

Report

13

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	22 May 2018
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Community Benefit Funds – Annual Report
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Committee of the Community Benefit Funds administered by Planning and Economic Development Services on behalf of the Council during 2017/2018.

2. Recommendation(s)

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

- (1) that the Community Benefit Funds administered by the Council and the grants awarded under the Renewable Energy Fund (REF), Clyde Wind Farm Fund and Quarry Funds in 2017/2018 be noted; and
- (2) that the introduction of an online application process and associated improvements to the administration and management of Community Benefit Funds be noted.

3. Background

3.1. The Council administers Community Benefit Funds which cover over 90% of South Lanarkshire. These area specific funds reflect the location of the contributing developments, mainly comprising onshore windfarms but also including 4 operational quarries. Operators of larger windfarm developments provide recurring annual fund contributions, formalised through legal agreements, whilst smaller developments e.g. single wind turbines sites, may consider providing a 'capitalised' one off community benefit payment.

3.2. The management of these funds is undertaken by Planning and Economic Development with the remit to maximise the potential outcomes for the communities within the eligible areas. To this end, the funds can, where appropriate, be used strategically with some applications to the REF being supported using a combination of funding from more than one REF fund covering the same geographic location. This ensures effective use of the monies and maximises benefits to eligible communities. The REF, Clyde and Quarry Funds can be used to match fund other funding streams such as the Lottery, Viridor and other locally managed funds. Community Benefit Funds have grown to include a total of 31 contributing developments.

3.3. In 2004, Blacklaw was the first of 29 wind farms which now comprise the Renewable Energy Fund (REF). The Clyde Wind Farm Community Benefit and Development Fund began in 2011 and is the largest single fund.

- 3.4. The agreements around the provision of community benefit oblige the Council to administer these funds using the REF mechanism. This task is undertaken by Planning and Economic Development Services who are responsible for all aspects, from securing the contributions from the developers, advising potential applicants, assessing applications and monitoring projects to ensure that the community benefits associated with each project are delivered. The Service continually seeks ways to maximise the community benefit for all eligible communities across South Lanarkshire.
 - 3.5. Between the various funds, Planning and Economic Development Services administered approximately £1,853,299.73 of community benefit income in 2017/2018. With the exception of the one off capitalised payments, the funds usually receive income for the duration of each wind farm's operational life and, typically, recurring annual payments will rise in line with the Retail Prices Index. The operation of the Council's Community Benefit Policy, with particular emphasis on the renewable energy sector, has proven to be a success with communities accessing funding for a diverse range of locally based projects.
 - 3.6. Alongside these established wind farm developments and their associated community benefit funds, there are a number of other potential wind farm developments throughout South Lanarkshire which are being considered in the statutory planning process. It is, therefore, possible that, subject to appropriate agreements being put in place, the level of community benefit available to communities will increase over the next 10 years. If promoted and managed well, this increase in community benefit will have a major positive impact on the eligible communities.
 - 3.7. Although Planning and Economic Development Services lead in the delivery of community benefit, there is a significant level of consultation and cooperation across a wide range of Council services. This ensures that applicant groups are provided with the appropriate support and advice to deliver projects of a high quality and the projects brought forward best fit the needs of the communities and are delivered in the most efficient and effective way possible.
- 4. REF Projects Approved During 2017/2018**
- 4.1. There are now 29 windfarm developments contributing to the REF operating across South Lanarkshire at the following locations:- Andershaw, Auchrobert, Bank End Rig, Blacklaw, Blantyre Muir, Burnbrae, Calder Water, Climpy, Couplaw, Dungavel, Dykehead, Eastertown, Garelwood, Haspielaw, High Dyke, Lampits, Millburn, Muirhall, Muirhall Extension, North Brackenridge, Nutberry, Pates Hill, Tanhill, Upper Haywood, West Browncastle, Westtown, Whitehill, Whitelee and Woodlands.
 - 4.2. During the course of 2017/2018, contributions of £950,498.51 (including interest) were received from the operating companies, incorporating both annual payments and "one off" payments. A total of 22 projects have been supported with total grants of £345,135.85 towards total project costs of £1,419,649.94, giving an average grant award of £15,688 towards an average project cost of £64,529 - a 24.30% intervention rate. A complete list of projects supported in the last year is attached at Appendix A.

5. Clyde Windfarm Fund Projects Approved During 2017/2018

- 5.1. During 2017, the Clyde Wind Farm Community and Development Fund received contributions of £898,489 from SSE and supported 29 new projects with a combined grant award of £185,028. The overall value of these projects was £268,166.05 giving an average grant award of £6380 towards an average project cost of £9,247 - a 69% intervention rate.
- 5.2. A diverse range of community groups have benefited from access to these funds. A complete list of projects supported in the last year is attached at Appendix B.
- 5.3. The Executive Committee at its meeting on 8 March 2017 approved a number of amendments to the Clyde Wind Farm Community Benefit Fund. These include 100% small grants increasing from a maximum of £5,000 to £10,000 awards or £12,500 in the inner area, decision making in regard to the award of grants being devolved to the Clyde Wind Farm Community Group and the provision of up to 2 years revenue funding to support a capital project that has benefited from a grant award. These changes have been well received with a number of applications benefiting from these new arrangements.

6. Quarry Fund

- 6.1. In 2008, the Council also established a Quarry Fund for the collection and distribution of 'Developer Contribution' payments from quarry developments. The Quarry Fund model was developed from the experience gained in the development and management of the Renewable Energy Fund.
- 6.2. Agreements have been reached with a total of 8 developments to date to provide contributions to the Quarry Fund. In 2017/2018 contributions from the participating quarries totalled £4,312.22.

7. Employee Implications

- 7.1. Additional funds are managed within existing resources and there are no employee implications.

8. Financial Implications

- 8.1. There are no financial implications to the Council. No funding offers are issued without income from the respective developments being in place.

9. Other Implications

- 9.1. The risks falling on the Council in the administration of Community Benefits are reputational. Management of the funds are subject to the Council's normal financial scrutiny and reporting arrangements. By not undertaking this work, the Council would not be acting consistently in support of its adopted policy and there would be a risk that funds would not be distributed timeously and equitably to eligible community organisations.
- 9.2. There are no implications for sustainability in terms of the information contained within this report. The underlying basis of Community Benefit Funds is to support local community groups and organisations become more sustainable.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. 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.

10.2. All necessary and appropriate consultations are undertaken within the Council, with partner organisations and community groups.

Michael McGlynn
Executive Director (Community and Enterprise Resources)

25 April 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent
- ◆ Work with communities and partners to promote high quality, thriving and sustainable communities
- ◆ Make communities safer, stronger and sustainable

Previous References

- ◆ Enterprise Services Committee Report – Community Benefits Funds Annual Report 8 August 2017
- ◆ Executive Committee Report – Clyde Windfarm Community Benefit Fund – Proposed Amendments to Fund Management and Administration 8 March 2017

List of Background Papers

- ◆ List of all projects supported by the REF Community Benefit Funds
- ◆ List of all project supported by the Clyde Windfarm Community Fund

Contact for Further Information

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

Colin McFarlane, Project Development Officer,
Ext: 5922 (Tel: 01698 455922)
E-mail: colin.mcfarlane@southlanarkshire.gov.uk

John Archibald, Project Development Officer,
Ext: 5181 (Tel: 01698 455181)
E-mail: john.archibald@southlanarkshire.gov.uk