DTAS Consultation Response: Community Benefits from Net Zero Energy Developments

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Introduction

Almost a quarter of DTAS members are in receipt of Community Benefit Funds[1], and this income from renewables, alongside income from shared or community owned renewables, is increasingly significant for our members. However, many of them struggle with inconsistent practices from developers, and lack of capacity to properly engage in negotiating the best package of CBs. With more offshore developments in the pipeline this topic is more important than ever.

DTAS has been working with partners as part of the Scottish Community Coalition on Energy to develop a series of papers relating to CBFs, and community or shared ownership, and these have fed into our responses to this consultation. Our members' views are always central to our responses and in December 2024 DTAS conducted a member-wide survey[2] to inform our views on CBFs (prior to the announcement of this consultation). The survey focused on assessing DTAS members' involvement with and views on CBF (for the most part in relation to onshore renewables) and shared ownership. The survey received 63 unique responses, constituting a response rate of 18% of the DTAS membership. The responses were widely spread geographically, covering 20 out of 32 local authorities, with a good distribution between east and west coasts, and an almost even split between those that receive CBF and those that do not. However, when compared to the wider DTAS membership, the response rate for this survey heavily skewed towards rural areas, with only 16% of responses from urban development trusts.

To follow up more specifically on consultation questions not covered in the survey, a member-only event was held online in March 2025 to gather opinions from those who had not completed the survey or allow those that had, space to expand on their thoughts and stimulate targeted discussion of consultation questions. Twenty members attended and the event broadly covered the themes of 1) Equity and Distribution of CBF and 2) Decision Making, Governance, and Use of CBF. Following this event, a poll was sent to attendees with further space to comment on specific consultation questions and give opinions on consultation statements. This data was also used to support this consultation response and is included with the member survey.

DTAS is of the view that community or shared ownership, or indeed mutual or public ownership, of our offshore renewables is the best option to benefit communities the most. Private developers' primary responsibility is to increase profit for their shareholders, not to our communities. If the Scottish people don't own the means of production of energy (whether nationalised, community or local co-op owned) then we're essentially always going

[1] https://dtascot.org.uk/map/

[2] https://dtascot.org.uk/policy-and-position/dtas-members-survey-community-benefit-funding-and-shared-ownership-report/

to lose out, with profits disappearing into developers' accounts, often to overseas sovereign wealth funds who invest in our energy infrastructure. In an ideal world, if we did own our own renewables infrastructure then this consultation wouldn't be necessary, and government would have revenue to use in alignment with policy priorities, and our communities could secure their own futures. People should also benefit from reduced electricity bills when renewable power is so abundant in Scotland, and wind and solar are cheaper now than fossil fuel generated electricity.

In the absence of that, DTAS, on behalf of members, welcomes the opportunity to participate in this consultation and hopes that there will be significant progress in strengthening the Good Practice Principles for onshore wind, extending that to offshore renewables and other forms of net zero technology, considering national distribution of community benefits, and making progress on increasing the amount of shared and community ownership of renewable energy developments.

Offshore Energy Developments

Offshore wind communities

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

Any community that is impacted in some way by offshore wind should be considered a relevant community. This could include impacts from the wider infrastructure associated with the manufacture, transport, installation and maintenance of turbines, and transmission infrastructure, as well as, more obviously communities in sight of such developments.

We most commonly understand communities to be geographical communities, for example a particular community council area, but communities of interest or stakeholders are also relevant here. These can include fishing communities and other sectors using or caring for the marine or coastal space.

We also consider all Scottish communities as stakeholders in offshore renewable developments which should be considered national resources of benefit to all, not just those in close proximity to them.

***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?**

In terms of how communities are defined, this definition needs to be flexible, and using community council, or local authority boundaries may or may not be helpful in this regard. It should be considered on a case-by-case basis – for example if using specific community council boundaries, this may exclude some communities still within sight of a development but just outside of the boundary being used. Communities should have a say on who is relevant, what makes sense to them, and which organisations and individuals need to be included.

The discussion of community on p6/7 of the Irish Government's "Renewable Energy Support Scheme: Good Practice Good Practice Principles Handbook for Community Benefit Funds" [3] expresses this flexibility well and could provide a template for a Scottish approach to this topic.

Communities of proximity and with greatest impacts should be prioritised, but there is an opportunity, as part of a just transition, to define communities of benefit regionally and nationally for offshore developments. This could be a way of maximising economic and social impact to help communities to tackle strategic or systemic issues they face such as rural affordable housing shortages or depopulation. This must always be with the democratic consent and involvement of those communities which are directly impacted,

[3] https://www.gov.ie/pdf/?file=https://assets.gov.ie/140382/b5198da9-c6c7-4af2-bbb5-2b8e3c0d2468.pdf#page=null

should draw on existing community development work (like the production of community action plans) and must be with consent if existing community benefit fund arrangements are already in place. Some DTAS members, particularly in island communities, expressed concerns that a national or regional model could dilute funds for the most impacted communities, reducing their ability to mitigate disruptions. This would therefore need to be handled carefully, perhaps through community anchor networks, or deliberative processes designed at a regional scale, including representatives from most impacted communities to negotiate broader regional or national developments over and above more local community benefits.

Additional factors to consider would be the capacity of the community to engage in processes such as those described above to define the relevant community, and support should be provided to enable all communities, not just those who have the most capacity, to engage.

Maximising the impact of community benefits from offshore wind developments

***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?**

Members had varying views on who should be involved. The key principle is that **decision making on how CBFs should be used should be democratic, transparent, community led and controlled.** Community bodies involved should be properly constituted, and democratically representative of the relevant community (development trusts for example use a range of legal forms – SCIO, CLG or CBS). There should be no conditions set on the distribution of CBs by the developer.

Members reflected on the need for a mix of decision-making input from local, through to national/regional oversight for larger funds. The importance of the role of development trusts is recognised. Some members suggested that we look to the example of Ireland again, and the concept of a Fund Committee, which includes community representatives, the developer, and a paid administrator (salary coming from CBFs).

Our members were wary of allowing local authorities to manage funds and had mixed views of other intermediaries (who would potentially charge) managing or distributing community benefit funds. The perception is that communities are often not fully consulted on decisions and there is a distrust of local authority level democracy. Members were however mindful of capacity in communities to manage and make decisions on how significant sums of money could be spent strategically, or deal with large volumes of applications to an offshore CB fund so there are times when it has been unavoidable or necessary to pay an organisation, like Foundation Scotland to manage a fund. Members wanted there to be oversight to ensure compliance with a minimum standard of CBF governance and decision making.

There should be read across too to policy discussions ongoing and draft legislation on topics like local democracy and community wealth building (which should be built on local economic democracy). Decision making on community benefits could be part of the remit of proposed community anchor networks emerging from the Democracy Matters 2 process.

One early example of regional scale collaborative decision making can be found in Ayrshire, where 9 community councils[4] have come together to administer community benefits from onshore windfarms in a more strategic way, pooling administrative capacity and supporting small communities to consider more strategic use of community benefits. Decision making here is by a board consisting of members from each community council involved with support from paid staff and based on community engagement. This approach allows the communities involved to have both a local fund which individual communities can apply to and a more strategic, area-wide fund for longer term projects, mutually agreed by the communities involved. The model itself has pros and cons, so we would not wish to set this up as “the model” for regional CBF distribution. It’s strength is the quality of the decision-making matrix which they use to allocate funds; however, concerns include that it has too strong ties to the local authority as it is community council led, it has potential to be seen as a gateway to developers gaining planning permission, it may “hoover up” all CBFs from community organisations who would prefer to negotiate with developers directly, and it is only as democratic as the community councils or bodies who are nominating someone to the board.

***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?**

This is the bread and butter of development trusts. Development trusts are community led and driven by a process of community engagement and consultation, leading to the development of a community action plan, which is then implemented by the board and staff of the development trust and partners. In this way there is no artificial distinction between “decision-makers” and “communities” if it is working properly. This regular pattern of action driven by ongoing engagement and reflection can also be applied to the process of decision making on community benefit fund use. Many of our members currently administer community benefit funds from onshore renewables (usually wind or hydro) and do so successfully, with a community led panel of decision makers deciding on allocation of funding from the developments. These allocations can be made in alignment with priorities identified in a community action plan.

Where this is done over a larger scale than one community council area, then new regional arrangements will need to be developed to ensure there is a space for this deliberation, again potentially drawing on the experience of Ireland and 9CC in Ayrshire, mentioned in the response to Q3. If these regional panels or bodies have representation from relevant communities, this again collapses the distinction between “decision makers” and “communities”. CBF panels should endeavour to be reflective of the communities they serve and consider how to engage with all sections of the community, involving young people, and marginalised communities as much as possible.

[4] https://9ccg.co.uk/

Key principles here are **democratic, community led, transparent governance models** and **regular iterations of community engagement and action planning**. While developers, intermediaries and statutory bodies like local authorities may have a role in this, the community should always be in the lead thus ensuring that their wishes are enacted.

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

As described in question 4, if **communities are in the lead**, engaged and involved at all stages, and community benefits are matched to community needs then this will help ensure impacts are maximised. It is important that communities have good **awareness** of the process, are given enough **time to negotiate** CB packages and are supported to do so. Communities should have space and support to consider **longer term and strategic projects as well as short term gains** (for example using funds to take **ownership of productive assets for long term security** as well as short-term more immediate benefits such as reduced energy bills).

Our members in our survey and consultation event remarked on **the need for capacity building and support to negotiate, administer and deliver community benefit funds**. CBFs could and should be used to resource communities so that they are able to do those tasks preferably by employing staff, who live locally, which is a community benefit in its own right, rather than paying for expensive external consultants to do the work for them and leave them no better off in terms of capacity. In our experience, communities with well-resourced Development Trusts or other community anchor groups, already know what their communities need through an ongoing process of engagement and action planning and are better able to ensure that CBFs are targeted and administered well. There is also, as previously stated, read across to ongoing work on creating more local, participative democracy.

Intermediaries have a role here in sharing **good practice, capacity building and training** and providing access to specialist technical, financial and legal support at a reduced fee, or fully funded through CARES or alternative funding.

Along with the SCCE we suggest that 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 and shared ownership opportunities 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.

CBs should be **mandatory with mandatory reporting, and audit** by the SG to check that developers are complying with GPPs and that communities are able to realise their priorities.

A **strategic use of CBFs at regional or national level** will have a deeper, long-term impact which will balance out the more tangible, local projects. It can also resource collective or collaborative efforts over a larger area and facilitate networking and sharing of best practice through existing intermediary networks. These funds could operate under the **principles of Community Wealth Building**, so that projects funded had a focus on building good, local jobs, ensuring wealth generating assets were in the hands of communities or the public sector, and that procurement of goods and services were as local as possible. This would ensure that revenues from our common assets – wind, sun, water – kept wealth circulating in communities across Scotland for many years to come, potentially reversing some of the damage done over decades by an extractive economy based on inward investment, which has seen wealth disappear to corporations not based here, and the decline of many traditional industrial sectors (see Q7 for more on our proposals for a national wealth 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?**

Building on the last paragraph of Q5, directing a portion of community benefits in this way (with consent of communities) will potentially make the impact of community benefits more widely felt across a greater area, which may have long term strategic benefits. However, it also might make it less immediately tangible to communities that have a direct connection with an offshore project. This means that there is work to do on the narrative about why benefits are being spread more widely, what the beneficial impacts are outside of immediately impacted communities, and how those long term and complex projects are determined.

This is where examples of other countries taking this approach, and the benefits of that might be helpful to share with communities. Our members are well aware of the example of Samsø[5] in Denmark for example where change has been achieved at the scale of a whole island and it's entire energy supply. At a national scale, the long running Norwegian Sovereign Wealth Fund[6] is well known, and closer to home, the long-term benefits from payments from oil infrastructure in Shetland[7] have been vital to the islands. Ireland has also been mentioned previously as a place that does this well.

If local communities feel involved in decision making, for example through citizens panels or boards to make decisions, they will feel more bought in to the projects. Communities also need to see tangible – i.e. more short term and local benefits as well as those longer term/larger scale ones which is part of getting buy in for these projects. Balance and communication are the key themes here.

***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**

[5] https://clean-energy-islands.ec.europa.eu/news/profile-samso-island-inspiring-energy-communities-around-world
[6] https://www.nbim.no/
[7] https://www.shetlandcharitabletrust.co.uk/who-we-are

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.

We recognise that many of our members and the communities they represent have strong views on this question. Offshore wind benefits were considered easier to distribute into national or regional funds since they cause less direct disruption. However, members from coastal and island communities experiencing visual impacts, particularly those reliant on tourism, argued that they should be prioritised. For rural and island communities, CBFs are a vital source of funding in a difficult funding landscape (especially for core, revenue grant funding) and there is the perception that this type of public funding is often targeted at high SIMD areas (mostly urban). Agreeing that some CBF funding should go elsewhere can be challenging in that context for some. For other members in urban contexts, away from the direct impacts of renewable energy and eligibility for CBFs, but still struggling with fuel poverty and deprivation, it seems unfair under a just transition that this funding is out of reach. In our survey based on onshore renewables, there was greater support for some national/regional distribution of funds than opposition, and when considering the question in relation to offshore wind at our consultation event, members were broadly in favour of a blended distribution between national and local.

Members highlighted concerns of how such a national fund would be managed. In addition, there was concern from members over any model which gave control of funding to local authorities, due to the perception that they would not be sufficiently responsive to the needs of communities. A model like the Norwegian Sovereign Wealth Fund was suggested for offshore wind, investing in long-term initiatives rather than distributing piecemeal funding. Similarly, learning could be taken from the Irish Government's approach to CBF, especially around recognising capacity in local communities.

DTAS recognises the breadth of opinions and given that the connection between offshore developments and local communities is less close and less well-defined than that between onshore developments and communities, and the need to support a just transition for communities across Scotland, supports the approach taken in the SCCE paper[8] advocating for a **Scottish Community Wealth Fund**, with the caveat that communities must be included in this decision, and communities where there are existing CBFs are not impacted. Any **regional or national payments should come from an increase in CBFs and be at the developer's expense rather than at the community's**. This could be accomplished by setting a mandatory benchmark at a high enough rate to cover contributions to multiple strands of funding. Currently there is no benchmark for offshore wind, and even the onshore benchmark is not mandatory and has not increased with inflation, so the structures are not in place yet to ensure fairness and consistency across communities. See Q9 for details of our proposed benchmark for offshore wind.

The Scottish Communities Coalition on Energy calls for a three-tiered approach to national wealth fund:

Strand 1 - The Local Strand

[8] https://democraticfinance.scot/policy-and-research/

The Local strand would be prioritised and focus on local community benefit funds. Where local engagement has not achieved agreement for any reason, and as a result there is no local distribution, the equivalent community benefit funds should be directed into the Wealth Fund. This lack of local agreement may reflect a lack of capacity or willingness of a local community to be involved in the set up and management of a local Fund. In such cases the alternative mechanism of the **Scottish Community Wealth Fund could act as a backstop and ensure those local communities could apply to and be prioritised for investment in individual projects**. Effectively this mechanism allows local communities to continue to receive prioritised local community benefits for local projects, without the need to set up and manage local Funds. Or lose a percentage of those Funds to intermediary Fund managers.

This approach would also ensure local acknowledgment of the funds and developers and ensure directly impacted communities were prioritised for distribution. It would recognise the contribution these communities are making to Scotland's journey to Net Zero. This could include a specific allocation per community or a prioritisation mechanism for those communities that can demonstrate impact.

Funds would be used to support properly constituted community organisations to support local development. These funds could also be used to support those communities to buy long term revenue generating assets that would underpin the financial sustainability of the community organisations and the services they deliver. This could be in the form of grants or patient capital loans.

Strand 2 - The National Strand

National community benefit funds. These would be available to any community across Scotland where a properly constituted community organisation wishes to buy **long term revenue generating assets that would underpin the financial sustainability of the community organisations and the services they deliver**. This strand would demonstrate the Common Good of the renewables revolution for Scotland. **As Ofgem funding arrangements require that all consumers bear a share of the cost of the renewables revolution, so all consumers across Scotland should have the opportunity to benefit via community owned, long term revenue generation projects**. Again, this could be in the form of grants or patient capital loans.

Strand 3 – The Legacy Strand

A legacy fund that would be ethically invested, in pre agreed asset classes (which could focus on renewables investments) to **provide long term income for the Fund beyond the lifespan of the individual community benefit schemes**. Annual income from the legacy Fund investments could be reinvested back into the Fund or used to top up Strands 1 or 2 above. Equally it could be used to smooth income disparities between years. A critical approach for the Fund would be to ensure alignment and complementary/ leverage with other funding mechanisms such as the Scottish National Investment Bank and Scottish Land Fund

***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.**

Our members expressed concerns that current CBF distribution from offshore wind developments could replicate existing inequalities of onshore developments which favour rural and island communities over urban communities, and even in rural communities can lead to a postcode lottery of who does/doesn't receive CBFs. However, some rural and island members reflected on the fact that they view CBFs as a way of evening out a previous urban bias in allocation of public and grant funding.

DTAS' view is that putting Good Practice Principles into place, making CBFs mandatory and setting CBFs at a meaningful level, allowing for a mix of local and regional/national approaches to delivering CBFs from offshore wind, ensures that these **inequities are addressed in a way that does not deprive rural and island communities of crucial funding to tackle the issues they face, and also allows people on low incomes and living in deprived areas not in proximity to offshore wind turbines to benefit from funding**. An increased level of CBFs will rural and island communities, and low income, high SIMD communities across Scotland.

If Good Practice Principles included a national wealth fund[9] which had a focus on the alleviation of poverty and inequality, and delivering a just transition, it could accomplish these goals through:

- Building community wealth through the **acquisition and development by communities of revenue generating assets**, the income from which is used to further local sustainable development
- Enabling communities to scale up their contribution to **climate mitigation and adaption measures**.
- Give communities **financial independence** to meet their own needs via the creation of legacy funds.
- Facilitating greater **diversity in landownership**, including **more community ownership**
- Enabling a **just transition** through the climate emergency, ensuring that the benefits of transition and realisation of Net Zero are shared equitably across all communities in Scotland
- The progressive realisation of **economic, social, cultural and environmental human rights** (e.g., housing, food, employment, good health and a clean environment)
- Greater **social justice and equity** in building sustainable wealth at the local level.
- **Sustainable place making**, including strengthening local community anchor organisations and enabling greater **subsidiarity of decision making** to the local level
- Strengthening **locally designed and delivered services**

[9] https://democraticfinance.scot/policy-and-research/

- Supporting **community-led urban regeneration**, including the **acquisition and redevelopment of vacant and derelict urban and rural land** and the creation of local economic activities and **job creation** opportunities.
- **Repopulating** rural communities in Scotland
- Creating dynamic **new partnerships between the public and community sectors** to deliver the above

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[10]). Strong, clear guidance would benefit developers by helping create a more level playing field and not interfering with competition.

Determining appropriate levels of community benefits from offshore wind

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

Our view is that the **maximum community benefit comes when community or shared ownership is a significant part of the mix for all renewable developments**, as stated in our call, jointly with other members of the SCCE for an **increase in shared-ownership of renewables[11] and a tenfold increase in community-owned renewables in Scotland to 1GW by 2030[12]**. These ambitions should apply to offshore wind as well as onshore renewables and associated infrastructure and recognise that communities have the most security, agency and ability to pursue their economic, social and environmental goals when they own the means of production.

In our current reality of developer led wind power, and until those ambitions on community and shared ownership can be realised, for privately owned offshore wind, our recommendation is that **5% of total gross revenue should be the minimum CBs per year**. We would suggest this is broken down as **1% of gross revenue to local community benefit funds (with a guaranteed floor of £2,500 pMW/year) and 4% of gross revenue to a nationally coordinated wealth fund**. The floor should be **index linked** so that it rises in line with inflation.

Once other offshore 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.

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[10] https://www.sciencedirect.com/science/article/pii/S2214629624004821
[11] https://democraticfinance.scot/wp-content/uploads/2024/10/Scottish-Community-Coalition-on-Energy-Community-Shared-Ownership-Paper-FINAL.pdf
[12] https://democraticfinance.scot/wp-content/uploads/2024/10/Proposal-for-a-1000MW-Community-Energy-Target-June-2024.pdf

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

Our answer builds on our response to Q5. Our members are clear on the need for strong and effective guidance for both communities and developers. This should be mindful of the power imbalance inherent between developers and communities and ensure that communities are not taken advantage of by developers and left with a less-than-optimal CBF arrangement.
A set of Good Practice Principles, modelled on the onshore GPP would be a good starting point, alongside some of the good practice from elsewhere (notably Ireland) referenced earlier in our consultation question responses. This should contain a mandatory set of principles for developers offering CBs. It should set out that:

- CB payments should be **mandatory, reliable, regular and predictable over the project lifetime**,
- CBs are **proportionate and fair in relation to the size of the project**, with a clear, **mandatory benchmark** (see response to Q9),
- CBs are **without conditions,** control over spending is decided by **community-led, democratically accountable governance structures**,
- a **mandatory approach to reporting** on CBs for example through the Community Benefit Register.

We would suggest GPPs could be supplemented by a **toolkit for communities** including template documents such as a Memorandum of Understanding and signposting to advice and support.

Communities should have access to **direct capacity building and a funded support service** to enable them to access CB support. This would enable earlier engagement with developers to achieve better packages for communities, and support collaboration across a region to boost influence with developers, set up appropriate administration and governance structures, and secure better outcomes both in terms of negotiations but also impact of projects.

Shared ownership of offshore wind developments

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

After 100% community-owned energy, shared ownership provides the strongest benefits for communities and should always be offered alongside community benefit funds. There is considerable potential for communities in Scotland to share both risk and reward by investing in offshore wind developments.

The benefits of shared ownership of offshore wind include:
A more democratic energy system with increased community control and buy-in to the renewables transition.

A fairer and more transparent distribution of wealth, both within local communities and nationally across Scotland. In line with a Community Wealth Building approach, profits and benefits from the renewables transition should be captured within local economies and benefit the many, not the few.

Long-term revenue streams for communities, ensuring a sustainable, legacy approach that benefits future generations and supports communities to move away from grant dependency

Financial equity and inclusion - citizens and local organisations are offered an accessible opportunity to invest in their community – and in return receive a social return, as well as a fair financial one.

For developers, the benefits include finance for developments, an enhanced reputation, locally and nationally, and can include reduced time in planning and fewer legal objections and appeals.

The Good Practice Principles for both onshore and offshore should state that shared ownership up to 20% is expected as good practice, in as strong terms as possible. The developer should engage early and meaningfully with the local community about shared ownership in the first instance. The Good Practice Principles should also make clear that the developer should still provide community benefit funds on the privately owned part of the development, even when the community takes up a shared ownership offer.

A Good Practice approach to shared ownership of offshore should involve the following:

a 2 tier, democratic, community-led organisation (for example a development trust or a coalition of development trusts) taking forward the shared ownership arrangement. This ensures that the benefits and future revenue are shared broadly and fairly across the whole community.

This contrasts with an 'investor club' model where a Cooperative takes forward shared ownership – meaning benefit is restricted to those individual members 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 or shares at a lower price than those released in subsequent rounds.

Ideally a joint venture or split ownership approach where true equity/ownership is offered, meaning the community has a governance stake with voting rights and dividends. This offers 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.

Where there is reticence to offer a joint venture (due to cost and time implications of offering minority ownership stakes) we need more Government support for and de-risking of this process to 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 following support for finance should be offered:

Communities should be offered support to consider a **democratic finance[13] approach to raise the funds needed to take forward shared ownership**. This includes support to establish a Community Benefit Society structure to raise finance through community shares, community bonds and local philanthropy. Where community shares or bonds are used, the minimum investment level should be accessible to all. To date over £20 million has been raised through community shares and bonds across Scotland.

A democratic finance approach must be complemented by development grants and patient and affordable debt products developed specifically for shared ownership.

***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.**

Addressing Barriers: Community Capacity

If we are to meet Scottish Government's significant growth ambitions for shared ownership in Scotland PLUS ensure equity in accessing the benefits of shared ownership we need a **significant step change in shared ownership support** for communities. The current shared ownership support through CARES is a good start but will rapidly reach capacity if the Scottish Government ambitions for shared ownership are prioritised. This additional support must focus on a practical, hands-on service for all communities to engage with shared ownership and build capacity at every stage of the journey.

Currently only very high-capacity community organisations are negotiating or securing shared ownership arrangements. If this continues the gap between wealthy and poor communities will continue to widen.

Actions needed:

- Support for communities must be significantly widened and deepened. This support must be hands-on and in-depth – focusing on **building community capacity and establishing appropriate and robust governance and finance models**. The CARES programme team should be supported by the Scottish Community Coalition on Energy organisations (DTA Scotland, Community Energy Scotland, Community Land Scotland) to provide the assistance with extensive community capacity building.

[13] https://democraticfinance.scot/

- **Standardised models and frameworks for shared ownership** must be developed for both onshore and offshore. These frameworks must be developed in consultation with representatives from the community sector via the Scottish Community Coalition on Energy. Authorised financial advisors should be available to advise community groups to ensure they make properly informed decisions. Similarly legal expertise should be available to ensure appropriate governance structures are established.
- More **training and awareness raising** on shared ownership for support agencies to ensure a more holistic support for community groups.

Addressing Barriers: Awareness Raising and Opportunity Mapping

There is a huge **lack of awareness across Scotland of the potential opportunities and benefits from shared ownership**. This lack of awareness extends to communities, developers and funders. There is also significant inconsistency across the renewables sector in terms of how and when shared ownership opportunities are offered to communities. In some instances, shared ownership is not being offered at all by developers.

Actions needed:

- Create a **publicly available, up-to-date map to flag planning applications for renewable developments** – to include stage of development and contact details for the developer's community liaison.
- Community support intermediaries (primarily Local Energy Scotland and Scottish Community Coalition on Energy organisations) must continue to be **proactive, rather than reactive, in flagging developments** to appropriate community-led organisations and supporting them with early-stage negotiations.
- Due to statutory regulations shared ownership opportunities are currently flagged to Community Councils in the first instance – as CCs cannot undertake shared ownership due to their legal structure, an **onward referral process** to new or existing appropriate community led bodies must be established.
- Coordination of a **national awareness raising campaign for shared ownership**, with case studies of successfully implemented case ownership cases. The campaign must have buy-in from Scottish Government and key developers. To be led by the Scottish Community Coalition on Energy with support from Local Energy Scotland to complement their good practise awareness raising activity to date.

Addressing Barriers: Community Access to Finance

The financing landscape and market for community shared ownership is very limited and needs significant development. The recent Local Energy Scotland CSO Market Engagement Report observed that **currently very few lenders are offering debt that is affordable and patient enough for shared ownership to be commercially viable**. The withdrawal of the Scottish Government's Energy Investment Fund ("EIF") has left a considerable gap which has not been filled.

Actions needed:

- **Bespoke, affordable and patient financing products** must be created for the community shared ownership market.
- Communities should be encouraged to consider **democratic finance models** (particularly community shares and community bonds) to match any debt finance. The newly formed Democratic Finance Scotland programme (DTA Scotland) can provide this support. In Scotland we have a strong track record of successful community organising to raise finance for renewables. Over £10m has been raised by communities through community share offers alone, for community-owned renewables projects.
- An approach must be made to large-scale lenders (GB Energy, Triodos, SNIB, Better Society Capital, etc) to develop a **bespoke product for a portfolio of shared ownership projects to complement the finance raised through community shares and bonds**.
- The role of **government at local, national and UK level in offering investment support** (eg loan guarantees or booster investment programmes) will derisk CSO investment and bring forward cheaper investment.
- Developers must recognise that for a shared ownership investment to be commercially viable the **community's return on investment must exceed its cost of funding**. This must be considered when structuring and pricing their offer to communities.
- A **Scottish Community Wealth Fund must be created to provide grants and affordable debt** for communities exploring shared ownership.

Addressing Barriers: Developer Incentives

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) [14].

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.

Offering shared ownership could enhance reputation, locally and nationally, and can include reduced time in planning and fewer legal objections and appeals.

[14] https://www.sciencedirect.com/science/article/pii/S2214629624001968

Addressing Barriers: Fairer Opportunities

Many communities across Scotland are currently not in a qualifying proximity to renewables developments to receive shared ownership opportunities. **While communities closest to developments should be prioritised, we suggest partnership working between local and non- local communities, where appropriate, could increase capacity in terms of resource and investment potential**. Collaborative working is particularly relevant in the context of shared ownership of offshore wind developments where the scale of investment will be greater and the geographical link less strong.

Action needed

- **First refusal for shared ownership should be offered to local communities**. However, where local communities do not want to take up any or all of the shared ownership offered, this **offer should be publicised more widely**, to open up the opportunity to other community groups not in proximity to renewables developments.
- **Communities across Scotland should be supported to work collaboratively and form partnerships** to take forward shared ownership opportunities. The Scottish Community Coalition on Energy can play an active role in establishing partnerships through our community-led networks

Onshore consultation questions

Extending the scope of the Good Practice Principles

Question 1 **a) Which of the following onshore technologies should be in scope for the Good Practice Principles? Select all that apply.**

DTAS thinks that all technologies should be in scope: **Wind, Solar, Hydro power (including pumped hydro storage), Hydrogen, Battery storage, Heat networks, Bioenergy, Carbon Capture, Utilisation and Storage (CCUS), Negative Emissions Technologies (NETs), Electricity transmission, Other (all forms of energy storage in addition to pumped hydro).**

1 b) Please explain your reasons for the technologies you have selected or not selected and provide evidence where available.

Our members' view[15] is that community benefits should be extended to and be mandatory for all renewables and net zero technologies, including transmission networks (and we note that there is current UKG guidance on CBs from transmission). Community benefits help to encourage acceptance of the development (although should not be seen as an endorsement in the case of unproven or inefficient technologies like hydrogen, biomass, CCUS and NETs), increase the developer's social value contribution, and create a wider 'social licence' for renewables more broadly. As the cost of transmission upgrades is paid for by all electricity consumers across the country, it is particularly important that at least a proportion of community benefit funds from transmission infrastructure is shared throughout Scotland.

Different benchmarks could be set for various technologies, storage and transmission infrastructure, given differing levels of expected revenue as these technologies become profitable and likely revenue generation becomes clearer, but risk and reward should be proportionate.

In addition, CBs should continue to apply to any new oil, gas or waste-to-electricity infrastructure, although with the presumption against these due to an incompatibility with limiting global warming we would not in any way support new infrastructure developments in this sector.

Question 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.**

The GPPs should apply in a standard way across all technologies, wherever possible, but with different benchmarks for various technologies, storage and transmission infrastructure, given differing levels of expected revenue. We also note the difference in defining eligible communities between onshore and offshore technologies.

[15] https://dtascot.org.uk/policy-and-position/dtas-members-survey-community-benefit-funding-and-shared-ownership-report/

Improving the Good Practice Principles

***Question 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.**

DTAS has engaged with many members over the years who have struggled with how communities are defined at a local level. Using Community Council boundaries for example can be a somewhat artificial boundary geographically and means neighbouring communities can be in/out of eligibility despite both being visually impacted by an onshore wind development. This has led to claims of a postcode lottery in relation to onshore CBs. In addition, Community Councils are not always functioning, and it therefore is not always clear who developers should best engage with in a community to negotiate CB packages. Where Community Councils are absent, and there are no obvious properly constituted community bodies such as development trusts, it may be that developers have to consider distributing funds over a broader area, or as set out in our proposal on a national wealth fund, this could act as a backstop in the event of there being no capacity at local level to administer a fund. The presumption should be however that the bulk of CBs from onshore developments should go to communities near those developments.

The definition of communities needs to be more flexible; it should be considered on a case-by-case basis, and communities should have a say on who is relevant and which organisations and individuals need to be included.

The discussion of community on p6/7 of the Irish Government's "Renewable Energy Support Scheme: Good Practice Good Practice Principles Handbook for Community Benefit Funds[16]" expresses this flexibility well and could provide a template for a Scottish approach to this topic.

When raising whether the definition of community should be expanded to include regional or national communities, our member survey[17] showed that 43% of development trusts surveyed support the distribution of a portion of CBFs to National or Regional Wealth Funds, 24% did not support it and a further 32% were unsure. This support was more evident in towns and urban areas than rural areas, reflecting the current distribution of CBFs, and those without CBFs were far more likely to support a regional/national split distribution. 56% of respondents who do not receive CBFs express support for a national/regional wealth fund, compared to only 28% of respondents who receive CBFs and support such a fund.

Members discussed concerns over how a national fund would be designed, managed, and distributed. The most evident theme was that decisions on the structure and governance of such a fund would necessitate extensive community consultation and co-design.

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[16] https://www.gov.ie/pdf/?file=https://assets.gov.ie/140382/b5198da9-c6c7-4af2-bbb5-2b8e3c0d2468.pdf#page=null

[17] https://dtascot.org.uk/policy-and-position/dtas-members-survey-community-benefit-funding-and-shared-ownership-report/

Generally, there was more support for regional distribution than national distribution of funds and the suggestion that there should only be a national fund with a higher, mandatory benchmark in place. Some members expressed concerns over local authorities attempting to capture CBs.

DTAS supports the approach taken in the SCCE paper[18] advocating for a Scottish Community Wealth Fund, with the caveat that communities must be included in this decision, and there should be no reduction in existing CBFs directly to local communities in favour of a regional or national fund. Any regional or national payments should come from an increase in CBFs and be at the developer's expense rather than at the community's. This could be accomplished by setting a benchmark at a high enough rate to cover contributions to multiple strands of funding. Currently the onshore benchmark is not mandatory and has not increased with inflation in 15 years, so the structures are not in place yet to ensure fairness and consistency across communities. See Q12b for our response on benchmarks for onshore renewables.

The Scottish Communities Coalition on Energy calls for a three-tiered approach to national wealth fund:

Strand 1 - The Local Strand
The Local strand would be prioritised and focus on local community benefit funds. Where local engagement has not achieved agreement for any reason, and as a result there is no local distribution, the equivalent community benefit funds should be directed into the Wealth Fund. This lack of local agreement may reflect a lack of capacity or willingness of a local community to be involved in the set up and management of a local Fund. In such cases the alternative mechanism of the Scottish Community Wealth Fund could act as a backstop and ensure those local communities could apply to and be prioritised for investment in individual projects. Effectively this mechanism allows local communities to continue to receive prioritised local community benefits for local projects, without the need to set up and manage local Funds. Or lose a percentage of those Funds to intermediary Fund managers.

This approach would also ensure local acknowledgment of the funds and developers and ensure directly impacted communities were prioritised for distribution. It would recognise the contribution these communities are making to Scotland's journey to Net Zero.
This could include a specific allocation per community or a prioritisation mechanism for those communities that can demonstrate impact.

Funds would be used to support properly constituted community organisations to support local development. These funds could also be used to support those communities to buy long term revenue generating assets that would underpin the financial sustainability of the community organisations and the services they deliver. This could be in the form of grants or patient capital loans.

[18] https://democraticfinance.scot/policy-and-research/

Strand 2 - The National Strand

National community benefit funds. These would be available to any community across Scotland where a properly constituted community organisation wishes to buy long term revenue generating assets that would underpin the financial sustainability of the community organisations and the services they deliver. This strand would demonstrate the Common Good of the renewables revolution for Scotland. As Ofgem funding arrangements require that all consumers bear a share of the cost of the renewables revolution, so all consumers across Scotland should have the opportunity to benefit via community owned, long term revenue generation projects. Again, this could be in the form of grants or patient capital loans.

Strand 3 – The Legacy Strand

A legacy fund that would be ethically invested, in pre agreed asset classes (which could focus on renewables investments) to provide long term income for the Fund beyond the lifespan of the individual community benefit schemes. Annual income from the legacy Fund investments could be reinvested back into the Fund or used to top up Strands 1 or 2 above. Equally it could be used to smooth income disparities between years. A critical approach for the Fund would be to ensure alignment and complementary/ leverage with other funding mechanisms such as the Scottish National Investment Bank and Scottish Land Fund

Question 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, DTAS is of the view that more direction should be provided. Developers don't understand communities well so need much better guidance on who to approach and how to approach, and developers should understand the importance of capacity building in communities as part of this process of early engagement.

As mentioned in the previous question, being solely reliant on community councils as the main point of contact is a risk when these bodies are absent or dysfunctional. Developers should have a range of avenues available to them and engage at the earliest possible opportunity – it takes years of development before a windfarm is operational so there is plenty of time to do this engagement well (preferably before planning and consent stages) and carry out engagement in person, online, in print as well as through existing community organisations. This gives time for the community to develop a community action plan, and appropriate governance structures for managing and distributing CBFs if these are not already present. These structures could be staffed by community development officer posts, funded by CBFs. The existing LES CB Register could be helpful here if developers are required to log their developments at a pre planning stage on the register. This means that communities can also proactively reach out to them, and intermediaries can scan and draw opportunities to the attention of the communities they work with.

Intermediaries could be involved where appropriate and DTAS would see a potentially bigger role for Local Energy Scotland here and a more formal central support service for CBFs. There should be better signposting to other intermediaries, including ourselves, Community Energy Scotland, TSIs, HIE, SOSE, Foundation Scot and other relevant support agencies.

If CBs were mandatory (and we would suggest the SG works with the UKG towards this aim) then we could develop a much more standardised approach here and this would give greater consistency across the country, in the absence of that however, clearer guidance will be essential.

***Question 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.**

Our engagement with our members[19] highlighted common concerns over fairness, transparency, governance and long-term sustainability of current CBF arrangements. Responses from the survey indicated a deep dissatisfaction with the current system, with only **10%** of respondents answering 'Yes' to the question 'Do you think the CBF model in Scotland is fair?'. 40% of respondents stated they thought the model was categorically unfair, answering 'no' to the question, while 49% of respondents answered 'unsure' to the question (with 1% leaving the question blank).

Comments from those who answered no and unsure reflected common issues with the current model of CBF distribution, namely around access to CBF, the transparency and bureaucracy process, and the rate per MW.

Some suggestions on good governance:

- Establish clear governance codes, like the SCVO Good Governance Code.
- Minimum standards for organisations involved in delivery, such as Community Action Plans and Local Place Plans
- Require periodic impact assessments to measure the effectiveness of funds.
- Encourage collaboration between communities for shared infrastructure projects.
- Strengthening governance and delivery processes, with less leeway for developers to dictate how funds are used
- Formal MoU setting out arrangements between developers and communities
- Using an existing body or bodies (such as DTAS, CES, LES, CLS etc) to distribute funding.
- Using Local Place Plans (LPPs) or Community Action Plans to prioritise where CBFs are spent.

Our members in our survey and consultation event remarked on **the need for capacity building and support to negotiate, administer and deliver community benefit funds**. CBFs

[19] https://dtascot.org.uk/policy-and-position/dtas-members-survey-community-benefit-funding-and-shared-ownership-report/

could and should be used to resource communities so that they are able to do those tasks preferably by employing staff, who live locally, which is a community benefit in its own right, rather than paying for expensive external consultants to do the work for them and leave them no better off in terms of capacity. In our experience, communities with well-resourced Development Trusts or other community anchor groups, already know what their communities need through an ongoing process of engagement and action planning and are better able to ensure that CBFs are targeted and administered well. There is also, as previously stated, read across to ongoing work on creating more local, participative democracy. There are numerous good practice examples of Development Trusts currently managing CBFs on behalf of their communities (23% of our members[20] currently do). Some of the ones managing the largest sums effectively are **Fort Augustus and Glenmoriston Community Company**[21], **WATIF** in South Lanarkshire[22], **New Cumnock Development Trust**[23], **Stratherrick & Foyers Development Trust**[24], and **Finderne Development Trust**[25]. They each have a democratic structure, with membership open to the local community. They employ staff to cover functions like administration, management, project development and community engagement, and can deliver substantial projects within their communities from affordable housing, tourism and recreation facilities to EV charging and even a medical centre. Needless to say, the scale of income from community owned wind dwarfs that from CBFs, and the same model works well as a governance structure for managing income on that scale too, for example **Point and Sandwick Development Trust**[26] and **Huntly Development Trust**[27], both of whom have significantly contributed to economic and social regeneration in their communities.

Intermediaries have a role here in sharing that **good practice, capacity building and training** and providing access to specialist technical, financial and legal support at a reduced fee.

Along with the SCCE we suggest that 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.

[20] https://dtascot.org.uk/map/
[21] https://communitycompany.co.uk/about-2/
[22] https://watif.scot/about-watif/who-are-we/
[23] https://www.ncdt.org.uk/
[24] https://www.stratherrickcommunity.org.uk/about-the-trust/
[25] https://findernedevelopmenttrust.com/
[26] https://www.youtube.com/watch?v=C0waB3Ackrw
[27] https://www.huntlydt.org/

An overwhelming majority of our survey respondents thought that CBs should be **mandatory to improve issues around consistency, standardisation and fairness.** We would also suggest mandatory reporting, and audit by the SG to check that developers are complying with GPPs and that communities are able to realise their priorities (noting again that SG and UKG could work together towards mandatory CBFs).

We would suggest GPPs could be supplemented by a **toolkit for communities** including template documents such as a Memorandum of Understanding and signposting to advice and support.

One early example of regional scale collaborative decision making can be found in Ayrshire, where 9 community councils[28] have come together to administer community benefits from onshore windfarms in a more strategic way, pooling administrative capacity and supporting small communities to consider more strategic use of community benefits. Decision making here is by a board consisting of members from each community council involved with support from paid staff and based on community engagement. This approach allows the communities involved to have both a local fund which individual communities can apply to and a more strategic, area-wide fund for longer term projects, mutually agreed by the communities involved. Decisions are based on a decision matrix determined by data on population, SIMD and other factors to ensure decisions are fair and objective.

The model itself has pros and cons, so we would not wish to set this up as “the model” for good practice in CBF management and delivery. It’s strength is the quality of the decision-making matrix which they use to allocate funds, and the pooling of capacity to support a number of small communities; however, concerns include that it has too strong ties to the local authority as it is community council led, it has potential to be seen as a gateway to developers gaining planning permission, it may “hoover up” all CBFs from community organisations who would prefer to negotiate with developers directly, and it is only as democratic as the community councils or bodies who are nominating someone to the board.

We would also refer to the Irish example as promoting good governance.

We envisage there being a connection too to the proposed community anchor network framework emerging from the Democracy Matters 2 process. This may mean that governance at the local level is through these bodies if implemented in future.

Question 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.**

Members had varying views on the decision-making process and how to ensure the needs and wishes of community are met. The key principle is that **decision making on how CBFs should be used should be democratic, transparent, community led and controlled.** Community bodies involved should be properly constituted, and democratically

[28] https://9ccg.co.uk/

representative of the relevant community (development trusts for example use a range of legal forms – SCIO, CLG or CBS). There should be **no conditions** set on the distribution of CB by the developer. More **flexible funding criteria** should allow for strategic projects like housing, infrastructure and energy initiatives alongside short-term projects.

Members reflected on the need for a mix of decision-making input from local, through to national/regional oversight for larger funds. The importance of the role of development trusts is recognised. Development trusts are **community led and driven by a process of community engagement and consultation, leading to the development of a community action plan or local place plan**, which is then implemented by the board and staff of the development trust and partners. This regular pattern of action driven by ongoing engagement and reflection can also be applied to the process of decision making on community benefit fund use. CBF panels should endeavour to be reflective of the communities they serve and consider how to engage with all sections of the community, involving young people, and marginalised communities as much as possible.

As mentioned in Q5, many of our members currently administer community benefit funds from onshore renewables, as well as community owned developments (usually wind or hydro) and do so successfully, with a community led panel of decision makers or a board deciding on allocation of funding from the developments. These **allocations can be made in alignment with priorities identified in a community action plan**. Some further examples in addition to those listed in Q5, all of whom will have developed community action plans/Local Place Plans – the **Isle of Gigha Heritage Trust**[29] and it's subsidiaries manage turbines on the island alongside other assets with the profits being used to support the activities of the trust and managed by a board elected by members. **Glenkens & District Trust**[30] are set up to resource community development in the surrounding areas using CBF from wind developments. Their board is made up of people nominated from member community councils and other independent trustees, and they have developed a community action plan to determine their funding priorities.

Some members also suggested that we look to the example of Ireland again, and the concept of a local Fund Committee, which includes community representatives, the developer, and a paid administrator (salary coming from CBFs).

Our members were wary of allowing local authorities to manage funds and had mixed views of other intermediaries (who would potentially charge) managing or distributing community benefit funds. The perception is that communities are often not fully consulted on decisions and there is a distrust of local authority level democracy. Members were mindful however, of capacity in communities to manage and make decisions on how significant sums of money could be spent strategically, or deal with large volumes of applications to an offshore CB fund so there are times when using an intermediary, for example Foundation Scotland, or a newly created body, is necessary.

Fostering a strategic and collaborative use of CBFs across regions, ensuring benefits reach both those who do and those who don't receive CBF was a recurring theme of the survey.

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[29] https://www.gigha.org.uk/viewItem.php?id=9120&sectionTitle=About+Gigha

[30] https://www.glenkenstrust.org.uk/#:~:text=We%20resource%20and%20enable%20community,good%20stewardship%20and%20partnership%20working

40% of participants noted that they would like more support with CBF, the most mentioned type being **support with establishing collaboration and using CBF to invest in long-term strategic initiatives**. In addition to collaboration, a key aspect of delivering this strategic use is ensuring that communities have decision-making power to determine how to use funds based on their needs.

When asked what type of support our survey respondents needed to address the equity of CBF distribution a commonly cited theme was using CBF for targeted initiatives around energy and climate, ensuring they are in part used to fund local renewable energy projects, climate resilience, carbon reduction schemes, and **address energy poverty**.

There should be read across too to policy discussions ongoing and draft legislation on topics like local democracy and community wealth building (which should be built on local economic democracy). Decision making on community benefits could be part of the remit of proposed community anchor networks emerging from the Democracy Matters 2 process.

Regional arrangements will need to be developed if CBF distribution happens at this scale, to ensure there is a space for deliberation, again potentially drawing on the experience of Ireland and 9CC in Ayrshire, mentioned in the response to Q5. We have also set out how a national community wealth fund could operate in Q3 and how funds could be allocated strategically to support the ambitions of communities (identified in a CAP or LPP) to purchase revenue generating assets to provide long term income generation to deliver on community priorities.

Question 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.**

It should be **mandatory for developers to review their CBs** (BOTH CBF and SO) when a site is repowered, extended or sold. CB payments should **rise to the current good practice benchmark** at the point the status changes.

There should be an expectation that developers should then follow the same good practice processes as for new windfarms and re-engage with the community, ensuring that governance mechanisms are up to date, adequate and representative of the community as it is now. There might have been changes in local community bodies and there may be new partners to engage with. The community can access the capacity building support available at the time and should then set up the necessary structure to manage the fund.

Communities should be given the **opportunity to consider shared ownership at this point** even if it has not been in place previously. There may also be opportunities to join regional partnerships as described in Q8.

What currently happens seems to be at the whim of the developers, for example one of our members had a shared ownership agreement in place with one developer, however when the development was sold, that agreement was discounted by the developer who would only pay CBs and would not honour the shared ownership agreement. Communities should not lose out at these transition points but see the terms of their agreements upgraded to the latest standards of practice.

Question 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, in principle DTAS would support this as long as there has been **appropriate community consultation to ensure that this approach is desired and required**. It is a good way to spread the benefits more fairly across a wider area, streamline the process and pool capacity to take on the administrative burden of managing a fund. As stated earlier, **democratic and transparent governance of any collective arrangement is essential** – ensuring that each community council area has a representative on the panel/Board. This could be a member of the community council itself, or a development trust or another local community anchor.

We have previously described the examples of 9CC and Glenkens & District Trust in Q5 & 6 and they demonstrate this possibility (with the caveat that these are early examples so lessons can be learned from the things that don't work as well as things that do). In addition, East Lothian Community Benefits Company is being set up by the community councils in the area and will receive benefits from energy schemes across the full council area and distribute funding once operational.

Referring to the decision matrix[31] used by 9CC, this is an example of the kind of good practice that can be applied to decision making at this level.

Difficulties could arise when small communities in an area are not adequately represented by an active community council, development trust or other anchor organisation so mechanisms should be in place to democratically elect someone to represent their community in this eventuality. We are also aware that the quality of participative democracy varies from community to community and organisation to organisation, so as far as it relates to our members, we will continue to support them to improve their democratic practices.

Question 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.**

Developers: It should be **mandatory for developers to report on their CBF arrangements on the CB and SO Register** (and we encourage the SG to urge the UKG to require this of developers). There are a lot of mixed opinions around on how well the register is used. It should be set out that developers should update the register at least annually. A possible addition could include **pre-construction developments and whether a CBF conversation has started with a community**, if not agreed already. It would also be good to have information on **what developments are operational, the sources of developer income, and whether CBs are paid or not.** This is important for transparency and to understand which developers are

[31] https://9ccg.co.uk/lcf-matrix

complying with the GPP. The main issue with the register to date, is that it requires resource to update, and developers might not be motivated to keep it updated. Stronger mandating of reporting would mean less burden on LES staff members to chase and update. In the absence of mandating, then there should be resource provided to do that follow up work.

Community: whilst we would not want to burden communities with too many requirements on reporting and outcome measurements for CBFs, it would be helpful to **gather more good practice examples** to provide helpful resource to communities new to the process of negotiation and deciding on governance arrangements. There should also be some bare minimum requirements showing there is wide community benefit, community consultation, and a link through to documents such as CAPs or LPPs.

Where a community has multiple CB arrangements to deal with, it would be good if they could have a **standardised reporting process** so that they aren't reporting individually to each developer.

If there is to be a move to a national community wealth fund it would be helpful to **show a geographical distribution of CBFs** to understand which communities are not currently benefitting from CBFs.

***Question 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.**

Almost half of all our survey respondents[32] stated they would like more support with CBFs in their communities. Most groups that want more support do not currently receive any CBF. The most common request was for support for strategic and collaborative use of CBFs across regions.

Other key requests included:

- **Increased awareness and information on opportunities:** Respondents highlighted the need for clear, accessible information on how to apply for and manage CBF. Many communities were unaware of existing opportunities or unsure how to access them.
- **Impartial guidance:** Some communities felt they lacked objective, independent advice on whether a development was in their best interest and how best to engage with developers. While it is not in the scope of the consultation to assess whether developments are in the best interest of the communities, the lack of information felt by communities can be disempowering and puts them at a disadvantage when negotiating with developers. This information and understanding gap must be addressed.

[32] https://dtascot.org.uk/policy-and-position/dtas-members-survey-community-benefit-funding-and-shared-ownership-report/

- **Early-stage support for involvement in negotiations:** Many communities felt they were engaging with developers too late in the process, limiting their influence and ability to secure favourable agreements.

These findings reflect a need for **early-stage support, clear signposting, and more equitable CBF distribution**, especially among groups **not currently in receipt of CBF**.

There is a more general issue of capacity in community led economic development and ensuring that there is **core revenue funding available to staff a local development trust for example means that there is much greater capacity in the community when it comes to negotiating CB packages and setting up governance arrangements**. It has become increasingly difficult to get grant or public funding for such posts in recent years, and the ideal scenario is for a development trust to have an asset which generates enough income to sustain the organisation and deliver on the community priorities.

When communities hit conflict or there are tensions over decision making, communities would benefit from access to funded or subsidised mediation services to resolve these issues.

Please see also Q5 which sets out the possibility of a Community Benefit Champions team, who would be able to support with many of these asks.

Setting a funding benchmark

Question 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.**

Yes

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

In agreement with Community Energy Scotland, we suggest that 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 has 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. It is important that the process of arriving at, and the rationale for a benchmark is transparent, particularly as new technologies with different benchmarks are included in scope. This should be done in a way that communities can understand.

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.

DTAS members were clear in our survey that the **current benchmark for onshore wind is sorely out of date and needs revision**. DTAS endorses the SCCE call for a revised benchmarks for onshore wind, based on a percentage of gross revenue generated, with an underlying floor of a fixed amount per MW/year. This approach of a percentage of gross revenue generated could be applied to different technologies, with the appropriate rate set through a process of negotiation on an annual basis, based on the anticipated profitability of a particular technology and considering inflation.

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 Q3).

When the floor is not met by 4% of revenue alone, the backstop would kick in, and the floor amount would be paid. Linking community benefits to revenue delivers better outcomes for 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.

For energy storage (and any CCUS projects that go ahead) a different method should be used to calculate the minimum floor.

Assessing impacts of the Good Practice Principles

Question 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.**

Some of our members expressed concerns that CBF distribution from onshore wind developments can sometimes cause inequities which favour rural communities over urban communities, and in rural communities can lead to a postcode lottery of who does/doesn't receive CBFs. On the other hand, some members reflected on the fact that they view CBFs as a way of addressing the inequities of a previous urban (and specifically central belt) bias in allocation of public and grant funding, so there are complexities to this issue.

DTAS' view is that by strengthening Good Practice Principles, benchmarking CBFs at a higher level, and with the additional funding, developing a regional/national approach to delivering CBFs from onshore renewables, these **inequities can be addressed in a way that does not deprive rural and island communities of crucial funding to tackle the issues they face, and also allows people on low incomes, living in deprived areas not in proximity to offshore wind turbines to benefit from funding**. If Good Practice Principles included a national wealth fund[33] which had a focus on the alleviation of poverty and inequality, and delivering a just transition, it could accomplish this through:

- Building community wealth through the **acquisition and development by communities of revenue generating assets**, the income from which is used to further local sustainable development
- Enabling communities to scale up their contribution to **climate mitigation and adaption measures**.
- Give communities **financial independence** to meet their own needs via the creation of legacy funds.
- Facilitating greater **diversity in landownership**, including **more community ownership**

[33] https://democraticfinance.scot/policy-and-research/

- Enabling a **just transition** through the climate emergency, ensuring that the benefits of transition and realisation of Net Zero are shared equitably across all communities in Scotland
- The progressive realisation of **economic, social, cultural and environmental human rights** (e.g., housing, food, employment, good health and a clean environment)
- Greater **social justice and equity** in building sustainable wealth at the local level.
- **Sustainable place making**, including strengthening local community anchor organisations and enabling greater **subsidiarity of decision making** to the local level
- Strengthening **locally designed and delivered services**
- Supporting **community-led urban regeneration**, including the **acquisition and redevelopment of vacant and derelict urban and rural land** and the creation of local economic activities and **job creation** opportunities.
- **Repopulating** rural communities in Scotland

Creating dynamic **new partnerships between the public and community sectors** to deliver the above

It is evident that those communities with highest capacity – which contain people with professional skills and experience (often more wealthy retirees who have retired to rural areas and have both time and skills), currently have most success in negotiating the best CB packages and have the most capacity to administer funds. This could be counteracted by mandating more consistent processes for negotiating and setting CB packages and ensuring that more support and capacity building is available and targeted to the areas which most need it, sharing skills and good practice through networks such as CES, LES, DTAS, and CLS.

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[34]). Strong, clear guidance would benefit developers by helping create a more level playing field and not interfering with competition.

[34] https://www.sciencedirect.com/science/article/pii/S2214629624004821)