

Policy for Community Benefits from Renewable Energy Development in North Ayrshire



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Draft Policy for Community Benefits from Renewable Energy Development in North Ayrshire

1. Introduction

- 1.1 North Ayrshire Council is committed to maximising community benefit both financial and material accruing to all North Ayrshire communities from renewable energy. The Council's policy will apply to all commercial or industrial renewable energy developments, including wind farms, solar farms, hydrogen and other renewable sources.
- 1.2 In addition, North Ayrshire Council anticipates that financial resources accruing by the application of its community benefit policy, at the local area level and pan North Ayrshire level, will provide a valuable source of match funding for other funding programmes.
- 1.3 In accordance with the Council Plan for North Ayrshire, its Community Wealth Building Strategy, Environmental Sustainability and Climate Change Strategy and the Local Outcomes Improvement Plan with the Scottish Government, North Ayrshire Council is committed to strengthening North Ayrshire communities and providing opportunities for all.
- 1.4 Community benefits are to be handled wholly independently of the planning process. They are not a material consideration in the planning process where planning permission will be assessed against the provisions of North Ayrshire's Local Development Plan and any other material considerations. This basic premise is expressly included in the Scottish Government "Good Practice Principles for Community Benefit from Onshore Renewable Energy Developments" which states that community benefits should be an entirely separate process from planning decisions and should be based on the specific needs of local people, not on the impact of the project.
- 1.5 There is an important distinction between the statutory planning process and the voluntary offer of community benefits, and members must declare an interest if they have been involved in discussions about potential community benefit funds in advance of decisions to be taken by the Planning Committee. Any community benefits which are offered must be negotiated separately, out with the planning process and not involving the same individuals.
- 1.6 The key principles of the national guidance are the promotion of a national rate for renewable development equivalent to at least £5,000 per MW per year; index linked for the operational lifetime of the development for community benefits packages, together with the consideration by developers of the scope for community investment. The Renewable Energy Generation Relief requires at least 15% of the annual profit, or so much of the annual profit as is attributable to at least 0.5 megawatt of the total installed capacity of the project, to be allocated to community benefit.
- 1.7 To ensure community benefit schemes are well run over the long term delivering maximum positive impact to communities, a Legal Agreement between the

developer and the fund administrator (the Council) under section 69 of the Local Government (Scotland) Act 1973 will be required for the lifetime of the project, usually 20-25 years. Such an agreement could, where the recipient of some of the funds is a local group, also include that group as a party, and could set out the priorities that the group will spend the monies on. Such Legal Agreements should outline the intended action in the case of sale of development and decommissioning of the development. In addition, to ensure complete separation from the planning permission process, Legal Agreements should be secured prior to determination of any development proposal thus providing a clear and transparent community benefit agreement process.

- 1.8 In line with the Christie Commission findings on the Future Delivery of Public Services, community benefit schemes should be linked to the needs of an area whether local or regional. Participation in local decision-making lies at the heart of the Community Empowerment (Scotland) Act 2015 and the Locality Planning Partnerships have identified local priorities and action plans. Aligning locally generated community benefits from renewable energy developments will help deliver optimum community benefit priorities within our local communities.

2. Community Benefit Guiding Principles

- 2.1 The Council's policy applies to renewable energy developments from wind turbines, solar farms, hydrogen, and other renewable sources.
- 2.2 The policy seeks to support North Ayrshire communities to maximise the benefit they derive from Community benefit by promoting the following guiding principles:
 - a) Community Action Plans are developed to guide expenditure. Such Action Plans should be aligned with the Locality Planning Partnership's Priorities agreed with Community Planning Partners and Communities as part of the locality planning process. A community that has gone through a rigorous and participatory prioritisation process is more likely to understand the issues it faces and better able to prioritise projects that address those issues and promote community cohesion.
 - b) The Community Benefits Officer is currently reviewing the existing Community Benefits Policy and Practice. This includes improvements in the procurement process; working closer with suppliers and communities to better understand their needs; and the development of a 'Wish List' to advise tendering organisations of local priorities and to allow community organisations to upload their requests for support linked to these priorities.
 - c) Increasingly communities are looking for opportunities to invest Community Benefit in renewables and generate sustainable income. However, there remain significant barriers with finance and community capacity, specialist skills, confidence and time. The policy encourages developers to give communities the opportunity to invest in proposed developments, which enable communities to create sustainable income streams. North Ayrshire-wide Community Benefit funds should be used alongside other funding

streams to provide the support and advice communities require and to provide capital to be invested in projects. The Council, through the Community Planning Partnership and Locality Planning Partnerships, has a key role supporting communities by coordinating and signposting expert advice.

- d) Communities are enabled to invest Community Benefit in service provision and asset management and acquisition: some communities are prioritising investment in the acquisition and management of assets and the provision and improvement of services, recognising that these present opportunities for sustainable improvements in self-determination and service provision in their communities. North Ayrshire Council currently administers a number of grant schemes to community groups, voluntary groups, and other organisations and individuals to help boost local communities and the Community Empowerment (Scotland) Act 2015 promotes community-led asset ownership and service delivery. The policy encourages developers to facilitate this process by taking a flexible approach to supporting community-led investment in assets and services.
- e) Community Benefit is available to local communities and to communities across North Ayrshire. Whilst the Council recognises that some communities will be more directly impacted by renewable energy development, the Council also wishes to pursue maximum benefit to all communities by ensuring that those beyond the immediate area are also able to benefit. The Council's policy is that Community Benefit should benefit communities across North Ayrshire as well as those neighbouring developments. The policy encourages a North Ayrshire-wide element to Community Benefit ensuring that:
- Funds are available for strategic and cross-community projects;
 - Funds are available to support projects proposed by communities of interest;
 - Funds are available for projects in communities unlikely to host renewable developments or those impacted by supporting infrastructure (substations, pylons etc.); and
 - Funds are available to communities that provide services to neighbouring recipient communities

3. Policy

- 3.1 The Council's policy position on Community Benefit from renewable energy developments is in line with the national rate and recommends that developers will provide community benefit of not less than £5,000 per installed MW per year. The Renewable Energy Generation Relief requires at least 15% of the annual profit, or so much of the annual profit as is attributable to at least 0.5 megawatt of the total installed capacity of the project, to be allocated to community benefit. This rate will be index linked from the date that energy generation commenced or the date from which government subsidy is paid to the development, whichever is the earlier (or such other agreed date) based on an annual appreciation in line with the UK Retail Price Index. The Council's policy is that Community Benefit should be made available to communities across North Ayrshire as well as the local communities'

neighbouring renewable developments.

3.2 Whilst the Council recognises that communities hosting renewable developments, and in some cases developers, will be keen to retain benefit locally, it is expected that communities beyond those neighbouring the developments will have access to Community Benefit through the establishment of a North Ayrshire-wide Fund. The Council advocates the distribution of funds as follows:

- Local Area Fund with contributions at 60% level to be distributed via the Locality Planning Partnership
- North Ayrshire-wide Fund with contributions at 40% level.

3.3 The Local Area Fund will be distributed to proposals which benefit the Locality Planning Partnership area (or persons residing therein) in which the development is sited.

3.4 The funding allocated to a Local Area Fund will be distributed by Locality Planning Partnership. The funding allocated to the North Ayrshire wide fund will be determined by Cabinet.

3.5 The Council will negotiate with developers in the establishment of such funding mechanisms. Developers will also be encouraged to work together with other developers and the Council to establish a single application process. It is expected that developers will enter into a legally binding agreement with the Council in relation to community benefits prior to and separately from the determination of any planning application for that development.

3.6 The North Ayrshire-wide Fund would be open to all North Ayrshire communities, including those in receipt of Local Funds. It is intended that both the Local and North Ayrshire-wide Funds would receive bids, which are aligned with Locality Partnership Action Plans, from communities, groups and other appropriate organisations based on the following criteria:

- Applications can only be accepted from constituted community groups located within North Ayrshire;
- Applications for environmental projects will have an additional weighting applied in favour of them, but the Fund will support applications which do not have an environmental perspective;
- There is no minimum or maximum limit of grant funding from the Fund
- Grant awards will be treated as one off contributions except in exceptional circumstances;
- Local groups will be given a priority; national organisations will only be considered if their application demonstrates a direct benefit to the communities of North Ayrshire;
- The preference will be for proposals which bring an element of match funding to their request; and
- In determining applications from any Local Area Fund or North Ayrshire wide Fund, regard will be given to the availability of renewable community benefit monies coming to Trusts or other arrangements outwith the Council Funds. If such funding is available it is expected that proposals would only come to

the Local Area or North Ayrshire Wide Fund as a last resort.

3.7 The policy will be monitored and kept under review.

4. How the Policy will be implemented by the Council

4.1 The Council will engage through consultations, with other Local Authorities and continue to monitor policy developments throughout Scotland.

4.2 The Council will work with partners and communities to ensure that, if appropriate, Community Benefit is included when any community plans are developed.

4.3 The Council will lobby developers to resource/accommodate/support the development of community action plans as part of the community benefits process thus ensuring that community priorities are suitably addressed; communities hosting developments will be able to apply for funding to the Local Area Fund and to the North Ayrshire-wide Fund.

4.4 The Council will work with communities to ensure that the local allocation of Community Benefit is determined in terms of the 60%/40% split between Local Area Fund and the North Ayrshire-wide Fund respectively, including, on request, providing communities and developers with detailed information on how North Ayrshire policy would allocate Community Benefit to local communities for a given scheme

4.5 Future renegotiations of existing agreements will reflect the 60%/40% split between Local Area Fund and the North Ayrshire-wide Fund, in that any increases to existing arrangements will be allocated in this manner.

4.6 The Council will encourage developers to give communities the opportunity to invest in renewable developments.

4.7 The Council will monitor developments and initiatives that support community investment in renewables.

4.8 The Council will work with communities to identify options for service delivery or improvement including alongside other Council community development grant applications, such as the Community Investment Fund, through Locality Partnerships.

4.9 The Council will enter dialogue with the major developers and Community Benefit Fund trusts (if applicable) to develop standardised application forms and procedures

This guidance note will be updated as and when required and in line with any changes in North Ayrshire Council policy.