Community Benefits from Net Zero Energy Developments

Analysis of responses to the consultation exercise

October 2025

Scottish Government
Riaghaltas na h-Alba

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Craigforth

Contents

Executive Summary

This summary sets out headline findings from the analysis of responses to the Scottish Government's public consultation on Community Benefits from Net Zero Energy Developments. The consultation exercise was launched on 19 December 2024 and ran until 11 April 2025. In total, 401 responses were received, of which 167 were from groups or organisations and 234 from individual members of the public.

Section 1: Offshore renewable energy developments

Offshore wind communities

Identifying the community who will benefit is a key principle of designing and providing a community benefit package, as set out in the existing Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (the Principles).

Question 1.1: In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

A general view was that any communities experiencing negative impacts arising from offshore wind development should be considered relevant.

In terms of communities of place there were suggestions that relevant communities should include those geographically closest to, or most impacted by, the development and the related onshore infrastructure. Suggestions relating to communities of interest included users of the same marine environment as the offshore development, including businesses where livelihoods are impacted.

A frequent view among local authority respondents, was that allocation of community benefits should be across a local authority area. It was suggested that a regional approach would support a more strategic approach and the ability to undertake higher value projects.

Question 1.2: 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 defining communities at the local level the factors identified most frequently were proximity to the development; the visual impact of the turbines, proximity to onshore/transmission infrastructure or the visual impact of onshore infrastructure.

Respondents advocating distribution of a portion of community benefit funds over a larger area highlighted the size/scale and dispersed nature of the developments, with an associated view that a large project would attract a large community benefit fund, which should be used to benefit more people over a wider area.

Maximising the impact of community benefits from offshore wind developments

Question 1.3: 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?

Respondents commented on the principles that should underpin any decision-making process, including that it must be transparent, inclusive, representative, publicly accountable and aligned with local priorities.

The most frequent suggestions were that decision-making should be led by the relevant community, with the community taking either a central role or control of the process or, specifically, should be led by community councils. However, there were also concerns that these bodies may be too small or lack capacity and resources to take on such a function.

Question 1.4: 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?

National advocacy organisations were among those who suggested that, to ensure that the views of the community are taken into account, decision-making bodies must be community-led. Other suggestions included that they should also be properly constituted bodies and democratically representative of the relevant area.

A frequent view was that the needs and wishes of the community will already be reflected in existing local plans, such as Local Place Plans (LPPs) and Community Action Plans (CAPs) and that where these exist, they should guide the priorities for use of community benefit funds.

Question 1.5: What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

Suggestions for specific types of projects that should be supported to maximise impact included acquiring assets to generate long-term income and investment in training and upskilling to address current skills gaps.

A frequent theme was the current voluntary basis of community benefit payments, with a view shared by many that these should be made mandatory.

Question 1.6: 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?

Many respondents considered that using community benefits for larger, longer term or more complex projects could have positive effects, with the potential to bring transformational change. In particular, respondents anticipated that larger, more strategic projects could deliver major infrastructure improvements.

However, others disagreed in principle with directing community benefits to larger or longer-term projects including because it could result in less funding for small projects or the most impacted communities.

Question 1.7: The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities?

Respondents were most likely to disagree with a regional or national response. Among reasons for disagreeing with a regional approach was a concern that community benefits might be used to fill local authority funding gaps. Reasons given for opposing a national fund included that it would divert funds away from the most impacted communities and regions and would undermine the principle of local decision-making.

Local authority respondents were amongst those indicating that they would welcome a regional approach, and there was a view that the approach to delivering community benefits should sit at local authority area level, but no higher. Among respondents who would either support or consider a national approach to delivering community benefits, the most frequent reason was that this would be the most inclusive and equitable.

Question 1.8: 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.

Rural and island communities were frequently referenced, with the Principles seen as a key opportunity to benefit the rural, island and coastal communities most affected by net zero projects. These communities were described as experiencing significant deprivation linked to low incomes. Intersection with other groups, including with a higher prevalence of older people, was also highlighted.

In terms of specific impacts for rural, island and coastal communities, there was reference to economic development and enhancement of infrastructure, and reduced energy costs if community benefits support local renewable projects or energy efficiency improvements. Possible negative impacts for businesses included a risk that small local businesses might lose out to larger external contractors with respect to either capacity to deliver or costs.

Determining appropriate levels of community benefits from offshore wind

A fundamental of community benefits, as set out in the existing Principles, is that each package should be tailored to reflect the characteristics of the development, allowing communities and developers to agree an approach which delivers the best outcomes for the circumstances at hand.

Question 1.9: In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

With respect to features of community benefits, the most frequent suggestion was that payments should be mandatory, with arguments that they should also be index-linked, paid annually and paid over the whole life of the project. A benchmark for offshore wind was also seen as important, providing clear expectations and creating a level playing field between developers.

However, energy developer respondents in particular highlighted the extent of variation between projects, sharing their view on the need for flexibility and funding levels that are based on the impact on communities. They also set out that offshore wind projects are inherently more challenging and more expensive, so an equivalent level of community benefits to onshore developments should not be expected.

It was also suggested that developers should offer opportunities for shared ownership as a mechanism for providing more significant levels of benefit for communities.

Question 1.10: What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

A requirement for earlier or more meaningful engagement between developers and communities to shape schemes was a frequent theme, with an associated view that existing consultation exercises can be superficial. There was a call for discussions to start at an early stage of project planning.

The importance of providing advice and support to help communities when negotiating with developers was also noted, with reference to professional services (such as facilitation, legal, planning and financial expertise) and signposting to existing organisations such as Local Energy Scotland or Community Energy Scotland. Creating Community Benefit Champion posts, to bring specialist knowledge of the renewables industry along with skills in facilitation and community development, was also proposed.

Shared ownership of offshore wind developments

Question 1.11: What do you see as the potential of shared ownership opportunities for communities from offshore wind developments?

Those respondents who saw potential benefits in shared ownership anticipated some significant opportunities, including providing a direct, secure, regular, long-term or sustainable income to fund community projects, with greater financial returns than provided by traditional community benefit funds.

However, potential problems and challenges were also highlighted including by energy developer respondents who noted that, although supporting the principle of shared ownership, they considered opportunities in relation to offshore wind to be limited or to require major challenges to be overcome first.

There was a clear view of shared ownership as something to complement rather than replace community benefits.

Question 1.12: 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?

High capital cost was often identified as a potential barrier to shared ownership, requiring support for communities to access affordable finance, for example via government-backed loan and grant schemes. The need for long-term (patient) capital was also highlighted.

The complexity of the legal and financial structures associated with shared ownership were highlighted, with resulting concerns around either the confidence or capacity of communities to negotiate these issues. Requirements for access to sources of expert, technical, financial and legal advice and guidance and for capacity building within communities were noted.

Section 2: Onshore net zero energy developments

Extending the scope of the Good Practice Principles

The consultation paper outlined the different onshore net zero technologies which exist or are emerging in Scotland, noting their different stages of maturity and different experience of the use of community benefits.

Question 2.1: Which of the following onshore technologies should be in scope for the Good Practice Principles? (Select all that apply)

- 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 – please specify

Respondents were most likely to suggest that all of the technologies set out should be in the scope of the Principles, including because all can have an impact on local communities, with some form of mitigation hence reasonable and fair.

Whether the technology is established, and by extension can be significantly scaled up to meet net zero targets, was seen as significant. There were references to viability and profit generation and a suggestion that, as a general principle, only developments at commercial scale and/or generating profits should be in scope.

Question 2.2: 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?

Most respondents favoured an approach which offered a degree of standardisation, paired with technology-specific differences where appropriate. For example, it was suggested that the Principles could be standardised in relation to streamlined processes, shared learning, community views, and impact and risk, but could vary in relation to mitigation and benefits.

The area in which energy developer respondents in particular saw the need for technology-specific variation was in relation to levels of funding and benchmark contributions.

Improving the Good Practice Principles

Question 2.3: Do improvements need to be made to how eligible communities are identified?

Energy developer respondents were amongst those suggesting that the existing Principles provide an effective framework for identifying eligible communities while retaining the flexibility to respond to local circumstances and needs. However, most respondents who gave a clear view thought that some improvements are needed.

For example, it was suggested that interpreting the community solely as the community council area containing or nearest to a wind farm overlooks other communities that may be affected but lie outside these boundaries. It was also suggested that eligibility decisions are best made by the local community themselves.

Question 2.4: Should more direction be provided on how and when to engage communities in community benefit opportunities, and when arrangements should take effect?

One view, expressed primarily by energy developers, was that further direction is not required and that the current Principles are sufficient, albeit they could be reviewed to ensure they comply with the commitments made in the Scottish Onshore Wind Sector Deal.

However, most respondents who expressed a clear view thought that more direction should be provided. A frequent theme raised across respondent groups was the importance of early engagement, in order that developers have a clear understanding of the aspirations and priorities of the community.

Question 2.5: How could the Good Practice Principles help ensure that community benefits schemes are governed well?

A frequent theme, raised across the respondent groups, was the importance of transparency, including in terms of both governance structures and operations.

In terms of key features or components of an effective and transparent approach, there was a range of views about where the main decision-making powers should lie, albeit a broad consensus that local communities should play a key role, generally through properly representative and constituted groups.

There was a view that establishing a legally enforceable governance framework, with mandatory governance structures, would be the best route to ensuring consistency across all projects.

Question 2.6: How could the Good Practice Principles better ensure that community benefits are used in ways that meet the needs and wishes of the community?

Many respondents pointed to the need for, or benefits of, community benefits being used to support the priorities set out in various local plans and strategies. There were references from across respondent groups to the role and potential of LPPs and CAPs, including that alignment with them would be an effective way to ensure that community benefits are used to address community needs and wishes.

In relation to what community benefits could or should be used for, there was a view that this should be entirely at the disposal of local communities. An alternative perspective was that the Principles could play a useful role and could provide guidance on use of community benefits, or on exclusions that should apply.

Question 2.7: What should the Good Practice Principles include on community benefit arrangements when the status of a new or operational energy project changes?

Many of the comments supported community benefit arrangements being reviewed when the status of a project changes or after a set period of elapsed time. Reviewing and adapting arrangements was seen as a way of ensuring continued relevance and fairness.

In terms of general requirements or recommendations to be put in place, suggestions included that it should be a requirement for developers to review their arrangements when a site is repowered, extended or sold, with a call for a structured and legally enforceable review process whenever an energy project undergoes significant changes.

There were also references to the importance of existing commitments being honoured when changes are made, with a principle of no detriment to communities and a presumption that replacement arrangements are as good as or better.

Question 2.8: 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?

Overall, there was support for the Principles providing direction on coordinating community benefit arrangements from multiple developments in the same or overlapping geographic areas, including because coordination could help minimise the administrative burden for communities that have multiple developers with whom to engage.

Where there was some divergence in opinion was in terms of the nature of any direction the Principles might include, but respondents tended to refer to the Principles encouraging coordination but not necessarily setting it as an expectation or requirement.

Question 2.9: What improvements could be made to how the delivery and outcomes of community benefit arrangements are measured and reported?

Reflecting an ongoing theme across the consultation, there were a number of comments about the status of any reporting arrangements and, in particular, that developers should be mandated to record and report on community benefits associated with their renewable projects.

Many of those referring to standardisation and/or more stringent reporting requirements linked these to a national reporting system, or the existing Community Benefits Register (the Register). A frequently raised theme was the importance of supporting an outcome- and impact-focused approach to monitoring and evaluating community benefits.

Question 2.10: 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?

The importance of community capacity building was one of the most-frequently raised issues, and it was noted that smaller communities face particular resource challenges.

Respondents were most likely to highlight the importance of providing external support and generally the importance of this being funded by developers. It was suggested that being able to buy in expertise and, by extension, create a more level playing field in terms of which communities have access to that expertise, would strengthen community benefits practice generally.

Setting a funding benchmark

Question 2.11: Do you think that the Good Practice Principles should continue to recommend a benchmark value for community benefit funding?

A majority of respondents, 73% of those answering the question, thought that the Principles should continue to recommend a benchmark value for community benefit funding. The energy developer respondent group was the only one in which a significant proportion of respondents did not think so.

Question 2.12(a): Should the benchmark value be the same or different for different onshore technologies?

Points raised by those supporting a higher benchmark value included that the benchmark for year one of a new project has not been revised to account for inflation since it was introduced, and there was a call for an uprating of the current benchmark to account for inflation.

Those favouring a lower benchmark, or arguing against any increase, highlighted the potential for community benefits to undermine the economic viability of some projects. Respondents highlighted a range of factors that were seen as relevant in setting benchmark values across different technologies, including differing development and operating costs, funding models and revenue structure and scale.

Question 2.12(b): How could we ensure a benchmark value was fair and proportionate for different technologies?

Respondents proposed a range of potential alternatives to the current benchmark value. These included suggestions based on a per-MW benchmark, and alternatives such as revenue-based measures.

Revenue and/or profitability-based measures were the most commonly supported, This approach was seen as better suited to ensuring community benefit values reflect the market value and financial returns of generated energy and/or storage projects. Measures based on local impact included reference to the land area used, such as a land use related MW benchmark to ensure community benefits reflect larger landscape and environmental impacts.

Assessing impacts of the Good Practice Principles

Question 2.13: 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?

A common view was that the Principles are an opportunity to achieve positive impacts for all communities. It was suggested that they will enable the negotiation of fairer and more proportionate community benefit packages, which in turn can have a positive impact on a range of groups, including rural and island communities, people on low incomes and in deprived areas, and local businesses.

Rural, island and coastal communities were the most referenced, and it was suggested that the Principles can generate significant positive impacts, especially given the significant challenges affecting some communities. However, it was also reported that rural and island communities often have limited capacity, relative to developers and landowners, to participate fully in community benefits processes, particularly when there are a number of developments nearby.

Introduction

Background

This report presents analysis of responses to the Scottish Government's public consultation on Community Benefits from Net Zero Energy Developments. Community benefits are additional benefits that developers provide to the community, that sit independently of the planning and consenting system. They provide an opportunity for communities to share in the benefits of the energy resource and can have lasting social and economic impacts. The consultation forms part of a review of the existing Good Practice Principles for Community Benefits from Renewable Energy Developments, and the views expressed will be used to inform a refresh of the current version.

The consultation

The consultation exercise was launched on 19 December 2024 and ran until 11 April 2025. The consultation paper was divided into two parts: Section 1 related to offshore renewable energy developments and Section 2 to onshore net zero energy developments.

In addition to the online consultation, the Scottish Government commissioned the Scottish Community Development Centre (SCDC) to organise two national information webinars, five face-to-face and four online local conversations, and two national online conversations. One hundred and fourteen people attended the webinars and 116 people took part in the local conversations. Those participating in the local conversations included some involved in community benefit schemes; people involved in community activities who are not involved in community benefits; and individual community members. An independent report on findings from the events has been considered as part of this analysis.

Profile of responses

In total 401 responses were received, of which 167 were from groups or organisations and 234 from individual members of the public. Where consent has been given to publish the response, it can be found on the [consultation section of Scottish Government's website](#).

Respondents were asked to identify whether they were responding as an individual or on behalf of a group or organisation. Group respondents were allocated to one of eight groups by the analysis team and the Scottish Government. A breakdown of the number of responses received by respondent type is set out below, and a full list of group respondents is appended to this report as Annex 1.

Table 1 – Respondents by type

Type of respondent	Number
Organisations:	
Community council	34
Consultancy, research or lobbying organisation	10
Energy developer including membership bodies	33
Local authority	17
National advocacy organisation	18
Place-based community organisation	37
Public body	7
Representative or policy organisation	11
Organisations	**167**
Individuals	**234**
All respondents	**401**

Place-based community organisations were the largest group of organisational respondents, followed by community councils and energy developers.

Analysis and reporting

The report presents a question-by-question analysis of answers to the closed questions and further comments at open questions.

Both the proportion of respondents answering closed questions and the number commenting at open questions varied from question to question. To reflect this differing level of response, tables are presented with different baselines, so the total shown in each case is the total number who answered that question.

A small number of the key findings from the SCDC report on the community consultations are presented but alongside the main analysis, primarily in the cross-cutting themes section.

Please note that a number of responses, particularly from organisations, were extensive and included significant and/or technical information or set out detailed recommendations. Although it is not possible to reflect this level of detail and complexity in an analysis of this kind, all responses are available to the relevant policy team within the Scottish Government.

Other points to note about the analysis set out are that:

- Respondents' views were sometimes very clearly associated with concerns about the impact of existing renewable energy development(s) on their local community and/or the potential proliferation of certain technologies.
- The focus of the consultation exercise is on community benefits. However, the issue of compensation was raised, and sometimes connected to, or

conflated with, community benefit payments. The analysis presented in the report focuses on the issue of community benefits, but brief references have been made to payments that may equate to compensation where appropriate.

- There were occasions when the intended meaning of certain words was not always clear. Examples included (as above) whether respondents were always making a distinction with community benefits when they referred to compensation, or whether they saw these things as synonymous. The geography that respondents were referring to when describing 'regional' initiatives was another example. Where possible, the analysis team sought to infer the intended meaning based on the context, but if this was not possible, the specific comment was not included in the analysis.

Finally, as with any public consultation exercise, it should be noted that those responding generally have a particular interest in the subject area. Therefore, the views they express cannot necessarily be seen as representative of wider public opinion.

Cross-cutting themes

This short chapter presents a number of cross-cutting themes to emerge from the analysis of the questions relating to both offshore and onshore net zero energy development community benefits.

Current Principles: Views were divided on whether the current Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (the Principles), are broadly fit-for-purpose, or whether significant revisions are required. Those suggesting that the Principles are fit-for purpose tended to be energy developers, who pointed to them supporting current good practice and offering the flexibility needed to work across a range of technologies and in a diverse range of local contexts.

However, most respondents were looking for revision or changes, including to address issues they saw with lack of standardised governance models, limited community involvement in decision-making and a need for greater transparency. A frequently made point was that to deliver the improvements suggested, the Principles, or other relevant guidance, need to be mandatory or statutory.

Local, regional or national funding: There was a consensus that the local communities most directly affected by net zero developments are the ones most entitled to be in receipt of community benefits.

Themes from the conversations

In all community conversations, all participants who shared their views on the areas that should benefit stated that communities directly impacted by renewable energy development or infrastructure, including transmission, should be a primary consideration in relation to who should benefit. This included visual impact (communities in sight of developments), noise, disturbance, increased volume of traffic and negative economic impact.

There was limited support for regional or national funding approaches and, where respondents did see potential, this tended to be linked to local communities also receiving good levels of benefit. However, local authority respondents were amongst those advocating for a local authority-level funding approach, with national community advocacy organisations most likely to make the case for a national approach to the distribution of some community benefits.

Robust, transparent governance arrangements: A frequent theme, raised across the respondent groups, was the importance of transparency, including in terms of both governance structures and operations. The importance of consulting with communities before decisions are made, rather than presenting them with fixed models, was also highlighted, with good governance said to begin with co-creation, not top-down design.

In terms of key features or components of an effective and transparent approach, governance bodies being competent and accountable was seen as important, including with local communities playing a key role through representative and properly constituted groups. There was reference to clear demarcation between local decision-making panels, for example community councils, and grant recipients, such as development trusts, local organisations and social enterprises that deliver projects and initiatives.

Defining local communities: Defining local communities was often seen as challenging, especially in relation to offshore developments. There were calls for communities themselves to be involved in making these decisions. In terms of the factors that should be taken into account, the focus was not just on geographical proximity but also issues such as visual disturbance, noise and additional traffic.

Early engagement: A frequently made point was that the Principles should make clear that engagement with communities should take place as early in the process as possible, in order that developers have a clear understanding of the aspirations and priorities of the community and to avoid communities feeling sidelined or excluded from the decision-making process.

Themes from the conversations

The importance of community-led decision-making was also emphasised by conversation participants, with no appetite for public sector control of funding.

Experiences with developers were mixed. Some communities felt that developers controlled the funds strictly and set tight criteria, or that negotiations were difficult, whereas others reflected their experience where developers had provided community benefits funding and trusted the community to manage it independently.

Capacity building: The importance of community capacity building was one of the most-frequently raised issues. It was noted that engagement with developers, and sometimes the management of funds, can often fall to volunteers, but that the pressure on volunteers is increasing. Addressing the skills and capacity gap was seen as essential to ensuring fair and effective community benefit decision-making, particularly in rural and smaller communities and areas of deprivation.

There were calls for energy developers to fund the provision of independent advice or support for communities, for the creation of Community Benefit Champion posts, and for the work of the Scottish Government's Community and Renewable Energy Scheme (CARES) to be continued or expanded.

Themes from the conversations

Capacity building was also an important issue for those participating in the conversations, with community members referencing the challenges in negotiating and managing community benefit funds. Participants were looking for access to independent expert support, including legal, financial and governance advice, and for opportunities to share their experience and learning with each other.

Coordinated approaches: In terms of the types of problems a coordinated approach might address, there were references to the risk of unequal distribution of benefits, missed opportunities for strategic investment and inefficiencies in community engagement and administration.

There was a broad consensus that the Principles should support and enable coordinated approaches, both between developers and between communities, particularly given that, as renewable developments increase in number, it is inevitable that there will be more instances of local communities being impacted by multiple developments. It was suggested that a focus on joint approaches could help minimise the administrative burden for communities and also simplify the landscape for organisations applying for community benefit funding.

Strategic, longer-term use of community benefits: A frequent theme across questions was the importance enabling the use of community benefits to deliver longer-term, strategic outcomes for communities. This was sometimes linked to delivering priorities identified through existing strategic plans, including Community Action Plans (CAPs). The types of projects referenced included improvements to transport infrastructure, housing and energy efficiency initiatives, and other measures that would support economic development.

Although there generally remained a clear focus on delivering for local communities, there was also a recognition that some larger, longer-term projects were likely to be delivered at a local authority or regional level.

Themes from the conversations

There was a reasonable appetite for wider regional or national sharing of benefits, particularly to tackle inequalities, although opinions differed on what regional or national approaches should be taken. In all conversations, all participants voicing an opinion agreed that any regional or national funds should be in addition to, and alongside, local community benefit funds.

There was a greater appetite for sharing benefits from offshore renewable energy across a wider geographical area than for onshore, due to the typically larger scale of offshore developments.

Financial viability and benefit benchmarks: Most respondents thought the Principles should continue to set out a benchmark value for community benefit for onshore developments. However, very much reflecting the wider issue of whether the Principles should become mandatory, there was a view that this should also apply to a benchmark figure.

The alternative view was that flexibility remains key, especially given the varied development costs and profit margins associated with different technologies. There were particular concerns that benchmarks for emerging technologies should not undermine their financial viability and, by extension, their expansion.

Themes from the conversations

In all community conversations, all participants voicing their opinion agreed that the recommended level for community benefits for onshore developments was too low, suggesting it should be increased. Some participants with experience of managing community benefit funds suggested levels should be index linked, and no participants disagreed. It was also repeatedly proposed that it should be a mandatory requirement for developers to provide community benefits rather than a voluntary scheme, for all renewables.

Section 1: Offshore renewable energy developments

Offshore wind communities

Identifying the community who will benefit is a key principle of designing and providing a community benefit package, as set out in the existing Good Practice Principles (the Principles). The guidance notes that there is no single definition of community that can be applied for every project and that dialogue and site-specific characteristics should be used by the developer to identify the most relevant stakeholders.

Question 1.1: In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

Question 1.1 summary

A general view, including among some individual respondents, was that any communities experiencing negative impacts arising from offshore wind development should be considered relevant.

In terms of communities of place there were suggestions that relevant communities should include: those geographically closest to, or most impacted by, the development and the related onshore infrastructure; coastal and island communities; communities where the development has a visual impact; communities impacted by disruption, particularly during construction; communities experiencing noise or light pollution; and communities where existing local infrastructure, resources and services are impacted.

Suggestions relating to communities of interest included: users of the same marine environment as the offshore development including businesses where livelihoods are impacted, with fishing being the activity most frequently referenced. Respondents also mentioned: tourism; environmental/conservation groups involved in protection of wildlife or care for natural habitats that may be disturbed or destroyed; and heritage or cultural impacts.

A frequent view among local authority respondents, was that allocation of community benefits should be across a local authority area. While acknowledging that those communities most directly affected should receive most benefit, it was suggested that a regional approach would support a more strategic approach and the ability to undertake higher value projects.

There were also calls, particularly from national advocacy organisations, for communities across Scotland to share in community benefits from offshore wind, for example through a Scottish Community Wealth Fund.

A total of 330 respondents answered Question 1, including two national advocacy organisation respondents who noted a view that this section of the consultation paper should refer to all offshore renewables, not just offshore wind.

A general view, including among individual respondents, was that any communities experiencing negative impacts arising from offshore wind development should be considered relevant. Respondents also identified a number of relevant local communities based on their proximity to developments (communities of place), or in relation to potential impacts on economic or other concerns (communities of interest). A public body respondent offered their own definition in relation to community benefits from land, recognising first the local geographic community and then that communities of interest may also benefit.

Communities of place

In terms of communities of place there were suggestions that relevant communities should include:

- Those geographically closest to, or most impacted by, the development, not only the turbines, but also the related onshore infrastructure. Examples of the latter included: cable landfall points; overhead or underground cabling routes; substations; battery storage sites; and transmission infrastructure, including powerlines and pylons.[1] There were also references to repair/maintain infrastructure, road construction and workforce accommodation.
- Coastal and island communities, including ports and harbours. A local authority respondent noted that the marine economy is proportionally more significant for islands.
- Communities where the development has a visual impact.
- Communities impacted by disruption, particularly during construction, but also ongoing operation/maintenance or decommissioning.
- Communities experiencing noise or light pollution.
- Communities where existing local infrastructure, resources and services are impacted – for example by adding to road traffic, reducing space for local people on ferries, or reducing availability of local housing.

There were differing positions with respect to visual impact, and by extension the distance of the development from the shoreline, when determining the host community. Although respondents across a range of respondent types considered visual impact an important factor, some local authority respondents expressed a view that that visibility should not be a material factor in defining a host community for offshore wind. However, these respondents were also clear that all developments, should yield community benefits no matter how far from shore. From a different perspective, energy developer respondents highlighted the potential for some sites to be so far offshore that they cannot be seen from the coast, suggesting that where there is no clear locally impacted community, no community

[1] Energy developer respondents noted that the UK Government's Planning and Infrastructure Bill includes provisions for discounts on energy bills for communities living near new or significantly upgraded electricity transmission infrastructure. It was argued that the Scottish Government should ensure its approach is aligned with that of the UK Government and should not specify community benefits that duplicate these costs. It was also suggested that UK Government guidance appears to indicate that only above ground onshore infrastructure should be considered in the calculation of community benefits relating to offshore windfarms.

benefit fund should be required. Distance from the development should thus be an important factor when defining the host community.

Communities of interest

Suggestions with respect to relevant communities of interest included:

- Other users of the same marine environment as the offshore development including businesses where livelihoods are impacted, with fishing[2] being the activity most frequently referenced. Respondents also mentioned: tourism; recreational activities including water sports and diving; aquaculture; and research.
- Individuals and environmental/conservation groups involved in protection of wildlife or care for natural habitats that may be disturbed or destroyed.
- Heritage or cultural impacts, including where there are emotional ties to land or seascapes are a defining part of local identity and heritage.
- Local businesses impacted indirectly as a result of disrupted supply chains.
- Individual homeowners whose properties may have fallen in value.

Regional communities

A regional approach to identifying relevant communities was suggested, for example where developments are far offshore with no visual impact on coastal communities, where there are otherwise no obvious local impacts to mitigate, or where the scale of a project is such that impacts (including on existing infrastructure and services) are felt over a wide area. A frequent view, particularly among local authority respondents, was that allocation of community benefits should be across a local authority area.

While acknowledging that those communities most directly affected should receive most benefit, respondents saw a regional approach as allowing a whole local authority area to receive some benefits, coinciding with existing Community Wealth Building commitments. Other potential advantages suggested included the ability to adopt a more strategic approach and the ability to undertake higher value projects. The Shetland Community Benefit Fund was proposed as a potential template.

However, two place-based community organisation respondents specifically opposed allocation of funds at a local authority or national level, seeing removing local benefits from those most affected as an injustice or likely to increase feelings of disempowerment. Others were clear that they were not proposing that funds should be given to a local authority or used to cover statutory costs, with one suggestion that they should be lodged with independent organisation to distribute in consultation with local communities.

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[2] However, it was also argued that commercial fishing businesses (and also landowners) who are in receipt of compensation for commercial losses assessed as part of the Environmental Impact Assessment (EIA) process should not receive community benefits.

National communities

There were also calls, particularly from national advocacy organisations, for communities across Scotland to share in community benefits from offshore wind, for example through a proposed Scottish Community Wealth Fund. Although respondents taking this view often argued that communities most affected by an offshore wind project should receive a proportion of the community benefits, it was also suggested that there is a risk that the communities closest to a development benefit from funding irrespective of need and that existing inequalities should not be exacerbated.

Using scales or tiers

As noted above, respondents advocating regional and national approaches often agreed that the most impacted communities should continue to benefit most and it was suggested it could be helpful to identify relevant communities using a tiered model with local, regional and national scales.

A scoring system that recognises local impacts, but also awards points for climate vulnerability or equalities indicators was also suggested, as was separate consideration of impacts during the construction phase, where benefits would go to the closest, most impacted communities, and a wider regional or national fund to be used during the operational phase.

Variation between projects

It was noted that the size of offshore wind projects can make it more difficult for developers to identify and engage with relevant communities than is the case for onshore developments. Energy developer respondents were among those who suggested that each project will be different, meaning that a flexible approach is required, or that there is unlikely to be a one-size-fits all solution. This is discussed further at Question 1.2.

Question 1.2: 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?

Question 1.2 summary

In terms of defining communities at a local level the factors identified most frequently were: proximity to the development; the visual impact of the turbines including on landscape/seascape, proximity to onshore/transmission infrastructure or the visual impact of onshore infrastructure; impacts on the natural environment; proximity to or the impacts of construction activities; impact on local economic/commercial interests; and impact on property prices.

Respondents advocating distribution of a portion of community benefit funds over a larger area highlighted the size/scale and dispersed nature of the developments, with an associated view that a large project would attract a large community benefit fund, which should be used to benefit more people over a wider area. Socio-economic needs and priorities were also cited as important reasons for defining relevant communities more broadly, and there was a suggestion that the principles of a just transition require benefits to be spread more widely or more equitably.

A total of 315 respondents answered Question 1.2, with answers tending to reflect those given at Question 1.1. As noted at Question 1.1, some respondents agreed with the consultation paper that defining relevant communities for offshore wind is more complex than in relation to onshore developments, with a related suggestion that flexibility is required to consider factors relating to the relevant community on a case-by-case basis rather than seeking to standardise the process. An alternative, less frequent view, was that a standardised approach to identifying the relevant communities is necessary. As a general point it was suggested that the starting point when defining relevant communities should be consideration of the nature, scale and duration of the benefits being offered.

There also were differing perspectives on the role of community benefits, both that these are important in generating public support for projects, particularly in communities that are negatively impacted and that, rather than a device to encourage acceptance, they should be seen as providing justice for communities that experience the negative impacts of renewable energy development with few or no positives.

Factors relating to defining local communities

Although the question asked both which factors should be considered, and which are the most important, relatively few respondents commented specifically on the latter. In terms of defining communities at local level the factors identified most frequently were:

- Proximity to the development, which was frequently seen as the most important factor.

- The visual impact of the turbines including on landscape/seascape, which a small number of respondents specified as the highest priority. There was also a suggestion that community benefits relating to developments that are not visible from the shore should be used at local authority level or paid into a national fund.
- Proximity to onshore/transmission infrastructure or the visual impact of onshore infrastructure. Again, this was specified as a priority by a small number of respondents.
- Impacts on the natural environment (including seabirds and fish populations) and stakeholders involved in conservation and research. It was noted that the project Environmental Impact Assessment (EIA) should identify these impacts.
- Proximity to or the impacts of construction activities. Related points included that these activities might attract short term or one-off benefits, and that a separate construction fund should be required.
- Impact on local economic/commercial interests, with most frequent references to fishing[3] and to tourism.
- Potential impact on property prices.

Factors highlighted for consideration by smaller numbers of respondents included:

- Being directly affected/ most affected by the project and by loss of amenity.
- Impacts of noise from turbines.
- Impact on recreational activities such as angling water sports and walking.
- Impacts on existing local infrastructure/services for example from a new population or additional traffic. Potential damage to local roads or impacts on capacity of ferry services.
- Location of the ports and harbours used and impacts on their wider infrastructure/ operations.
- Cumulative impacts from multiple developments or over the lifecycle of a development.
- Cultural importance of, or connection to, landscapes or seascapes.
- Socioeconomic factors and communities in economic decline.
- Community capacity to engage or to undertake projects, for example evidenced by existing Community Action Plans (CAPs), Local Place Plans (LPPs) or wider development or community wealth building plans.

[3] As at the previous question, energy developer respondents argued that impacts on commercial fisheries are assessed and compensated as part of the EIA process so the fishing industry should not also be eligible for community benefits. However, one such respondent noted that they propose a separate, voluntary initiative of a fisheries fund, linked to facilitating the sustainable co-existence of offshore wind energy and the fishing industry.

A matrix developed by a group of community councils was highlighted as one means by which community benefit funds might be distributed using three factors (population; distance from turbines; and Scottish Index of Multiple Deprivation) to calculate an individual community's allocation. It was also suggested that community councils might be encouraged to group together to pool resources and aggregate benefits.

Factors relating to defining regional and national communities

Respondents advocating distribution of a portion of community benefit funds over a larger area highlighted the size/scale and dispersed nature of the developments, with an associated view that a large project would attract a large community benefit fund, which should be used to benefit more people over a wider area. Other geographical factors that could support a wider approach to defining relevant communities included:

- The extent to which a development affects multiple or dispersed communities or has impacts on infrastructure and services across a whole region.
- Distance of the turbines offshore and whether the geographically closest communities are small or experience minimal impacts.
- Scope for developers to group together where windfarms are clustered, creating a fund covering a larger area than for a single project.

Socio-economic needs and priorities (for example as indicated by deprivation indices) were also cited as important reasons for defining relevant communities more broadly, and there was a suggestion that the principles of a just transition require benefits to be spread more widely or more equitably. Scope to take a strategic approach to deliver benefits more effectively for a wider area was also highlighted. While local authority respondents were amongst those favouring a regional approach at authority level, for example to support their own Community Wealth Building or climate action plans, some other respondents took a view that at least a proportion of community benefits should be paid into a central fund and used to support national issues, allowing the whole of Scotland to share the benefits from a national resource.

However, there was also acknowledgement of concerns that a regional or national model could dilute funds for the most impacted communities with suggestions that broader regional or national funds might be negotiated over and above local community benefits, or that allocation of funds for local or wider use would need to be on a case-by-case basis, after detailed consultation to understand local priorities. There was also a view that the existing focus on community benefits being for the local community should be retained, with an option but not a mandate for diversion of funds to regional or national uses.

Factors that should not be considered

A small number of respondents highlighted elements that they thought should not be included when considering what are relevant communities. These included: visibility; onshore infrastructure covered by UK Government grid infrastructure payments; matters relating to consenting and compensation; and the views of absent property owners with no permanent residence in the affected area.

Process for identifying relevant communities

Energy developer respondents were amongst those noting their support for guidance in the existing Principles, arguing that developers are best placed to understand where impacts of their projects will be experienced and that the relevant community should be identified by the project developer in consultation with local stakeholders, with a focus on early, wide or meaningful engagement. It was noted that key factors that developers consider include the proximity of coastal communities to the site, the location of operations and maintenance bases and temporary onshore construction works. However, a local authority respondent expressed concern that placing the onus on developers to determine the relevant community might pit communities against each other or lead to inconsistent or unfair decisions, with a related suggestion that the guidelines should set out a clear methodology for determining recipient communities.

Other respondents argued that developers need to adopt a more proactive approach to engaging with a wide range of communities and stakeholders, rather than following a standardised process or set boundaries. On the last point there were differing views on whether community council boundaries should be used to define communities for benefits – both that this works well, and that it can exclude communities where there is a visual impact.

Further suggestions included that developers should contribute to the costs of community engagement.

There were also calls for the process to be:

- Community-led with opportunities for communities to self-identify.
- Collaborative, involving developers, local authorities and community representatives, or guided/monitored by an independent body with developers and communities as consultees.
- Transparent, using criteria agreed by or co-developed with communities.

With respect to how the process of identifying relevant communities and stakeholders should begin, ideas included:

- Starting with the list of communities consulted in the consenting process or as part of any planning procedures for the development. It was noted that Irish guidance specifies that the local community must include (although not be limited to) local stakeholders and the surrounding communities that were consulted on as part of the Maritime Area Consent process.
- Using project level EIAs for offshore wind developments, which will identify communities that will be significantly impacted at any stage of the project.
- Requiring energy developers to submit a community benefit statement as part of the ScotWind Leasing process.

- Drawing on information in existing CAPs, Local Outcome Improvement Plans and LPPs.
- Making early contact with community councils to help inform a list of community organisations for consultation.

In terms of those who might participate in engagement exercises suggestions included:

- Residents.
- Community councils.
- Development trusts.
- Incorporated community development bodies.
- Community anchor organisations.
- Other local community groups.
- Local businesses.
- Local authorities, Community Planning Partnerships and Local Community Partnerships.
- Relevant enterprise agencies.
- Voluntary sector/non-governmental organisations.
- Environmental scientists and conservation groups.
- Hard-to-reach groups (including the young and the elderly).
- Representatives of workers in the fishing industry.

A general point was that a single group should not be seen as representative of a community.

Maintaining level playing fields

A small number of respondents highlighted areas in which it will be important to avoid creating a competitive disadvantage for developers. First, it was noted that there will be circumstances where the onshore infrastructure associated with offshore wind projects in Scottish waters will be hosted in England. It was argued that, to avoid any disadvantage for Scottish sites, the UK and Scottish Governments should agree a common approach to the value of, and eligibility for, community benefit funds.

It was also suggested that a mechanism is required to ensure that developers offering higher levels of community benefit are not put at a competitive disadvantage relative to other projects.

Maximising the impact of community benefits from offshore wind developments

Community benefit arrangements in Scotland have typically followed a project specific application style fund, however other models have been put forward by local authorities and community stakeholders. These include proposals to use a portion of funds to support regional strategic funds, as well as for a nation-wide community wealth fund.

Question 1.3: 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?

Question 1.3 summary

Respondents commented on the principles that should underpin any decision-making process, including that it must be transparent, inclusive, representative, publicly accountable and aligned with local priorities, for example being guided by existing LPPs, CAPs or Local Development Plans (LDPs).

The most frequent suggestions were that decision-making should be led by the relevant community, with the community taking either a central role or control of the process or, specifically, should be led by community councils. However, there were also concerns that these bodies may be too small or lack capacity and resources to take on such a function.

Other local groups that respondents thought should be considered included development trusts, other local trusts and climate action groups and climate hubs. It was also suggested that a new body might be set up specifically to make decisions on use of community benefit funds, for example a fund management group made up of members of the local community or a new community development trust. There was also reference to a panel of local representatives, including members of groups such as community councils, development trusts and others listed above, along with local residents.

Among a broad range of other organisations that respondents suggested could have a role in local decision-making were charities and the Third Sector Interface, anchor organisations such as housing associations, local authorities, and enterprise agencies. Potential roles for professional, third-party fund administrators were also suggested, with Foundation Scotland and the Scottish Futures Trust both referenced.

Among respondents who advocated a regional approach, a decision-making panel or board with representation of community organisations, along with a range of regional stakeholders, was suggested.

Individual respondents in particular expressed views on organisations that should not be involved in decision-making, with developers, local authorities, the Scottish Government, development trusts and community councils all referenced.

A total of 325 respondents answered Question 1.3.

Organisations with a role in decision making

As at previous questions, respondents pointed to the extent of the variation between individual offshore wind projects and their associated communities. Energy developer respondents in particular argued that this means that no formal roles should be identified and that, as per the existing Principles, developers and local communities should work together to agree the organisations to be involved in decision-making.

Among other respondents, views on the type of organisations that should be involved in decision-making depended on whether a local, regional or national approach to distribution of community benefits was being considered. One suggestion was that a structured framework is required, to allow for decisions on direct use of community benefits to be taken at local level, while a more strategic approach operates with respect to regional or national spending.

Local decision making

The most frequent suggestions were that decision-making should be led by the relevant community, with the community taking either a central role or control of the process or, specifically, should be led by community councils. However, there were also some concerns that these bodies may be too small or lack capacity and resources to take on such a function.

Other local groups that respondents thought should be considered included:

- Development trusts which, it was suggested, may be better equipped to interface with developers and will have appropriate skills and governance in place to administer and manage funds.
- Other local trusts.
- Climate action groups and climate hubs, although there was also a suggestion that groups with a climate focus may lack broad insights across other topics.
- Local action groups.
- Incorporated community development bodies and social enterprises.

It was also suggested that a new body might be set up specifically to make decisions on use of community benefit funds, for example a fund management group made up of members of the local community or a new community development trust. An initial focus on capacity building, with creation of a suitable body as a first priority was also suggested as was that, if there is no interest in creating an appropriate group, the local authority should coordinate distribution of community benefit funds.

While a new body being set up to make decisions on use of funds was envisaged by some respondents, a more frequent expectation was that there would be a panel of local representatives including members of groups such as community councils, development trusts and others listed above, along with local residents. With respect to which community body might take the lead, there was a suggestion that, where an LPP exists, a recognised group that drew it up and is responsible for delivery actions should be the principal organisation. It was also reported that the Development Trusts Association Scotland (DTAS) might offer a form of accreditation for community organisations that would allow a suitable lead organisation to be identified. An alternative view was that membership of a decision-making panel should be independent of existing local community bodies, instead involving democratic elections.

While emphasising the importance of communities having a high level of control over community benefit funds, a national advocacy organisation respondent noted that not all will be aware of the potential opportunities available, meaning that it will be desirable to strike a balance between local decision-making and providing guidance to help communities make informed choices. Among a broad range of organisations that respondents suggested could have a role in local decision-making were: charities and the Third Sector Interface; anchor organisations such as housing associations; local authorities; enterprise agencies; independent advisors bringing specific knowledge and expertise of relevance to the fund; organisations such as Foundation Scotland that can provide guidance and support; local businesses or business groups; and representative bodies such as the Scottish Fishing Federation. However, that there were also reservations around a role for local authorities, which were seen as under pressure financially and potentially too distant to be sensitive to local issues.

Specifically with respect to administration of community benefit funds, it was noted that UK Government guidance promotes functional separation between bodies that decide how available funding will be disbursed and the administrators of the community benefit funds. Potential roles for professional, third-party fund administrators were suggested, with Foundation Scotland and the Scottish Futures Trust both referenced, and there was a view that energy developers should meet the costs of using such a service. It was also argued that providing training to support local organisations to create the required governance and administrative functions could keep the administrative budget in the local economy and create opportunities for skilled local employment.

Limited resources and capacity within some communities were seen as issues by a range of respondents, with one request that the Principles should provide guidance on how to upskill decision-makers. It was also suggested that community benefit funds could be used in part to support capacity building, and an energy developer respondent noted that community benefits from onshore wind projects have already been used to create community planning structures or roles where these do not exist. Alternative suggestions included that communities that lack capacity should be provided with interim third-party support and that the Scottish Government should fund part-time staff for community councils affected by offshore developments. The value of learning from the experiences of other community organisations was also highlighted.

Following on from capacity issues – and at what might be considered a 'sub-regional' level – it was noted that groups of community councils could come together to administer community benefits in a more strategic way while pooling administrative capacity, as has been done with respect to onshore wind projects. A related suggestion was that organisations such as local development trusts and community councils representing distinct areas might come together to form steering groups to address strategic funding priorities.

Regional decision-making

Individual and community council respondents were amongst those who were clear that they would not support distribution of community benefit funds at regional or national level, or that any regional or national spending must only use *additional* funds contributed by the developer. Energy developer respondents suggested that while regional bodies might be involved in discussions around community benefit funds, their views should not supersede those of host communities.

Among respondents who did advocate a regional approach, it was envisaged that regional use of community benefits would require establishment of a decision-making panel or board with representation of community organisations along with a range of regional stakeholders. If it were not possible for all relevant community organisations to be represented on such a panel, it was suggested that best practice would require representatives to be democratically elected from the community. Suggestions with respect to other stakeholders included: local authorities; community planning partnerships; public bodies; enterprise agencies; community energy and development trust associations; third sector organisations; net zero delivery bodies; and renewable energy companies.

Arguments in support of the role of local authorities included that they are elected and accountable and have the expertise to ensure best use of community benefit funds. Potential advantages of a central community benefit pot in each local authority area were noted, including a view that it should be possible to use community benefits for the ‘common good’, including providing community services. However, there was also a view that local authorities should not have a formal role in delivery and concern that community benefit funds could be used to cover statutory responsibilities, leaving little funding available for community focused projects.

With respect to potential models, a local authority respondent reported that they are currently considering options for governance of a strategic fund, following a partnership approach involving the Council, public agencies, renewables companies and community representatives. Other suggested approaches included: setting up regional trusts governed by community representatives; using Local Action Groups (which already have a role in dispersal of Community Led Local Development (CLLD) funding); and amalgamating the steering groups mentioned above to form regional bodies.

National decision making

Turning to using community benefit funding at a national level, there was again a view, from a small number of respondents including a national advocacy organisation, that offshore energy developers should be asked to contribute to an *additional* fund, to support community wealth building across Scotland. It was also suggested that local communities might be given a choice to opt in to a national fund. With respect to potential decision-makers at national level suggestions included: the Scottish Government; an independent board, led by community representatives, including representatives from the Convention of Scottish Local Authorities (COSLA) and developers, along with fund management expertise and financial experts; a National Renewable Energy Community Benefit Board with representatives of relevant geographical, recreational, commercial and political communities; and an independent committee representing Scotland's diverse geographies and population groups, tasked with funding community projects, particularly from marginalised communities.

Organisations that should not be involved in decision making

Individual respondents in particular expressed views on organisations that should not be involved in decision-making, with developers, local authorities, the Scottish Government, development trusts and community councils all referenced. There was also a view that no single organisation should make a decision on behalf of the community.

Energy developer respondents were among those envisaging that renewable energy companies should have a role in the decision-making process, although other respondents, including some community councils, felt that developers should not be involved in any administration or distribution of funds, with an associated position that developers should not place any restriction on use of community development funds. In particular, a national advocacy organisation and a public body respondent proposed that communities should be able to accumulate funds over several years rather than being pressured to spend funds within a single year.

Question 1.4: 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?

Question 1.4 summary

It was argued that, to ensure that the views of the community are taken into account, decision-making bodies must be community-led. Other suggestions included that they should also be properly constituted bodies and democratically representative of the relevant area, with transparent election of board members.

A frequent view was that the needs and wishes of the community will already be reflected in existing local plans such as LPPs and CAPs that are drawn up after community-led consultation so, where these exist, they should guide the priorities for use of community benefit funds. Where no suitable plans exist, it was suggested that communities should be provided with support and resources to produce them.

While energy developer respondents referenced their own early, widespread, inclusive consultations there were also calls for greater engagement and more direct consultation with all members of the local community. The importance of engagement at the earliest stages of project planning was also highlighted.

In terms of the engagement methods that might be used, there were suggestions that there need to be meetings, focus groups, workshops and surveys.

A total of 320 respondents answered Question 1.4 including, as a general point, that policy development in this area should take account of the findings of current research being carried out on the role of CLLD[4].

The framing of some answers was influenced by who the respondent considered the 'decision-makers' and the 'communities' to be. In particular, place-based community organisation and national advocacy organisation respondents were concerned that the question implies 'decision makers' and 'communities' are separate groups when, in their view, relevant communities should be decision makers, with full control over how community benefit funds are used. Energy developer respondents also noted that communities are best placed to decide how funds are used, seeing the role of other decision makers as to empower community decision making and enhance their capacity to deliver strategic change.

Important features of local decision making-organisations

Individual respondents were among those arguing that, to ensure that the views of the community are taken into account, decision-making bodies must be community-led. Specific suggestions included that they should also:

- Be properly constituted bodies, such as Scottish Charitable Incorporated Organisations, community benefit societies, community trusts, development trusts and community councils.
- Be democratically representative of the relevant area with transparent election of board members.
- Have defined roles, an induction/training process, an agreed code of conduct and a limited term for board members.
- Have clear guidance/criteria on allocation of funds, including that funds are used for community benefit not individual gain.
- Have procedures for resolving disagreement as communities in an area may not share a common perspective. It was noted that there may not always be a representative view.
- Avoid the same body making decisions and implementing projects.

Several examples of existing good practice were referenced.

[4] Scotland's Rural College (SRUC) is leading the Scottish Rural Communities Policy Review looking at three core elements of Scottish Government funding and support for rural communities, including CLLD: SRUC news page on shaping policy in rural communities

Potential for use of participatory budgeting or deliberative panels was also highlighted as a means of ensuring that an element of funding is available for direct community investment, even if some funds are used at regional or national level. Participatory budgeting was also seen as an engaging way of bringing communities together to share ideas.

There were also references to the importance of capacity building and to the benefits of sharing information. However, one concern with respect to community capacity was that activities associated with renewable energy should not displace other important local activities.

Aligning priorities with local plans

A frequent view was that the needs and wishes of the community will already be reflected in existing local plans such as LPPs and CAPs that are drawn up after community-led consultation so, where these exist, they should guide the priorities for use of community benefit funds. Where no suitable plans exist, it was suggested that communities should be provided with support and resources to produce them.

Community consultation

While energy developer respondents referenced their own early, widespread, inclusive consultations there were also calls for greater consultation and more direct consultation with all members of the local community. Respondents emphasised the importance of engagement at the earliest stages of project planning but there were also calls for decision makers to consult members of the community to inform spending priorities if the local plans referenced above are not available, and to explore potential options that align with existing plans.

In terms of the engagement methods that might be used, there were suggestions that there need to be meetings, focus groups, workshops and surveys. Using a range of communication methods was also seen as important, for example because a single route could inadvertently exclude sections of the community, and because strategies tailored to align with local customs and values can increase the relevance and acceptance of projects. There were calls for consultation exercises to be conducted by external, professional facilitators and it was suggested that the Principles could enhance the guidance on effective consultation and signpost to best practice examples.

Monitoring and reporting

Respondents highlighted the importance of ongoing monitoring and review of funding decisions with suggestions that either other members of the community or central government might be involved in such a process. A specific audit role for the Scottish Government to assess whether community benefit arrangements comply with the Principles and the principle of community control was also proposed.

Regular reporting on funding decisions was seen as important to ensure accountability, with suggestions that reporting should be both to the community and to the Community Benefits Register. Opportunities for communities to give feedback should also be provided.

Regional/national issues

Local authority respondents suggested examples of their own policies and strategies that reflect the needs and wishes of the wider community and could be used to identify overarching priorities for investing community benefits for the common good. It was sometimes noted that such documents will already have been subject to extensive public consultation.

As well as facilitating a more strategic approach to spending, it was suggested that a single community benefit pot for a local authority area could reduce administrative burdens, and offer a more efficient way for community voices to have an input, avoiding the need to respond to multiple consultation exercises organised by different developers.

Other points made with respect to management of a regional or national fund included that there could or should be:

- Community representation in decision-making, either directly as part of decision-making bodies or on committees overseeing allocation and management of community benefits. One suggestion was that a such bodies must have meaningful numbers of community delegates.
- Scope for projects meeting eligibility criteria to be led directly by communities, but also by third sector or public bodies if more appropriate.
- Regional trusts governed by community representatives, operating independently of public sector bodies but able to draw on them for advice and support.
- Regional/national boards with representatives of communities of place and of interest.

Question 1.5: What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

Question 1.5 summary

Suggestions for specific types of projects that should be supported to maximise impact included: acquiring assets to generate long term income; investment in training and upskilling to address current skills gaps; sustainable development projects; energy retrofit projects; and reduced electricity prices.

A frequent topic was the current voluntary basis of community benefit payments, with a view that these should be made mandatory, with penalties for non-compliance.

Providing opportunities for community ownership or shared ownership of renewable energy projects was also seen as a way of maximising impact, and it was suggested that shared ownership, either as a joint venture or shared revenue, should be included as an integral part of the Principles for offshore wind.

A total of 320 respondents answered Question 1.5 with responses tending to summarise points made at other questions in this section, and to reflect the differing approaches being advocated. Respondents highlighted the importance of: early, extensive and ongoing engagement and consultation with affected communities; capacity building; and real community involvement in decision making, including that projects should be community-led. Taking a strategic approach, targeting projects that make long term strategic difference, and aligning spending with local needs and priorities were also seen as important.

There were also suggestions with respect to specific types of project that should be supported to maximise impact including: acquiring assets to generate long term income; investment in training and upskilling to address current skills gaps; sustainable development projects; energy retrofit projects; reduced electricity prices and regulatory conditions to facilitate use of locally produced electricity; nature restoration; and projects to develop tourist infrastructure or safeguard the future of fishing industry. To support community wealth-building initiatives it was suggested that all projects should use local contractors and suppliers where possible.

Other actions to maximise the impacts of community benefits from offshore wind

Nature and scale of community benefit obligations

A frequent topic was the current voluntary basis of community benefit payments, with a view that these should be made mandatory, with penalties for non-compliance. Specific suggestions included that Crown Estate Scotland could write a binding community benefit agreement into leasing contracts, and that elements of the Scottish Futures Trust model for community benefits could be adopted, including a clear distinction between contractual obligations and aspirational targets. There was acknowledgement that adopting a mandatory approach to community benefits would require action from the UK Government.

It was also proposed that community benefits should be payable:

- For the full life of development, including construction and decommissioning.
- At a higher rate than the present £5,000 per installed megawatt (MW) per year payable for onshore wind, with suggestions that this should be: increased to £7,500; should be based on a percentage of turnover and should not be capped; or that it should be the same as paid in relation to onshore wind.

A further proposal was that the planning process could be used to incentivise developers, for example by making community benefits a material consideration when deciding planning applications.

From a different perspective, one energy developer respondent sought clarity on how the refreshed Principles will align with local energy and social charters being developed by some local authorities, raising a concern that renewable energy projects could become unfeasible in these council areas. Another noted that they would welcome a common approach being adopted across each local authority.

Encouraging Community Ownership and Shared Ownership

Providing opportunities for community ownership or shared ownership of renewable energy projects was also seen as a way of maximising impact, and it was suggested that shared ownership, either as a joint venture or shared revenue, should be included as an integral part of the Principles for offshore wind. Public ownership of energy resources was reported to have been shown to deliver more revenue to communities than any other model of community benefit.

Potential opportunities and barriers in relation to shared ownership are considered at Questions 11 and 12.

Flexibility in release and use of community benefit funds

Points were also raised with respect to the ways in which community benefits are released by developers, or restrictions on the way they can be used including that:

- Multi-year funding can have more impact than an annualised grant.
- Early-stage funding should be provided for capacity building and governance development.
- No limitations or conditions should be placed on how benefit payments are used (within government guidance) and they should not be time bound.
- Revenue grants should be available to support paid community support roles.
- There should be freedom to use community benefits as seed funding for larger projects and for core costs that can be difficult to fund elsewhere.

It was also suggested that community benefits should be used to leverage additional funding and thereby create greater impact.

Providing additional resources for communities

As noted above, building the capacity of communities to undertake projects was seen as a way of maximising the impact of community benefits. There were also suggestions with respect to additional support or resources that should be provided to communities, including:

- Paid roles – for example Community Benefit Champion posts, created or funded by the Scottish Government – individuals who could support negotiations with developers, engage communities, and build local capacity. It was noted that employing staff who live locally would be preferable to use of consultants, who do not improve capacity.
- Free/affordable legal advice.
- Forums for community groups to communicate with each other, share experiences, ask questions and solve problems. This could be organised by region or by developer.

- Collaboration between support agencies to share best practice with their members and networks, helping to standardise approaches and ensure that successful strategies are replicated across different projects. Signposting to the Scotland Community Benefits and Shared Ownership Register so that communities new to community benefit can gain insights into projects that other communities have undertaken.

It was also suggested that, if a Community Benefit Advice Service is established, its remit should include offshore wind projects.

What good looks like

In terms of 'what does good look like?', answers included that good is:

- Anything that makes a positive and wanted contribution to the local area and is supported by local people.
- Delivering long-term, sustainable benefits to communities.
- Openness and transparency by developers and community benefits organisations.
- Measurable outcomes – clear metrics for success, such as the number of jobs created, skills developed, or infrastructure improvements realised.
- Local communities having the financial expertise to evaluate and take up community ownership offerings at scale.
- Less opposition to offshore wind developments, and long-term support for affected communities.
- Local communities feel that having the project in their region has been a net benefit and that the project is 'part of the community' and not something thrust upon it.

Question 1.6: 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?

Question 1.6 summary

Many respondents considered that using community benefits for larger, longer term or more complex projects could have positive effects, with the potential to bring transformational change. In particular, respondents anticipated that larger, more strategic projects could bring major infrastructure improvements, including in relation to transport, housing, energy retrofitting and climate adaptation and resilience projects. Significant opportunities in relation to skills and workforce development were also predicted.

However, others disagreed in principle with directing community benefits to larger or longer-term projects or predicted negative impacts. These included reduced agency/voice for local communities and less funding for small projects or the most impacted communities. A particular issue raised, by respondents from a range of respondent types, was that community benefit funding should not be used to fund statutory duties, either of local or national government.

A range of respondents, including most of the energy developers who commented, suggested that the capacity of local communities to undertake larger projects will be important, with a view that larger funding pots will require greater capacity along with third party support and knowledge exchange. There was a related concern that communities requiring help to deliver large projects could risk being dominated by large organisations.

There were also calls to balance any use of community benefits for larger, longer-term projects with a proportion of funds being protected for local, community-led initiatives, including smaller projects that deliver benefits over shorter timeframes.

A total of 315 respondents answered Question 1.6, including some who stressed that use of community benefits should be directed only by the local community.

Potential positive impacts

A frequent view was that using community benefits for larger, longer term or more complex projects could have positive effects, with scope to amplify the impact of community benefits, or the potential to bring transformational change. In particular, respondents anticipated that larger, more strategic projects could bring major infrastructure improvements, with examples including, transport; housing; energy retrofit initiatives and other work to reduce energy bills or tackle fuel poverty; and climate adaptation and resilience projects. Significant opportunities in relation to skills and workforce development were also predicted.

Among other potential benefits suggested were that:

- Investment of community benefits could help to secure larger scale projects.
- Such projects could provide communities with a secure, long-term income stream and reduce dependency on short-term funding.
- Large projects would bring economies of scale.

Scope for large or long-term projects was seen as illustrating the benefit of taking a collaborative or regional approach to community benefits and using benefits to support projects that align with local authority or regional investment priorities. Below local authority level, it was suggested that pooling benefits between community councils can also enable larger initiatives, while keeping a closer link with the priorities of individual communities.

While seeing positive impacts, respondents often added caveats or challenges that would need to be addressed, as outlined below.

Potential negative impacts

Other respondents disagreed in principle with directing community benefits to larger or longer-term projects, or predicted negative impacts, including noting that they would oppose use of community benefits for larger projects if this also implied creation of a regional or national fund, with which they disagreed. It was also argued that large infrastructure projects should be funded by the Scottish Government or by local authorities.

Among the potential negative impacts suggested if community benefits were to be used for larger or longer-term projects were:

- Reduced agency/voice for local communities.
- Less funding for small projects or the most impacted communities.
- A risk that projects will be dependent on private sector actors who could withdraw at any time.
- A risk that project management is too top-down and loses sight of local needs.

Caveats and challenges

Funding issues

Respondents highlighted a requirement for secure and long-term community benefit funding in order to undertake larger or longer-term projects or argued that communities should be supported to build reserves where larger projects are most appropriate. However, it was noted that energy developers may face challenges committing to long term benefits, especially those using Contracts for Difference (CfD).

One proviso, raised by respondents from a range of respondent types, was that community benefit funding should not be used to fund statutory duties, either of local or national government.

An alternative suggestion was a cap on the proportion of community benefit spending relative to other infrastructure funding from general taxation. Energy developer respondents suggested that the Principles should highlight a risk that, if a community does take on the delivery of a public service, statutory funding may not be forthcoming in the future should public finances improve.

Capacity issues

A range of respondents, including most of the energy developers who commented, argued that the capacity of local communities to undertake larger projects will be important, with a view that larger funding pots will require greater capacity along with third party support and knowledge exchange. There was a related concern that communities requiring help to deliver large projects could risk being dominated by large organisations.

A further suggested risk was that smaller or marginalised communities with limited capacity could be excluded, and there was a specific concern that voluntary community groups could be sidelined in favour of organisations such as development trusts with paid staff. It was suggested that the Principles should encourage developers and communities to prioritise capacity building, especially in early funding, including using small scale projects help to build capacity and putting a focus on using community benefits to leverage wider funding opportunities.

Implications of larger, long-term projects

It was noted that the benefits from larger and longer-term projects are likely to take longer to realise and may be of less direct benefit to the communities most affected by an offshore development, with an associated risk that these communities may feel short changed. The importance of clear communication on the long-term nature of the benefits involved and why benefits are being spread more widely were highlighted.

It was also observed that both communities and projects may evolve over the lifetime of a longer-term project, necessitating a flexible approach to priorities and support.

Retaining community control

Respondents saw the process of engagement and consultation with local communities as vital with a suggestion that contributing community benefit funds for larger and longer-term projects would need the community's agreement. A local authority respondent reported their experience that collaboration or pooling of benefits may be more acceptable to communities who have already received such funding and have either built capacity or acknowledge their lack of capacity. In contrast, communities accessing funds or support for the first time may choose a more localised approach or small projects.

Others argued that larger scale or longer-term projects delivered at a regional level should only be acceptable if they provide clear benefits to the communities directly impacted by offshore wind development. It was also suggested that communities should retain full control of community benefits and could, with support, manage larger projects if sufficient funds were available. Indeed, it was suggested that communities can, and already are, delivering larger projects.

A mix of projects

An alternative perspective was that, to balance any use of community benefits for larger, longer-term projects, a proportion of funds should be protected for local, community-led initiatives – potentially smaller projects that deliver benefits over shorter timeframes. A Scottish Community Wealth Fund was proposed as a mechanism that would allow communities to benefit from larger scale, longer-term projects, while still being able to use local community benefit funds for other projects.

Question 1.7: The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities?

Question 1.7 summary

Respondents were most likely to disagree with a regional or national response. Amongst those who were supportive, levels of support for a regional or national approach were broadly equivalent.

Respondents from a range of respondent types either supported a regional approach or indicated circumstances where they might do so subject to certain caveats including that regional funding should be separate from, and additional to, local funding pots. Other provisos included agreement with a regional approach only where a portion of funding is retained at a more local level, where allocation of funds remains community-led or where a significant number of projects are concentrated in the same area.

Local authority respondents were amongst those indicating that they would welcome a regional approach, and there was a view that the approach to delivering community benefits should sit at local authority area level, but no higher. Reasons given for supporting a regional approach included offsetting challenges relating to geographical dispersal of offshore wind communities, enabling a strategic approach to bigger projects and projects extending across local community boundaries and sharing funds more equitably.

Among reasons for disagreeing with a regional approach was a concern that community benefits might be used to fill local authority funding gaps. Other reasons for opposing a regional approach included risks that benefits are diverted away from, or have less impact for, the local communities that are most affected by offshore wind projects.

Among respondents who would either support or consider a national approach to delivering community benefits, the most frequent reason was that this would be the most inclusive and equitable.

Reasons given for opposing a national fund included that it would divert funds away from most the most impacted communities and regions and would undermine the principle of local decision-making.

A total of 320 respondents answered Question 1.7.

The most frequent answer was that the respondent disagreed with a regional / national response or that community benefits should be restricted to communities that are local to offshore wind projects.

Among respondents expressing support for regional or national approaches to delivering community benefits, there was sometimes an expectation that these funds would be *additional* to the existing pot for local spending. In contrast, energy developer respondents pointed to the levels of revenue from offshore wind projects already being paid in to the public purse, with an associated concern that disproportionate costs in relation to community benefits will reduce competitiveness in UK-wide CfD auctions and risk developers not meeting investment criteria. One view was that additional obligations would be unsustainable.

Energy developer respondents were also among those who highlighted important advantages of a local approach that they felt could be lost. This included that community benefits help local community acceptance of renewable energy projects, and that a perception of benefits being redirected is likely to isolate the project from the local community and erode the relationship between developer and community. A place-based community organisation respondent highlighted significant benefits brought to their community by relatively small amounts of funding, noting that these would not have happened without local control of community benefit resources.

As at other questions, there was also an observation that individual situations are so variable that a flexible approach is required, allowing benefits to be tailored to local needs. Hybrid or tiered models involving combinations of local, regional and national approaches were proposed.

Regional approaches

There was apparently differing understanding of what is meant by 'regional' – as one respondent observed, 'agreeing what is meant by 'regional' is challenging'.

Reasons a regional approach is supported

Respondents from a range of respondent types either supported a regional approach or indicated circumstances where they might do so, subject to certain caveats including (as noted above) that regional funding should be separate from and additional to local funding pots. Other provisos included agreement with a regional approach only: where it is not possible to deliver benefits at local level; where the approach is agreed by the local community; where a portion of funding is retained at a more local level; where allocation of funds remains community-led; or where a significant number of projects are concentrated in the same area.

While a number of local authority respondents indicated that they would welcome a regional approach, others were among respondents expressing a view that the approach to delivering community benefits should sit at local authority area level, but no higher. Explaining this position, two respondents argued that since the Scottish Government retains revenues from ScotWind lease options, community benefit payments should stay linked to host communities at local authority level. An alternative perspective, voiced particularly by national advocacy organisation respondents, was that an approach where different regions or local authorities create their own funds risks some areas not being covered by any regional fund, so consideration and consultation on the appropriate scale and boundaries of regional funds would be needed.

Reflecting points made in the consultation paper, reasons given for supporting a regional approach included:

- Offsetting challenges relating to geographical dispersal of offshore wind communities.

- Enabling a strategic approach to bigger projects and projects extending across local community boundaries.
- Sharing funds more equitably, including as part of just transition, and mitigating the cliff edges that can occur when neighbouring communities have access to very different levels of funding.
- Acknowledging that impacts associated with offshore wind projects extend over a wider area and affect more communities than those who are geographically closest to the development.

Respondents who saw merits in a regional approach also felt that it could:

- Maintain local connection and decision making, ensuring strong local input.
- Provide funds at a scale where there can still be impact and clear benefits to local residents, as long as the size of the region is proportionate to the available funding.
- Assist individual communities with access to shared development staff or shared reporting structures.

A number of examples of successful regional approaches were referenced. It was also suggested that a fund might be lodged with an organisation such as Foundation Scotland, to be distributed on a local or regional basis as appropriate.

Reasons a regional approach is not supported

Among reasons for disagreeing with a regional approach was a concern that community benefits might be used to fill local authority funding gaps. Other reasons for opposing a regional approach included risks that:

- Money is diverted away from or has less impact for the local communities that are most affected by offshore wind projects.
- Funds are spread too thinly to have real impact. This view was often expressed by energy developer respondents.
- Local authorities would not be sufficiently responsive to the needs of communities. A community council respondent reported their experience of an existing local authority-run scheme as being that, although communities are supposed to have a say in how money is spent, in practice this does not happen, and decisions are made by council officers.

National approach

Reasons a national approach is supported

Among respondents who would either support or consider a national approach to delivering community benefits, the most frequent reason was that this would be the most inclusive and equitable approach. It was also suggested that, in effect, all electricity payers contribute to Community Benefit Funds. Again, there was an expectation that a national fund should be additional to rather than in place of existing local funds.

Suggestions with respect to a national fund included:

- A Scottish Community Wealth Fund, delivered by an organisation independent of the Scottish Government and with a board led by community representatives. This was described as ‘a national fund for local community projects’.
- A National Wealth Fund for projects that do not impact specific communities. In particular, it was suggested that Scotland could learn from the experience of the Dutch North Sea ‘Transition Fund’ which provides an integrated approach to community benefits in coastlines of intense offshore development.
- A model similar to the Norwegian Sovereign Wealth Fund, investing in long term initiatives rather than distributing piecemeal funding.

Reasons a national approach is not supported

There was some strength of feeling among respondents who did not support a national fund. Reasons given for opposing a national fund included that:

- It would divert funds away from most the most impacted communities and regions. It would also fail to embed the principle of Community Wealth Building that wealth from natural assets should be recirculated locally.
- A national fund would undermine the principle of local decision-making and the link with the fund addressing local concerns and benefiting local residents. It would also fail to take sufficient account of local priorities and opportunities for collaboration.
- As an incentive for deployment of renewables, there needs to be a close link between community benefit funds and the communities that experience negative impacts. Such impacts are not experienced nationally and, by extension, benefits managed or delivered nationally are no longer ‘community’ benefits.
- Benefits would be diluted; with a risk they are spread too thinly because available funds are not of sufficient scale to have impact at a national level.

Question 1.8: 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.

Question 1.8 summary

There was a view that the Principles provide an opportunity to deliver genuine positive impacts for communities, including with respect to those with protected characteristics and other groups. Respondents suggested that fairer allocation of funds that is aligned with local needs and priorities will have a positive impact on communities of place and interest – such as those in remote rural locations, areas of deprivation, people on low-incomes and protected characteristics.

Rural and island communities were frequently referenced, with the Principles seen as a key opportunity to benefit the rural, island and coastal communities most affected by net zero projects. These communities were described as experiencing significant deprivation linked to low incomes. Intersection with other groups, including with a higher prevalence of older people, was also highlighted.

In terms of specific impacts for rural, island and coastal communities, there was reference to economic development and enhancement of infrastructure, and reduced energy costs if community benefits support local renewable projects or energy efficiency improvements. Discussion of potential negative impacts included concerns around the extent to which rural, island and coastal communities are able to shape decision making, especially if decisions around use of community benefits are too centralised.

Economic development and employment opportunities were viewed as an area of potential positive impact for rural and island communities, with investment in training programmes linked to offshore wind seen as providing scope for well-paid jobs in the renewable energy sector. Possible negative impacts for businesses included a risk small local businesses might lose out to larger external contractors with respect to either capacity to deliver or costs.

A total of 290 respondents answered Question 1.8.

There was a view that the Principles provide an opportunity to deliver genuine positive impacts for communities, including with respect to those with protected characteristics and other groups. Examples were provided of community benefits already supporting services and activities that are essential to meet local needs, and it was reported that the Principles have helped to encourage more inclusive practices around the calculation and allocation of community benefit funds. Respondents suggested that fairer allocation of funds that is aligned with local needs and priorities will have a positive impact on communities of interest and place – such as those in remote rural locations, areas of deprivation, people on low-incomes and protected characteristics.

The approach to implementation of the Principles and management of community benefit funds was a focus for a range of respondents, who saw this as critical in terms of ensuring potential positive impacts can be realised for specific groups. It was suggested that marginalised groups or those with protected characteristics may be overlooked without effective implementation and engagement.

There was also concern that poor implementation could result in unintended negative impacts and exacerbate existing inequalities. It was proposed that independent research should be commissioned into the impact of community benefit funds to date, to identify learning around how funds can address the needs and priorities of communities.

Inclusivity was identified as a key focus for implementation of the Principles, especially for those who may face barriers to participation. Specific groups identified as at risk of exclusion from community benefit processes included those affected by visual impairment, language/literacy barriers, older populations, low-income households, those in areas of deprivation, disabled people and digitally excluded populations.

Comments around implementation of the Principles also included issues discussed at earlier questions regarding the potential role of regional or national management of community benefit funds. It was suggested that local communities could be disadvantaged by community benefit funds being redirected regionally or nationally, or alternatively that a national fund could ensure that community benefits can reach all those in need regardless of proximity to development. Other points raised in relation to allocation of funds included:

- How communities of interest are defined for community benefit purposes, including a call for guidance on how to balance geographical proximity with specific groups.
- The role of communities, including those who are already marginalised or excluded, in decision-making around use of community benefit funds and the importance of decision-making processes being accessible to local communities and businesses.
- A proposal for community benefit processes to incorporate Equality Impact Assessments.

Impact for specific groups

Rural and island communities

Rural and island communities were frequently referenced, including the requirement on public bodies to consider impacts for island communities and coastal communities. Rural and island communities were thought particularly likely to be impacted by the Principles due to their proximity to offshore wind development. This was noted both in terms of communities being likely to receive a larger share of benefits and being at higher risk of negative impacts.

The Principles were seen as a key opportunity to benefit the rural, island and coastal communities most affected by net zero projects. These communities were described as ‘fragile’, as having received historical under-investment, and as experiencing significant deprivation linked to low incomes, fuel poverty and high housing or transport costs, which may not be evident through measures such as the Scottish Index of Multiple Deprivation. Respondents suggested that some activities and organisations in rural and island communities are already reliant on community benefit funding to provide important services and funds were seen as having potential to further support the socio-economic resilience of these communities.

Intersection with other specific groups was also highlighted. For example, it was reported that rural and island communities typically have a higher prevalence of older people and specific forms of deprivation such as higher rates of fuel poverty. It was proposed that management of community benefits should consider the particular demographics and protected characteristics of rural and island communities.

In terms of specific impacts for rural, island and coastal communities, positive impacts anticipated in relation to economic development, included job creation and skills development, enabling rural businesses to participate in net zero supply chains, and enhancement of infrastructure, especially improved transport and digital connectivity. Other potential positive impacts included:

- Reduced energy costs if community benefits support local renewable projects or energy efficiency improvements.
- Increased tourism activity as a result of improved transport infrastructure, although it was acknowledged that higher visitor numbers can also have negative consequences.
- Potential to support population retention and repopulation in rural communities.

Discussion of potential negative impacts included concerns around the extent to which rural, island and coastal communities are able to shape decision making, especially if decisions around use of community benefits are too centralised. Respondents also suggested that communities may lack the capacity – in terms of skills, knowledge or time – to engage with developers and navigate complex application processes without additional support, and that some communities can be overwhelmed by the volume of renewable project proposals affecting their location.

Other negative impacts included:

- Potential for communities to be disadvantaged if community benefit funds are redirected to regional or national funds.
- Potential for rural, island and coastal communities to be disproportionately impacted if key industries are adversely affected by offshore development, primarily with reference to marine industries and tourism.

Low incomes and deprivation

It was suggested that low-income households and those affected by deprivation could benefit from a range of community benefit-funded initiatives such as support for: local renewable or energy efficiency projects; affordable housing initiatives; educational opportunities; small businesses; and community capacity building. However, there was also a view that more targeted measures may be required to deliver tangible benefits for low-income households and deprived communities.

In terms of specific positive impacts, respondents suggested that community benefits could be used to:

- Secure reduced energy costs or energy efficiency improvements that could be of particular to benefit low-income households and those in fuel poverty.
- Invest in local infrastructure and services or provide targeted support for affordable housing or creating employment opportunities.

Potential negative impacts identified in relation to low incomes and deprivation included:

- A risk of unintentional exclusion from participation in decision-making or grant application processes.
- A risk of unintended consequences if higher costs to developers result in higher energy prices – disproportionately impacting those in fuel poverty.

Protected characteristics

A local authority respondent suggested that it may be challenging to address protected characteristics directly since community benefits typically have a geographic focus. However, they saw the Principles as an opportunity to promote the issues in local partners' Equality Outcomes and LPPs. Another suggested that a gender-based accounting approach could be used to ensure that benefits are distributed among different gender groups, and by extension, other protected characteristics.

Other positive impacts included:

- Potential for capacity building and community resilience to have a particularly positive impact for protected characteristics.
- Calls for age-based targeting of community benefits.

Potential negative impacts included a risk older people and those with disabilities could be excluded if the approach to participation and information sharing is not inclusive. It was suggested that a tailored and targeted approach is required to ensure processes include all protected characteristics.

Business impact

Economic development and employment opportunities were viewed as an area of potential positive impact for rural and island communities, with investment in training programmes linked to offshore wind seen as providing scope for well-paid jobs in the renewable energy sector. Other specific positive impacts identified for businesses included:

- Opportunities for businesses to benefit from community benefit funded activities, most directly through participation in supply chains, where community-based groups reinvest funds locally. It was also argued that investment in local ‘anchor’ businesses and services can extend the local impact of funds.
- Potential for capacity building and other community benefit funded activities to increase tourism activity and footfall for local businesses.

Possible negative impacts for businesses included:

- A risk that small local businesses might lose out to larger external contractors with respect to either capacity to deliver or costs.
- A suggestion that community benefits could provide a competitive advantage to some local businesses – thus disadvantaging others – or that community benefits could be too focused on community and third sector groups, missing opportunities to support businesses.

Determining appropriate levels of community benefits from offshore wind

A fundamental of community benefits, as set out in the existing Good Practice Principles, is that each package should be tailored to reflect the characteristics of the development, allowing communities and developers to agree an approach which delivers the best outcomes for the circumstances at hand.

Question 1.9: In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

Question 1.9 summary

Respondents reiterated views set out at earlier questions in relation to whether community benefits from offshore wind should be paid only to the local communities most directly impacted by a development or whether an element of redistribution of benefits at local authority/regional/national level would be appropriate.

With respect to features of community benefits, the most frequent suggestion was that payments should be mandatory, with arguments that they should also be index-linked, paid annually and paid over the whole life of the project.

The need to set benchmarks for all offshore technologies as they develop was suggested, with an expectation that levels might differ. A benchmark for offshore wind was seen as important, providing clear expectations and creating a level playing field between developers. However, energy developer respondents in particular highlighted the extent of variation between individual offshore wind projects suggesting the need for flexibility and for funding levels that are based on the actual impact on communities.

Respondents, across a range of respondent types, suggested that a benchmark for offshore wind should be in line with that set for onshore wind (i.e. £5,000 per installed MW per year, index-linked). However, energy developer respondents noted that offshore wind projects are inherently more challenging and more expensive, so an equivalent level of community benefits should not be expected.

A wide range of values for benefits based on capacity or share of revenue were proposed. It was also proposed that developers should offer opportunities for shared ownership as a mechanism for providing more significant levels of benefit for communities.

A total of 305 respondents answered Question 9.

In terms of what would be just, respondents reiterated views set out at earlier questions, with respect to whether community benefits from offshore wind should be paid only to the local communities most directly impacted by a development or whether an element of redistribution of benefits at local authority/regional/national level would be appropriate. There were also references to procedures for decision-making or priorities for use of community benefits including: improving energy efficiency and reducing energy bills; infrastructure improvements; a focus on skills development and local employment.

Determining a proportionate level

A general suggestion was that to be proportionate a community benefit package should take account of the scale, duration, and intensity of the development and the degree of impact experienced by different communities at different times.

Mandatory payments

With respect to features of community benefits, the most frequent suggestion was that payments should be mandatory, with arguments that they should also be index-linked, paid annually and paid over the whole life of the project. In some cases, it was suggested this should include the construction phase, or that benefits should be made available to communities from very early engagement with developers, prior to the fund being agreed, for example to cover professional services.

An alternative perspective was that community benefit should remain voluntary. It was also suggested that they remain outside of the planning process.

Setting a benchmark

The need to set benchmarks for all offshore technologies as they develop was suggested, with an expectation that levels might differ.

Respondents saw setting a benchmark for offshore wind as important, providing clear expectations and creating a level playing field between developers. It was reported that setting a benchmark for onshore funds had freed communities from the need for individual negotiations over the value of the fund and allowed them to plan and budget. Scope to vary any minimum value upwards based on community needs, local socioeconomic context, and the extent of infrastructure or landscape impact was also proposed.

In contrast, energy developer respondents in particular highlighted the extent of variation between projects, noting the need for flexibility and funding levels that are based on the actual impact on communities. Rather than setting a benchmark, it was proposed that the size of community benefit packages should be at the discretion of an individual developer, based on their project's business model.

A further issue, again raised primarily by energy developer respondents, was that elevated expectations around community benefit should not reduce Scotland's competitiveness in the offshore wind market. There was concern that community benefit costs could require Scottish developers to increase their CfD bids, both increasing prices for UK consumers and disadvantaging Scottish projects if the same costs are not replicated elsewhere in the UK. An associated suggestion was that community benefits should be seen as part of wider package of benefits brought by renewable energy projects including supply chain investments, skills development and training programs, job creation and lease payments to Crown Estate Scotland. One view was that these lease payments – effectively economic rent collected by Crown Estate Scotland as the landowner – should be used to provide community benefits.

Parity with onshore wind

Respondents, across a range of respondent types, suggested that a benchmark for offshore wind should be in line with that set for onshore wind (i.e. £5,000 per installed MW per year, index-linked). However, energy developer respondents observed that offshore wind projects are inherently more challenging and more expensive, so an equivalent level of community benefits should not be expected. Additional points in support of this position included that:

- Developments which are far offshore will not have the same visual impact on communities as onshore wind farms can do.
- While CfD contracts provide developers with a guaranteed price for the electricity they generate, recent increases in commodities costs and grid charges have both reduced profitability and increased risk levels.

A requirement for research to assess the relative profitability of offshore and onshore wind was suggested in order to help to make an informed decision on an appropriate level of community benefit for the offshore sector, as was the need for transparency from energy developers around project finances. In light of the commercial sensitivity of such information, a potential role for the Scottish Government in determining an appropriate level of benefits was highlighted.

Issues relating to setting a benchmark value for onshore renewable energy technologies are discussed in Section 2, Questions 2.11 and 2.12.

Methods for determining community benefit rates

Respondents suggested various criteria for determining community benefits based on the quantity of energy produced (either installed capacity or actual generation) and/or on the revenue or the profits made by the developer. A specific proposal was that revenue should be inclusive of constraint payments.

Benefits based on capacity

Respondents proposed a wide range of values for benefits based on capacity, varying from £1,000 per MW for the lifetime of a project (suggested by an energy developer respondent) to figures of £10,000 per MW or more (suggested by respondents including place-based community organisations and individual respondents). More typical suggestions were £5,000 per MW, £7,000 per MW, or £7,500 per installed MW.

Benefits based on a share of revenue

It was noted that this approach means that the community benefits if the developer does well. Again, a range of values was suggested including: 2.5% generated value; 2.5% gross profit; 5% gross revenue and 5% gross profits. Respondents suggesting the last value typically supported a breakdown of 1% gross profit going to the local community and 4% to a Scottish Community Wealth Fund.

Combination models

The advantages of a ‘floor and ramp’ model, involving a guaranteed minimum based on project capacity and additional returns linked to revenue were noted, and it was suggested that a fixed amount plus a top-up depending on performance might be more affordable for developers. Among specific combinations suggested, respondents proposing a Scottish Community Wealth Fund also suggested a guaranteed minimum of £2,500 per MW per year, while two local authority respondents noted that they would like to see 2.5% gross revenue or generated value with a guaranteed minimum of £5,000 per MW per year.

Offering shared ownership

It was argued that developers should offer opportunities for shared ownership as a mechanism for providing more significant levels of benefit for communities with some suggestions that such shared ownership should be over and above other community benefits.

Opportunities and barriers associated with shared ownership are considered further at Questions 1.11 and 1.12.

Question 1.10: What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

Question 1.10 summary

There was a view, expressed particularly by community council, place-based community organisation, and national advocacy organisation respondents – that a mandatory benchmark figure would help communities, both by providing a clear indication of the benefits that can be expected and removing the need for negotiation with the developer.

A requirement for earlier or more meaningful engagement between developers and communities to shape schemes was a frequent theme, with an associated view that existing consultation exercises can be superficial. There was a call for discussions to start at an early stage of project planning.

The importance of providing advice and support to help communities when negotiating with developers was also noted, with reference to professional services (such as facilitation, legal, planning and financial expertise) and signposting to existing organisations such as Local Energy Scotland or Community Energy Scotland. Creating Community Benefit Champion posts, to bring specialist knowledge of the renewables industry, along with skills in facilitation and community development was also proposed, along with expanding the Scottish Government's Community and Renewable Energy Scheme (CARES).

Respondents also emphasised the importance of community-led decision making, and particularly a view that developers should not impose predefined ideas with respect to appropriate uses for community benefit funds.

A frequent request from energy developer respondents was for a greater emphasis on the broader socio-economic benefits brought by offshore wind projects, not only supply chain and job opportunities but also the delivery of more affordable energy. There was an associated view that work is needed to better inform communities about both the challenges and limited returns from offshore wind to avoid creating unrealistic expectations on the scale of funds that the industry can deliver.

A total of 305 respondents answered Question 10, with many answers reflecting themes raised across previous questions. As general points, the current onshore Principles were noted as a good starting point, and it was suggested that a voluntary industry standard for developers could embed the good practice encouraged in the Principles. While most respondents focused on guidance for individual communities agreeing packages with developers, there were also comments on how regional or national funds might be agreed.

Standardising payment levels and periods

There was a view, expressed particularly by community council, place-based community organisation, and national advocacy organisation respondents – that a mandatory benchmark figure would help communities, both by providing a clear indication of the benefits that can be expected and removing the need for negotiation with the developer. A local authority respondent proposed that agreements should be legally binding to prevent a voluntary commitment from being altered or withdrawn once planning approval is granted.

It was also suggested that payments should be: at a higher rate than at present to better reflect the impact on communities; index linked and uncapped; for the full operational life of a wind farm; and for periods outside operation – prior to construction and during both construction and decommissioning.

Earlier and more meaningful engagement and consultation

A requirement for earlier or more meaningful engagement between developers and communities to shape schemes was a frequent theme, with an associated view from some respondents that existing consultation exercises can be superficial. An energy developer respondent noted that they would welcome clear guidance on engagement expectations in terms of timing, depth and inclusivity.

Respondents' suggestions with respect to timing included that discussions should start at an early stage of project planning, including before consenting, to allow communities and agencies to raise concerns and expectations during the project scoping stage.

Issues raised at Question 1.1 were also emphasised, including the need for:

- Clear methodology for identifying relevant communities.
- Open and transparent consultation.

Providing comprehensive information in accessible format

Other comments concerned the nature of the information presented to communities at the early stage, including that it should be sufficient to allow informed decisions to be made, including in relation to associated onshore infrastructure, and that it should be provided in a format that is easy to understand.

Providing support and guidance

The lack of relevant experience in many communities was also highlighted, with one suggestion that it may not be viable for communities to agree their own community benefit packages with developers. Other respondents noted the importance of providing advice and support to help communities when negotiating with developers, with suggestions including:

- Access to professional services – for example facilitation, legal, planning and financial expertise.
- Signposting existing organisations such as Local Energy Scotland or Community Energy Scotland or the Community Chartering Network for advice and support.
- An independent body to ensure that communities have an advocate in negotiations.
- Expert advice to assist in drawing up short- and long-term CAPs.

- Creation of Community Benefit Champion posts, to bring specialist knowledge of the renewables industry, along with skills in facilitation and community development.
- Expanding CARES.
- A more consistent community benefits advice and support service.
- A mechanism for peer-to-peer engagement to share experiences and solve problems.

Other ideas included a standard template for benefit agreements, as well as a standardised guidance pack for communities. Suggestions regarding content included: an explanation of how community benefits are separate from the planning process and the roles and responsibilities of all those involved; what to expect and things to think about; feedback from communities that have been in receipt of benefits and lessons learned from previous projects; clear, step-by-step instructions and checklists; clear methodologies for determining funding levels if benchmarks are not set; information on where to get help – as listed above; and case studies and good practice relating to different sizes of energy projects and community benefit packages.

An energy developer respondent highlighted the need for any examples of good practice to be relevant to the Scottish sector noting that economics, energy markets, cost of capital, and government subsidies can all very between countries.

General features of the guidance provided include that it should be:

- Written in clear concise language understood by all stakeholders.
- Visually appealing and laid out to enhance readability.
- Developed after engagement with a wide range of stakeholders. (The process followed by Visit Scotland to develop the Visitor Levy Guidance was suggested as a good example of a structured and inclusive approach.)
- Structured, but flexible enough to adapt to different situations.
- Updated regularly.

While most comments on support and guidance related to the needs of communities, there were also suggestions with respect to provision for developers, for example training about community benefit or additional support for developers to navigate community engagement and benefit agreements.

Deciding how funds can be used

Respondents also emphasised the importance of community-led decision making, and particularly a view that developers should not impose predefined ideas with respect to appropriate uses for community benefit funds. A related suggestion was that making local, regional and national plans available in one place would allow communities and developers to find and use this information to inform and enhance plans for spending community benefit funds.

Communication about wider benefits and challenges in offshore wind

A frequent request from energy developer respondents was for a greater emphasis on the broader socio-economic benefits brought by offshore wind projects, not only supply chain and job opportunities but also the delivery of more affordable energy. There was an associated view that work is needed to better inform local communities about both the challenges and limited returns from offshore wind – still a relatively new technology – and to avoid creating unrealistic expectations on the scale of funds that the industry can deliver. The need for consistency was also highlighted with requests for a common approach to community benefits across Scotland's local authorities and between Scottish and UK Governments.

As at other questions, energy developer respondents also pointed to the wide variation between offshore projects, suggesting that this means there should be no benchmark value, with the scale of individual community benefit funds instead being determined by the developer, based on their project's business model.

Shared ownership of offshore wind developments

Shared ownership is distinct from community benefits, however opportunities for shared ownership of offshore wind developments have the potential to deliver long-term economic and social benefits. Shared ownership is not included in existing good practice principles, however, there is an increasing interest from both communities and industry in how shared ownership could increase the distribution of wealth generated through offshore wind assets.

Question 1.11: What do you see as the potential of shared ownership opportunities for communities from offshore wind developments? Please explain your answer.

Question 1.11 summary

Those respondents who saw potential benefits in shared ownership anticipated some significant opportunities, including providing a direct, secure, regular, long-term or sustainable income to fund community projects, with greater financial returns than provided by traditional community benefit funds.

However, potential problems and challenges were also highlighted including by energy developer respondents who noted that, although supporting the principle of shared ownership, they considered opportunities in relation to offshore wind to be limited or to require major challenges to be overcome first.

Issues limiting the current potential for shared ownership, highlighted by a range of respondents, included the large scale and high costs of offshore wind projects, the complexity of offshore development and the long timescales involved.

While it was acknowledged that the Scottish Government does not have powers to mandate a shared ownership option, national advocacy organisations were among those who suggested that the Principles should state that shared ownership up to 20% is expected as good practice.

There was a clear view of shared ownership as something to complement rather than replace community benefits. There were also suggestions that, rather than host communities raising finance to invest, developers should gift them a small percentage of the project, with 2% the most frequent suggestion.

A total of 300 respondents answered Question 1.11.

Potential opportunities

Those respondents who saw potential benefits in shared ownership anticipated some significant opportunities. It was suggested that, excepting entirely community owned energy projects, shared ownership provides the strongest benefits to communities and that it can be more accessible for communities than taking sole responsibility for developing their own projects.

Suggested advantages of shared ownership included providing a direct, secure, regular, long-term or sustainable income to fund community projects, with greater financial returns than are provided by traditional community benefit funds. Other potential benefits could include:

- Greater control and financial independence for communities, including flexibility in directing funds.
- Improving resilience, diversifying local sources of income and creating opportunities for Community Wealth Building with wealth staying in the community and profits being reinvested locally.
- Opportunities for reducing energy costs for local households and businesses, including a peer-to-peer electricity trading arrangement.
- Opportunities to build capacity within communities.
- Social benefits in terms of inclusion, accessibility and responsibility.
- Opportunity for an ethical investment and a stake in the energy transition to net zero.
- The possibility that shared ownership could increase community engagement or increase support for renewable energy projects.
- The chance to influence project decisions – for example in relation to environmental protection.

Respondents also highlighted potential opportunities for ownership to be shared by wider communities beyond those in closest geographical proximity to the offshore development with suggestions including: local authorities; regional funds sharing benefits across multiple communities; organisations linked by geography or interest coming together to create vehicles to invest; urban communities; and the Scottish Government. One suggestion was that local communities could be given priority in the form of earlier share offers or shares at a lower price than those released in subsequent rounds.

While most respondents focused on opportunities for communities it was also suggested that, for developers, shared ownership could help to finance projects, reduce objections and appeals and enhance their reputation.

Potential problems and challenges

However, potential problems and challenges were also noted including by energy developer respondents who noted that, although supporting the principle of shared ownership, they considered opportunities in relation to offshore wind to be limited or to require major challenges to be overcome first.

Issues seen as limiting the current potential for shared ownership, highlighted by a range of respondents, included:

- The large scale and high costs of offshore wind projects (proportionately greater than for onshore developments) and hence the high level of investment that would be needed for shared ownership. As an illustration, DTAS research was reported to have found that a 1% revenue stake in a 1GW offshore wind project would require an investment of around £16 million[5].
- The complexity of offshore development, meaning that community bodies would require a level of capacity and expertise that is likely to be challenging.
- The long timescales involved meaning that communities might have to wait a number of years before receiving any returns.
- Current issues relating to Transmission Network Use of System charges and Offshore Transmission Owner requirements could pose challenges for investment.
- The willingness of developers to explore opportunities for shared ownership.
- The interest of community members in a financial association with infrastructure seen as harmful to the community and the environment.
- The risk, uncertainty and potential liabilities associated with shared ownership. An associated point was that the level of risk and responsibility involved in shared ownership may not be sustainable for a community body run by volunteers.

It was reported that, for both offshore and onshore wind developments, communities that have been keen to explore opportunities for shared ownership have been less likely to proceed when the risks and uncertain income are better understood. Two community-based respondents reported their own experience:

- A community council respondent noted that legal costs and ongoing insurance and maintenance requirements had made it hard for small communities to take up the offer of a share in a turbine.

[5] The research paper is available at: [Exploring the role of the Community Benefit Society governance]

- A place-based community organisation respondent noted that, for them, the borrowing required did not provide a good investment opportunity.

Examples and potential models

While it was acknowledged that the Scottish Government does not have powers to mandate a shared ownership option, national advocacy organisation respondents in particular proposed that the Principles should state that shared ownership up to 20% is expected as good practice. It was also suggested that conditions on planning applications could be used to ensure that shared ownership options are built into projects at an early stage.

Examples of shared ownership of offshore wind farms elsewhere in Europe were cited and Project Collette, being developed off the Cumbrian coast, was seen as offering potential insights for Scotland. It was also reported that a consortium of energy developers is already working on a framework to extend shared ownership to offshore projects, building on an existing collaboration that has established onshore wind co-operatives in Scotland. Development of Local Power Plans, which will allow communities to co-invest in renewable energy solutions with GB Energy could also provide an opportunity to invest community benefit funds to secure a higher or longer-term return.

In terms of models, it was argued that split ownership or joint venture[6] should be considered as best practice as they provide a voice in decision making at all stages of operation. However, it was also reported that shared revenue is the more common approach, and it was suggested that, where this is the only option provided, communities should be supported to negotiate a fair deal and embed community control where possible.

There was also a view that, before any guidance is considered, the potential commercial models should be considered to ensure community investors are adequately protected from risk.

Issues to clarify

Who bears the risks?

There were differing views on how the risks associated with offshore wind development might be managed in the context of shared ownership – both that communities must be protected from risk and that they would need to share it. For example, a local authority respondent argued that the developer should bear the entire development risk, offering shared ownership to the community only 6 months after successful commissioning. In contrast, an energy developer respondent noted that the development phase alone can cost millions with no guarantee that the

[6] In split ownership a community fully owns one or more turbines within a private development, and for joint venture there is built-in community representation in the governance structure. A shared revenue model does not offer any legal ownership but rather an opportunity to purchase a share of future revenue.

project will proceed, suggesting that a community investing in the project would need to shoulder a share of the risk.

Relationship to community benefits?

There was a clear view of shared ownership as something to complement rather than replace community benefits, and it was suggested that the Principles should make clear that the developer should still provide community benefits on the privately owned part of the development, even when the community takes up a shared ownership offer. However, an energy developer respondent expected that shared ownership could be sustainable for developers because there would be a lesser requirement for community benefit payments coming from the total project costs.

A gift rather than an investment?

Other respondents proposed that, rather than host communities raising finance to invest, developers should gift them a small percentage of the project, with 2% the most frequent suggestion. An opportunity to increase investment beyond the donated level of ownership could be encouraged. It was also suggested that developers could be incentivised to allocate shares to communities, for example via tax rebates or rates reductions, or that doing so could be a condition of planning approval.[7]

Access to finance, advice and support

Respondents also highlighted the extent of the support and access to specialist advisors that communities would need to explore or proceed with shared ownership opportunities. These aspects are considered further at Question 12.

Question 1.12: 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?

Question 1.12 summary

High capital cost was often identified as a potential barrier to shared ownership requiring support for communities to access affordable finance, for example via government-backed loan and grant schemes. The need for long-term (patient) capital was also highlighted. Suggestions with respect to potential sources of funding included the Scottish National Investment Bank (SNIB) and GB Energy.

A number of mechanisms were also suggested including low interest or interest free loans and grants, democratic finance models and match funding using public funds.

The complexity of the legal and financial structures associated with shared ownership were highlighted, with resulting concerns around either the confidence or capacity of

[7] Planning conditions are subject to several tests to ensure their use is lawful.

communities to negotiate these issues. Requirements for access to sources of expert, technical, financial and legal advice and guidance and for capacity building within communities were noted. There were calls for any expert advice to be independent and either free of charge or subsidised.

A requirement to manage or reduce the level of risk for communities was suggested, for example via a risk-sharing framework that includes government-backed revenue guarantees or minimum return commitments.

Suggestions were also made with respect to incentivising developers to offer shared ownership, for example by making seabed leases for development or repowering conditional on partial community ownership or enhanced CfD bidding for projects with shared ownership. Adding shared ownership to the list of material considerations when planning applications for new and repowering energy developments are considered was also proposed.

A total of 290 respondents answered Question 1.12, with the barriers identified tending to reflect the challenges noted at the previous question. As in respect of community benefits, some envisaged shared ownership being available to communities beyond those in geographical proximity to offshore wind developments.

Addressing capital costs

High capital cost was often identified as a potential barrier to shared ownership requiring support for communities to access affordable finance, for example via government-backed loan and grant schemes. The need for long-term (patient) capital was also highlighted. Suggestions with respect to potential sources of funding included:

- The SNIB.
- Local Energy Scotland/CARES.
- The Scottish Government's Just Transition Fund.
- GB Energy.
- A potential Community Wealth Fund, National Wealth Fund or Community Offshore Wind Investment Fund.

A number of mechanisms were also suggested including:

- Low interest or interest free loans and grants.
- Democratic finance models to raise finance through community shares, community bonds and local philanthropy.
- Matched funding models, with public funds matching community contributions and so reducing the financial burden on local groups.
- Pooling resources across communities and jointly investing in offshore wind projects.

- Strategic joint ventures with public or private partners, where communities partner with national public bodies to co-invest without bearing full financial risk.
- Revenue guarantee mechanisms to enable better loan conditions or derisk community investments.
- Deferred payment models or communities paying back the capital costs of shares over the length of the agreement.

It was suggested that the Scottish Government should partner with potential funding organisations, developers and communities to research, develop and test different offshore shared ownership models.

Noting challenges around raising large amounts of capital, an energy developer respondent suggested that the Financial Conduct Authority might provide guidance on community investment models and their structures to help communities and developers navigate the regulatory landscape while retaining flexibility to accommodate diverse community energy investment models.

Support to understand complex issues

The complexity of the legal and financial structures associated with shared ownership was highlighted, with resulting concerns around either the confidence or capacity of communities to negotiate these issues. Requirements for access to sources of expert, technical, financial and legal advice and guidance and for capacity building within communities were noted.

There were calls for any expert advice to be independent and either free of charge or subsidised. Suggestions with respect to possible sources of such advice or support included:

- Regional energy advisory services offering legal, financial, and technical expertise to communities interested in shared ownership.
- Local Energy Scotland/CARES.
- A politically and commercially independent body.

It was also suggested that third-party advisory bodies might be asked to negotiate fair ownership agreements between communities and developers, and that the Local authority should lead on arrangements to ensure capacity, credibility and accountability.

Suggestions with respect to increasing capacity within communities included funding training and skills development for community councils, development trusts and community members to better understand the complexities of shared ownership or to provide knowledge and confidence to engage with developers. There was a particular concern that, at present only very high-capacity community organisations are able to secure shared ownership, with a risk that the gap between poor and wealthy communities will widen. Specific suggestions included:

- Targeting support to areas likely to be prioritised by developers.

- Establishing protocols to analyse the capacity of communities that have shared ownership opportunities to identify gaps for targeted support.
- For communities with limited capacity, providing funding for 'hands on' assistance to project manage a shared ownership workstream.

The importance of maintaining community capacity in the longer term was also highlighted.

Standardising documentation – for example ownership models, legal agreements and financial templates - was also seen as a means of reducing complexity for any community bodies considering shared ownership.

Managing risk exposure

A requirement to manage or reduce the level of risk for communities was suggested, for example via a risk-sharing framework that includes government-backed revenue guarantees or minimum return commitments. Other suggestions included reassurance about what would happen if a community no longer wished or was unable to be involved in shared ownership. From the developer's perspective it was suggested that the Scottish Government should provide guarantees in case of community default or other unexpected events.

Providing incentives for developers to offer shared ownership

Suggestions were also made with respect to incentivising developers to offer shared ownership, for example by:

- Introducing regulations to require developers to offer a proportion of community ownership in all large-scale offshore wind projects.
- Making seabed leases for development or repowering conditional on partial community ownership or enhanced CfD bidding for projects with shared ownership.
- Adding shared ownership to the list of material considerations for new and repowering energy developments when planning applications are considered.
- Priority consenting or priority grid connection for projects offering shared ownership.
- Tax incentives and subsidies for developers who offer shared ownership opportunities.
- Positive publicity for developers via publication of an annual list of the companies who provide shared ownership (and community benefits) on the highest proportion of their projects in Scotland.

Promoting opportunities for shared ownership

Respondents who proposed wider opportunities for shared ownership were among those who suggested a national awareness raising campaign, including case studies of successfully implemented shared ownership projects. The Principles should also set shared ownership in context.

A further suggestion that access to information on potential opportunities for shared ownership should be made available – for example via a map or portal to flag planning applications for renewable developments or teams reaching out to specific communities who have the opportunity to take part in shared ownership schemes. Potential to match communities who have funds to invest with projects that are seeking investment was suggested.

Section 2: Onshore net zero energy developments

Since the Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (the Principles) were last updated in 2019, Scotland's energy system and policy landscape have evolved significantly. Changes in domestic and international markets, regulation, and the rise of technologies such as energy storage and hydrogen electrolysers are shaping the future energy mix and will influence how the benefits flowing into communities can be maximised. The consultation sought views on what the Principles for onshore net zero technologies should look like in future.

Extending the scope of the Good Practice Principles

The consultation paper outlined the different onshore net zero technologies which exist or are emerging in Scotland, noting their different stages of maturity and different experience of the use of community benefits.

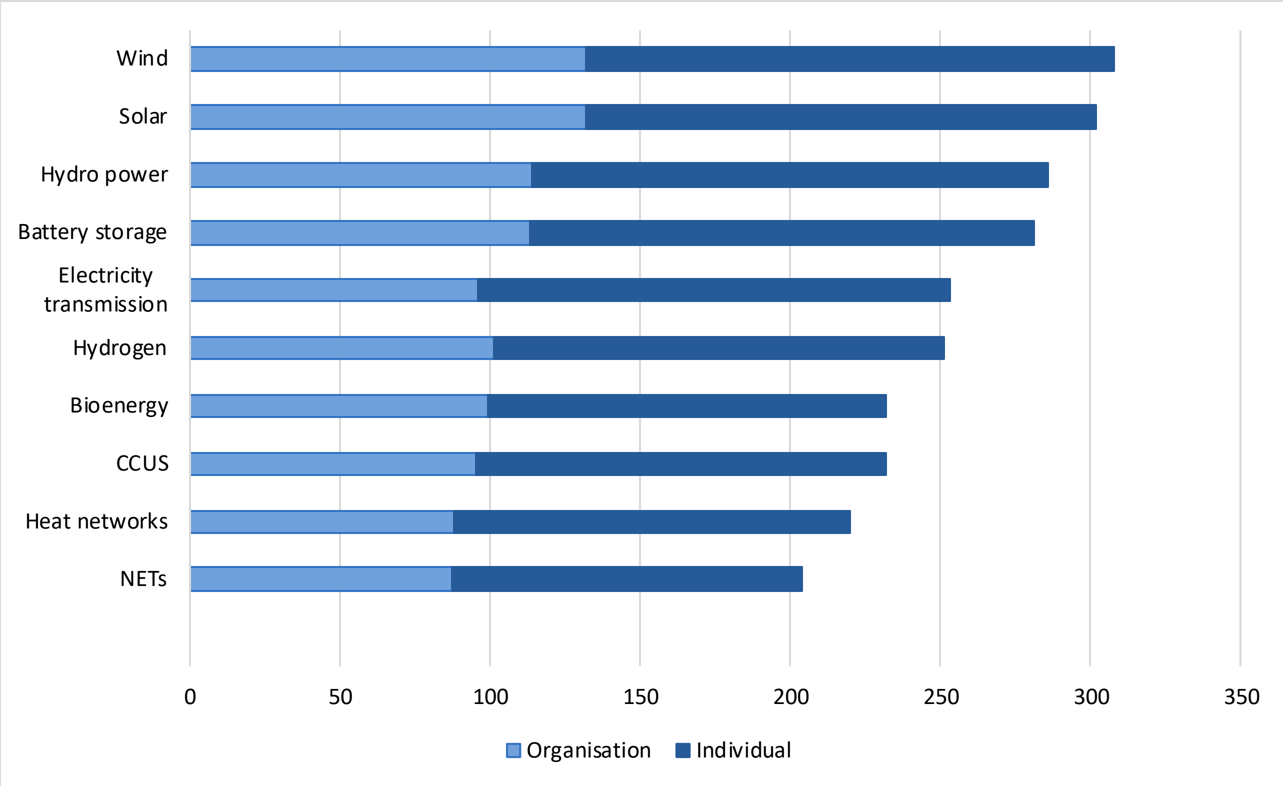
Question 2.1(a): Which of the following onshore technologies should be in scope for the Good Practice Principles? (Select all that apply)

- Wind
- Solar
- Hydro power, including pumped hydro storage (PHS)
- Hydrogen
- Battery storage
- Heat networks
- Bioenergy
- Carbon Capture, Utilisation and Storage (CCUS)
- Negative Emissions Technologies (NETs)
- Electricity transmission
- Other – please specify

Responses to Question 2.1(a) by respondent type are set out in Chart 1 below, followed by a full numerical breakdown in Table 2.[8]

[8] One respondent who originally selected the 'Other' option only, went on to note that they considered that all of the listed technologies should be included. Their response has been adjusted accordingly. There were also respondents who selected 'Other' only, but then went on to either make general comments or to note that some technologies should not be covered. These responses have not been amended in the figures presented.

Chart 1: Which of the following onshore technologies should be in scope for the Good Practice Principles?



The chart illustrates the frequency with which each technology was selected. In each case, a majority of those answering the question supported them being in the scope of the Principles. The highest levels of support were for the established technologies of wind and solar (at 88% and 86% of those answering respectively). The lowest levels of support were for negative emissions technologies (NETs) and heat networks (at 58% and 63% of those answering respectively).[9] A full breakdown of responses by respondent type is set out in the table below.

[9] Please note that their further comments suggest that some respondents with a particular focus on certain technologies may have focused primarily on their area of interest at this question. Hence not identifying specific technologies to be included may equate to a 'Not answered' response, rather than an explicit view that they should not be covered.

Table 2 – Question 2.1(a)

Respondent	Wind	Solar	Hydro power (incl PHS)	Hydrogen	Battery storage	Heat networks
Community Council	30	30	28	25	27	23
Consultancy, research or lobbying organisation	9	9	8	6	8	7
Energy developer incl. membership bodies	19	19	6	4	8	2
Local authority	17	17	16	16	17	14
National advocacy organisation	16	16	16	16	16	16
Place-based community organisation	34	34	33	27	30	21
Public body	2	2	2	1	2	0
Representative or policy organisation	5	5	5	6	5	5
Total organisations	132	132	114	101	113	88
Individuals	177	171	173	151	169	133
All respondents	309	303	287	252	282	221
% of all respondents selecting at least one option at Question 2.1(a)	**88%**	**86%**	**81%**	**71%**	**80%**	**63%**

Table 2 – Question 2.1 (continued)

	Bioenergy	CCUS	NETs	Electricity trans-mission	Other
Community Council	24	23	21	27	9
Consultancy, research or lobbying organisation	7	7	6	6	3
Energy developer incl. membership bodies	6	4	4	4	13
Local authority	16	14	13	16	5
National advocacy organisation	16	16	16	12	6
Place-based community organisation	25	25	22	25	15
Public body	0	0	0	1	0
Representative or policy organisation	5	6	5	5	3
Total organisations	99	95	87	96	54
Individuals	134	138	118	158	40
All respondents	233	233	205	254	94
% of all respondents selecting at least one option at Question 2.1(a)	**66%**	**66%**	**58%**	**72%**	**27%**

Question 2.1(b): Please explain your reasons for the technologies you have selected or not selected and provide evidence where available.

Question 2.1(b) summary

Respondents were most likely to suggest that all of the technologies set out should be in the scope of the Principles, including because all can have an impact on local communities, with some form of mitigation hence reasonable and fair.

It was also suggested that, as developers increasingly co-locate technologies, it would be inequitable and impractical for some technologies to offer community benefits while others do not.

Whether the technology is established, and by extension can be significantly scaled up to meet net zero targets, was seen as significant. There were references to viability and profit generation, and a suggestion that as a general principle, only developments at commercial scale and/or generating profits should be included in the scope.

Respondents were most likely to give their reasoning relating to electricity transmission being covered. Those who favoured it being within the scope pointed to substantial visual, environmental and land use impacts. However, others noted that regulation and legislation relating to electricity networks is reserved to the UK Government and called for duplication and potential dual payment burdens to be avoided

Around 320 respondents answered Question 2.1(b).

All technologies should be covered

As noted above, respondents were most likely to suggest that all of the technologies set out should be in the scope of the Principles. It was proposed that doing so would make lasting contributions to a diverse range of key national policy priorities, including progressing a just transition to net zero, improving places and quality of life, protecting and celebrating heritage, enhancing health and wellbeing, and sustainably growing local economies.

It was also reported that community benefit funds are often presented, including by the Scottish Government, as a way of ensuring that communities actively and tangibly benefit from the energy transition and that, following this logic, there is no reason why only certain energy transition technologies should be required to provide community benefits while others are exempt.

Respondents were most likely to comment that all technologies should be covered because all can have an impact on local or host communities, including negative impacts, and hence some form of reciprocal benefit is reasonable and fair. Further points made included that:

- Tying all technologies to some form of community benefit could foster better understanding and acceptance of the move away from carbon-based energy systems and help to maximise community involvement and support.

- As projects increasingly co-locate technologies, for example solar and storage or wind and hydrogen, it would be inequitable and impractical for some technologies to offer community benefits while others do not.
- There are areas, with Highland cited as an example, that have developed ambitious and visionary plans for business and economic transformation. Having all onshore technologies as part of the investment strategy was described as critical to communities achieving their ambitions and vision.
- Including all forms of renewable and low-carbon energy would ensure all technologies contribute equitably to local economic development, energy security, and a just transition for communities across a local authority area.

It was reported that all the technologies cited are engineered to make profits, albeit there was also a recognition that the approach may need to vary according to circumstances or technology. For example:

- Publicly or community-owned developments could be treated differently. An example given was that if a community owns its own heat network and has sufficient policies for the protection of those vulnerable to fuel poverty for example, the operation of the energy system itself should be deemed to be a community benefit.
- It would be reasonable to assume that the level of community benefit would vary between technologies, for example with emerging technologies liable to contribute at a lower level. There was also reference to differing levels based on expected revenue and to the approach being proportionate.
- The level of community benefits provided for the technologies ought to be reviewed on a regular basis with a view to gaining a better understanding of the shape and potential of the market.

A number of place-based community organisations were amongst those stressing that suggesting specific technologies should be covered by the Principles, did not equate to an endorsement of those technologies. CCUS, NETs, hydrogen, specifically blue hydrogen[10] and biomass technologies, were amongst those referenced in this context. There were also references to respondents not selecting specific technologies for inclusion because they did not support their introduction or growth or, conversely, that those they had chosen were supported as the more environmentally friendly options.

Specific technologies

Each of the technologies set out in the consultation are covered briefly below, with the analysis drawing on both those who favoured the technology being included and those who did not. Comments tended to focus on their importance,[11] their

[10] Blue hydrogen is produced from natural gas releasing carbon dioxide (CO_2), but environmental impacts are mitigated by capturing and storing the CO_2. In contrast, green hydrogen is produced using renewable electricity to hydrolyse water.

[11] The analysis here does not focus on the (potential) role or contribution of specific technologies other than if relevant to their inclusion in the Principles.

impact and how community benefits might be used to mitigate any negative impacts.

In addition to technology-specific references, respondents sometimes set out the key factors or criteria they had considered when thinking about whether a technology should be covered by the Principles. Factors included whether the technology is established, and by extension, can be significantly scaled up to meet net zero targets. This tended to be connected primarily with onshore wind and solar (and sometimes fixed offshore wind), although there were also references to battery storage, hydro and electricity transmission. The associated position was that emerging technologies should be excluded.

Comments relating to established and emerging technologies often referenced commercial scale and viability and profit generation with the suggestion that, as a general principle, only developments at commercial scale and/or generating profits should be included in the scope. It was also suggested that there could be a phased approach, with the more established technologies covered now, and then the scope expanded to cover newer technologies when appropriate.

Another focus was on technologies which respondents identified as having a significant local impact in terms of the area of land that they take up and/or the visual impact they have.

Other points raised included that:

- Technologies, such as heat networks, should not be disincentivised by a requirement to provide community benefit where there is already a local benefit. This should particularly be the case where a technology is community owned.
- Behind-the-meter projects, where energy is intended for on-site use, should not be covered.
- Receipt of government subsidies or funding mechanisms which provide long-term revenue certainty could be considered.

Finally, it was suggested that the approach to hybrid sites which combine technologies needs to be considered, especially if they combine established and emerging technologies. In particular, it was noted that it cannot be assumed that hybrid sites will have an economic advantage over their standalone equivalents.

Wind Energy

Reflecting the general comments about established technologies, it was noted that onshore wind is Scotland’s most established renewable resource, with a long-established precedent of delivering community benefits.

Energy developers noted their ongoing commitment to providing community benefit for onshore wind in line with the current Principles, and there were references to the significant potential of these benefits going forward, for example with potential investments such as broadband feasibility studies, local transport funding and collaborative affordable housing funding models.

Solar Energy

Views on the continued inclusion of solar energy very much reflected those expressed in relation to wind, including with regards to creating lasting local legacies. It was also acknowledged that large solar farms (and associated large-scale battery storage) can take up a significant area and cause adverse visual and transport impacts, and hence payment of community benefits was seen as fitting.

However, there were references to the existing benchmark not being economically viable for solar (returned to at the next question), and also to a lack of guidance around the value of community benefit for solar, creating unequal discussions between developers and communities.

Hydropower (including PHS)

As with wind and solar power, there were references to the strengths of hydro as a renewable energy source, including that small-scale and community-led schemes offer long-term revenue streams, creating local economic resilience. It was also noted that hydro schemes can deliver wider environmental and community benefits, including through funding water management and flood mitigation projects, and typically have long lifespans. Given its embeddedness in local geographies, along with the potential for community ownership, it was seen as appropriate for there to be consistent benefit expectations.

One area in which opinion was divided was in relation to PHS. There was reference to it resulting in significant adverse impacts, particularly around traffic, disruption and landscape change, with this seen as making the case for community benefits applying. An energy developer respondent reported that they are committed to providing a comprehensive community benefit fund as part of a PHS project they are developing, but that a tailored approach has been taken and that an equivalent approach to wind would render some projects economically unviable. They went on to propose an interim, targeted review in two years' time to consider inclusion of PHS as well as other forms of Long Duration Electricity Storage.

Other arguments made for not including PHS included that:

- It is not a generating technology but helps balance electricity supply and demand, ensuring a stable and reliable grid.
- All the PHS schemes currently under development in Scotland have already determined the community benefits they will offer. Given the specific geography needed for a PHS scheme and the requirement for proximity to the transmission network, the potential for additional projects is very limited. Therefore, including PHS in the Principles would lead to confusion.

Hydrogen

There was a view that hydrogen should fall within the scope of the Principles, albeit respondents sometimes noted that they were referring to green hydrogen specifically. It was described as a key component of Scotland's industrial decarbonisation strategy, with the potential to offer community benefits that could include skills development and supply chain opportunities. It was also noted that green hydrogen infrastructure may involve substantial land use, water use, transport, and port infrastructure – all of which may have localised effects. As with other technologies, disruption impacts were associated with community benefits being appropriate.

However, others were less clear about whether hydrogen should be covered, or in some cases thought it should not. Reasons given by this latter group included that the technology is one of those in too early a stage and that green hydrogen is produced using electricity generated from existing renewable energy projects. An associated point was that these renewable projects will already have contributed towards community benefits, and a further onus on hydrogen producers to contribute to community benefits would have the effect of double charging.

Other points included that hydrogen (and CCUS) projects are designed to support a future renewables-led system, responding to need, so are anticipated to run intermittently. It was suggested that this means that determining a financial metric would be problematic, not economically viable and could create a challenging environment for funding and benefit distribution. However, it was also noted that there is generally significant community resistance to new energy infrastructure, particularly on greenfield sites, and that the potential for community benefits will likely be essential to getting communities on board.

Battery Storage

A number of the points made in relation to battery storage technologies echoed those raised about hydrogen. They tended to be raised by energy developers and included that as a storage rather than generation solution, there is a significant risk of double payment on community benefits, both when energy is input and again when it is discharged. It was also noted that they are often also co-located with other renewable generation technologies, which are likely already contributing to community benefits, which also has the effect of double charging. Any such approach was seen as risking the economic viability of projects.

As with hydro, it was also noted that battery storage plays an important grid balancing role to support the variable generation of renewable energy technologies, meaning that income streams are very difficult to predict and forecast. In this context, community benefit obligations were again seen as threatening the viability of projects.

However, other respondents, including local authority and national advocacy organisation respondents, did see the case for battery storage being covered, with arguments made including that:

- The lack of guidance around the value of community benefit for battery storage creates unequal discussions between developers and communities.
- Large scale battery storage can take up a significant area and cause adverse visual and transport impact. Their size and impact are such that a community benefit fund would be appropriate.

- Community benefit provides a good signal to local people that the sector is cognisant of the role of hosting communities, regardless of whether the asset generates power or not.

Heat networks

The potential of heat networks was seen as a reason for them to come under the scope of the Principles. For example, it was reported that they can reduce heating costs and in rural communities can support off-grid areas, enhancing energy equity. There was also reference to creating opportunities for local workforce development in installation and maintenance.

Other comments included that community engagement is essential for heat network adoption and where networks use local land, public assets or serve specific groups, benefits should reflect this involvement. It was suggested that under these types of circumstances, community benefits might take the form of reduced energy costs, social tariffs, or direct investment.

Other respondents commented on circumstances under which they thought heat networks should not be covered by the Principles. These included:

- When they are community-owned, or when there is a significant element of community ownership.
- If they are directly benefiting the community. An example given was providing low carbon heat to a specific community with limited visual impact to that local community.

More general reasons for heat networks not being in the scope of the Principles included that:

- Compared to many other technologies, they require significant upfront investment with long lead times on returns as networks scale up.
- They are not as disruptive to a community as other technologies and, as above, the community is likely to benefit anyway, for example through reduced energy bills.
- District heat networks are expected to become regulated utilities and as such would not be able to pay community benefit without Regulator approval.

Bioenergy

Relatively few respondents commented specifically on bioenergy, although there was reference to its potential in supporting circular economy principles by using local forestry, agricultural by-products, and organic waste to create sustainable energy solutions.

However, it was also noted that local communities might be impacted by transport movements, odour, land use, and supply chain localisation and for these reasons it was suggested that they should be expected to deliver clear, proportional benefits.

As with other technologies, scale was seen as relevant and it was suggested that large scale, commercial bioenergy should be in scope for the Principles but that, as an example, a local agricultural anaerobic digester installation with limited visual impact should not.

Carbon Capture, Utilisation, and Storage

Although CCUS was one of the technologies that a number of respondents noted that they did not endorse, it was also described as essential for decarbonising heavy industries while maintaining economic stability for sectors that cannot easily transition to electrification.

Follow up comments included that community benefit frameworks must support workforce retraining and economic diversification, and also that as one of the technologies that can have land use, visual, noise, environmental, and disruption impacts, the Principles should apply, despite having large amounts of public purse funding. However, there was also a suggestion that the local context should be considered and that if additional equipment is being added to an existing high impact installation, the Principles should only apply if the CCUS adds significant additional impact.

Others did not think CCUS should fall under the scope of the Principles at present, including because the technologies are still in their infancy in Scotland. As in relation to hydrogen, it was also noted that CCUS are designed to support a future renewables-led system, responding to need, so they are anticipated to run intermittently, meaning determining a financial metric would be problematic and would undermine financial viability.

Negative Emissions Technologies

Although NETs were described as directly supporting Scotland's net-zero targets by enabling land-based carbon sequestration projects such as peatland restoration and afforestation, many of those who commented did not think they should fall within the scope of the Principles.

Reasons given included that, as yet no substantial NET projects are planned and hindering their development would be best avoided. It was also suggested that while NETs could be essential for meeting global carbon targets, they are not yet scaled for community-level benefits or engagement.

Electricity Transmission

Respondents were most likely to give their reasoning for selecting, or not selecting, electricity transmission as being the scope of the Principles.

Those who did favour it being within the scope, including a number of community council, place-based community organisations and individual respondents, pointed to substantial visual, environmental and land use impacts and the scale and environmental destruction that can be caused, with particular reference to proposed pylons and substations. It was suggested that both overhead and underground transmission has local impacts and that communities should be compensated for this disruption, particularly given the lack of direct local benefit.

There was also a suggestion that communities affected by grid projects increasingly expect benefit sharing, and it was noted that the UK Government has been consulting on mandatory benefit arrangements for electricity transmission (as below).

However, other respondents, including a number of energy developers, noted (as per the consultation paper) that regulation and legislation relating to electricity networks is reserved to the UK Government and the regulator, Ofgem. It was suggested that, particularly following publication of the final Community Funds for Transmission Infrastructure Guidance by the UK Government (DESNZ) in March 2025, duplication and potential dual payment burdens should be avoided, including for the connection of renewable energy developments to the national grid.

In terms of what could or should be done, however, suggestions included that the Principles should confirm explicitly that community benefit funds related to transmission infrastructure fall outside the scope of the Scottish Government's guidance and should instead be directed by UK Government guidance. Other suggestions related to joint approaches or working and included that:

- The UK and Scottish Governments should work together on applying an equivalent version of the Principles to Scottish transmission assets through secondary policies.
- The Principles could state that best practice would be for the UK Government to turn their guidance on transmission community funds into legislation, to ensure it is complied with.

There was also a call for the Scottish Government to recommend stronger enforcement of UK guidance, as communities across Scotland are already being affected by transmission-related impacts and they deserve to be properly recognised and supported.

Other technologies

Respondents were also asked to suggest any other technologies (additional to those listed) which should fall within the scope of the Principles. In addition to recommending that any new emerging technologies should be covered, it was also suggested that the scope should be reviewed regularly as new technologies emerge.

Specific suggestions included:

- All forms of energy storage.
- Wave and tidal energy, albeit there was a query as to whether they would be covered under hydro power.

There were also references to: forestry; fission and fusion; geothermal energy; gravity battery technologies; heat pumps - district, communal and individual; hydrothermal systems; integrated microgrids and smart systems; and solar car ports with EV charging infrastructure.

Finally, and whilst recognising the Scottish Government's policy on oil and gas, fracking and nuclear power is that these should not be part of the future of energy generation in Scotland, it was suggested that, were this to change in future, they should be subject to the Principles and high levels of community benefit should be delivered to local communities.

Question 2.2: 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.

Question 2.2 summary

One perspective was that the same principles should be applied across all technologies in a consistent manner. Reasons given included that it would promote equity, fairness and clarity, and that different approaches would be confusing and difficult for local communities to navigate.

However, most respondents favoured an approach which offered a degree of standardisation, paired with technology-specific differences where appropriate. For example, it was suggested that the Principles could be standardised in relation to streamlined processes, shared learning, community views, and impact and risk, but could vary in relation to mitigation and benefits.

The area in which energy developer respondents in particular saw the need for technology-specific variation was in relation to levels of funding and benchmark contributions. There was a call for the Scottish Government to include more context-sensitive guidance that accounts for the financial landscape within which developers are operating.

Around 310 respondents answered Question 2.

Standard approach

Community council, place-based community organisation and individual respondents were amongst those suggesting that the same principles should be applied across all of these technologies in a consistent manner. Reasons given included that it would:

- Promote equity and fairness and help build trust and transparency between communities and the renewable energy industry.
- Promote clarity and accessibility, including being easier for communities to understand and apply. It was suggested that the current system is already onerous for community groups, including community councils, and that introducing different approaches for different technologies would be too confusing and difficult for the community to navigate.
- Support a workable approach for multi-technology developments.

Different approach

A small number of others favoured the Principles being different for different technologies, with arguments made including that the established technologies have different requirements to emerging technologies, and that different technologies will have different impacts on the surrounding communities and landscapes. A specific suggestion was for a standardised template to ease understanding but that the Principles should be specific for each technology; this approach was expected to enable a greater understanding of the opportunities for local communities depending on what is developed within their locality.

Hybrid approach

Most respondents favoured an approach which offered a degree of standardisation, paired with technology-specific differences, where appropriate. For example, it was suggested that the Principles could be standardised in relation to streamlined processes; shared learning; community views, needs and expectations; and relative impacts and risk, but could vary in relation to mitigation and benefits, including benchmarks (discussed further below).

In terms of the Principles applying across all technologies, respondents were most likely to highlight:

- Principles of engagement, including early engagement.
- Good governance, including appropriate structures to manage and administer funds, and with a focus on transparency.

As with those who favoured a completely standardised approach, respondents thought that a consistent approach wherever possible would promote clarity, fairness, and ease of implementation for both developers and communities. However, there were also suggestions that the Principles should:

- Allow for potential differences in how technologies will impact on local communities and, by extension, recognise that defining the relevant community or communities will vary between technologies.
- Allow for variation in scale, structure and delivery model depending on the development. In particular, recognise the potential difference(s) between generation and storage technologies, including in terms of impact on local communities.
- Taking both these issues into account, recognise that many of these technologies and developments will be linked with one another, and therefore increasingly create clusters of development that impact communities and local infrastructure.

The area in which a number of respondents, and particularly energy developer respondents, saw the need for technology-specific variation was in relation to levels of funding and benchmark contributions, and specifically that the current recommended benchmark of £5,000 per installed megawatt (MW) per year should not necessarily be applied or extended to other technologies. It was reported that the current benchmark was set in 2014, when most onshore renewables projects in

Scotland were onshore wind, and that the renewable energy landscape has changed significantly over the intervening period.

In particular, it was noted that the various technologies, including emerging technologies, can vary considerably both in terms of impact on the local community and business model. The associated suggestion was that simply applying a single, and in particular the current, benchmark across all developments would threaten the viability of many projects and that, by extension, community benefit will only be viable if it is sustainable for developers and reflects the economic realities of individual technologies. With this in mind, there was a call for the Scottish Government to include more context-sensitive guidance that accounts for the financial landscape within which developers are operating.

In terms of the basis on which the benchmark could vary going forward, there were references to:

- Recommended minimum financial levels of community benefit depending on the form of technology and the level of impact it has on local communities.
- Higher rates of charges for more dangerous projects. For example, it was suggested risk of thermal runaway or toxic smoke should be factored in.
- An approach which focuses on economic rents and reflects variations across technologies due to varying costs to landowners, energy densities and lease agreements.
- Looking at the payment of community benefits from the landowners as well as the developers of renewable technologies, particularly with the concentrated pattern of landownership in Scotland and increasing rents levied from hosting renewable infrastructure.
- The ‘floor and ramp’ model whereby electricity generating projects provide a guaranteed minimum financial return based on project capacity (the ‘floor’) and additional returns linked to project revenue (the ‘ramp’) when the ramp value exceeds floor level.
- Alternative methods for storage projects, with the determination of appropriate benefit floors.
- Older established technologies contributing most, with marginal returns and high development risk for newer technologies factored in.
- Community benefit being commensurate with revenue levels, possibly on a variable profit share basis.

Finally, there was a call for the Principles to state clearly that the provision of community benefit funding is a voluntary agreement between the developer and the community. Again, this was pinned to project viability and the varying landscapes and communities across Scotland.

Improving the Good Practice Principles

The current Principles include a chapter on Community – Consultation and Identification. The chapter covers: principles of consultation; the approach to consulting; consulting on details of a community benefits package; identifying stakeholders; widening the area of benefit; and Community Benefits Agreements.

In terms of how communities are identified, the Principles include the following points:

- The consultation on the specific area of the community benefits package should at least engage the same wider geographical area that formed the consultation on the development itself.
- Discussions should initially involve every community council (where these exist). Where they don't exist, other representative community bodies within the geographical area should be approached.
- Using the boundary of the relevant community council(s) administrative areas as a starting point, the following factors may also be employed to help determine the appropriate geographical area that makes up the 'area of benefit' for a proposed community benefits package: proximity to site; geography and topography; characteristics of development; construction (communities that will be affected most significantly); demographics; and any relevant local authority policy/ guidelines.

Question 2.3: 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.

Question 2.3 summary

Energy developer respondents were amongst those suggesting that the existing Principles provide an effective framework for identifying eligible communities while retaining the flexibility to respond to local circumstances and needs. However, most respondents who gave a clear view thought that some improvements are needed.

It was suggested that interpreting the community solely as the community council area containing or nearest to a wind farm overlooks other communities that may be affected but lie outside these boundaries. It was also suggested that eligibility decisions are best made by the local community themselves, rather than being imposed by developers, local councils or government.

While many of the comments were focused on identifying the community most directly affected by an energy development, there were also references to potentially extending the geographical boundaries of eligibility, for example to local authority level. However, there was also a view that a local authority level approach leads to a reduction in outcomes closely linked to specific community needs.

There were also those, from across the respondent groups, who favoured a combined local and regional approach or considered it to be reasonable if there are sufficient funds to ensure that communities local to a development have benefitted. Others were clear that regional and national approaches are not appropriate; it was suggested that the distribution of harms is local, and so too should be the distribution of benefits.

Around 330 respondents answered Question 2.3.

Analysis of comments made suggests that a majority of respondents who gave a clear view did think that some improvements need to be made to how eligible communities are identified. However, others explained why they feel the current approach works and, by extension, were tending to suggest that significant changes are not required.

Strengths and weakness of current approach

A number of energy provider respondents were amongst those suggesting that the existing Principles provide an effective framework for identifying eligible communities and encouraging openness while retaining the flexibility to respond to unique local circumstances and needs. Follow-up points raised by those who did not think that (significant) changes need to be made included that:

- The focus on communities most directly affected by energy developments is a fair and reasonable one and should remain. Individual respondents were particularly likely to have made this point.
- The current approach accommodates varied settlement patterns and densities and also places host communities at the centre of discussions on how community benefits are distributed.
- Developers having become highly sophisticated in the way they pre-consult, identify the needs of local communities, and where community benefit funding can have the most lasting impact.

Concerns linked to moving away from the current approach included that spreading resources over a wider area or too wide an area risks relegating community benefits to being a source of small-scale, short-term funding that does not deliver the long-term benefits that are the hallmark of locally focused funds.

Nevertheless, there was seen to be room for improvement, with reasons given including:

- It is not always clear who developers should best engage with in a community, particularly in areas without a well-functioning community council.
- Community council boundaries do not always reflect the areas most affected by an onshore development. The associated concern was that this can lead to something of a postcode lottery in terms of which communities benefit (most) from available funding.

Various suggestions were made in relation to the basic principles or parameters that should underpin the overall approach going forward. These included that greater flexibility is needed, with the definition of communities considered on a case-by-case basis, with communities themselves having a say on who is relevant and which organisations and individuals need to be included.[12]

Otherwise, comments tended to focus on how communities could or should be defined, with a range of ideas put forward. Those who referenced geographies tended to fall into one of two broad groups: those who favoured a tiered approach (for example with local, regional and potentially national strands) and those who thought the focus should be primarily or exclusively on local communities.

Defining local communities

As noted above, one perspective, primarily from individual respondents, was that the current (at least initial) focus on community council boundaries is the correct one. Reasons given included that the approach works well at a local level, and there are fewer and fewer areas that will not benefit as net zero developments proliferate.

Other respondents, including community council respondents, were also very much focused on the local aspect, including that the communities entitled to benefits should include only those whose livelihoods and environmental interests are affected specifically by onshore renewable energy developments, but also saw issues with too great a focus on community council boundaries. For example, it was suggested that interpreting the community solely as the community council area containing or nearest to a wind farm overlooks other communities that may be affected but lie outside these council boundaries, as well as those who utilise local resources but do not reside locally.

Similar concerns raised included that there seems to be no clear definition on the ground, with some developers working with community councils within a geographical radius (for example 30km) and others just with the community council that hosts their facility. It was also suggested that very little reasoning seems to be going into identifying the affected communities, or the impacts on them, accurately. There was a view that the process for identifying eligible communities should be more flexible and potentially grounded in lived experience, not just geographic proximity or static administrative boundaries.

In terms of how the local community could or should be identified, comments included that:

- The first consideration should be what constitutes a community and, in the context of community benefits, whether the focus should be on communities of place or should also be sensitive to the impact of a development.
- Decisions on which communities should be eligible are best made by the local community themselves, rather than being imposed by either developers, local councils or government. Project developers should a take tailored approach and work closely with the local community, both pre-planning and post-

[12] The Irish Government's Renewable Energy Support Scheme: Good Practice Good Practice Principles Handbook for Community Benefit Funds was suggested as providing a possible template for a Scottish approach to this topic.

consent, to consult on a suitable area of benefit and gain an understanding of local needs and issues.

- Community mapping should be sensitive to spatially distributed and more distant community impacts. The definition of community must be adaptable to include geographically dispersed populations, island communities, and remote settlements that may not conform to traditional local authority boundaries but are still affected by energy projects.
- Community Planning Partnerships should be engaged to identify communities most in need and that, in terms of an equalities dimension, guidance could emphasise the consideration of communities of interest as well as communities of place.
- Priorities and governance should be reviewed periodically so that structures evolve with the community's changing characteristics and needs; this could include geographical boundaries for engagement and distribution.

There was also a suggestion that existing spatial plans, such as Local Development Plans (LDPs) and Local Place Plans (LPPs) could have a role to play in directing community benefit funds towards projects that are in the public interest. Such plans were seen as having laid the groundwork of community needs, placing communities in a stronger position when negotiating outcomes at the early stages of a renewable energy project.

However, others did put forward principles or criteria that could be used to define the community that should benefit from community benefit funds. Suggestions tended to focus on proximity to the energy development, and included:

- There should be a formula defined for geographic proximity of nearby community areas, with a range of community bodies then consulted, but perhaps with community councils serving as a fair arbiter of the organisations within their area.
- The effects identified with a development should dictate the 'eligible community'. Some guidance, such as the distance from the centre of the development or line of sight from the centre, would be helpful.
- Special mechanisms should ensure that small rural communities are not excluded from funding eligibility due to lower population density.
- Some form of scaling could be considered, for example, the larger the quantity of benefits, the larger the area included.

Local authority level or joint community approach

While many of the comments were focused on identifying the community most directly affected by an energy development, there were also a number of references to approaches that would potentially extend the geographical boundaries of the community eligible for community benefits.

There was also a small group of primarily local authority or energy developer respondents, who favoured the community effectively being set at a local authority level, albeit sometimes noting that such an approach does not preclude additional benefits for areas more directly affected. This type of approach was sometimes seen as essentially remaining at local level, albeit others referenced it as regional level funding.

The arguments made in support of a local authority wide approach, or at least not limiting benefits to only the closest communities geographically, included that it would allow upstream and downstream benefits to be considered, including across multiple developments which could include both onshore and offshore.

There was also a suggestion that community benefits should be targeted based on social and economic need, including fuel poverty, unemployment rates, and existing access to energy infrastructure. This was linked to a weighted funding mechanism to ensure that high-need communities receive proportional investment. There was a call for local authorities to be able to play a direct role in the coordination of the socio-economic benefits of developments, a role they were said to be unable to play under current Scottish Government Planning Guidance.

However, there was also a view that once arrangements get to local authority level, they are more likely to get dilution of engagement, and this leads to a reduction in outcomes closely linked to specific community needs. The place-based community organisation making this point went on to note that they consider themselves to be a sub-regional grouping that is large enough to be sustainable and to take a strategic view, but small enough to be knowledgeable about their communities' needs in detail and be highly engaged in the use of funds to ensure impactful funding.

Similar points were made in relation to the 9CC group that is working collectively across the former coalfield of East Ayrshire. It was reported that this approach has helped ensure that communities are not excluded, because, for example, they sit marginally further away from a development or sit across a local authority boundary.

There was a call for the concept of establishing a consortium to be included in the Principles, with further suggestions including providing access to a template Memorandum of Understanding.

Regional funding

There were also those, from across the respondent groups, who favoured a combined local and regional approach or considered it to be reasonable if there are sufficient funds to ensure that communities local to a development have benefitted. Others, including a number of community council and individual respondents, were clear that regional (and national) approaches are not appropriate; it was suggested that the distribution of harms is local, and so too should be the distribution of economic benefits.

As noted above, regional level funding was sometimes equated to local authority area, but also as potentially across a number of local authorities and, as with 'local communities', it was suggested that agreeing what is meant by 'regional' is challenging. For example, it was suggested that regional exists between the scales of ‘local’ and ‘national’ but is not automatically established local authority areas, or parliamentary constituencies and regions, as these are not always reflective of how communities connect, link and work together.

Those who did see the case for regional funds tended to refer to them as a possible option but only under the right circumstances and it was suggested that the Principles should clearly state that regional benefits will not always be appropriate and so must retain the flexibility to respond to unique local circumstances and need and not be overly prescriptive.

In terms of when they would or could be appropriate, comments tended to focus on the level of resources available, and that only when and if a project starts to deliver very significant returns should regional (and potentially national) level investments be considered.

In terms of the potential of regional funds under the right circumstances, it was suggested that the regional approach could allow for issues that affect local communities to be addressed at a strategic level, particularly if there is regular consultation with regional stakeholders. Other potential benefits identified included:

- Helping to address ‘windfarm poverty’ for areas where there are no renewable projects.
- Enabling developers to collaborate on ‘super-regional’ funds, with pooled resources across multiple projects able to support larger-scale initiatives that have the potential to deliver significant, lasting impact.

With respect to how the Principles could assist, it was suggested that they could:

- Encourage the establishment of regional-level funds but make clear that these funds could complement existing local benefit models by addressing broader geographic challenges and enabling solutions that transcend individual community boundaries.
- Make clear that local communities should be actively involved in identifying priorities and shaping how regional funds are used, ensuring that the approach aligns with the specific needs and aspirations of those communities more closely linked to the development. There was also a call for any regional approach to be supported by the public, with the needs of those communities local to projects not forgotten or ignored; keeping this link was seen as key to maintaining positive relationships between projects and their host communities.

In terms of the specifics of how any regional approach might work, comments included that there need to be robust governance arrangements covering the use of funds, and that:

- There could be a regional panel made up of a range of regional representatives. There was also reference to community representatives, relevant and experienced third sector bodies and public sector bodies.

- Controls would need to be in place to ensure fair distribution of benefits over several years, ensuring greater allocation to those communities most directly affected.
- Regional Spatial Strategies (RSS) could help identify larger regional scale projects that could be delivered through community benefit funds. However, if community benefits are to help deliver these larger, more complex, regional projects, it will require at the very least the full realisation of RSSs and the establishment of the regional partnerships to identify and deliver them.

It was also suggested that more could be done around Communities of Interest, where developments are having a direct effect on a particular group of individuals or an industry.

Specific suggestions relating to how a regional approach could work included:

- Each local authority creating a single Regional Clean Energy Fund, with that fund split into a Strategic Fund (for pan local authority projects) and a Community Fund (for community council specific projects).
- A regional levy could be paid to the local authority or authorities to invest in infrastructure and other strategic plans; this was seen as being in addition to local community benefit.

National funding

Most of those who commented on this specific aspect were against community benefit being distributed nationally. Reasons given included that:

- Community benefit is not of a sufficient scale to make a meaningful impact when distributed at the national scale.
- A national, centralised mechanism would also remove the relationship between projects and their host communities.
- The requirement for ministerial consent for large scale developments might intimate a conflict of interest in relation to nationally applied community benefits.

It was also suggested that offshore is a better suited technology than onshore for any national funding mechanism.

However, albeit clearly a minority position, others did support an element of nationally focused funding. They tended to be national advocacy organisations, with reasons given including that that natural resources belong to all citizens and that the transformation to more sustainable energy is everyone’s journey and part of other changes we all need to make as citizens.

This position was sometimes linked to the creation of a Scottish Community Wealth Fund, with further suggestions including that:

- National community benefit funds could 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. It would be a national fund for local community projects, not for regional or national projects, which should be funded separately.

- Contributions from developers to a Scottish Community Wealth Fund must remain separate and additional to local community benefit packages.
- Regarding local community benefits, a Scottish Community Wealth Fund would act as a backstop when developers have not engaged with the local community and/or a local fund has not yet been established (perhaps because the community does not yet have capacity to manage it).
- The Scottish Government should assist in the formation of a Scottish Community Wealth Fund, but it should be delivered via contract by an appropriate independent organisation with relevant experience in community development and fund management.

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.

Question 2.4 summary

One view, expressed primarily by energy developers, was that further direction is not required and that the current Principles are sufficient, albeit they could be reviewed to ensure they comply with the commitments made in the Scottish Onshore Wind Sector Deal.

However, most respondents who expressed a clear view thought that more direction should be provided. Reasons given included that a more structured approach would help to ensure consistency across the sector, and also that certainty and clearer expectations would improve trust between the different parties.

A frequent theme raised across respondent groups was the importance of early engagement, in order that developers have a clear understanding of the aspirations and priorities of the community. Regarding when engagement should begin, various options were put forward, including at the pre-application stage; at the application stage/before any consent is given; or after planning permission is granted. Further comments connected to engagement beginning at a later stage included that there is a risk that the offering of benefits will subvert planning decisions.

Around 320 respondents answered Question 2.4.

Current level of direction is sufficient

One view, expressed primarily by a number of energy developer respondents, was that further direction is not required. The current Principles were seen as sufficient, providing more than enough detail to help guide people on next steps and how to engage, and as clearly communicating the principle of early and effective community engagement. An energy developer representative body respondent reported that they have developed dedicated community engagement guidance for the solar and storage sector, which incorporates the Principles.

In terms of areas where any significant change was seen as especially unhelpful, issues raised included that it is important that existing flexibility on the approach to community engagement is maintained to accommodate different needs of host communities, alongside the varying length and stages of the development process.

In particular, there were concerns about any new/additional requirements around when arrangements should take effect. For example, an energy developer respondent reported that while they want to see the community benefitting as soon as possible once the relevant project is fully operational, it is best to allow for flexibility to allow for any unforeseen circumstances. Concerns relating to putting rigid and early engagement requirements in place included that there is a risk of consultation fatigue, which can reduce the prospect of strong engagement and can place an undue burden on communities.

However, it was suggested that the Principles could:

- Be reviewed to ensure they comply with the commitments made in the Scottish Onshore Wind Sector Deal. There was specific reference to incorporating the commitments made on pages 9 and 10.
- Direct developers and communities to existing sources of guidance produced by organisations such as the Office of the Scottish Charity Regulator (OSCR).

More direction is required

Most respondents who expressed a clear view thought that more direction should be provided on how and when to engage communities in community benefit opportunities, and when arrangements should take effect.

Reasons given included that a more structured approach would help to ensure consistency across the sector and also that certainty and clearer expectations would improve trust between the different parties. There was also a suggestion that developers do not understand communities well, so need much better guidance on who to approach and how. It was hoped that more direction would:

- Address some of the current issues relating to late-stage engagement reducing community influence, to lack of standardised timelines and requirements, and to variability in developer approaches to community benefits.
- Adjust the expectations of communities on when benefits may be forthcoming, and, in particular, that community benefits may not be delivered until the operational phase of the development.

Reflecting comments at some other questions, there were also calls for the Principles/approach to be legally enforceable, with benefit commitments legally binding through planning conditions and enforceable agreements.[13]

In terms of sources that could be drawn on if revising the Principles, there was again reference to the Scottish Onshore Wind Sector Deal, and to the good practice approaches of some energy developers.[14] An associated suggestion was that developers exhibiting good practice should be rewarded in order to encourage others to do the same. It was also noted that guidance on community engagement already exists for public sector organisations, with the suggestion that this could be mandated as the minimum requirements for commercial and community developments.

Timing of engagement

A frequent theme raised across respondent groups was the importance of early engagement, and it was suggested that the Principles should make clear that engagement with communities should take place as early in the process as possible, in order that developers have a clear understanding of the aspirations and priorities of the community and to avoid communities feeling sidelined or excluded from the decision-making process.

While it was recognised that some developers already engage at the earliest stages, standardised timeline for when to engage with local communities was still seen as welcome. In relation to the point at which engagement should or could begin, various options were put forward, including:

- At the pre-application stage, with developers required to consult communities before project designs are finalised and before planning applications are submitted. Early engagement during the scoping and development stages, with dedicated phases for co-designing priorities, governance, and eligibility, was seen as a way of ensuring a fund reflects what matters to local people from the outset.
- At the application stage/before any consent is given. There was a suggestion that conversations should be taking place as part of the planning process.
- After planning permission is granted.

Further comments connected to engagement beginning at a later stage included that there is a risk that the offering of benefits will subvert planning decisions. The community council, place-based community organisations and individuals raising this issue went on to suggest that if a development is consented on its own merits, engagement and negotiations with communities should start once the impacts are known and the outcome is decided.

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[13] Community benefits are not compensation for impacts on communities or other interests, including commercial interests, arising from renewable installations and they are not taken into account in a decision over whether a consent for a development is granted.

[14] Further detail on these examples is set out within a number of energy developer consultation responses (available from the Scottish Government's website).

Irrespective of when they considered engagement should begin, respondents also noted the importance of it being ongoing/or also required at subsequent key stages. For example, a local authority respondent that called for engagement to begin at the pre-application stage also highlighted the importance of engagement at the Planning Approval phase, ongoing engagement through the construction and operational phases, and of working with affected communities around the decommissioning phase.

Timing of benefits being delivered

A small number of respondents addressed the issue of when any community benefits should start to be delivered, for example, with the suggestion that the Principles should point to early payments as best practice to ensure communities receive timely benefits and maintain engagement throughout the development process. Points made in support of community benefits being available during the construction phase specifically, including from an energy developer that adopts this approach, included that:

- It enables local communities to begin key early capacity-building activity.
- For developers, it facilitates close relationships with local stakeholders, leading to better outcomes for maintaining high-impact engagement and securing funding over the lifetime of the renewable asset.
- It is reasonable to tie the start of community benefits with the point at which the development starts to have a direct impact.

It was reported that there are already instances where advanced payments are being made to community bodies prior to construction, and that if the community is well resourced and has processes and governance in the place, then this should be a viable option that can benefit all.

Those who referenced community benefit fund payments beginning after the completion of the construction phase tended to make the point that they should begin immediately a development is operational at the very latest.

With whom to engage

As at a number of other questions, the issue of with whom developers should engage was raised, with points and suggestions including that:

- Developers should make every effort to reach out to local organisations already operating and work with them as early as possible.
- Participation should be conducted in partnership with trusted gatekeepers in a way that establishes a long-term presence to build lasting relationships with the community. Specifically, in communities where there is already a cumulative impact of developments this could be done through the use of trusted messengers such as Climate Hubs or Third Sector Interfaces (TSIs) to ensure that community groups can be supported throughout any form of engagement.
- Local authorities can play a key role in leading the process of consultation with local communities. A similar point was that where there is no existing

group with whom to start engagement, local authorities could help support and liaise between developers and communities.

Approaches and resources

Respondents also raised a range of issues relating to possible engagement approaches, and how communities could be supported throughout the process. These issues are covered in more depth at later questions (including Questions 5, 6 and 10) but key themes raised at this question included that more 'how to' guidance on good engagement would be beneficial, and that it should refer to the National Standards for Community Engagement. Further suggestions included:

- Producing a national/regional communication toolkit that developers should refer to on how to communicate and engage with diverse communities.
- Strengthening the Principles by providing clear, practical examples from the sector that demonstrate the benefits and challenges of different engagement approaches. There would also be real value in including findings from research or direct engagement with communities themselves.

In terms of what might be considered good practice, recommendations included:

- Developers should submit a Community Benefit Engagement Plan as part of their planning applications, detailing how and when communities will be involved.
- Coordination between developers in areas with numerous pipeline developments, for example by setting up a collaborative Developers Group to share information and to facilitate more effective community engagement.
- Developers should use all available avenues to reach communities, including in print, online, in person (e.g. town hall events) and through several existing community organisations and council officers. Approaches should be inclusive and accessible, reaching marginalised or digitally excluded groups.
- Developers should fund best practice consultation methods, for example, by employing paid and neutral facilitators to run inclusive and extensive deliberative processes on local priorities and perspectives.
- Approaches should be bespoke, taking account of each community's unique characteristics, capacities and capabilities. This should include activities to raise awareness of project plans and opportunities to participate.
- The depth and scale of community participation should be commensurate with the potential for community influence or say over project outcomes, and the commitment and aspirations towards community benefits.
- Formal channels for community feedback on community benefit fund operations should be established. Feedback should be acknowledged when received and acted upon where appropriate.

In terms of the type of support and resources that communities might or will require, there were calls for developers to provide or fund dedicated resources; providing financial and logistical support was seen as a way of ensuring that all communities, regardless of capacity, have a genuine voice in shaping the benefits of renewable developments.

Specific suggestions included that:

- Developers could offer advance investment, prior to the project being fully operational, to support capacity building and training for participatory approaches and the development that supports planning.
- Developers should fund long-term Community Development Officer posts in addition to community benefit packages. Specifically, every large-scale development should appoint a Community Liaison Officer to act as a bridge between developers and local groups throughout the project lifecycle.
- The development and utilisation of open-access training materials would support communities to lead participatory planning.
- Employing paid facilitators would support inclusive and extensive deliberative processes on local priorities and perspectives.

Question 2.5: 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.

Question 2.5 summary

A frequent theme, raised across the respondent groups, was the importance of transparency, including in terms of both governance structures and operations.

There were various recommendations as to how transparency and accountability could be supported or ensured, including through governance bodies that are competent and accountable. The importance of consulting with communities before decisions are made, rather than presenting them with fixed models, was also highlighted, with good governance said to begin with co-creation, not top-down design.

In terms of key features or components of an effective and transparent approach, there was a range of views about where the main decision-making powers should lie, albeit a broad consensus that local communities should play a key role, generally through properly representative and constituted groups.

With respect to demonstrating good governance, there was reference to clear demarcation between local decision-making panels (for example community councils) and grant recipients (such as development trusts, local organisations and social enterprises) that deliver projects and initiatives.

The potential for a multi-layered model that allows for community-led decision-making at different levels, including around funding for local delivery, strategic investment for region-wide projects, and mechanisms to ensure funds reach underserved groups or those not typically defined as ‘close’ to existing renewables, was also highlighted.

There was a view that establishing a legally enforceable governance framework, with mandatory governance structures, would be the best route to ensuring consistency across all projects.

Around 290 respondents answered Question 2.5.

In general comments, the importance of having the right Principles in place was noted, albeit there were differences in view as to whether the current Principles are already broadly fit-for-purpose or whether change is required.

Those suggesting that the 2019 Principles are fit-for-purpose, and do not need to include any additional guidance on good governance, tended to be energy developers. Associated points included that a number of bodies already have guidance in place and provide oversight on projects, including those developed from community benefit funds. Rather, it was suggested, the focus should be on signposting developers and communities to existing sources of guidance and to relevant training, support and advice. There were also references to existing guidance from the Scottish Government's Community and Renewable Energy Scheme (CARES), OSCR, the Development Trusts Association Scotland (DTAS) and the Office of the Regulator of Community Interest Companies.

Those suggesting that the current Principles do need to be changed or updated came from across a range of respondent groups. Some of the key challenges reported with current community benefit schemes, included lack of standardised governance models, limited community involvement in decision-making and financial transparency and accountability gaps. Moving forward, an energy developer respondent was amongst those making the point that robust governance of community benefit funds is of paramount importance and that demonstrating first-class governance not only increases the quality of funding decisions and the impact of funded projects but also enhances the trust and perceptions of community members and stakeholders.

In terms of key resources that could be drawn on when updating the Principles, there was reference to Chapter 4 of the Scottish Government's Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments. Chapter 4 covers: governance principles; structure; effective fund administration; wider packages of benefit; and ensuring transparency between partners. Foundation Scotland also reported that they have co-authored the recently published Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds with the University of Strathclyde's Institute for Sustainable Communities. They noted that this publication builds on much of the content covered in the toolkit but also sets out a clear menu of actions to build transparent, accountable and competent governance. They went on to suggest that this new resource could form a voluntary code of practice with which a community fund could align itself, or that it could form the basis of a kite mark or standard which is externally and independently awarded.

Across the wider body of respondents, respondents were most likely to refer to the structures that would support transparency and accountability, and community involvement and participatory decision-making. Other key drivers of effective decision making identified and, by extension, possible options for strengthening governance through the Principles included: support for communities; strategic and outcome-focused use of funding; the status of any Principles or framework; and the importance of monitoring and evaluation. These themes are covered in turn below.

Overall structures to support transparency

A frequent theme, raised across the respondent groups, was the importance of transparency, including in terms of both governance structures and operations. There were various recommendations as to how transparency and accountability could be supported or ensured, including through the use of governance bodies that are competent and accountable. The importance of consulting with communities before decisions are made, rather than presenting them with fixed models, was also highlighted, with good governance said to begin with co-creation, not top-down design.

In terms of key features or components of an effective and transparent approach, there was a range of views about where the main decision-making powers should lie, albeit with a broad consensus that local communities should play a key role, generally through properly representative and constituted groups.

One perspective was that decisions about the distribution of funds could or should be led by established groups or organisations. It was suggested that these groups are more likely to have the necessary experience and local knowledge to administer funds effectively, reducing the need to setup new groups to undertake this task. It was also reported that continuously creating new groups to manage funds can slow down the process and add complexity. For example, a place-based community organisation referred to their own experience that by working with established bodies with the requisite powers there is less likely to be duplication of effort. They went on to note that in small rural communities there is often a limited number of willing volunteers to take on these organisational and governance roles, so using existing bodies to disburse community benefit can make the process more effective and efficient as long as transparency and openness are present.

In terms of demonstrating good governance, there was reference to clear demarcation between local decision-making panels, for example community councils, and grant recipients, such as development trusts, local organisations and social enterprises that deliver projects and initiatives.

A different view was that new bodies are required. It was suggested that the creation of a standalone legal entity, that operates purely as an enabler and funder of community development, helps support good governance. In terms of specific models that respondents put forward as possibilities, options included:

- Community Led Advisory Boards; it was suggested that these should be established for each benefit fund, with representation from local authorities, community councils, and independent experts.

- Specifically, Community Led Local Development Local Action Groups. It was reported that these bring together expertise from communities, private business, the third sector, education, employment agencies and local councils and Business Gateway and have experience of decision making, capacity building and complex projects built over many years.
- Community Benefit Societies, or Community Interest Company and Trust models; these were described as effective, provided that governance is regularly monitored and assessed. However, there was also a note of caution around involving local development trusts or charities in decision making, especially if they also want to apply for funding.
- Regional management of funds from various sources at a local authority level. There was reference to established local authority approaches, for example a Renewable Energy Fund into which developers can pay a community benefit; the approach was described as providing a clear and transparent option.

The potential for a multi-layered model that allows for community-led decision-making at different levels, including around funding for local delivery, strategic investment for region-wide projects, and mechanisms to ensure funds reach underserved groups or those not typically defined as ‘close’ to existing renewables, was also highlighted.

Other suggestions included:

- Local authorities should continue to have a clear role to play, with their involvement bringing capacity, integrity, credibility, openness and accountability. However, there were also some concerns that statutory agencies and local authorities are positioning themselves to either administer funds directly or influence how they are spent.
- A role for third parties, for example, with programmes administered by independent grant giving bodies.
- Communities and developers could engage directly with a central body that could more efficiently allocate funding. It was suggested that this type of approach could also ensure lasting benefits.

With specific reference to how the Principles could help, it was suggested that they could:

- List models for delivery with more information about pros and cons and provide more examples of good working models.
- Provide governance and administration toolkits for the establishment and management of community benefit schemes.
- Encourage developers to improve their understanding of community-level governance and charity regulation in Scotland. Providing developers with a clearer understanding of local governance structures, including how decisions are made and the importance of community autonomy, was seen as a means to improve collaboration and ensure that community benefits are managed in a way that is both effective and respectful of local needs and practices.

Participatory approaches

As noted above, a frequently raised theme was the importance of communities playing a central role, and the importance of empowering local people to have a direct say in funding decisions that affect their communities. It was suggested that the first step should be to ensure that all relevant stakeholders in the community are engaged and involved, and that any processes are inclusive. It was suggested that guidance on establishing community panels or groups would be welcome, and there was specific reference to drawing on good practice in the Public appointments system.

Those who commented specifically on the make up or membership of any decision-making body, tended to refer to members being drawn from existing groups or organisations. For example, it was proposed that community representation could be delivered through or by:

- Elected members i.e. local councillors.
- Community councils.
- Representatives from a range of existing community groups.
- Partnership approaches between groups from different communities, for example through a model like the 9CC Group.

However, there was also thought to be a risk that community decision-making could be dominated by particular people, communities or interests rather than objective decision making.

Other comments considered approaches that could give the wider community a say in how funds are used, with the suggestion that participatory budgeting could have a role to play. A periodic review of funding decisions, carried out by selected members of the community was also suggested.

Support for local communities

Another frequently raised issue was that support may be required to ensure that communities are adequately equipped to engage with developers and maximise future opportunities for their local area, with energy developers noting their own experience that communities benefit significantly from early capacity-building support to maximise their ability to deliver value through community funds. It was suggested that the Principles could encourage this type of approach, including the potential for companies to collaborate more in their support of community infrastructure.

There were also references to the ways in which communities are already being supported by local authorities. For example, it was noted that East Ayrshire Council supported and advised the 9CC Community Councils when the group was getting established.

Moving forward, it was suggested that the Principles could help support building and maintaining capacity within communities by:

- Suggesting that developers should fund training programmes to help communities develop the skills needed to manage and oversee benefit schemes effectively.
- Including an update of support available for community groups from public and third sector bodies regarding capacity building and good governance training. This should include case studies highlighting good practice.
- Encouraging the setting up of regional forums for sharing experiences. It was reported that these forums offer a platform for sharing experiences, challenges and solutions, promoting learning and collaboration.
- Encouraging learning exchange visits between communities and localities potentially wishing to manage and administer their own community benefit funds.

In terms of organisations that may be well placed to offer training, support or advice, suggestions included Local Energy Scotland and Foundation Scotland. Peer-to-peer support was also seen as having an important role to play, and there were calls for the Scottish Government to create or fund Community Benefits Champion posts, with postholders having specialist knowledge of the renewables industry, facilitation and community development.

It was also suggested that there can be significant value in third party administrative support and that communities should be encouraged to view this as empowering rather than indicative of a lack of capacity. There was a recommendation that the Principles place an onus on developers to consider how they encourage communities to consider when this type of support might be beneficial.

Strategic and outcome focused allocation of funds

Although a less frequently raised theme, respondents commented on the importance of decisions about the use of community benefit funds being linked to a clear funding strategy, that both has longevity but also the flexibility to respond to changing needs. Suggestions for delivering such an approach included that it could take existing local plans into account or could be supported by a clear Community Action Plan (CAP) developed with robust community involvement.

In terms of being responsive to changing needs, there was reference to the approach being data driven and to ongoing analysis, provided by the public sector, informing decision making. This type of approach was seen as key to ensuring that funding is directed to projects that provide the most value.

With reference to the Principles, it was suggested that they could:

- Support an approach that focuses on creating positive outcomes for communities, rather than a focus on being effective at distributing funds. This was linked to bringing about a genuine and meaningful partnership between renewable energy operators and communities.
- Urge developers to be clear about the total community benefit payments that will be provided over the lifetime of the development, and whether these will be provided as a one-off lump sum or as annual payments into a community

benefit fund. If there are annual payments, best practice would enable the community to drawdown funds earlier when needed to support larger, strategic projects.

- Encourage community groups to be given the flexibility to save and/or invest community benefit funds, rather than being pressured to spend them within a single year. This would enable more strategic, long-term planning and ensure that resources are used effectively to meet community needs.

As at other questions, respondents also noted that the uses to which community benefit funds are put should be complementary to what exists and not replace other funding streams. In particular, it was suggested that monies should not be used to deliver statutory or other services provided by local authorities.

Status of the Principles, a framework or agreements

There was a view that establishing a legally enforceable governance framework, with mandatory governance structures, would be the best way forward and the route to ensuring consistency across all projects. Associated points included that there need to be repercussions if rules are not adhered to.

An alternative view was that flexibility remains essential and that the Principles should strike a balance between setting out key standards for good governance while allowing developers discretion in how they meet these standards in different local contexts.

Monitoring, reporting and evaluation

The other frequently raised theme was that robust and transparent monitoring, reporting and evaluation will help ensure that community benefits schemes are well governed. An energy developer respondent also noted that reporting on how every pound of community benefit is allocated is vital to their relationships with local communities.

Other points made, sometimes with specific reference to grant awarding bodies, included that there should be mandatory reporting requirements, for example with annual reports/accounts to be published. There was also reference to independent financial oversight.

Other suggestions included that the Principles could recommend or require:

- Publication of minutes from meetings and information on funding decisions.
- Reporting on the use of funds allocated by a Scottish Community Wealth Fund to the Community Benefits Register.
- Completion of an annual Due Diligence statement confirming that no decision makers have been or are being investigated for fraudulent activity, that all decision makers are aware of their legal obligations, and that there are good practices around conflicts of interest when making decisions about allocating funds.

- An independent review, for example every 5 years, to ensure governance arrangements remain fit for purpose.

There was also a call for the establishment of a nationally coordinated oversight body to audit compliance with the Principles and ensure funds are managed transparently and effectively.

Other key features of a transparent approach

Finally, there were a number of other specific suggestions as to how good governance could be promoted or ensured. These included:

- Any grant giving body should have established Terms of Reference, and appropriate legal agreements between the energy developer(s) and the body/organisation should be in place. It was also suggested that the Principles could provide some guidance or suggested templates as to the form and content of legal agreements.
- Time limited tenure for local decision makers.

Question 2.6: 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.

Question 2.6 summary

Many respondents pointed to the need for, or benefits of, community benefits being used to support the priorities set out in various local plans and strategies. One perspective, from a Local authority respondent, was that that this alignment should be made mandatory in relation to both local and regional plans. More generally, however, respondents pointed to the potential around creating and harnessing a shared vision, whilst also enabling tailored and flexible responses.

There were references from across respondent groups to the role and potential of LPPs and CAPs, including that alignment with them would be an effective way to ensure that community benefits are used to address community needs and wishes.

CAPs were seen as allowing communities to define their own vision for the future and ensure that community benefit funds are aligned with what matters most to local people. However, it was also seen as important that communities have sufficient support and capacity, including funding, facilitation and time to develop these plans in an inclusive and meaningful way.

In relation to what community benefits could or should be used for, there was a view that this should be entirely at the disposal of local communities. An alternative perspective was that the Principles could play a useful role and could provide guidance on use of community benefits, or exclusions that should apply.

General comments regarding how community benefits could be used included that rather than an expectation that community benefits will always be used for small, short-term grants, communities should also have the option to use funds for larger scale projects, especially if these achieve aims agreed in CAPs or other strategic plans. Encouraging longer-term and/or strategic investment on a local basis was seen as important, including through funding mechanisms that support the longer-term, strategic approach.

Around 310 respondents answered Question 2.6.

A number of the issues raised at this question echoed those already covered at previous questions, particularly Questions 2.3-2.5, including in relation to models and structures that support transparent and inclusive community-led decision-making. There was also reference to how communities could be supported to be active participants and to the importance of effective monitoring and report mechanisms (addressed further at Question 2.9).

There were also a small number of energy developer respondents who simply suggested that the current Principles remain sufficient, as they offer clear guidance for developers while retaining the flexibility needed to adapt to the specific circumstances of individual projects and communities. It was noted that they already provide guidance on following priorities from CAPs and early engagement with relevant local stakeholders and that they include a wide-ranging list of examples of what the wider packages of benefit funding may look like.

The premise that the Principles should better ensure that community benefits are used in ways that meet the needs and wishes of the community was also questioned, primarily by national advocacy organisation respondents, and it was suggested that it is not for national government to determine how communities should and should not use their community benefits. It was emphasised that communities should have control over how the funds are spent according to their priorities and objectives, with the suggestion that much community benefit is already used in ways that meet the needs and ambitions of the community which, in turn, often speak to regional and national priorities.

Reflecting local priorities

Many respondents pointed to the need for, or benefits of, community benefits being used to support the priorities set out in various local plans and strategies.

One perspective, from a local authority respondent, was that that this alignment should be made mandatory in relation to both local and regional plans, with an assessment process to ensure community benefit funding priorities support long-term social, economic, and environmental needs. More generally, however, respondents pointed to the potential, for example around creating and harnessing a shared vision, and while it was suggested that the priorities for a fund should reflect those set out in local plans, enabling tailored and flexible responses was also seen as key.

Whilst it was noted that local, regional and/or national priorities are frequently aligned, for example, in relation to housing and skills development, direct local consultation on community fund benefit priorities was also seen as important. An example given was carrying out further local and regional consultation to identify specific priorities for the fund. It was also suggested that the Principles could support such approaches by encouraging alignment with local and national development plans, while still putting local lived experience at the centre.

Specific plans and strategies

Local authority respondents were amongst those referring to local or regional strategies and plans that they saw as giving very clear guidance on how benefits could be used, linked to local priorities. This was linked to a view that local authorities are best placed to advise on key areas for investment, with examples of how this is already being done including a Community Planning Partnership's Local Outcome Improvement Plans and the underpinning Locality Plans.

There were also many references from across respondent groups to the role and potential of LPPs. These were described as providing a good platform for guiding investment decisions, as democratically concluded, and as benefitting the wider community and not restricted to the interests of one small group.

Other plans or strategies referenced included: LDPs; Population Plans; Net Zero Transition Plans, Carbon Management Plans; Community Empowerment Strategies, and Regional Economic Strategies. There was also reference to plans and policies from local authorities, community planning partnerships and enterprise agencies as helping to guide decisions.

It was suggested that if key plans do not exist or are outdated, they should be refreshed, adhering to the National Standards for Community Engagement to accurately determine local priorities. In particular, it was suggested that if LPPs or CAPs are not available, consideration should be given to their production as a foundational step.

Community Action Plans

A number of respondents from across a range of respondent groups commented specifically on the potential of CAPs, including suggesting that alignment with them would be an effective way to ensure that community benefits are used to address community needs and wishes. In terms of their particular strengths, the following were noted:

- Their use is already encouraged in the existing Principles, and they are normally aligned to community council districts, also referenced as a first port of call local organisation for developers to engage with.
- They are already in place in many communities, both urban and rural.
- Along with LPPs, they add a layer of legitimacy to community benefit projects.
- They allow communities to define their own vision for the future and ensure that community benefit funds are aligned with what matters most to local people.
- Consortiums could look across relevant CAPs to identify opportunities for regional projects. There are an increasing number of examples of multi-

community action plans, which operate at a scale which enables both strategic planning and meaningful community involvement.

However, it was also emphasised that CAPs need to be of high-quality, and that their production can take at least four to six months. It was seen as important that communities have sufficient support and capacity, including funding, facilitation and time to develop these plans in an inclusive and meaningful way. The importance of reaching underrepresented groups and ensuring a broad cross-section of the community is involved in shaping decisions, was also highlighted.

An energy developer respondent reported that, for their renewable projects, they ask all communities that receive community benefit funds to develop a CAP, and that this involves engaging with the communities eligible to participate in the fund to identify and set out their short- to medium-term ambitions. They also noted that this process is usually refreshed every five years to check in with communities, understand progress, and redirect attention to achieve identified ambitions.

On what should benefits be used

As noted above, there was a view that the way in which community benefits are used should be entirely at the disposal of local communities. Other respondents did think that the Principles could play a useful role and could provide guidance on use of community benefits, or exclusions that should apply.

One perspective was that a robust set of Principles would make it clear what types of expenditure and investment are appropriate and that this would reduce the potential for disagreement between members of the community. However, there was also a view that any Principles should not be prescriptive, with communities empowered to choose what is right for them. It was suggested that the focus should be on highlighting opportunities, including those that might support the delivery of national priorities, but also that while it may be desirable to align with national priorities, projects should not be discounted if they do not. The suggestion was that such an approach would lead to an erosion of community-led approaches and the meeting of specific local needs.

General comments regarding how community benefits could be used included that:

- The focus should be on improving the social, economic and environmental wellbeing of the community.
- Communities should have the autonomy to invest in projects that align with local, regional, and national priorities or development plans.
- They should look to delivering benefits that endure over the long term and create the lasting legacy that is referred to in the current Principles. Rather than an expectation that community benefits will always be used for small, short-term grants, communities should also have the option to use funds for larger scale projects, especially if these achieve aims agreed in CAPs or other strategic plans.

This emphasis on longer-term and strategic use of community benefit funds was raised frequently, with further points including that more guidance could be provided from the Scottish Government on balancing investment in longer-term, strategic priorities and smaller projects with more immediate but more short-term benefit. Encouraging longer-term and/or strategic investment on a local basis was seen as important, with further points including that:

- Communities should be encouraged to consider whether investing community benefits in revenue-generating assets could address local needs while at the same time providing a long-term revenue stream and increasing capabilities and resilience within the community. Any funding restrictions should not inhibit such an approach. National advocacy organisation respondents were most likely to raise this issue.
- Any business investment should be directed primarily – and, unless compelling reasons exist, exclusively – towards local, democratically-owned businesses, such as community-owned enterprises and cooperatives. Privately owned businesses that receive funding should evidence how they have generated community benefits.
- A minimum percentage of funds should be allocated to long-term initiatives.
- Funding mechanisms should support a longer-term, strategic approach, for example, by allowing local communities to decide to hold back funding to support future strategic projects.
- There should be further direction to assist renewable energy developers who wish to come together to combine their community benefit offerings and subsequently offer a larger fund for a certain area, through the same system, making it easier for communities to access.

In terms of the specifics around how community benefits might be used, including pursuing priorities already identified by local communities, suggestions covered:

- Community homes and social housing developments.
- Community facilities, such as hubs.
- Entrepreneurial activities and business infrastructure.
- Workforce development - jobs, training, and employability.
- Environmental and net zero sustainability, including energy initiatives.
- Tourism infrastructure and facilities.
- Transport initiatives.

Whilst recognising the potential of longer-term, strategic projects, the importance of allocating funds to individual communities within the community benefit area was also highlighted, especially by community council and individual respondents. They highlighted the importance of communities directly affected being 'compensated' for the direct impact of developments, but also argued that resilience building activity, such as diversification of local businesses, should be focused on small-scale, localised activities that fit within the local environment's capacity.

In addition to comments on how community benefits might be best directed, there were views on how they should not be used. Energy developers and place-based community organisations were amongst those who argued that community benefits should not be used to fund statutory services, or that they should not alleviate the responsibility of local and national government for services they provide. This latter point was connected to the suggestion that they could be used to enhance or speed up end solutions.

Energy developer respondents pointed to the importance of the Principles making clear the risks inherent in using community benefit to provide services that should be, or have historically been, delivered through statutory funding. In particular, the risk that once the community has taken responsibility for a service, the relevant public body may be unwilling to take back responsibility was highlighted.

Question 2.7: 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.

Question 2.7 summary

Many of the comments supported community benefit arrangements being reviewed when the status of a project changes or after a set period of elapsed time. Reviewing and adapting arrangements was seen as a way of ensuring continued relevance and fairness.

In terms of general requirements or recommendations to be put in place, suggestions included that it should be a requirement for developers to review their arrangements when a site is repowered, extended or sold, with a call for a structured and legally enforceable review process whenever an energy project undergoes significant changes.

There were also references to the importance of existing commitments being honoured when changes are made, with a principle of no detriment to communities and a presumption that replacement arrangements are as good as or better.

Issues raised in relation to repowering sites specifically included that, to all intents and purposes, it should be treated as a new project, with any existing/previous community benefit packages and approaches reviewed and reassessed. The same view was generally taken in relation to extensions.

There were two main issues raised in relation to the status of community benefit arrangements when there is a change in ownership of development. The first was that, within the Scottish Onshore Wind Sector Deal, the industry has already committed to maintaining community benefit arrangements when a project is sold.

The other main issue raised was that a potential change in ownership should trigger options relating to community or shared ownership.

A total of 310 respondents answered Question 2.7.

General principles

Many of the comments supported community benefit arrangements being reviewed when either the status of a project changes or based on a set period of elapsed time. Reviewing and adapting arrangements was seen as a way of ensuring continued relevance and fairness.

In terms of general requirements or recommendations to be put in place, suggestions included that it should be a requirement for developers to review their arrangements when a site is repowered, extended or sold, with a call for a structured and legally enforceable review process whenever an energy project undergoes significant changes. A variant was that the Principles should include clear guidelines for community benefit arrangements when the status of an energy project changes.

There were also references to the importance of existing commitments being honoured when changes are made, with a principle of no detriment to communities and a presumption that replacement arrangements are as good as or better.

In relation to what else should be required or recommended with any change in status, there were references to an expectation that developers should then follow the same good practice processes as for new developments and should:

- Inform the community well in in advance; this should include how the changes will affect the community benefits.
- Re-engage with the community to ensure that governance mechanisms are up to date, adequate and representative of the community as it is now. It was noted that there might have been changes in local community bodies and there may be new partners to engage with.
- If the developer still manages the local community benefit fund and if a suitable community organisation exists, control and governance of the fund should be passed to them.
- At the point of project status change, a Community Benefit Champion should be allocated to the community. This issue is picked up again at Question 2.9.

In terms of the community benefits themselves, it was suggested that there should be a renegotiation of the whole community benefits package, including but not exclusive to financial payments, with:

- Community benefit payments being reviewed and rising to the good practice benchmark at the time of the status change.
- Developers required to fund third-party impact assessments, ensuring that community benefit contributions are adjusted to reflect increased project scale and revenue.
- Additional commitments already made in the Onshore Wind Sector Deal for Scotland also applying. For example, coordinating community benefit funds with nearby communities could enable multiple communities in the area to buy a stake in the changing development through shared ownership (discussed further below).

It was also suggested that, if a new project is developed near by a current project, the focus should be on the maximum impact being achieved, including by avoiding duplication of a current fund and building on or complementing what is already in place.

Repowering

Issues raised in relation to repowering sites specifically included that, to all intents and purposes, it should be treated as a new project, with any existing/previous community benefit packages and approaches reviewed and reassessed. It was noted that this provides an opportunity to ensure arrangements are in line with the most up-to-date Principles and to re-engage with communities on how benefits are delivered.

For example, an energy developer respondent reported that they have had instances where communities have been eager to adopt a more local, community-led approach, which they have supported. A local authority respondent highlighted opportunities to rethink approaches by bringing landowners, developers and the community together to work on common problems and deliver more impactful change more efficiently.

With specific reference to wind power, it was also reported that repowering invariably results in a different site footprint, usually with bigger, more powerful turbines with new, deeper foundations and often requiring aviation lighting, more and larger solar panels and installation of industrial scale battery storage systems. Again, it was stressed that such changes should be treated as new applications, with the implication that fresh community benefits should then be triggered.

However, there was also a view that repowering does not necessarily warrant a revision of existing funding arrangements, and a note of caution against mandating a set of overly restrictive Principles which could make repowering projects unviable; it was reported that repowering will be a key factor in Scotland meeting its renewables targets.

Extensions

Many of the same points about repowering of sites were made in relation to extensions, including that they offer the opportunity to review arrangements and adopt the latest Principles.

However, it was noted that extension in this context refers only to the extension of a site where additional turbines are installed (as above) and does not apply to lifetime extensions where turbines continue to operate beyond their original predicted lifespan. The energy developer respondents amongst those highlighting this distinction went on to note that the Principles already state that community benefit arrangements are for the lifetime of the asset, so there should be no expectation that the community benefits will change if the lifetime of the asset changes.

However, there was also a call for developers to ensure the long-term sustainability of community benefit schemes through periodic updates or adjustments based on changing circumstances.

Additional points made in relation to site extensions included that:

- If the developer remains the same, it would be good practice to consult the same stakeholders and explore either using the same fund structure or adapting it based on feedback from those stakeholders.
- The Principles should ensure that funding of the benefit continues through periods of operational change, including so that the developer is incentivised to carry out any changes quickly and with the minimum of inconvenience to local communities.

Ownership changes

Two main issues were raised in relation to the status of community benefit arrangements when there is a change in ownership of development.

Ongoing commitments

The first, set out primarily by energy developer respondents but also by community council respondents, was that within the Scottish Onshore Wind Sector Deal, the industry has already committed to maintaining community benefit arrangements when a project is sold. The energy developer respondents went on to note that this continues to be the industry's position. Respondents who focused on other renewable energy sources, for example solar, made a similar point and there was support for this position being set out clearly in the Principles.

Others, including local authority and place based community organisations, raised the same underlying issue, noting that community benefit payments should not be affected by a transfer in ownership, and it was sometimes suggested that developers should provide safeguards in any community benefit agreement and/or sale agreement that, should any project be sold, the new owner is legally obligated to maintain any community benefit commitments. There was also a call for new project owners to reaffirm and revalidate benefit agreements within six months of project acquisition and for a publicly accessible National Developer Accountability Register which records project ownership changes.

However, there was also a note of caution that, while a developer can set out in the legal agreement that they will endeavour to ensure that a new owner/operator will honour the fund, the agreement is between the two named parties and the current owner cannot legally enforce that commitment.

Community or shared ownership

The other main issue raised was that a potential change in ownership should trigger options relating to community or shared ownership. Specific suggestions included that:

- Communities should be given shared ownership offers at the point of sale of the development. Some of those raising this issue suggested that this should also apply for all repowering developments.

- Developers should work with organisations like Local Energy Scotland and Community Energy Scotland to ensure best practice for offering shared ownership.
- If a company wishes to dispose of a privately owned site, the site should be transferred into public ownership.

Question 2.8: 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.

Question 2.8 summary

Overall, there was support for the Principles providing direction on coordinating community benefit arrangements from multiple developments in the same or overlapping geographic area, including because coordination could help minimise the administrative burden for communities that have multiple developers with whom to engage.

Respondents highlighted how coordinated approaches are already working well in parts of Scotland, with examples including local authorities administering funds to which multiple wind developments contribute or setting up a single trust that distributes community benefit from a number of developments to local community organisations.

In terms of multiple communities operating interdependently, there were specific references to the 9CC Group, and it was suggested that by coming together in a coordinated way, with clear and transparent governance, this group has been able to work smarter and deliver more strategic projects.

Where there was some divergence in opinion was in terms of the nature of any direction the Principles might include, but respondents tended to refer to the Principles encouraging coordination but not necessarily setting it as an expectation or requirement.

Around 290 respondents answered Question 2.8.

Although most of those who commented thought that the Principles should give some level of support or direction around coordinating community benefit arrangements, a small number of primarily community council or individual respondents did not. This was generally connected to a view that decisions about the arrangements for and use of community benefits, including any decisions to coordinate arrangements, should be at the disposal of local communities only.

Overall, however, there was a broad consensus that the Principles should cover the issue, particularly given that as renewable developments increase in number it is inevitable that there will be more instances of multiple developments and associated community benefit arrangements being within the same area.

Potential benefits of a coordinated approach

In terms of the types of problems a coordinated approach might address, there were references to the risk of unequal distribution of benefits, missed opportunities for strategic investment and inefficiencies in community engagement and administration. On the last issue, it was suggested that coordination could seek to minimise the administrative burden for communities that have multiple developers with whom to engage. As an example of the challenges some local communities can face at present, a community council reported that they find themselves being consulted on three separate developments with a fourth potentially commencing shortly and that, as a group of volunteers, participating in several consultations regarding community benefits is challenging. There were also other references to avoiding consultation fatigue and to simplifying the funding landscape for those organisations applying for funding, with consistency in processes around applications and monitoring.

Other potential benefits identified included:

- Maximising the positive impact on local communities, including by developers being able to deliver enhanced benefits for local communities.
- Creating larger, more impactful projects that address the needs of the broader community. This could include by diversifying themes and aims of funding.
- Enabling strategic investments capable of creating lasting community benefit.

Respondents highlighted how coordinated approaches are already working well in certain parts of Scotland, with examples including local authorities administering funds to which multiple wind developments contribute, or setting up a single trust that distributes community benefit from a number of local windfarm developments to local community organisations.

Energy developer respondents reported that they already seek to coordinate their community benefit arrangements when this is requested by local communities, although one did note that where there are overlapping geographic areas, determining areas to be in receipt of a community benefit fund is nuanced and needs to be considered on a case-by-case basis.

In terms of community-led models, the following options were highlighted:

- Single communities receiving multiple streams of income and wanting them channelled through a harmonised route. There was reference to single community focused organisations which have consulted on the use of community benefit funding.
- Multiple communities benefitting from one package (and which the developer wishes to retain as such) but where communities wish to operate independently and channel the funds into their established local arrangement or mechanism where they have one that is working well.
- Multiple communities agreeing to operate interdependently and inviting any incoming new developers to take account of this so that the area of benefit will be co-terminus with all those communities.

In terms of multiple communities operating interdependently, there were specific references to the 9CC Group, which is noted in the consultation paper as a best practice example. It was suggested that by coming together in a coordinated way, with clear and transparent governance, this group has been able to work smarter and deliver more strategic projects, with a lasting legacy. Their own response commented that coordination, cohesion, collaboration, consensus, and co-operation are key to optimal outcomes through partnership working between multiple communities and multiple developers.

Although most of those who commented pointed to the existing or potential benefits of coordinating community benefit arrangements from multiple developments, there were also notes of caution. These included that there may not be much to gain by trying to get developers to work together at the same pace, and this might just be an unnecessary extra layer of bureaucracy. It was also suggested that while coordinating community benefit will work where communities are close, it might prove more difficult to deliver across larger rural areas, depending on the populace and needs of communities.

Support and encouragement or mandating

Where there was some divergence in opinion was in terms of the nature of any direction the Principles might include. For example, a local authority respondent called for mandatory, structured, and enforceable coordination of community benefit arrangements across multiple developments. Their reasoning included that without a strategic regional approach, there is a risk of inequitable distribution, duplication of initiatives, and missed opportunities for larger-scale, transformational investments. They called for the Principles to support the establishment of Strategic Fund Partnerships at local authority level, a standardised and legally enforceable approach to benefit allocation and compulsory Regional Impact Assessments for multiple developments.

More frequently, however, respondents tended to refer to the Principles encouraging coordination but not necessarily setting it as an expectation or requirement. Reasons given for allowing a degree of flexibility included that:

- Project development timelines are long, and the points at which decisions must be made are fixed within the process. While developers with neighbouring projects may wish to coordinate their community benefit approaches, their project timelines may dictate that one has to decide on arrangements before the other can do so. It should be at the discretion of the developer(s) as to whether there is an opportunity for collaboration or whether individual, targeted funds provide an adequate tangible impact.
- The decision to take a coordinated approach should be community-led wherever possible. It was suggested that, for the approach is to be successful, it must be based on the core principle that coordination remains community-led, and any collaboration should be initiated at the request of the local community.
- Region-wide funds could be an answer for larger schemes, or areas with multiple schemes, however this should be at the discretion of the community and by consensus with developers. It should not come at the detriment of local funding but, once funding has been utilised locally, there could be an exploration of a regional fund.

In terms of ways in which the Principles could support coordination, suggestions included encouraging communities and developers to take account of existing arrangements and avoid introducing or overlaying new arrangements that are going to duplicate systems or arrangements and draw on already limited capacity in an area. Other suggestions included recommending:

- Early-stage discussions between developers to ensure that collaboration is embedded in project planning from the outset, though the specific details of such collaboration would not need to be finalised until after planning consent has been granted. This would provide flexibility while ensuring that collaborative approaches are considered at a meaningful time in the development process.
- The production of a CAP where it does not already exist. As at Question 2.6, this was seen as useful mechanism for communities to think through how to maximise the potential of community benefits, and it was suggested that the ideal situation is a model involving funds determined by the boundaries used by community-led plans.
- When several communities have come together, each community council area should have a representative on the governing body. This could be a member of the community council itself, or a development trust or another local community anchor.

Distinction between the same or overlapping areas

Finally, there were occasional references to the difference between the same area and overlapping areas. The community council and place-based community organisation respondents who considered this issue were in favour of the Principles providing direction relating to multiple developments in the same area, provided that communities local to and affected by the developments have a final say on how community benefits are to be used and distributed in their area. However, they did think that approaches may need to vary from development to development when there are overlapping geographical areas.

More generally, it was noted that challenges remain in determining the scope of a wider group of communities in a multi development environment, including in relation to the area impacted by multiple developments, and how to treat existing legacy developments that were operating prior to the development of the group.

Question 2.9: 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.

Question 2.9 summary

Reflecting an ongoing theme across the consultation, there were a number of comments about the status of any reporting arrangements and, in particular, that developers should be mandated to record and report on community benefits associated with their renewable projects. There was also a call for the Scottish Government to urge the UK Government to require developers to record and report on community benefit schemes on an annual basis.

Many of those referring to standardisation and/or more stringent reporting requirements linked these to a national reporting system, or the existing Community Benefits Register (the Register). Most of those commenting explicitly about the Register offered clear support for its continued use.

A frequently raised theme was the importance of a reporting framework, and the Register specifically, supporting an outcome- and impact-focused approach to monitoring and evaluating community benefits.

It was seen as important to ensure that developers are consistently recording and updating information on the Register throughout the lifecycle of a project. Respondents tended to point to the need for an annual requirement.

Establishing clear, standardised reporting metrics was also seen as key, with suggestions including: all sources of developer income connected to a project; financial benefits paid; and in-kind benefits delivered.

A total of 280 respondents answered Question 2.9.

The importance of recording and reporting on the delivery and outcomes of community benefit arrangements was highlighted at a number of earlier questions, and at Question 2.5 in particular. The analysis presented here focuses on specific suggestions for improvement to how the delivery and outcomes of community benefit arrangements are measured and reported.

Nature of any recommendation or requirement to report

Reflecting an ongoing theme across the consultation, there were a number of comments about the status of any reporting arrangements; these tended to point to the importance of standardisation and/or whether there should be mandatory requirements.

In relation to standardisation, it was suggested that this could help ensure consistency and comparability across projects, that information is current, and would support transparency. Key features of an effective standardised approach included a focus on outcomes and impact, standardised metrics and set recording and reporting timeframes.

The other frequent theme was around implementing compulsory reporting requirements. It was suggested that developers should be mandated to record and report on their renewable projects and, as at other questions, that the Principles should be strengthened and made legally binding. There was also a call for the Scottish Government to urge the UK Government to require developers to record and report on community benefit schemes on an annual basis.

There were also references to any reporting requirements being extended to communities where appropriate, for example that reporting should be conducted by the company delivering community benefits and verified by the receiving communities. However, there were also calls to ensure that any evaluation and reporting requirements are not overly bureaucratic for communities.

Potential of the National Register

Many of those referring to standardisation and/or more stringent reporting requirements linked these to a national reporting system, or the existing Community Benefits Register. Most of those commenting explicitly about the Register offered clear support for its continued use. However, while the Register was described as having increased transparency around funds and having raised awareness of the diverse initiatives that are being delivered across Scotland, there were also suggestions that a considerable number of the entries are incomplete and do not provide sufficient data. It was also suggested that as current reporting is different for nearly every site or developer, it is hard to evaluate and compare and there were reports that some large developments do not record community benefit values on the Register.

Suggestions for how the Register could be improved often pointed to the importance of standardisation (including a set of standardised metrics as above) and also to ensuring that the information held is accessible; this related to the Register being user friendly and to it continuing to be publicly available.

Although most respondents tended to refer only to the national Register, there were also other suggestions around possible reporting systems. These included that:

- Local authority performance management systems could be extended to cover community benefit delivery, with outcomes from these systems potentially feeding into the Register. Local authority systems were described as well suited to ensuring clear budgeting, transparency in the use of funding, accountability and consistency with local strategic aims.
- The Register could be integrated with Nature Scot's interactive map of wind farm proposals in Scotland.

Outcome and impact focus

A frequently raised theme was the importance of the reporting framework, and the Register specifically, supporting an outcome- and impact-focused approach to monitoring and evaluating community benefits. The current approach was described as still focused on outputs and physical results, such as grants given, value of grants, and community projects funded, but there was said to be an opportunity to reorientate towards real social benefit and measure change and the outcomes of funding.

In terms of outcomes, there were references to the considering the National Performance Framework, the Just Transition principles, and to ensuring reporting complements the Scottish National Outcomes and UN Sustainable Development Goals. An energy developer respondent reported that their own grant management system is already aligned to the primary and secondary UN Sustainable Development Goals.

In terms of impact, respondents referred to standardised metrics for impact measurement, with a focus on tracking social, economic, and environmental benefits. Examples given included that:

- Social impact could look at number of jobs or apprenticeships created and investment in community services.
- Economic impact could look at local business support, direct funding allocated, and return on investment for community-led projects.
- Environmental impact could look at energy efficiency improvements, carbon savings and biodiversity initiatives.

There were also calls for developers to be required to conduct regular monitoring and impact assessments of funded projects. Specific suggestions included mid-term reviews and final evaluations, with a focus on how benefits have contributed to long-term community development and identifying best practices for maximising future impact.

Other comments addressed the importance of communities being involved in both information provision and any assessment of the impact of community benefits, whilst not burdening them with too many reporting requirements. In particular, it was suggested that where a community has multiple community benefit arrangements to deal with, a single reporting process would be helpful.

It was also argued that an assessment of the impact on a community can only really come from that community, and there was a call for community-driven evaluations that provide feedback on how the benefits are being used and whether they align with the community's needs. It was suggested that this type of participatory approach would help ensure that projects remain relevant and effective.

Although comments generally focused on the potential to improve and/or enhance the outcome and impact focus of the information held on the Register, a national advocacy organisation respondent noted that they had contributed to discussions last year and that there was consensus that:

- The issue of outcomes should be as high level as possible, hence the reporting fields now include a reporting field linked with the Scottish Government's National Performance/Wellbeing Framework; and

- Trying to impose any other meaningful impact measurement framework was not practical or realistic given the multiple reporting systems and approaches that already exist within much community benefit practice.

Reporting timeframes

It was seen as important to ensure that developers are consistently recording and updating information on the Register throughout the lifecycle of a project. Respondents tended to point to the need for an annual requirement, for example with developers required to submit detailed reports. It was suggested that these could cover what has been delivered and whether the relationship between the community and developers is effective and productive.

Other suggestions included that all information should have publication dates to help viewers understand current timelines.

Standard metrics

Establishing clear, standardised reporting metrics was also seen as key, with a public body respondent reporting that their work on community benefits from land has shown that transparency around the types and amounts of benefits provided is important for accountability. Other respondents also pointed to the types of information that should be gathered, with suggestions including:

- Location of projects, the technologies being used and details about the developer.
- Governance arrangements for distribution of benefits.
- Information about collaboration and collective efforts, particularly in areas where multiple projects overlap.
- All sources of developer income connected to a project, including generation, Contracts for Difference, Feed-in Tariffs and curtailment.
- Financial benefits paid, and whether these are paid into a community organisation's benefit fund or as grants.
- In-kind benefits, such as local job creation or use of local suppliers or contractors.
- Types of projects being supported, for example whether focused on education, skills development or infrastructure.
- Post-consent tracking of shared ownership offers.

To support high quality information provision, it was suggested that the Principles could include further guidance for community councils or the lead contacts of established community benefit funds to ensure they are reporting adequately on what the funding is utilised for.

In terms of how the information being gathered could be presented and made accessible, looking at enhanced data visualisation tools was one suggestion, for example, developing user-friendly dashboards and interactive mapping tools to make the data more accessible and comprehensible for all stakeholders. There were specific references to:

- Mapping the area over which each fund operates.
- Displaying community benefit payments *per capita* across different wards in Scotland.
- Displaying sites where a new development has received planning consent and sending alerts to relevant local communities about the opportunity for community benefits and shared ownership.

Other potential improvements

Other suggestions for improving how the delivery and outcomes of community benefit arrangements are measured and reported included:

- Sharing and promoting best practice examples. It was suggested that these case studies could be made more prominent with key details like partnerships, timelines and revenue in relation to community benefit. In particular, providing capacity-building examples and templates for communities.
- Introducing independent auditing and compliance monitoring, for example, through the establishment of national oversight body to audit developer reported data.
- Undertaking periodic assessments of the operation of community benefits across Scotland. It was suggested that an evaluation could assess how well the funds address local needs, gather feedback from communities, and measure both short-term outcomes and long-term social and economic benefits.

Question 2.10: 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.

Question 2.10 summary

The importance of community capacity building was one of the most-frequently raised issues, and it was noted that smaller communities face particular resource challenges. Ensuring that disadvantaged and marginalised communities have the organisation, confidence and expertise to know how to navigate and negotiate community benefit agreements was also seen as critical.

Respondents were most likely to highlight the importance of providing external support and generally the importance of this being funded by developers. It was suggested that being able to buy in expertise, and by extension create a more level playing field in terms of which communities have access to that expertise, would strengthen community benefits practice generally.

The connection was made to CARES, which was described as a valuable resource for supporting communities, and it was also noted that Foundation Scotland has been working alongside renewable energy businesses and communities for over 20 years.

There were calls to encourage and facilitate the sharing of knowledge and experience between communities so they can learn from each other, including by supporting peer learning.

A total of 290 respondents answered Question 2.10.

Respondents often referenced answers at earlier questions, and especially Question 2.5, and raised issues already covered in the preceding analysis. Themes included:

- The benefits of stronger regulation, or a mandatory set of guidelines/ requirements, including in providing clarity for developers and communities in terms of what can be expected. Specifically, a statutory obligation in relation to levels of benefit.
- The importance of transparency, including ensuring that communities are aware of possible opportunities and are aware of what has been achieved elsewhere.
- The need for early engagement with communities, and a process that ensures a wide range of voices have a say.

There were also calls for processes, including around benefit distribution, to be made as easy and straightforward as possible, and it was suggested that a simplified application process with clear guidance on how to apply for community benefits would help communities engage with the funding process more easily. Connected to streamlining and simplification were suggestions that the provision of practical resources, such as template documents and step-by-step guides, could help make the process more transparent and user-friendly.

Capacity building support

The importance of community capacity building was one of the most-frequently raised issues. In terms of the challenges communities face, points included that there may be limited capacity with engagement with developers and the delivery of projects often managed by volunteers.

It was reported that the pressure on volunteers is increasing, with groups struggling to recruit more members, and that addressing the skill and capacity gap will be essential to ensuing fair and effective community benefit decision-making. A national advocacy organisation reported that a survey of their development trust members found that almost half would like more support with community benefits. A community council respondent reported that establishing an area of benefit and seeking common ways of working with developers initially appears daunting, and it would have been extremely useful to have access to an independent voice who could come and talk to the community.

In terms of specific communities where community capacity building may be particularly important, suggestions included that rural and smaller communities face particular resource challenges, and that there needs to be a focus especially in areas of deprivation. Ensuring that disadvantaged and marginalised communities have the organisation, confidence and expertise to know how to navigate and negotiate community benefit agreements was seen as critical.

Other comments addressed the timing or focus of community capacity building support, with suggestions that it should:

- Begin at the planning stage, if not before, or should be available to support communities during initial negotiations with developers. It was reported that, while Local Energy Scotland and Foundation Scotland provide some assistance to community groups to get the most from community benefits, there is currently no organisation with a remit to guide community groups throughout the process of agreeing a fund with a developer.
- Cover suitable governance arrangements to receive community benefit funding.
- Support communities to create plans with local priorities. There was specific reference to community organisations being supported and funded to develop or feed into CAPs, LPPs and Area Partnership Plans if they do not already exist.
- Including support around strategic and collaborative use of community benefits across regions.

In terms of possible approaches to community capacity building, there were references to how programmes or training workshops for local communities can help them understand the benefits of renewable energy projects and how to navigate the process. It was suggested that this could include fundraising training, project management, and financial planning.

However, respondents were most likely to highlight the importance of external support and the importance of this being funded by developers. Specific suggestions related to funding arrangements included that:

- Consideration should be given to providing revenue grants, rather than only capital grants, to cover these costs.
- Offering small grants or seed funding for smaller communities to design their own benefit schemes would help them overcome financial barriers.
- Developers should adopt a long-term strategy, and resource effective community engagement and liaison throughout the period of payment and not simply at set up.

As noted above, respondents were most likely to call for capacity building support to be funded by developers, but there were also references to Scottish Government programmes or independent advisers paid for by the Scottish Government. However, respondents tended to point towards funding for dedicated staff or consultancy services, and it was suggested that being able to buy in expertise and, by extension, create a more level playing field in terms of which communities have access to that expertise, would strengthen community benefits practice generally.

In terms of the form this expertise could or should take, there was reference to:

- Access to appropriate professional legal and financial resources and also to funded or subsidised mediation services to resolve any issues that may arise within communities.
- Access to support from a trusted third party such Local Energy Scotland, Community Energy Scotland or DTAS.
- Regional support teams of paid staff delivering training, support, scrutiny and governance to local groups.
- The appointment of development officers, advisors or champions, with a call for a good practice standard around the inclusion of development officer or equivalent costs into community benefit packages that can be drawn down as early as possible.

There was also a suggestion that the Scottish Government should create or fund Community Benefits Champion posts and that these would be the first port of call for communities to get advice and support on securing community benefits. A connection was made to CARES, which was described as a valuable resource for supporting communities' engagement with developers and community benefit. Energy developers were amongst those calling for the Scottish Government to continue to fund CARES and potentially extend the scheme to facilitate community mentoring (see below).

Other suggested approaches and/or references to key organisations included that Foundation Scotland has been working alongside renewable energy businesses and communities to help set up and implement a diverse range of community benefit funds for over 20 years, and the type of work they do could be expanded. There was specific reference to establishing a National Advisory Service with a remit, amongst other things, to:

- Recruit, train, support and coordinate a network of community benefit specialists from across Scotland.
- Promote transparent and robust governance of community benefit funds.
- Scope and deliver training about community benefit for developers.
- Undertake fund reviews and publish in-depth case studies.
- Convene different communities of practice at regional or national levels to build and share knowledge and learning around specific themes or topics.

Although respondents tended to approve support being provided by or via either third sector agencies or a Scottish Government funded scheme, there were also occasional references to a role for local authorities. For example, it was suggested a local authority area model, with a central governing body whose members can both centralise engagement with developers and upskill, can help correct an imbalanced power dynamic between a community and a developer. There was specific refence to Highland's Strategic Fund Management Model as a central fund which will support and enable economic development, increase prosperity and achieve equity for communities across Highland.

Knowledge and good practice sharing

Sharing knowledge and learning was identified as possibly falling within the remit of a national advisory service but was also a frequently raised theme more generally. In particular, there were calls to encourage and facilitate the sharing of knowledge and experience between communities so they can learn from each other, but also to promote the same approach for developers.

Specific suggestions included:

- Setting up and supporting community networking, including at a regional level or national level.
- Supporting peer learning, for example, by a community receiving community benefit funds for the first time being matched with an experienced and successful scheme of similar socio-economic status. Also, resourcing learning exchange visits between communities and localities potentially wishing to manage their own community benefit funds.
- Recognition and sharing of good practice, including through the development of a collection of good practice examples and case studies. There was reference to the current Local Energy Scotland/CARES platform for sharing best practice.

Maximising the impact of community benefits

Other comments considered how the impact of community benefits, and community benefit funds in particular could be maximised. The issues highlighted often reflected those discussed at earlier questions, including in relation to ensuring that local communities are at the forefront, to supporting and promoting approaches that will deliver a longer-term legacy, and the potential of shared or community ownership. Other issues raised included:

- A need for a cultural shift that enables developers to better relate to communities as partners and to improve their understanding of community wealth building and good practice in community development, particularly if new entrants will enter the field as we progress towards net zero targets.
- The challenges associated with community benefit arrangements that encompass a number of local communities. It was suggested that negotiations should be conducted professionally, and in a constructive and respectful manner, and that this should apply not just in negotiations between the community and the asset owner(s) but also within and between communities.
- That where there are multiple projects in one area and, in particular, more than one developer engaging with a particular community or group of communities, coordinated approaches are important.

Setting a funding benchmark

Question 2.11: 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.

Responses to Question 2.11 by respondent type are set out in Table 3 below.

Table 3 - Question 2.11

Respondent type	Yes	No	Don't know	Total
Community Council	24	4	0	28
Consultancy, research or lobbying organisation	7	0	1	8
Energy developer including membership bodies	12	8	2	22
Local authority	16	0	1	17
National advocacy organisation	9	1	5	15
Place-based community organisation	27	1	5	33
Public body	2	0	1	3
Representative or policy organisation	2	0	2	4
Total organisations	99	14	17	130
% of those answering	**76%**	**11%**	**13%**	**100%**
Individuals	145	30	30	205
% of those answering	**71%**	**15%**	**15%**	**100%***
All respondents	244	44	47	335
% of those answering	**73%**	**13%**	**14%**	**100%**

* Percentages do not sum to 100% due to rounding.

A majority of respondents, 73% of those answering the question, thought that the Principles should continue to recommend a benchmark value for community benefit funding. The energy developer respondent group was the only one in which a significant proportion of respondents (8 out of 22 answering the question), did not think so.

A total of 30 respondents provided an explanation of their answer at Question 2.11 and key points raised are summarised below. It should be noted that these are based on a subset of respondents; Question 2.11 did not include an option to provide a further comment, and the issues raised below are based on those respondents who chose to make a comment at Question 2.12.

Support for a benchmark

Those who supported a continuing role for benchmark values argued that these provide clarity and ensure equity of approach. Clarity around the calculation of community benefits was seen as important for giving:

- Developers the confidence to invest.
- Communities an expectation for a minimum level of expected benefit.

The benchmark was said to be well understood by both communities and developers and described as a useful starting point for negotiation of community benefits. However, it was suggested that the benchmark should be presented as the minimum expected, to ensure proportionate benefits are realised for communities. This was linked to concern from place-based community organisation and community council respondents who cited examples where more flexible approaches, such as direct funding of projects, were seen as having resulted in significantly lower levels of benefit overall. Reflecting points raised at earlier questions, ensuring a proportionate share of benefits for communities was highlighted as essential to realise communities' ambitions, including for communities experiencing significant decline.

A benchmark value was also supported as providing transparency around the calculation of community benefits. It was reported that average community benefit values have varied across different technologies, and there was thought to a need for greater transparency as to why this should be the case. Ensuring communities can understand how community benefit values are calculated was seen as an important aspect of the Principles.

Opposition to a benchmark

Comments in opposition to the Principles recommending a benchmark value included that a standardised approach to community benefits and benchmark values could be seen as non-competitive. It was also suggested that guidance should recognise that a benchmark value for community benefits could result in increased consumer energy prices.

A more common basis for objection was concern around the application of the same benchmark across all technology types. Primarily raised by energy developer respondents, this was linked to issues discussed at Question 1 in relation to the application of the Principles across different technologies. While some explicitly supported the current benchmark for onshore wind development, it was reported that £5,000 per MW per year will not be feasible for some technologies. These respondents saw a need for greater flexibility in community benefit metrics to take account of the differing characteristics of onshore technologies and the characteristics of individual projects, including some potential for geographic variation.

In contrast, some community council and national advocacy organisation respondents expressed a view that community benefits should be compulsory – and hence should not be specified in good practice.

Question 2.12 (a): Should the benchmark value be the same or different for different onshore technologies? Please explain your answer.

Question 2.12(a) summary

Points raised by those supporting a higher benchmark value included that the benchmark for year one of a new project has not been revised to account for inflation since it was introduced, meaning that new onshore wind projects are likely to contribute significantly lower community benefits per MW than existing projects (where benefits will have been index-linked after year one). There was a call for an uprating of the current benchmark to account for inflation, followed by regular review. There was also a call to move from Consumer Price Indexing to Retail Price Indexing.

Those favouring a lower benchmark, or arguing against any increase, highlighted the potential for community benefits to undermine the economic viability of some projects. It was reported that the economic viability of various onshore technologies has changed since the current benchmark was set, including as a result of rising development costs, energy market pricing uncertainty, increased environmental obligations, and changed funding/revenue support schemes.

There was some support for the application of the same benchmark across all technologies, including from community councils, place-based community organisations and individuals. However, the more frequent position was that a non-standardised approach is the best way forward, with a different benchmark value applied across different technologies. In terms of specific technologies, there was reference to solar energy; storage, transmission and carbon capture, utilisation and storage (CCUS) projects; and emerging technologies.

Respondents highlighted a range of factors that were seen as relevant in setting benchmark values across different technologies, including differing development and operating costs, funding models and revenue structure and scale. The environmental and social impact of projects was also seen as relevant to benchmark values, including the length and impact of initial development, safety considerations, and ongoing environmental and community impact.

A total of 320 respondents answered Question 2.12(a).

In addition to considering of how a benchmark value should apply across different technologies, there were comments on whether the benchmark should remain unchanged (from the current £5,000 per installed MW per year for onshore wind projects). These included community council, national advocacy organisation and place-based community organisations, who proposed a higher benchmark value. Other, primarily energy developer respondents, wished to see a lower benchmark or argued against any increase in the current value.

Points raised by those supporting a higher benchmark value included that the benchmark for year one of a new project has not been revised to account for inflation since it was introduced, meaning that new onshore wind projects are likely to contribute significantly lower community benefits per MW than existing projects (where benefits will have been index-linked after year one). There was a call for an uprating of the current benchmark to account for inflation, followed by regular

review. There was also a call to move from Consumer Price Indexing to Retail Price Indexing.

Those favouring a lower benchmark, or arguing against any increase, highlighted the potential for community benefits to undermine the economic viability of some projects. It was reported that the economic viability of various onshore technologies has changed since the current benchmark was set, including as a result of rising development costs, energy market pricing uncertainty, increased environmental obligations, and changed funding/revenue support schemes. There was also reference to analysis[15] indicating that community benefits now account for a significant proportion of the profit associated with onshore wind projects. It was suggested that a higher benchmark value would risk the economic viability of onshore net zero projects and in particular could disincentivise the development of new technologies.

There was also a concern that an excessive benchmark value could set unrealistic expectations for local communities and ultimately result in higher consumer energy prices for all consumers.

Respondents made a range of other points relating to how a benchmark value should be calculated and applied – these are considered further at Question 2.12(b). The analysis below considers whether the benchmark value should be the same or different across different technologies.

Standard approach

There was some support for the application of the same benchmark across all technologies, including from community councils, place-based community organisations and individuals. These respondents suggested that application of the same benchmark would ensure equity of approach across all onshore projects and provide clarity for all stakeholders in terms of the expected level of community benefit. There was also a view that all onshore technologies have an impact on landscape and communities, and thus should all be subject to a minimum benchmark.

A non-standardised approach

The more frequent position was that a non-standardised approach is the best way forward, with a different benchmark value applied across different technologies. General comments in support of a variable benchmark included a view that this would support a diversity of renewable energy technologies, whilst still delivering fair and proportionate community benefits.

Support for a variable benchmark was most commonly linked to a view that onshore technologies differ significantly in their economics, and that this should be reflected in different benchmark values. There was reference to technologies differing in terms of:

[15] This analysis is presented in the Scottish Renewables response to this consultation (available on the Scottish Government's website).

- Development and operating costs.
- Generation capacity.
- Funding models, revenue and profit potential.

It was also noted that technologies continue to evolve, and that any benchmark will need to be able to accommodate emerging models.

Another view was that community benefits should reflect differences in the land use and community impacts of different technologies. There were references to landscape and visual impacts, including impact on land use (including agriculture), wildlife, and tourism.

Setting a differentiated benchmark

Those favouring a non-standardised approach sometimes saw a continuing role for a per-MW benchmark for onshore wind projects and/or a minimum baseline across all technologies. However, as above, there was also concern, particularly from energy developer respondents, that the application of the current £5,000 per MW per year benchmark across all technologies could undermine the economic viability of some projects.

Energy developer and national advocacy organisation respondents were amongst those suggesting specific technologies where the current benchmark should not apply. These included:

- Emerging technologies, linked to a view that the imposition of excessive community benefits could add to economic challenges facing these technologies, and delay necessary investment.
- Solar energy, which was identified as a technology where application of the £5,000 per MW per year could undermine the economic viability of projects. Specific proposals from Solar Energy UK for an alternative benchmark value were noted.
- Storage, transmission and CCUS projects, with respondents commenting that these technologies differ significantly from energy generation development in terms of expected revenue, operational costs and land and community impact. It was also noted that storage projects provide additional benefits through grid flexibility. However, while one view was that storage projects should be exempt from any benchmark, a community council raised concerns that an exemption could be used to avoid community benefits for generation projects that do not contribute directly to the grid.

It was also suggested that a benchmark value for community benefits should not apply to non-commercial projects.

Respondents highlighted a range of factors that were seen as relevant in setting benchmark values across different technologies, with comments tending to focus on ensuring benchmarks reflect differences in project economics and impact. These issues are considered in more detail at Question 2.12(b), but the key points raised at Question 2.12(a) were ensuring the benchmark value reflects:

- The differing economics of technologies including development and operating costs, funding models and revenue structure and scale.
- The environmental and social impact of projects, including the length and impact of initial development, safety considerations, and ongoing environmental and community impact.

With respect to differing economics, it was proposed that benchmark values should be set at a level that support the economic viability of projects. For example, it was noted that revenue potential per installed MW can vary across different technologies, and it was argued that this should be reflected in a differential benchmark. Differences in the economics of energy generation, transmission, storage and consumption technologies were also highlighted.

In respect of the impact of projects, there was support for a per MW per year benchmark on the basis that this is an indicator of the likely scale of impact. However, it was also argued that the relationship between generation capacity and impact can vary across different technologies and sizes of project. For example, it was reported that onshore wind and solar projects can vary in terms of visual and noise impacts relative to the scale of land use and infrastructure requirements. A higher benchmark value per MW per year was proposed for larger projects to reflect the differential in impact.

Other aspects of onshore projects seen as relevant to benchmark values included characteristics of the local area such as energy generation potential, transmission charges, and local community needs and priorities.

Respondents also referred to:

- Wider benefits delivered by different technologies to the system as a whole, such as grid flexibility and stability.
- Local benefits including direct benefits associated with technologies such as heat networks, and indirect benefits such as increased economic activity, inward investment, and development of skills and economic resilience.

Question 2.12(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.

Question 2.12(b) summary

Respondents proposed a range of potential alternatives to the current benchmark value. These included suggestions based on a per-MW benchmark, and alternatives such as revenue-based measures.

Revenue and/or profitability-based measures were the most commonly supported, including by place-based community organisation, community council and national advocacy organisation respondents. This approach was seen as better suited to ensure community benefit values reflect the market value and financial returns of generated energy and/or storage projects. It was also reported that this approach could ensure communities benefit appropriately in a strong market, while avoiding unfair disadvantage to developers in a weak market.

Measures based on local impact included reference to the land area used, such as a land use related MW benchmark to ensure community benefits reflect larger landscape and environmental impacts, including from infrastructure, with higher contributions where projects require major grid or transport infrastructure upgrades.

There was thought to be a need for further research or review to inform benchmark values. This included proposals for engagement with public bodies, industry and communities to ensure benchmarks reflect an up-to-date understanding of project economics and local needs.

A total of 280 respondents answered Question 2.12(b).

Many of the comments at this question reflected those made at Question 2.12(a), including around the principle of a benchmark value and how this should be calculated. For example, it was suggested that a single benchmark value cannot take sufficient account of differences across technologies, and that the current £5,000 per installed MW is not applicable across all technologies.

This was linked to a wider view that benchmark values should be economically viable, and it was reported that the current benchmark provides essential certainty and predictability for developers, including when project planning and putting together funding bids. There was a concern that higher benchmarks could disadvantage Scottish projects over the rest of the UK.

However, most of those commenting at Question 2.12(b) supported alternatives to the current benchmark, at least for some technologies, with their views summarised below.

The rationale for alternative benchmarks

An alternative or modified approach to benchmarks was seen as necessary to better reflect differences between technologies while ensuring a fair distribution of community benefits. It was suggested that the calculation of community benefits should take account of the diversity of onshore projects including differences in revenue, profitability and impact while also reflecting national and local policy priorities.

In setting out their reasoning for alternative benchmarks, respondents highlighted a range of factors that they thought should be taken into account. These included:

- Projects where a per MW generation benchmark is not meaningful, including reference to battery storage, hydrogen, transmission and distribution and CCUS projects.
- Differences in revenue models, including revenue per MW generated; it was noted that the relationship between initial development costs and anticipated revenue can be very different for different technologies.
- Differences in land, community and infrastructure impacts, with respondents noting variable landscape, biodiversity and habitat, visual and noise impacts, and other community impacts such as additional pressure on infrastructure and services, and safety risks. Transmission and distribution network projects in particular were highlighted as requiring an alternative approach to considering land and community impact.
- Wider benefits delivered by some projects such as longer-term grid stability and flexibility, and other more localised benefits such as local employment and skills development, inward investment, and infrastructure improvements. Per MW benchmarks were seen as insufficient to take account of these benefits.
- The characteristics and needs of individual communities, including particular reference to social and economic policy priorities, building community resilience, and realising community aspirations.

Alternative benchmark measures

Taking account of the factors noted above, respondents proposed a range of potential alternatives to the current benchmark value. These included suggestions based on a per MW benchmark, and alternatives such as revenue-based measures.

Options for modification to the current per MW benchmark included a proposal for a tiered benchmark that takes account of revenue potential, impact and wider benefits. For example, higher contributions were proposed for higher revenue and higher impact technologies, and lower contributions for lower revenue and lower impact technologies and/or those delivering additional longer-term benefits. Reduced levels of contribution were also suggested for community-led and smaller scale projects, and for emerging technologies.

A per MW benchmark was also proposed on the basis of actual energy output or transmission, rather than installed capacity, as is currently the case. It was noted that this approach could take account of differences in capacity factors across technologies. However, there was also a view that output is less directly related to impact on communities than installed capacity, and that an output-based benchmark could result in uncertainty for communities around future payments.

Alternatives to a purely MW capacity-based benchmark reflected suggestions that multiple measures are required to adequately account for the diversity of onshore projects. Examples of projects where the calculation of community benefits had been based on an overall assessment of impact and benefit rather than the application of per MW or percentage multipliers, were provided. It was recognised that a more nuanced approach, based on multiple measures, is likely to add complexity to the determination of community benefits, but this was seen as necessary to ensure appropriate sharing of benefits.

Among specific proposed approaches, revenue and/or profitability-based measures were the most commonly supported, including by place-based community organisation, community council and national advocacy organisation respondents. A range of specific percentage benchmarks were suggested, and options to incorporate a minimum per MW level. This approach was seen as better suited to ensure community benefit values reflect the market value and financial returns of generated energy and/or storage projects. It was also reported that this approach could ensure that communities benefit appropriately in a strong market, while avoiding unfair disadvantage to developers in a weak market.

There was also support for measures based on local impact such as a land use related MW benchmark to ensure community benefits reflect larger landscape and environmental impacts, with higher contributions where projects require major grid or transport infrastructure upgrades. A benchmark based on the scale of development and associated infrastructure was seen as more appropriate for transmission and distribution network technologies in particular.

Other suggestions included:

- Measures based on project cost, such as a one-off share of capital expenditure. It was reported that a focus on benefits early in the development process, such as support for local housing and infrastructure, could be a better fit where this can directly support project delivery. An example given was supporting the required on-site workforce in remote locations.
- A percentage community ownership stake in projects, which was seen as adaptable across different technologies.
- A regional adjustment factor to take account of varying impact and benefits to some areas.

Other aspects of a fair and proportionate approach

In addition to proposals for alternative benchmark values, respondents commented on other mechanisms that would support a fair and proportionate approach to community benefits, including suggestions for further research or review to inform benchmark values. This included proposals for engagement with public bodies, industry and communities to ensure benchmarks reflect an up-to-date understanding of project economics and local needs.

In addition, respondents proposed regular monitoring and review of benchmark values to ensure these take account of technological developments and market changes. There was also reference to energy market reforms being proposed by the UK Government, and a view that benchmarks should be reviewed in the event of such reforms to take account of any change to market conditions.

Further suggestions included:

- An option for exemption for individual projects, where it can be clearly demonstrated that the standard benchmark would threaten viability.
- Provision for non-financial benefits such as training and infrastructure upgrades.
- Ensuring that community benefit commitments are for the whole life of a project, including through any transfer of ownership.
- A centralised professional service to determine community benefits, given the complexity and diversity of onshore projects.
- An option for those closest to developments to have their homes purchased at market value.

Assessing impacts of the Good Practice Principles

Question 2.13: 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.

Question 2.13 summary

A common view was that the Principles are an opportunity to achieve positive impacts for all communities. It was suggested that they will enable the negotiation of fairer and more proportionate community benefit packages, which in turn can have a positive impact on a range of groups, including rural and island communities, people on low incomes and in deprived areas, and local businesses.

Effective implementation of the Principles was seen as essential to realise potential positive impacts, by ensuring equitable distribution of benefits, including specifically for vulnerable populations. Key aspects of implementation included inclusive engagement and governance, capacity building, and effective monitoring of impact for specific groups.

Rural, island and coastal communities were the most referenced, and it was suggested that the Principles can generate significant positive impacts, especially given the significant challenges affecting some communities. Levels of economic deprivation and fuel poverty were noted, with the distribution of community benefits seen as having the potential to help address these challenges, including by supporting economic development.

However, it was also reported that rural and island communities often have limited capacity, relative to developers and landowners, to participate fully in community benefits processes, particularly when there are a number of developments nearby.

A total of 270 respondents answered Question 2.13.

A common view was that the Principles are an opportunity to achieve positive impacts for all communities. It was suggested that they will enable the negotiation of fairer and more proportionate community benefit packages which, in turn, can have a positive impact on a range of groups, including rural and island communities, people on low incomes and in deprived areas, and local businesses.

It was also noted that community benefit funds already tend to be aligned with plans supporting communities of interest and place, with their use described as key to ensuring a just transition. Multiple examples were provided of community benefit funded initiatives that have benefited specific groups and helped to address inequalities.

Effective implementation of the Principles was seen as essential to realise potential positive impacts, by ensuring equitable distribution of benefits, including specifically for vulnerable populations. Key aspects of implementation included inclusive engagement and governance, capacity building and effective monitoring of impact for specific groups. It was also suggested that independent research is required to assess the impact of community benefits to date, and how implementation of the Principles can ensure equitable distribution of funds.

There were also references (as at previous questions) to regional or national management of community benefit funds, with national advocacy organisations amongst those suggesting that a national Community Wealth Fund could ensure that positive impacts reach those in most need who are not able to access community benefits. However, others suggested that local communities directly affected by development could be disadvantaged by funds being redirected to regional or national bodies, including with a risk that these bodies may not fully understand the specific needs of rural and island communities.

Impact for specific groups

Rural, island and coastal communities

Rural, island and coastal communities were the most referenced, and it was suggested that the Principles can generate significant positive impacts, especially given the significant challenges affecting some communities. Levels of economic deprivation and fuel poverty were noted, along with infrastructure constraints, depopulation undermining the viability of local services, and poorer health outcomes. Respondents suggested that distribution of community benefits has the potential to help address these challenges, including by supporting economic development. Job creation and skills development, investment in business innovation to support rural economic diversification, enhancement of infrastructure including improved transport, housing, and digital connectivity, were all mentioned.

However, it was also reported that rural and island communities often have limited capacity, relative to developers and landowners, to participate fully in community benefits processes, particularly when there are a number of developments nearby. It was also reported that planning and community benefits processes are not always effective, for example, with communities becoming aware of proposed development too late in the process. Given these challenges, there was thought to be a risk that communities with greater capacity may be more likely to access funds. Other potential risks identified included that:

- Key industries, such as tourism and agriculture, are negatively impacted by net zero development.
- Allocation of community benefits may not take account of higher costs for many remote rural or island communities, such that funding is not able to realise the anticipated benefits.
- Renewable energy developments may drive up housing and land costs, restricting access for local residents.

Low incomes and deprivation

Those with low incomes and in areas of deprivation were identified as a key group, including in some of the rural and island communities directly affected by onshore development. It was reported that patterns of rural deprivation can be different to those in urban areas, for example, with potential for significant fuel poverty in rural areas that otherwise show low levels of multiple deprivation. It was also suggested that these forms of deprivation may be less evident through common measures such as the Scottish Index of Multiple Deprivation.

Respondents saw a need for longer-term initiatives to realise potential benefits and there was a call for the Principles to support revenue programmes and the longer-term initiatives necessary to tackle complex deprivation. The positive impacts that respondents thought could be delivered included:

- Support for local infrastructure, social housing and other services directly benefiting those on low incomes.
- Economic and employment benefits, including through the creation of job opportunities in the renewable energy sector.
- Measures to tackle fuel poverty, including energy efficiency initiatives, local renewable energy initiatives, and lower cost energy or other financial relief for energy bills.

However, there were also concerns that, without specific targeting of the most deprived areas, distribution of community benefits may not generate the positive impacts anticipated.

Protected characteristics

Respondents also saw significant potential for the Principles to ensure equitable sharing of community benefits in a way that supports those with protected characteristics, with the reference to the Equality Impact Assessment requirement set out in the Principles noted. Linking with local partners' Equality Outcomes and LPPs was also suggested.

In terms of specific ways in which community benefits could support people, accessible housing, community spaces or outreach services were referenced. Other suggestions included that gender-based accounting has the potential to enable community benefits to address gender inequalities.

However, respondents also noted the potential for particular needs to be overlooked, or specific groups disadvantaged, if community benefit funding is not properly targeted to reflect the diversity of protected characteristics. The challenges faced by older people and those with disabilities in rural and island communities were highlighted, and it was suggested that these groups may be particularly vulnerable to negative impacts associated with development.

There was also reference to digital exclusion, along with groups such as young people, women and ethnic minority populations being under-represented in local governance structures and decision making. It was suggested that processes must be accessible and inclusive to minimise barriers to participation, with a focus on financial, language, audio-visual and physical accessibility, as well as targeted engagement mechanisms such as a Youth Panel.

Business impact

Positive economic and employment impacts were expected for rural and island communities most directly affected by offshore development and there were calls for management of community benefits to be aligned with economic and skills development priorities to maximise business impacts. Other positive impacts identified for businesses included:

- Opportunities through supply chains associated with net zero projects.
- Grants or funding opportunities for small and medium-sized enterprises in rural or deprived areas.
- Funding of training programmes, especially in green skills.

To maximise potential benefits, there were calls for developers to prioritise local procurement.

However, there were also concerns that some businesses could be disadvantaged if distribution of funding and benefits is inequitable. For example, smaller local businesses may not be able to benefit from development if large external contractors are preferred for project-related work.

Annex 1: Organisations responding to the consultation

Community council (n=34)

- 9CC Group
- Ardgay & District Community Council
- Ardross Community Council
- Banchory Community Council
- Cockburnspath and Cove Community Council
- Cockenzie and Port Seton Community Council
- Coldstream Community Council
- Contin Community Council
- Crathes, Drumoak & Durris Community Council
- Creich Community Council
- Deer Community Council
- Dunning Community Council
- Dunpender Community Council, East Lothian
- Earba Communities Alliance
- Earn Community Council
- East Lammermuir Community Council
- Ferintosh Community Council
- Fossoway and District Community Council
- Fyvie, Rothienorman and Monquhitter Community Council
- Heriot Community Council
- Joint Forum of Community Councils in West Lothian
- Kilmuir and Easter Logie Community Council
- Kintore and District Community Council
- Murieston Community Council
- Nairn River Community Council
- Oxton and Channelkirk Community Council
- Quothquan and Thankerton Community Council
- Royal Burgh of Peebles & District Community Council (PCC)
- Spean Bridge, Roy Bridge and Achnacarry Community Council
- Speyside Community Council
- Strathglass Community council
- Strathpeffer Community Council
- Walkerburn Community Council
- Watten Community Council & Lyth Arts Centre

Consultancy, research or lobbying group (n=10)

- BiGGAR Economics
- Biggar Projects
- Common Weal
- Energy Skills Partnership (ESP)
- Enscape Consulting Ltd
- Merman Conservation Expeditions Ltd

- Regen
- Scotland Against Spin
- Scottish Research Alliance for Energy Homes and Livelihoods (SRAEHL)
- Strathclyde Institute for Sustainable Communities, University of Strathclyde

Energy developer including membership bodies (n=33)

- ABO Energy
- BlueFloat Energy Nadara Partnership
- Boralex
- British Hydropower Association
- Buchan Offshore Wind
- CWP
- EDF Renewables
- Energy UK
- Flotation Energy
- Fred. Olsen Renewables
- Glen Earrach Energy
- Green Cat Hydrogen
- GreenPower
- Hydrogen UK
- Inch Cape Offshore Wind Farm
- National Energy System Operator (NESO)
- Northland Power
- Ocean Winds
- OnPath energy
- Orsted
- RenewableUK
- RES Limited
- RWE
- Scottish Renewables
- ScottishPower
- Solar Energy Scotland (Part of Solar Energy UK)
- SSE
- SSEN Transmission
- Statera Energy Limited
- Statkraft AS
- Storegga
- Vattenfall
- Zenobe Energy Limited

Local authority (n=17)

- Aberdeen City Council
- Aberdeenshire Council
- Argyll and Bute Council
- Comhairle nan Eilean Siar (Western Isles Council)
- Dumfries and Galloway Council

- East Ayrshire Council
- East Lothian Council
- Fife Council
- Highland Council
- Moray Council
- Orkney Islands Council
- Perth and Kinross Council
- Scottish Borders Council
- Shetland Islands Council
- South Lanarkshire Council
- Stirling Council
- West Lothian Council

National advocacy organisation (n = 18)

- Bield Housing and Care - Bield Tenant Equality Group
- Centre for Local Economic Strategies
- Changeworks
- Community Chartering Network
- Community Energy Scotland
- Community Land Scotland
- Community Woodlands Association
- Development Trusts Association Scotland
- Energy Saving Trust
- Energy4All
- Foundation Scotland
- GrowGreen Scotland
- Paths for All
- Platform
- SCCAN
- Scottish Community Development Centre
- Social Enterprise Scotland
- The MCS Foundation

Place-based community organisation (n = 37)

- Cairngorms Local Action Group Trust
- Colonsay Tourism Marketing Group
- East Kintyre Renewable Energy Group (EKREG)
- East Lothian Climate Hub
- Fife Community Renewables Project
- Friends of Loch Lomond & The Trossachs
- Gairloch and Loch Ewe Action Forum
- Gargunnock Community Trust
- Glenkens & District Community Action Plan Steering Group
- Glenkens & District Trust
- Help Save Mochrum Fell Group

- Highland Community Interest Company (registered as Highland Tourism CIC)
- Highland Community Planning Partnership
- Highland People's Power
- Highlands & Islands Climate Hub
- HTSI
- Kirkconnel & Kelloholm Development Trust
- Kyle of Sutherland Development Trust
- Kyle of Sutherland Hub
- Lanarkshire Climate Action Hub
- Lossiemouth Community Development Trust
- Midlothian Community Action & Midlothian Climate Action Hub
- NESCAN Hub Limited
- NorthWest 2045
- Oxton Dun Law Fund
- Polmont Community Hub
- Save Our Hills Moffat
- Shetland Community Benefit Fund Ltd
- Soirbheas
- SORELL (Save Our Rural East Lammermuir Landscape)
- Strategic Renewables Group
- The Cabrach Trust
- The Dunbeath and Berriedale Community Say NO to PYLONS Action Group
- Thurso Community Development Trust
- Unst Partnership Ltd, Shetland
- Urras Oighreachd Ghabhsainn (Galson Estate Trust)
- West Lothian Climate Action Network Hub Ltd

Public body (n=7)

- Cairngorms National Park Authority
- Consumer Scotland
- Crown Estate Scotland
- Highlands and Islands Enterprise
- NatureScot
- Scottish Land Commission
- South of Scotland Enterprise

Representative or membership body (n=11)

- British Ports Association
- British Standards Institution (BSI)
- Built Environment Forum Scotland
- CLD Standards Council Scotland
- Heads of Planning Scotland
- North Strategic Territory Partnering Board and North Territory Energy Coordinating Structure
- Scottish Crofting Federation

- Scottish Fishermen's Federation
- Scottish Land and Estates
- SOLACE
- The Royal Town Planning Institute Scotland

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