Community benefits from net zero energy developments

Consultation link: https://consult.gov.scot/offshore-wind-directorate/community-benefits-net-zero-energy-developments/

Deadline: 11th April.

These pointers are intended to help community organisations and individuals think through their responses. Please do not copy and paste them into the consultation; your response will carry far more weight if it is in your own words, and also contains your own ideas.

Offshore Questions

Question 1: In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

- Note that the points below should apply to all offshore renewables, as appropriate.
- Geographically-defined communities (communities of place), including residents and those who work in the area.
- Communities of interest (e.g. fishing, other sectors that use the marine and coastal space, environmental groups, leisure activity groups [e.g. wild swimmers, rowers, walkers])
- The geographically-defined communities will include those who live, work or have another form of established connection to sites of offshore wind infrastructure or activity, e.g. the manufacturing base, cable landfall site (up to the connection link where the generator connects to transmission infrastructure), grid connection site, port, offices and other operations in addition to the offshore wind farm site.
- We gathered input on this consultation from community members and community organisations. The points raised most often in relation to this question were:
    - Those visually impacted by the offshore turbines or other development
    - Those who live near where connections are made
    - Those affected by the construction and shipping (including those whose infrastructure is being used, e.g. roads, housing)
- Others suggested learning from Ireland, where the ORESS 1 Community Funds Rulebook specifies that the local community must include, but not be limited to, "the local stakeholders and the surrounding communities that were consulted on as part of the Maritime Area Consent (MAC) process."
- Those impacted by the construction, including those who suffer loss of earnings, should be paid compensatory or disturbance payments separately from the community benefit payments.
- In addition to the locally impacted communities, we consider that all Scottish communities have a stake in our offshore renewables, which are national resources. We believe that a portion of the benefits should be shared across Scotland. (See our answer to question 7.)

Question 2: When defining the relevant communities to receive benefits from offshore wind development, which factors should be considered, and by whom? Are there any factors which are most important, and why?

- Note that the points below should apply to all offshore renewables, as appropriate.
- There should not be a standardised approach to identification of the relevant communities.

- Instead, the developer should proactively reach out to community organisations, work with them to identify all appropriate organisations and individuals to speak to, and make a concerted effort to meaningfully engage with them on defining the relevant communities.
- Organisations that developers should speak to in the first instance include community anchor organisations, development trusts, other incorporated community development bodies (e.g. SCIOs, CICs), community councils, along with the relevant enterprise agency and local authorities. Communities that host ports that are servicing the offshore wind sector could be a good place to start.
- Resource should be directed towards more deprived communities who have less capacity to do unpaid volunteer work, in order to enable them to fully take part in the definition of the relevant communities.

Question 3: Who should decide how offshore wind community benefits are used (decision-makers)? Are there any groups, organisations or bodies you feel should have a formal role in this?

- Note that the points below should apply to all offshore renewables, as appropriate.
- The communities that have been identified as the relevant communities for the Community Benefit Package should have full control over how the funds are used.
- In each case, existing community organisations, local Council for Voluntary Organisations, the community council(s) and the local authority if necessary should identify the appropriate community organisation or consortium of organisations (e.g. the 9CC Group in Ayrshire) to make decisions on how the funds are spent. The community organisations could be development trusts or other community anchor organisations.
- Where the funding covers a large area where it is not possible for all relevant community organisations to be represented, a local/regional panel could be created to make decisions about spending. Best practice would see representatives democratically elected from the community for this purpose.
- Our members suggested that a national fund or central pot of offshore renewables contributions could be managed by a community umbrella body with a nation-wide remit, and that the objective of that fund should be to tackle inequalities and ensure a just transition for the whole country.

Question 4: What are the best ways to ensure that decision-makers truly reflect and take into account the needs and wishes of communities when determining how community benefits are used?

- We disagree with the framing of this question, which presents the ‘decision-makers’ and the ‘communities’ as separate groups.
- The communities that have been identified as the relevant communities for the Community Benefit Package should have full control over how the funds are used.
- This model of community benefit is termed ‘direct investment’ by the UK Government’s Transmission Infrastructure Guidance. This should be presented as best practice, in contrast to developers making community benefits available through grant schemes which they control.
- The community organisation, organisations or consortium that is identified to make decisions about how the funds are used should be constituted community bodies such as SCIOs, Community Benefit Societies or Companies Limited by Guarantee, and should be democratically representative of the relevant community.
- In some cases it may be most appropriate for the community to establish a new community organisation which would provide governance of the fund and make decisions on spending.
- Other mechanisms that would help ensure that the funds are used in ways that meet the needs and wishes of the community include a periodic review of funding decisions by

selected members of the community, an auditing role for the Government (as in Ireland), and mandatory reporting on the use of funds.
- Spending decisions should take into account priorities identified in local community plans and place plans created by the relevant communities, to ensure that all projects meet local needs and wants. Where no such plans exist, extensive community consultation should take place to prioritise spending.
- The community groups should have regular, reliable income to invest locally and should not have to apply for one off time limited grants to access the community benefits.
- If a regional or national fund is set up for a percentage of the funds, then again it should be evidenced that any spending meets local needs and priorities in the area that the spendign will take place.

Good practice examples:
- Isle of Gigha Community Fund (from onshore wind) is managed by the Isle of Gigha Heritage Trust. Their board of directors is elected by the membership. The Fund supports projects or activities that will deliver against the objectives of the Trust.
- 9CC (Community Councils in East Ayrshire) manages and distributes community benefit allocations across 9 Council areas. The team is made up of community councillors and two paid staff.

Question 5: What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

- Note that the points below should apply to all offshore renewables, as appropriate.
- The best way to maximise the impact of community benefits would be for the UK Government to make them mandatory for developers to provide.
- In order to help communities secure community benefits at at least the good practice level and ensure that these benefits are shared equitably across communities, the Scottish Government should create or fund Community Benefits Champion posts that have specialist knowledge (of the renewables industry, facilitation and community development) and would:
    - Directly engage in negotiations with developers, to maximise community benefits from energy projects in development.
    - Reach out to communities that are impacted or associated with each development, and support them to work together to achieve the best possible outcome.
    - Be complemented by appropriate resource to upskill and support local communities to directly engage in and be active participants in the discussions in the future, as well as to support with governance of community benefits received and support with development of projects that address local needs.
- Other measures that would help communities maximise their community benefits package include: setting out a clear process for agreeing community benefits with a sufficient timeframe so communities are not too rushed; funding for communities to participate in the process (targeted at locations with the least community resource); guidance for developers on who to approach (e.g. not only the Council and/or the Community Council) and how to proactively approach communities, including through intermediaries where appropriate; good practice case studies of developers approaching communities early in the process; and guidance for developers on tried and tested community engagement models (not just consultation).
- Other measures that would help communities maximise *the impact* of their community benefits include: a more consistent community benefits advice and support service, including links to training for community organisations on effective governance and

managing conflicting views; and mechanisms for community members to question and recall decision-makers on community benefit fund boards, where decisions have not been in line with community plans.

- Community organisations should be supported to set objectives for their community benefit funds that align with local community plans (e.g. Local Place Plans, Community Action Plans, Area Plans), or to draw up such a plan if none currently exists, following a meaningful community engagement process to determine priority community needs and wants.
- Communities should address their own priorities according to their own local plans. They should be encouraged to consider whether investing community benefits in revenue-generating assets (e.g. land, buildings, community businesses or community-owned energy) could address local needs while at the same time providing a long-term revenue stream for the community, which can continue once the community benefit funds have stopped.
- Making legal and financial expertise available to communities at a reduced fee would help ensure that they maximise the impact from such investments.
- Community groups already spend a high proportion of their revenue in the local economy, but this could be ensured by the community setting out in their fund objectives a clear preference for using local contractors, consultants and designers, wherever possible.
- Developers can help maximise the impact of their community benefit payments by:
    - additionally funding community capacity building, as set out in the UK Government's guidance on Community Funds for Transmission Infrastructure.
    - offering and supporting communities to take up offer of community shared ownership, in addition to offering community benefits. The return on investment to community organisations from shares in the development would complement the community benefit payments and enable the community to use their funds in a more strategic way. (See answer to question 11.)
- Finally, establishing a Scottish Community Wealth Fund that would ringfence revenue for community wealth building across the country would help maximise the impact of local community benefit funds. This is because it would provide additional funds for community capacity building where it is most needed (contributing to a just transition), and additional finance for communities looking to invest in revenue-generating assets. This would be particularly helpful where the local community benefit payments are not sufficient to enable the community to invest in the assets required to meet the aims of their community plan. (See answer to Question 7 for more about this nationally-coordinated fund.)

Question 6: How do you think directing community benefits towards larger scale, longer term, or more complex projects would affect the potential impact of community benefits from offshore wind?

Note that the points below should apply to all offshore renewables, as appropriate.

We would stress that community benefits should not be 'directed' towards any types of projects by anyone other than the local community.

Our members made several points in response to this question. The key themes are:

- There is a need for balancing short-term wins and long-term projects.
- Investing in projects that generate long-term revenue could help to provide a more secure, self-sustaining income stream to local communitie, reducing dependency on short-term funding and grants.

Question 7: The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities? Please explain your answer.

- Note that the points below should apply to all offshore renewables, as appropriate.
- We agree that a nationally-coordinated approach to supporting community wealth building through a just energy transition is needed. We envision this as a national fund for local community projects, not for regional or national projects, which should be funded separately.
- A nationally coordinated fund would enable more equitable distribution of funds to communities across Scotland.
- It must be separate and additional to local (and potentially regional) community benefit arrangements.
- The Scottish Community Coalition on Energy proposes that the Scottish Government assist in the formation of a Scottish Community Wealth Fund. This would not be managed by the Scottish Government, but it would require appointing an independent funding board through the Public Appointments process (including community representatives, COSLA, developer representatives, fund management expertise and financial experts), and the Scottish Government and Parliament could contribute to the setting of the Fund's objectives.
- The Good Practice Principles should recommend that offshore wind developments (floating or fixed bottom) contribute 4% of their project revenue to the Scottish Community Wealth Fund, in addition to at least 1% provided to the relevant local community or communities through community benefit payments. Other offshore technologies, including tidal, are not yet at the commercial stage where we can make an informed recommendation on the level of contribution, however a benchmark should be set.
- The higher contributions to the nationally-coordinated fund recognise that the connection between offshore developments and local communities is less close and less well-defined than that between onshore developments and communities. It also recognises the substantial potential to deliver a just transition for communities across Scotland, using a share of the wealth that the growth of the offshore wind industry will create.
- The Scottish Government should work with the UK Government to encourage developers and Transmission Owners to pay at least a proportion of transmission community benefit funds for Scotland into the Scottish Community Wealth Fund. As these costs are paid for by all electricity consumers across the country, it is particularly important that these are shared equitably.
- Every community should be able to access finance for wealth-creating projects like local shops and cafes, affordable housing or their own renewable energy generators. This opportunity should not be limited only to communities situated near to renewables developments.
- We are all funding the energy transition through our energy bills, and we all deserve a share of the financial wealth that is being consolidated through this process.
- The Scottish Community Wealth Fund would be delivered via contract by an appropriate independent organisation with relevant experience in community development and fund management, appointed through a fair process and with representation from communities.
- Regarding *local* community benefits, the Scottish Community Wealth Fund would act as a backstop when developers have not engaged with the local community and/or a local fund has not yet been established (perhaps because the community does not yet have capacity to manage it). The Scottish Community Wealth Fund would prioritise such communities for fund allocation through its local strand. However, in most cases local community benefits

should continue as a direct agreement between the developer and the local community/communities.

- Our community engagement for this consultation found that there is roughly equal support for a national fund as for regional funds. Community organisations and members recognise that regional funds could pool local community benefit funds and invest in bigger items such as housing or infrastructure. However, the point is often made that regional funds should not fund existing statutory activities, e.g. Council core services (and the local authorities should not be decisionmakers for how community benefits are spent). Those need to be properly funded, but this should be done through making the tax system fairer, rather than using funds which could go directly to local communities.
- If regional funds are set up, there needs to be extensive consideration and consultation on the appropriate scale and boundaries of the regional funds, which could be contentious. Even where stakeholders seem on the surface to agree that regional funds are a good approach, often their understanding of what those regions are vary significantly.

Question 8: Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any other specific groups in Scotland, particularly: businesses; rural and island communities; or people on low incomes or living in deprived areas. The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.

If the Good Practice Principles help communities and developers to negotiate improved community benefit packages that are more fair and proportionate for communities, then they will have a positive impact on relevant rural and island communities, people on low incomes and people in deprived areas (particularly those experiencing rural and regional disadvantage, as outlined in the HIE 2022 report).

They will also have a positive impact on local and community businesses, who benefit from community groups reinvesting their funds locally. (An average of 70% of community energy groups' expenditure is spent locally.)

If the Good Practice Principles include a recommendation that developers make contributions to a Scottish Community Wealth Fund, and if this is followed, then the principles will have a positive impact on all of the above, but particularly those living in deprived areas, including those in high SIMD areas that are not currently receiving community benefits. (Studies show that poverty is highest in large urban areas, although rural, remote and island areas also face different measures of disadvantage.)

If the Good Practice Principles set a higher benchmark level for community benefit payments, then this could have a small negative financial impact on developers, which could lead to lower profits and shareholder dividends. However, this should be counterbalanced by increased social licence for their developments, good local and national reputation for their business, and potentially reduced time in planning and development, including fewer objections and appeals (as found in a study of Dutch windfarms with differing levels of shared ownership: https://www.sciencedirect.com/science/article/pii/S2214629624004821). Strong, clear guidance would benefit developers by helping create a more level playing field and not interfering with competition.

Question 9: In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

- It is really important that a benchmark is set for the offshore renewables sector. This should cover all offshore renewable technologies though the benchmarks may be different for each technology. The impact of setting a good practice benchmark has had a significant impact in the levels of community benefit offered in the onshore sector and there is now an urgent need to create clarity around good practice from offshore.
- For both floating and fixed bottom offshore wind, we recommend that 1% of gross project revenue be paid to the identified community or communities.
- There should be a guaranteed floor (minimum payment level) of £2,500 per megawatt per year. If 1% of gross revenue for the development is less than the floor, then the £2,500/MW/year should still be paid. This floor should be index-linked so that it rises in line with inflation.
- In addition, we recommend that 4% of gross project revenue be directed into the Scottish Community Wealth Fund, once established, as outlined in our answer to question 7.
- Taken together, this means that offshore wind developers would make 5% of each of their Scottish projects' revenue available to Scottish communities. This aligns with calls from the Scottish Liberal Democrats, who are calling for 5% of revenue from all new onshore and offshore renewables would be paid to community benefit funds.
- Once other onshore renewable technologies become more commercially viable, the appropriate percentage of project revenue should be set which should be provided to local community benefit funds and to the Scottish Community Wealth Fund.

Question 10: What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

Some points from Question 5 can be repeated here.
This answer could also include wider community benefits beyond payments, e.g. local procurement, local jobs, housing, transport and infrastructure.

Question 11: What do you see as the potential of shared ownership opportunities for communities from offshore wind developments? Please explain your answer.

- Shared ownership provides the strongest benefits for communities, after 100% community-owned renewables.
- There is considerable potential for communities in Scotland to share both risk and reward by investing in offshore wind developments, which could also help developers access sufficient finance for projects.
- The benefits include long-term revenue streams, a more democratic energy system with increased community control, and retaining more of the profits in Scotland and in local economies.
- For developers, the benefits include an enhanced reputation, locally and nationally, and can include reduced time in planning and fewer legal objections and appeals (see answer to Question 8 in the offshore wind section).
- The Good Practice Principles should state that shared ownership up to 20% is expected as good practice, in as strong terms as possible.
- Best practice involves a community organisation buying shares, after raising the funds through a community shares offer or accessing private finance. That community organisation would receive dividends and invest the returns in projects that benefit the whole community.

- This contrasts with an 'investor club' model where local individuals buy shares, which only benefits those local individuals who can afford to invest. This should not be considered a legitimate community shared ownership offer.
- Shared ownership of offshore wind wouldn't need to be limited to local communities, but they could be given priority in the form of earlier share offers, and shares at a lower price than those released in subsequent rounds.
- Split ownership, where a community fully owns one or more turbines within a private development, or joint venture, where there is built-in community representation on the trading board or governance structure of the renewable development, are best practice. They offer the community decision making powers and a democratic say in the development at all stages of operation, including end of life, repowering, or a decision to sell.
- Joint venture is not favoured by many developers, possibly due to reticence around the cost and time implications of offering minority ownership stakes. Government support for and de-risking of this process could encourage more developers to offer this most meaningful form of shared ownership.
- Increasingly, a Shared Revenue model is the more common approach – whereby communities are not offered any legal ownership but instead an opportunity to purchase a share of future revenue. Where Shared Revenue is the only option on the table, communities must be supported to negotiate a fair deal and embed community control where possible – for example ensuring that rights to financial and other significant information are included in shared revenue agreements.
- The developer should engage early and meaningfully with the local community about shared ownership in the first instance.
- The Good Practice Principles should make clear that the developer should still provide community benefits on the privately owned part of the development, even when the community takes up a shared ownership offer.

Question 12: Thinking about the potential barriers to shared ownership of offshore wind projects, what support could be offered to communities and developers to create opportunities and potential models, and for communities to take up those opportunities? Potential barriers include high costs of offshore wind development, community access to finance and community capacity.

Support to help communities overcome potential barriers should include:

- Development of a publicly available, up-to-date map or portal to flag planning applications for renewable developments, including the stage of development and contact details for the community liaison.
- Proactive teams reaching out to communities who have the opportunity to take part in SO at the earliest possible opportunity.
- A national awareness raising campaign for shared ownership, with case studies of successfully implemented shared ownership cases.
- Improved community access to finance. This could be provided through the Scottish Community Wealth Fund (see answer to question 7) and/or through Government-backed loan guarantees to derisk shared ownership and bring forward cheaper investment.
- Free accredited financial and legal advice, both of which are regulated.
- Advice, training and capacity-building support for communities, including support to develop effective legal and financial capacity to negotiate and monitor shared ownership arrangements.
- Templates for legal and financial documents, potentially proven software for managing it.

Many developers will need incentives or conditionality in order to proactively engage communities and offer them credible shared ownership opportunities.

- One incentive could be modelled on Denmark's Guarantee Fund, which provides grants to fund the preliminary investigations for small-scale wind farms that are legally organised as a wind partnership (with shared ownership by citizens). (https://www.sciencedirect.com/science/article/pii/S2214629624001968)
- Conditionality could take the form of Crown Estate Scotland not granting seabed leases to develop or repower renewables unless the development is at least partially community-owned.
- We recommend that the Scottish Government issue planning guidance to add community ownership and shared ownership to the list of material considerations for new and repowering energy developments.

Onshore Questions

1.

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

We have said 'in scope' to all of the options:

Wind – in scope
Solar – in scope
Hydro power (including pumped hydro storage) – in scope
Hydrogen – in scope
Battery storage – in scope
Heat Networks – in scope
Bioenergy – in scope
Carbon capture, utilisation and storage (CCUS) and Negative Emissions Technologies (NETs) – in scope
Electricity Transmission – out of scope
Other – in scope

1.b) Please explain your reasons for the technologies you have selected to be in or out of scope and provide evidence where available.

- We have selected all of the options, because we believe that all new or expanding private energy developments have a role to play in funding a just transition for Scottish communities.
- We would not want community benefits from CCUS, NETs, hydrogen or biomass technologies to be seen as endorsing or justifying these technologies, given that these technologies are costly, not proven to work at scale (CCS/NETs) and/or not the most efficient way to decarbonise bar limited cases (hydrogen, biomass).
- However, if these sectors are going to expand, then we would expect them to provide community benefits.
- The same applies to any new oil, gas or waste-to-electricity infrastructure. However the presumption against these should strongly remain, and community benefit would in no way justify a change of position: new infrastructure should not be considered as it is incompatible with limiting global warming to 1.5C.
- Transmission – out of scope. The UK Government has set out guidance on community benefits from transmission, which will apply across the UK. The Scottish Government's Good Practice Principles could however state that best practice would be for the UK Government to turn their guidance on transmission community funds into legislation, to ensure it is complied with.
- Other - We would include all forms of energy storage.

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

- For simplicity, wherever possible the Good Practice Principles should apply in a standard way across all selected technologies. Much of the guidance applies equally to all technologies, including how to engage local communities and how communities can best govern and maximise community benefit funds.

- However, the good practice benchmark levels should differ across different technologies (see answers to questions 11 and 12 below).
- How to define the relevant community or communities will also differ between onshore and offshore.

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

- Improvements must be made on how and when developers engage communities, as outlined in the answer to question 4.
- Communities at a national level should be able to access finance for community wealth building, but developer contributions to a Scottish Community Wealth Fund should be treated as separate and additional to local community benefit packages. Whilst community benefits are in themselves distinct from compensation packages, distinction between local community benefits contributions and contributions to a national fund is very important to ensure that local communities are fairly rewarded for hosting infrastructure and that there is neither peception nor a reality in which these local funds are being redirected to communities in other areas of the country.
- *See answer to Question 7 in the offshore section for the motivation for the fund and how it would work; we suggest you repeat some of these points here if you agree.*

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

- Yes.
- The Good Practice Principles should recommend that the developer begins community engagement as soon as possible, but in particular before the planning or consenting stage begins.
- The Good Practice Principles should recommend that:
- Developers should use all available avenues to reach communities, including in print, online, in person (e.g. town hall events) and through several existing community organisations and Council officers.
- In addition to the community benefit payments, developers could fund community development officer posts, as they would also benefit by establishing a good relationship with the local community from the start.
- The developer should proactively reach out to community organisations, identify the appropriate organisations and individuals to speak to, and make a concerted effort to meaningfully engage with them on defining the relevant communities and agreeing the community benefit package.
- Organisations that developers should speak to in the first instance include community anchor organisations, development trusts, other incorporated community development bodies (e.g. SCIOs, CICs), community councils, along with the relevant enterprise agency and local authorities. Communities that host ports that are servicing the offshore wind sector could be a good place to start.
- Resource should be directed to cover the time of community development oficers and for participation in consultation events, to enable them to fully take part in the definition of the

relevant communities. This is particularly important in more deprived communities who have even less capacity to rely on unpaid volunteers to participate.

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

You could use points from the answers to offshore questions 3, 4 and 5. (Note that different teams will look at the offshore section and the onshore section, so the points will need to be repeated.) If you have specific examples, it would be good to include them.

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

You could repeat points from the answers to offshore questions 3, 4 and 5, plus the below:

- Communities should have full control over how the funds are spent.
- Ideally the communities would choose to align the fund priorities with local priorities as set out in local plans such as Local Place Plans, Area Partnership Plans, Community Action Plans.
- By enabling true community-led community wealth building, this would help achieve national priorities on Community Wealth Building, tackling depopulation, poverty, health, local economies and town centre regeneration.
- By ensuring that communities have a meaningful stake in the energy transition, this will also work towards national priorities on climate change and a just transition.
- Our community engagement for this consultation found that there is roughly equal support for a national fund as for regional funds. Community organisations and members recognise that regional funds could pool local community benefit funds and invest in bigger items such as housing or infrastructure.
- However, regional or national funds should not fund existing statutory activities, e.g. Council core services. Those need to be properly funded, but this should be done through making the tax system fairer, rather than using funds which could go directly to local communities.

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

- Community benefit payments should be reviewed and should rise to the good practice benchmark at the time of the status change.
- There should be an expectation on developers to engage with the community about renegotiating the whole community benefits package including but not exclusive to financial payments.

- Control and governance of the community benefit fund should be handed to a local community organisation (see answers to offshore questions 3-4), if one exists which has the capacity and governance structures in place to manage the fund (in conjunction with a specialist fund management body if needed). This should involve wholly devolving spending decisions to a board of community representatives.
- A Community Benefit Champion should be allocated to the community (please copy points down from offshore question 5).
- Communities should be given shared ownership offers for all new and repowering developments, as well as at the point of sale of the development. (See answer to offshore question 11.)
- Additional commitments already made in the Onshore Wind Sector Deal for Scotland should also apply (although coordinating community benefit funds with nearby communities should only be pursued if all community parties desire that.)
- The standard practices set out in the revised Good Practice Principles, on identification of the relevant community, consultation/engagement, achieving majority support, etc, should also continue to apply.

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

- Yes, this would be helpful, if the community wants to do this.
- This could include case studies for communities on where this has been done successfully, e.g. the 9CC Group in Ayrshire or the East Lothian Community Benefits Company which will receive benefits from energy schemes across the East Lothian county. Case studies should also include problems and pitfalls to avoid.

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

- We encourage the Scottish Government to urge the UK Government to require developers to record and report on community benefit schemes. The UK should follow the example set by Ireland where the national Sustainable Energy Authority maintains the Community Benefit Fund National Register, which records the mandatory community benefit payments.
- Whether developers use Scotland's Community Benefits and Shared Ownership Register or a new UK-wide register, it should record all sources of developer income including generation, CfDs, Feed-in Tariffs and curtailment as well as financial benefits paid, whether these meet the current Good Practice Principles and whether these are paid into a community organisation's benefit fund (and to whom), or as grants. This would increase transparency and enable assessment of how many developers are meeting the good practice benchmarks and aligning with the principles.
- In-kind benefits such as local job creation should continue to be reported separately from direct financial benefits, to avoid conflation.

- All information on Scotland's Community Benefits and Shared Ownership Register should be updated, and/or publication dates should be added, to help viewers understand current timelines.
- Best practice case studies could be made more prominent.
- The register could include an interactive map which shows the community benefits payments per capita in different wards across Scotland. This would allow for recognising which communities are currently not benefitting to help demonstrate the need for a Scottish Community Wealth Fund which would be available to all communities, in both rural and urban areas.
- The map could also include sites where a new development has received planning consent, to alert the local community to the opportunity for community benefits and shared ownership. Alternatively, this information could be presented on a separate map/portal.

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

- Capacity-building support for communities is essential. This should begin at the planning stage, if not before. (See answer to offshore question 5 for our Community Benefit Champions team proposal.)
- Communities situated near planned developments could be prioritised for funding.
- Also see answer to offshore question 5 (repeat relevant points here).

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

Choose from:

- *Yes*
- *No*
- *Dont know*

Yes.

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

- The Good Practice Principles should set out a recommended *method* for calculating community benefits, which should be the same across different onshore technologies.
- The method we recommend is linking community benefit to percent of revenue, and including a 'floor' (minimum payment guarantee) of £X per megawatt per year. (The approach will need to be different for storage and any CCUS projects.)
- The benchmark for the floor payments should be set at a different level for different onshore technologies, storage and transmission infrastructure, given differing levels of expected revenue, and different levels of impact on the local communities, but risk/impact and reward should be proportionate.

- The minimum payment benchmark should also be index linked every year and this should be published by the Scottish Government. The previous recommendation of £5000/MW remained static for 15 years, during which time it will have devalued significantly due to inflation and energy price increases. The national benchmark, as well as benchmarks for every project, should increase every year in line with inflation.

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

- The measure we recommend is percent of revenue.
- This should be accompanied by a backstop of a 'floor' (minimum payment guarantee) of £X per megawatt per year.

Recommended measures for onshore renewable electricity generation (including wind, solar and hydro):

- 4% of gross revenue from the development to local community benefit fund(s)
  The guaranteed floor should be set at different levels for different technologies, given their differing levels of expected revenue. For example, we recommend a guaranteed floor (minimum payment) of £7.5k/MW/year for onshore wind. For solar, the floor should be set much lower than £7.5k/MW/year, so that it is under 4% of solar project revenue in most cases.
- 1% of gross revenue from the development to a nationally-coordinated wealth fund (see answer to offshore question 7).

- When the floor is not met by 4% of revenue alone, the backstop would kick in, and the floor amount would be paid.
- The floor for energy storage (and any CCUS projects that go ahead) should use a different method of calculating the minimum floor.
- Linking community benefits to revenue is the fairest for both developers and communities. For developers, it would mean that if generation and revenue is low one year, they do not have to pay as much to communities, as long as the floor is met. For communities, the floor provides some certainty of income, but they can also enjoy higher payments in years when revenue is higher.

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

Points can be repeated from offshore question 8.