

# Report

**To:** Community and Enterprise Resources  
**Date:** 30 October 2018  
**Prepared by:** Executive Director (Community and Enterprise Resources)

**Subject:** Renewable Energy Fund Community Benefit Fund  
Proposed Update and Amendments

## 1. Purpose of the Report

1.1. The purpose of the report is to:-

- ♦ seek approval to amend the Renewable Energy Fund (REF) Community Benefit Fund and establish a Funding Framework

## 2. Recommendation(s)

The Committee is asked to approve the following recommendation(s):-

- (1) that the 3 amendments to the REF fund listed at paragraphs; 4.8, 4.9 and 4.10, be endorsed;
- (2) that the Funding Framework, outlined in paragraphs 4.4 and 4.5 and detailed in Appendix 1, be endorsed;
- (3) that the changes to the funds publicity, listed at paragraph 5.0 and shown in Appendix 2, be noted;
- (4) that the changes to the REF be effective from 1 April 2019; and
- (5) that the matter be referred to the Executive Committee for approval.

## 3. Background

- 3.1. The Council has a well established mechanism for the collection and distribution of community benefit related to wind farm developments. This was initially set up on the approval of a Report to the Executive Committee entitled Community Benefit (Establishment of a Renewable Energy Fund) on 3 March 2004.
- 3.2 The Council administers the community benefit element of the Renewable Energy Fund (REF) for 31 wind farms within South Lanarkshire. Community groups, social enterprises, trusts, public organisations and not for profit organisations within 10km of contributing wind farm provider are eligible to apply. Since 2004, the Council has made grant awards of over £4.7m from the REF. Looking forward, the annual income and funds available to distribute for community benefit from REF are projected to be over £1.2m per annum until at least 2044 and this does not factor-in inflation or potential new wind farm developments.
- 3.3 In March 2017, the Executive Committee approved a number of amendments to the Clyde Wind Farm Fund and the amendments set out in section 4 to REF seek to align the two funds providing a consistency of funding across South Lanarkshire community benefit funds.

- 3.4 On 28 June 2017, the Executive Committee agreed that the Rural Task Force be requested to consider an approach to neighbourhood planning by addressing inequality in the rural areas. The Task Force considered this on 11<sup>th</sup> December 2017 and agreed that detailed consideration required to be given to a number of interrelated issues that would have a bearing on the outcome of developing an approach to neighbourhood planning in the rural area. This included a review of the REF to establish a Funding Framework which would help support the delivery of the neighbourhood planning priorities.

#### **4. REF Funding Framework Review**

- 4.1 In early 2018 a review and analysis of the REF funds was undertaken and information on the REF was presented as a discussion paper to the Rural Task Force on 22 June 2018. This input from and comment from the Rural Task Force, along with the changes to the Clyde Wind Farm Fund made in 2017 referred to above, have informed the recommended amendments set out in this report.
- 4.2 The REF fund adopted the criteria from the LEADER + programme operating in 2004 with the following purposes to:-
- ◆ secure investment, create employment, implement training, promote or secure sustainable development
  - ◆ relieve poverty, advance education and other social purposes beneficial to a community
  - ◆ preserve, protect or enhance the environment or heritage of Scotland including any building
  - ◆ promote and encourage environmental improvement or enhancement including the provision or upgrading of infrastructure
  - ◆ provide or assist in the provision of facilities for recreation or other leisure time activities
- 4.3 The REF purposes above are still considered broadly relevant. However, it is appropriate for these to be refreshed and set within a new REF Funding Framework which will seek to support community led neighbourhood planning by setting out clear themes and priorities which will then provide a basis to assess project funding.
- 4.4 Following on from above, it is noted that a number of community led neighbourhood plans in different forms have been undertaken recently within the rural area such as in Forth, Rigside, Coalburn Douglas and Glespin. Since the summer of 2018, further support for the development of community led neighbourhood plans is being developed through the LEADER funded Building Community Capacity in Lanarkshire's Rural Area project. Within this context, it reinforces that it is important at this time to update the REF with a Funding Framework which is able to respond to these initiatives, support the development of community led neighbourhood plans and projects and activity identified within such plans.
- 4.5 The Funding Framework themes have been informed by the developing neighbourhood plans, referred to above findings from research and consultations in particular the National Neighbourhood Survey 2016 and Lanarkshire Rural Survey in 2014 (which is still largely relevant). The four themes would be:-
- ◆ Stronger Communities
  - ◆ Prosperous Communities
  - ◆ Healthy Communities
  - ◆ Sustainable Environmental Communities

These reflect the people and place themes which form part of Community Planning approach. The rational and detail within each theme and priorities that could be supported are set out within the Funding Framework within Appendix 1.

4.6 Introducing the Funding Framework will seek to deliver:-

- ◆ improved targeting of funds to areas of need such as deprivation and isolation
- ◆ support the development of community led neighbourhood planning and local strategies
- ◆ improved leverage from other funders and additional investment
- ◆ ability to measure the outcomes and outputs of the investments made against the fund priorities

This will be done by fully publicising the REF Funding Framework and updating the assessment guidance which will allow projects developed through community led neighbourhood plans and/or meeting multiple Funding Framework priorities to score more highly and potentially attract higher grant intervention.

4.7 In addition to the Funding Framework 3 amendments are proposed that deal with issues that will widen the accessibility of the funds and deliver increased support to communities and neighbourhood planning. These are included within the Funding Framework.

4.8 **Amendment 1 - To provide up to £10,000 100% support:-**

The maximum 100% grant level of £5,000 was set some time ago and can be restrictive in the scale of projects supported creating an unnecessary barrier to small local projects. This should be increased to £10,000 to align with the Clyde Wind farm. This increase will enable communities to deliver larger, more complex projects and activity, quicker, without the need for match funding to be secured. The increased level will also support the preparation and development of neighbourhood plans more easily.

4.9 **Amendment 2 - Provide revenue support for capital projects:-**

At present the fund does not provide any ongoing revenue support for projects, which can act as barrier for projects commencing. Therefore it is proposed that the fund can provide revenue funding for up to 2 years to support a capital project that has benefited from a grant award. This can assist a project in becoming sustainable and help to support short term non-recurring revenue costs that are put forward. However, it should always remain a fundamental objective that supported projects should achieve self sustainability by the commencement of the third year of operations.

4.10 **Amendment 3 - The introduction of micro grants:-**

At present no small grants less than £1,000 have been awarded by the REF which is partly due to the significant effort required by groups in gathering evidence and justification and completing the application process for small amounts. However, it is recognised that small grants can be useful to groups and communities in strengthening groups and communities and delivering activity. The establishment of a micro grant scheme similar to the Clyde Wind Farm Fund as part of REF would give communities the ability to fund small scale activity that is locally important with minimum administration. The administration of the micro grants would be undertaken at a local level by Community Councils. Where no Community Councils exist, the Council will investigate devolving decision making on micro grants to other Council approved organisations as well as holding a central pot ring-fenced for those areas.

Community Councils within eligible 10km areas could apply to REF for a maximum £5,000 micro grant fund on an annual basis with awards dependent on funds being available covering their area. The individual award limit for Community Councils distributing micro grants would be £500 and administration is undertaken by Community Councils through a simplified application form. Annual returns will be required from participating Community Councils on funds awarded and any governance issues or corrective actions addressed through this process. It is proposed to contact Community Councils which have area covered by REF seeking applications to run a micro grant scheme and offer training workshops in early 2019 on the administration and eligibility for micro grants.

There are currently 34 active Community Councils and a maximum potential of 58 in South Lanarkshire, 6 of the active Community Councils are within the Clyde wind farm area and already have access to SLC administered funds for micro grants. As the budget of each of the 31 wind farm providers is managed separately, the award to individual Community Councils will be dependent on the availability of funds covering their area.

- 4.11 Grant applications to the REF are currently appraised and scored by Council officers, with grants above £20,000 approved by Community and Enterprise Resources Committee and below £20,000 by the Head of Planning and Economic Development Services through delegated authority. The REF review and Rural Task Force considered options for revising this decision making process including wider participation on project appraisal and creation of a new approval group similar to the LEADER Local Action Group. However the current process is considered robust and the changes set out above will increase community access and participation with the fund. In addition, it is considered that the focus of resources should be given to ensuring the community has full access to the funds. As such, it is recommended that no changes are made to the decision making process at this time, with this being monitored and reviewed as part of the ongoing process.

## **5. Awareness raising and publicity**

- 5.1 As the size of the REF fund has grown, it is recognised that the profile of the fund has not grown commensurate with its scale or with other national funds available to communities. To support the recommended changes, it is proposed that an awareness raising activity is undertaken through the Council's normal channels to make sure that communities understand where, and for what funds are being awarded. Along with this, a range of branding and leaflets have been created which are attached as Appendix 2. In addition, a new funding website has been established which will direct communities to all funding programmes local and national and promote success within the REF and Clyde Wind Farm Fund. The web site can be found at: - <http://southlanarkshire.fundingscotland.com/>

## **6. Conclusion and Next steps**

- 6.1 It is considered the REF is working successfully and to the benefit of the affected communities. Nonetheless, there has been a need to review the fund to reflect a focus on neighbourhood planning priorities, increase local accountability, address socio economic disadvantages and publicise the benefits of the fund. It is proposed that these changes to the REF take effect from April 2019 to tie in with the start of next financial year, however, the publicity and awareness of these funds can commence immediately to allow communities to commence work to access the funds in April 2019.

## **7. Employee Implications**

- 7.1 The operation of the Fund will be serviced from within the existing staff establishment of Planning and Economic Development Services.

## **8 Financial Implications**

- 8.1 The recommended changes have no direct effect on the Council's budgets. The changes are intended to help communities and organisations secure additional funds from other funders increasing investment within South Lanarkshire's Communities. The changes and any alteration to grants awarded versus income will be monitored and reported annually.

## **9 Other Implications**

- 9.1 There are no significant risks to the Council associated with this report.
- 9.2 The recommendations contained within the report will support sustainability and sustainable development.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1 This report does not introduce a new policy, function or strategy and, therefore, no impact assessment is required.
- 10.2 All necessary consultation arrangements, including with the Rural Task Force, have taken place.

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

27 September 2018

### **Links to Council Values/Ambitions/Objectives**

- ◆ Promote economic growth and tackle disadvantage
- ◆ Making communities safer stronger and sustainable
- ◆ Focused on people and their needs
- ◆ Fair open and sustainable
- ◆ Work with communities and partners to promote high quality, thriving and sustainable communities
- ◆ Support our communities by tackling disadvantage and deprivation and supporting aspiration
- ◆ Encourage participation in physical and cultural activities

### **Previous References**

- ◆ Executive Committee 8 March 2017
- ◆ Enterprise Services Committee 1 April 2014
- ◆ Enterprise Services Committee 4 June 2013
- ◆ Executive Committee 3 March 2004

**List of Background Papers**

- ◆ Clyde Wind Farm Community Benefit Fund – Proposed Amendments to Fund Management and Administration
- ◆ Scottish Government Consultation on Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments
- ◆ REF Evaluation and Action Plan
- ◆ Community Benefit and the establishment of an Renewable Energy Fund

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact: -

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