

Report

Report to:	Enterprise Resources Committee
Date of Meeting:	17 March 2010
Report by:	Executive Director (Enterprise Resources)

Subject:	Clyde Windfarm Fund
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ seek approval for the proposed arrangements for administration and management of the Clyde Windfarm Fund

2. Recommendation(s)

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

- (1) that the conclusion of arrangements for the administration and management of the Clyde Windfarm Fund, based on a Legal Agreement with Airtricity Developments (UK) Ltd under Section 69 of The Local Government (Scotland) Act 1973, as set out in Section 4 of this report, be noted; and
- (2) that the Executive Director (Enterprise Resources), in consultation with the Head of Legal Services, if appropriate, be authorised to conclude all matters on terms which are in the best interests of the Council and the local community.

3. Background

- 3.1. In July 2008 the Scottish Ministers agreed to approve an application by Airtricity Developments, under Section 36 of the Electricity Act 1989 for a windfarm development on areas of land close to Abington, Crawford and Elvanfoot.
- 3.2. Since the issue of the consent, Council officers, representatives of Airtricity and a local Steering Group of community representatives have met and negotiated the terms of a community benefit agreement. The outline of the Legal Agreement was approved by the Enterprise Resources Committee in May 2009 and has now been finalised.
- 3.3. Regeneration Services has been working with Airtricity to develop a 'Clyde Windfarm Fund' application process that conforms with the Legal Agreement, is practicable to administer and broadly reflects the established Renewable Energy Fund process.

4. Proposals

- 4.1. The Council has a well-established Renewable Energy Fund (REF) which administers community benefit schemes for Blacklaw (Forth) and Whitelees (Strathaven/East Kilbride). In addition, there is a formally constituted charitable Trust, Hagshaw Windfarm Trust, which administers monies along similar lines in the Douglas/Coalburn area.

4.2. The principal Heads of the Legal Agreement are as follows:-

- The funding formula is £2,000 per annum per megawatt of installed capacity on site. This could realise a fund of around £700,000 per annum in the initial years after full completion of the windfarm (A total of 350MW x £2000 per MW =£700,000).
- 70% of the income will be allocated to the Community Fund for community purposes including a range of social, environmental, community, educational and economic.
- 30% of the income will be allocated to the Development Fund for Social/Commercial enterprise projects that enhance/encourage local/national supply chains for wind farms, encourage sustainable businesses/activities, investment, employment, training, sustainable development education and employability

4.3. The eligible area for the Community Fund expenditure is shown on Plan 1 and is broadly the area within 15km of the windfarm application boundary. Effectively, this covers that part of the Clydesdale area south and east of Biggar, Thankerton and Douglas, including these settlements. The Development Fund covers the whole of South Lanarkshire.

4.4. Administration of the funds, including promotion, assessment of applications and award of funds, will be carried out by Regeneration Services in consultation with the developer as specified in the Legal agreement. This is broadly similar to the existing Renewable Energy Funds (REF) at Blacklaw and Whitelees. Reports and recommendations on applications over £5,000 for financial support from the Community Fund will be reported to Enterprise Resources Committee for determination. Applications for funding from the Development Fund will be delegated to the responsible officer in agreement with Airtricity.

4.5. The Agreement places an obligation on the Council to consult with a local "Consultation Group" drawn from Community Councils in the 15 km radius zone. Work to form this Group is now underway. The Council will issue a written consultation to the Group members on every application. The Council will consider the views of the Steering Group although will not be bound to accept the Group's views or recommendations.

4.6 Applications for less than £5000 would be delegated to Regeneration Services. This is broadly similar to the existing REF funds where applications of less than £5k are processed through the Local Grant Scheme and periodically reported to Enterprise Resources Committee for noting.

4.7. In line with the Legal Agreement, the Development Fund will be managed by Regeneration Services in agreement with Airtricity. Applications to this Fund will be approved jointly by Regeneration Services and Airtricity. It would be the intention that a report be brought to Enterprise Resources Committee at appropriate times to update on the grant awards.

4.8. The Legal Agreement sets out requirements in relation to the timescales for the disbursement of monies from the Fund. Specifically 20% (minimum) spend or commitment to be achieved annually in years 1-3 and a 50% minimum annual spend or commitment to be achieved from Year 4 onwards. If this is not achieved, the terms of the Legal Agreement permit the developer, Airtricity, to reclaim any unallocated funding.

- 4.9. The following grant levels are proposed for eligible projects, the principles of which have been agreed with Airtricity and broadly reflect the Renewable Energy Fund and other similar Council run funds:

Small Grant Scheme	100% of eligible expenditure up to £5000.
Community Fund	90% of eligible expenditure with no maximum grant level. Determined by the total available fund.
Development Fund	50% of eligible expenditure up to a maximum grant of £25000

- 4.10. Construction work has now started on site and Airtricity expect Phase 1 of the windfarm to be complete and operational by summer 2010. This would trigger the first payment to the Clyde Windfarm REF. Work to promote and publicise the Fund will commence as soon as possible to ensure that applications are lodged and monies drawn down during 2010/11.

5. Employee Implications

- 5.1. The operation of the Fund will be serviced from within the existing staff establishment of Regeneration Services.

6. Financial Implications

- 6.1. Employee costs for the equivalent of one full time officer will be met from the Clyde Windfarm Fund up to an agreed maximum level.

7. Other Implications

- 7.1. None

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. The terms of the proposed Section 69 Agreement have been discussed extensively with a local Steering Group drawn from the area mainly affected - principally Crawford, Abington and Elvanfoot. The proposed administration arrangements for the Clyde Wind Farm Fund reflect the aspirations of the Steering Group.
- 8.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no impact assessment is required.

Colin McDowall

Executive Director (Enterprise Resources)

17 February 2010

Link(s) to Council Objectives/Values

- People focused
- Accountable, effective and efficient
- Sustainable Development

Previous References

- Enterprise Resources Committee, May 2009

List of Background Papers

- Legal Agreement with Airtricity Developments (UK) Ltd under Section 69 of The Local Government (Scotland) Act 1973
- Clyde Wind Farm - Community Benefit Agreement report May 2009

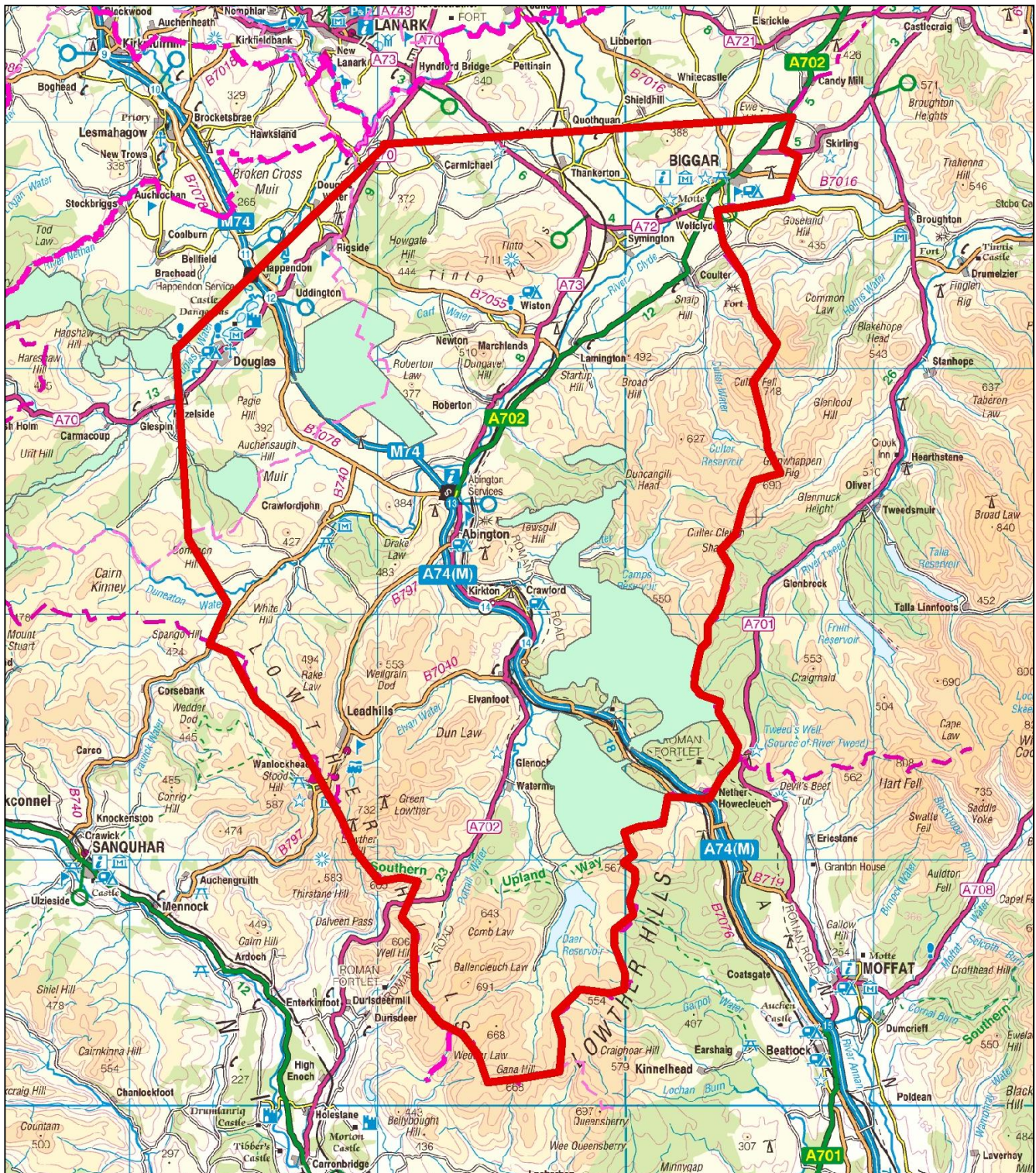
Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:- John Archibald, Project Development Officer, Regeneration Services

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PLAN 1



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