

1. About Community Benefits in Scotland

Community benefits are now a common - near consistent - feature linked to renewable energy projects across Scotland, in particular onshore wind farms and hydropower schemes but increasingly offshore wind and solar projects too. Owners of such projects, whether private corporations or community-owned not-for-profit bodies, will typically commit a proportion of the project income for the benefit of the local area, usually over the operating lifetime of the project. The searchable [Register of Community Benefits in Scotland](#), hosted by Local Energy Scotland, showed that as at July 2019 over £19.5 million in community benefits were being paid out by the owners of around 230 renewable energy projects across Scotland over the previous twelve months.

Community benefits offer an unprecedented opportunity to communities that can be directed towards local priorities for public benefit. These are also provided by the private sector, thereby offering significant flexibility in how they are planned for, distributed, and managed in comparison to most public sector monies.

Nevertheless, alongside the opportunities they present, significant challenges remain in ensuring community benefits are set up and delivered in an accountable way that optimises their impact and meets the needs of local communities.

The renewables industry has expanded rapidly over the past two decades, bringing millions of pounds of investments to predominantly rural communities throughout Scotland. The Scottish Government's commitment to meet 50% of the country's energy requirements from renewables by 2050 means that investment in renewables is set to continue¹. There is an need to learn from practice in the delivery of community benefits to-date and to promote high standards of fund governance in order to maximise the benefits to communities across Scotland. Improving understanding between the various stakeholders involved is essential in this regard.

There are many examples of existing arrangements operating in different contexts across the country, and some case studies are provided on the Local Energy Scotland [website](#). Some are examples of renewable energy businesses and communities working in collaboration, and others where renewable energy businesses have been more "hands-off", giving communities significant latitude in how the benefits are designed and disbursed.

¹ Scottish Government (2017) Scottish Energy Strategy <http://www.gov.scot/Publications/2017/12/5661>

2. Opportunities and Challenges in Community Benefits

Some of the opportunities and challenges involved in setting up and delivering community benefits are detailed further in this section.

2.1: Opportunities

Community-led and asset-based: There is a growing recognition that empowering communities is an essential component in achieving sustainable development. Where communities are given the opportunity and have the capacity, they are usually best placed to define and lead on their own development. This view has been embedded through the [Community Empowerment \(Scotland\) Act \(2015\)](#). Community benefits are resources for communities, therefore it can be beneficial for their design and delivery to be community-led. They can also support an asset-based approach to community development.

Long-term: Renewable developments typically have lifetimes of at least 20 to 25 years, providing a long-term, predictable source of support for local priorities. This is in contrast to many other funding sources, which have commitment periods of perhaps three years or less. Community benefits can bring about impact over even longer time periods through investing in endowment funds, purchasing income generating assets, or repowering opportunities.

Flexibility, Responsiveness and Innovation: Community benefits can be adapted to meet the specific needs and opportunities identified by a local community, and can respond more readily to these as and when required. They are not constrained by national policies, priorities, timescales, or dependencies. Communities can often innovate and take risks with this support in ways that may not be acceptable to public sector or other funders.

Meeting the Needs of Rural Communities: Urban communities usually attract greater levels of government funding, particularly funds targeting areas of deprivation (as defined by the Scottish Index of Multiple Deprivation). Rural areas face specific issues² - including dispersed or hidden deprivation, some higher costs and connectivity issues - which can be obscured by apparent prosperity. Renewable developments predominantly take place in rural areas, providing resources for often overlooked communities to develop solutions that specifically meet rural needs or build on rural assets.

Additional opportunities: In some instances communities may benefit from one-off additional investment or support from the developer or owner of the renewables project such as: shared ownership options; in-kind support; direct sponsorship of local groups or events; a one-off 'compensatory payment' relating to construction activity, or; strategic investments towards, for example, higher education provision, apprenticeship schemes, or local energy discount schemes.

2.2: Challenges

Defining the 'Community': At the outset, a key challenge is in defining the area or community that will benefit from the package of benefits in question. Most community benefits are established with a geographical catchment; for administrative ease community

² Scottish Government (2018) Understanding the Scottish Rural Economy
<http://www.gov.scot/Publications/2018/02/3310>

council boundaries are often seen as an appropriate starting point in defining this. However, tight geographical targeting doesn't always recognise that people and businesses interact at a range of spatial scales. People in rural communities often rely heavily on amenities, services and businesses in neighbouring settlements which may be excluded from the area that the package of benefits is targeted at. A strategic, inclusive and flexible approach may therefore generate greater impact and sustainability of the wider area.

Capacity, Representation and Transparency: All communities have strengths, but their capacity and confidence to deliver community-led packages varies³. Support organisations and specialist professionals can add to capacity where required, if this is adequately resourced. Moreover, to have legitimacy within a community, decision makers should represent a wide range of interests within the community and related processes must be transparent, for example in the recruitment of decision makers and in decision making.

Duplication and Lack of Strategic Impact: Because the objectives, arrangements and procedures of these benefits can be entirely formed by a local agenda, they can be out of alignment with other local and national initiatives and can operate independently of other funders or commissioners. As a result, synergies and opportunities for working with others to produce wider, strategic impact may be missed.

Evaluation and Learning: Area-based initiatives with a wide range of potential outcomes are difficult to evaluate, particularly when it comes to the assessment of impacts. As a result, evidence on what works in what context and how to maximise opportunities can be limited. However, learning and sharing of good practice is starting to take place across Scotland.⁴

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³ Scottish Community Alliance (2016) Local People Leading
<http://www.dtascot.org.uk/sites/default/files/publications/Local-People-Leading.pdf>

⁴ Institute for Voluntary Action Research Place-based case studies and Framework <https://www.ivar.org.uk/our-research/place-based-funding/>