewables	www.scottishpowerrenewables.com	0141 568 2000	renewables@scottishpower.com	Martin Mathers
Selkirk Regeneration Group	No contact found			No contact found
The Greenspan Agency Ltd	http://greenspanenergy.com	0131 550 3879	info@greenspanenergy.com	Martyn Bentley
The Natural Power Consultants Ltd.	www.naturalpower.com	01324 616 700		Alex Woodward
Vattenfall	www.vattenfall.com	0203 178 3973	mark.vadasz@vattenfall.com	Joanne Hutchinson
Volkswind	http://volkswind.co.ukk	0161 435 6052	info@volkswind.com	Joe Brown
West Coast Energy	www.westcoastenergy.co.uk	01352 757 604	info@westcoastenergy.co.uk	Steve Salt
Wind Direct	www.wind-direct.co.uk	0131 225 8545	info@wind-direct.co.uk	Dawn Carson
Your Energy Ltd/AES	www.wind-energy.co.uk	0131 550 0970	info@wind-energy.co.uk	Alison Hood
Wind Hydrogen Ltd	No contact found			No contact found
Wind Prospect	www.windprospect.com	0131 225 8545	info@windprospect.com	Dawn Carson
Windborne	No contact found			No contact found

Appendix III

CEiS Wind Farm Developer Survey Questions, January 2011

Community Fund
1. Is /will there be a Community Fund in place for this development?
2. If Yes, what is/will be the value (£) of the annual Community Fund payment?
3. Will the annual payments made to the community fund be index linked?
4. For how many years is your organisation committed to making annual payments to the Community Fund?
5. If your organisation has made/will make an initial lump sum payment to the fund, please state the amount (£)?
6. Who are/will be the Community Fund recipients/administrative bodies? (ie community councils, funding body etc.)
Other Community Benefits
7. How many Local Full-Time Equivalent (FTE) Training/ Apprenticeship Places have been/ do you expect to be created during construction
8. How many Local Full-Time Equivalent (FTE) Permanent Jobs have been/ do you expect to be created as a result of the wind farm?
9. What has been/is the expected value of procurement expenditure with local suppliers?
10. Have you/ do you expect to provide any other donations / grants / sponsorship to Local Groups stemming from this development? (If so, please describe)
11. Have there been/do you expect there to be any other community benefits as a result of this development? (If so, please describe)
Community Ownership
12. Do the local community have ownership of any part of the development?
If you answered either "Full ownership" or "Part ownership" please answer Q13 to Q20
13. How many turbines does the local community own?
14. What is the maximum capacity (MW) of each turbine?
15. What is the name of the local community organisation that has full/part ownership?
16. What was/will be the total development cost to the local community?
17.What was the source(s) of the local communities Capital Funds for this development?
18. What is the local communities expected annual income from full/part ownership of the development?
19. For how many years is this income expected?
20. Any other comments relating to community ownership of this development?

Appendix IV

Wind Farm Developer's Community Benefit Policy Details

Developer	Community Benefit Policy?	Description
Banks Group	Yes	Have a 'Development with care' policy: "ensures that we conduct our activities in a responsible manner with consideration for the environment, for local communities in which we operate and for our customers, employees and suppliers". Always ensure that a benefits package is implemented within their wind farm development areas. BD is flexible in its approach with benefits varying from community to community and including community funding, educational programmes and community ownership. Each Local Authority has different legislation in relation to community funds (i.e. some hold funding centrally) limiting what BD can do in certain areas. However BD's preferred method of providing benefit to the community is direct contact with them. Consequently, where required BD will also work with local communities in order to build capacity allowing local communities to deal with any proposed community benefits themselves. Community Fund usually between £2k-£3k M/W.
Community Windpower Ltd	Yes	Community benefits are provided for our wind farm projects and they are tailored to the requirements of the local community.
Ecotricity	No	N/A
Energy4all Scotland	Yes	Energy4All was formed in 2002 to expand the number of renewable energy co-operatives in the UK as an integral part of our transition to a low carbon economy. It works on the basis of the co-operative model of community ownership of wind farms. Energy4All is uniquely owned by the co-operatives it assists. Energy4All has a unique track record of success in delivering community ownership of renewables through co-operatives. Our projects deliver social and environmental benefits as well as attractive financial investment opportunities. They are designed to benefit everyone involved. If you are a Developer, we offer a proven, flexible community ownership model. If you are a Community group, we offer a full support service for community ownership.
North British Windpower	Yes	Generally work with local organisations/administrative bodies to set up a community fund. Also look at local tendering opportunities as far is possible (EU legislation)
Ridgewind	Yes	Do not have a formal policy in place but have a general model in terms of community benefits that would look to replicate in future developments. Ridgewind carry out a good level of community consultation in order to establish what funding from the development should be best spent on - speaking to Council, Local Community Councils and general public. In previous developments in England benefits have included: Community fund of £2k per M/W; Subsidised electricity for residents living within 5km of site (£250 per household for 1st five years); scholarships to university for people within general area; looking into possibility of setting up scheme to invest in the wind farm whereby residents buy shares at early stages cheaply and then are bought back of them by Ridgewind at a higher price once planning is consented. They also encourage local economic benefits through tendering process ie fencing, security,

		stone etc. Two projects below are at too early a stage for potential community benefits to have been identified
SSE Renewables	Yes	SSE currently has a standard policy for community benefit for all onshore wind projects of 10MW (or 5 turbines) and above: • Fixed Payment – £2,000 per annum per MW for the life of the project (or 25 annual payments, whichever is shorter). The payments are also augmented by the value of RPI. • Variable Payment – usually 25 annual payments based on 2.5% of the recycled ROC payment calculated using the formula: V = B X 0.025 X A. Where V is the annual Variable Payment in £; B is the recycled ROC payment (as calculated by OFGEM); and A is the net annual output of the asset wind farm in MWh, as certified for ROCs (Renewable Obligation Certificates). • Energy Efficiency Fund – equivalent to a one-off payment of £3,000 per MW, paid within three years of construction starting, managed by SSE or its agents to ensure the maximum benefit for the community
The Greenspan Agency	Yes	Work with land owners/farmers to develop wind farm projects and encourage clients to implement some form of community benefit where possible. This includes setting up a community fund based on output and also engaging with local contractors during development. Is too early to provide any details on Standhill Project.
Vattenfall	Yes	In the process of finalising their policy.
Volkswind	Yes	Generally work with Parish/Community Councils to negotiate community benefit from wind farm developments. These bodies act as the driver for the process with other local organisations consulted as stakeholders. Have also looked in to the feasibility for community ownership in previous projects.
Your Energy Ltd/AES	Yes	Offer community benefit in the areas they propose wind farms. Do not have a set figure that they offer but rather establish the amount and what defines "the community" in each location individually. Also, Scottish Communities Foundation is a well functioning partner for developers and trusted by communities. They would be happy to use them again so they are the benchmark for them.
RES	Yes	At each wind farm site we design, construct and operate, our goal is to create significant environmental and economic benefits for the host community. There are many ways in which local communities benefit from having a wind farm in their area – such as rental payments to farmers and landowners; local taxes; infrastructure improvements; habitat enhancement schemes; tourism and recreation; and community funds and sponsorship that can help finance local projects. We are keen to ensure that communities receive a direct and tangible benefit from hosting a project in their area, on top of the satisfaction of 'doing their bit' for the environment. Like many developers, RES routinely sets up a community fund into which we pay a fixed amount of money each year for the lifetime of the project. It allows local people to secure a direct economic benefit from the wind farm; it is up to them how the funds are managed and spent. Transparency is key to the delivery of these benefits and during the consultation process we explore mechanisms for distributing the fund with the local community.

Scottish Power	Yes	**Background** ScottishPower Renewables believes in the principle that local communities should be allowed to share in the benefits derived from our onshore wind farms. It is our aim to provide a specific wind farm community benefit for all new sites. In the absence of a clear policy from the relevant local authority, ScottishPower Renewables will therefore offer a community benefit as follows. **Amount** The total amount offered will be £2000 per megawatt installed capacity. Where a project is approved following a local inquiry, and where that inquiry finds the local authority at fault, ScottishPower Renewables will reduce the amount of community benefit to reflect the adverse impact of unnecessary delay upon the project economics. **Distribution** Funds will be allocated on a local authority area, based upon the location of turbines. Where a wind farm crosses local authority boundaries funds will be disbursed pro rata to each local authority areas. Affected communities within the relevant local authority area will share the benefits, by a distribution method to be negotiated by ScottishPower Renewables, communities and the relevant local authority. **Management** The preferred ScottishPower Renewables option is to devolve decision-making on the use of funds to a local mechanism established by the local community. The funds shall be managed by an accountable body, with clear governance arrangements. This should preferably be a not-for-profit body. Where the community(ies) cannot agree a suitable body, ScottishPower Renewables shall appoint an independent 3rd party. A representative of ScottishPower Renewables will be included on the management body, in an advisory capacity only. Where the body is a Trust, the ScottishPower Renewables representative will not be a Trustee, but will be able to attend meetings and to speak. The Trust constitution must allow for this. **Publicity** ScottishPower Renewables retains the right to use any projects funded by community benefits to promote ScottishPower Renewables and may require on site recognition of ScottishPower Renewables funding. Projects funded by community benefit shall acknowledge such funding by an appropriate agreed manner (plaque, footnote on stationery etc.).

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