

# Report

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Report to:	<b>Enterprise Resources Committee</b>
Date of Meeting:	<b>15 February 2012</b>
Report by:	<b>Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Community Benefit Funds - Annual Report</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update Committee on the Community Benefit Funds administered by the Council

## 2. Recommendation(s)

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

- (1) that the ongoing success of the Community Benefit Funds administered by the Council and the grants awarded under the REF in 2011/2012 be noted

## 3. Background

- 3.1 At the Executive Committee of 3 March, 2004, approval was given to set up a Renewable Energy Fund in respect of Blacklaw Windfarm and to administrative arrangements associated with the allocation of funds. This marked the start of an ever increasing renewable energy industry within South Lanarkshire and a significant growth over the last 8 years in the level of community benefit monies contributed by the operating companies of these developments.
- 3.2 The REF was extended to include Whitelees Windfarm in June, 2007, Stallashaw Moss Windfarm in June 2011 and Pates Hill Windfarm in September 2011. Along side the main REF initiative, the Council also administer Clyde Windfarm Community Benefit Fund which was approved by Committee in March 2010.
- 3.3 The Renewable Energy Funds are administered by Regeneration Services who are responsible for all aspects of the Fund, from securing the contributions from the developers to advising potential applicants, assessing applications and monitoring projects to ensure that the community benefits associated with each project are delivered. Through this ongoing involvement and experience the service is continuing to refine its processes and is continually seeking ways to maximise the community benefit for all eligible communities in South Lanarkshire.

- 3.4 Between the various funds Regeneration Services are administering in excess of £1m of community benefit annually. Each of the funds is in place for 25 operational years and therefore the committed level of community benefit for South Lanarkshire is significant.
- 3.5 Alongside these completed developments there are a significant number of ongoing interests by developers throughout South Lanarkshire and it is possible that the level of community benefit could double over the next 5 – 10 years. If promoted and managed well this increase in community benefit could have a significant positive impact on the communities affected.
- 3.6 The operation of the Council's Community Benefit Strategy, with particular emphasis on the renewable energy sector, is proving to be a considerable success, with the communities affected accessing funding for diverse community based projects.
- 3.7 Although Regeneration Services are the lead service 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 the appropriate level of community benefit is received and that the projects brought forward by community groups best fit the needs of the wider communities and can be delivered in the most efficient and effective way possible. This includes direct assistance from Council services to community groups where there may not be the knowledge, experience or resources to deliver aspects of a project.

#### **4. REF Projects Approved During 2011**

- 4.1 During the course of 2011 total contributions of £314,000 have been received from the operating companies into the Blacklaw, Whitelees, Pates Hill and Stallashaw Moss funds with a total of 16 projects supported. A diverse range of community groups have benefitted from access to the funds. Stallashaw Moss and Pates Hill Renewable Energy Funds commenced during June and September, 2011, respectively but no projects were approved in 2011. The first project to receive funding from Stallashaw is on the Committee agenda.

A complete list of projects supported in the last year is attached at appendix 1 and 2

#### **5. Clyde Wind Farm Fund**

- 5.1 The Clyde Windfarm fund went live in autumn 2011 and therefore only one small grant has been approved to date, £4,960 to the Biggar Youth Project. However, a number of larger applications are on the agenda for consideration by the Committee. Significant PR has been undertaken to promote the Fund including a "Meet the Funder" event that had more than 100 attendees. This has generated great interest in the Fund.

#### **6. Quarry Fund**

- 6.1 In 2008 the Council also established a Quarry Fund (QF) for the collection and distribution of 'Developer Contribution' payments from such developments. The QF model was developed from the experience gained in the development and management of the Renewable Energy Fund. The QF is also administered by Regeneration Services and receives payments amounting to five pence per tonne of extracted material that leaves a participating quarry.

6.2 Agreements have been reached with a total of 7 developments to date to provide contributions to the QF. This could result, if all developments go ahead to the scale currently expected, in a total of £656,000 being available over the lifetime of the participating developments. However, monies received to date have been minimal as the eligible developments begin to come on stream.

## **7. Future Renewable Energy Developments.**

7.1 The Council has a well established mechanism for the collection and distribution of Community benefit related to windfarm developments. These arrangements and the level of contribution have evolved over time. Council policy provides clarity to developers on expected levels of Community Benefit so that this can be factored into their development appraisal for any site, manage communities' expectations and reflect the practice and contributions used throughout Scotland. The Council adopted policy is incorporated into the South Lanarkshire Renewable Energy Supplementary Planning Guidance note.

7.2 Regeneration Services is charged with managing this policy which has resulted in discussions with developers in regard to Community Benefit contributions from over 50 proposed developments, ranging in size from one turbine upwards. To date in principle agreements have been reached in regard to more than half of the proposed developments with ongoing discussions with other developers. On the granting of Planning Permission agreements will be formalised using S75 Agreements. In the majority of cases payments will be received on an annual basis throughout the operational lifetime of the development. The payments are triggered when electricity is first exported from site.

7.3 With the adoption of the policy in 2011, it is anticipated that there will be significant development, especially on smaller sites, during 2012 and a future report will detail those developments when they commence making contributions.

7.4 The scale of renewable energy developments in South Lanarkshire and associated community benefit agreements has the potential to significantly increase the total level of funding administered via the REF and to broaden the areas eligible to apply.

## **8 Employee Implications**

8.1 There are no employee implications

## **9 Financial implications**

9.1 There are no financial implications other than those raised within the body of the report.

## **10. Other Implications**

10.1 There are no risks falling on the Council in the administration of Community Benefits Funds and the work can be undertaken within existing resources. Management of the funds will be 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 appropriate, eligible community organisations.

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

- 11.1 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.
- 11.2 All necessary, and appropriate consultations are undertaken within the Council, with partner organisations and community groups.

**Colin McDowall**

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

24 January 2012

### **Link(s) to Council Objectives/Improvement Themes/Values**

- Effective and efficient use of resources
- Partnership working, community leadership and engagement
- Sustainable development

### **Previous References**

- Enterprise Resources Committee Report – Clyde Windfarm Fund 17 March 2010
- Executive Committee Report - Renewable Energy Developments and Community Benefit – 1 December 2010
- Enterprise Committee Report – Stallashaw Moss Renewable Energy Fund 15 June 2011
- Enterprise Resources Committee Report – Pates Hill Renewable Energy Fund 14 September 2011
- Enterprise Resources Committee Report - Quarry Fund - Thirstone and Annieston Quarries 23 November 2011

### **List of Background Papers**

None.

### **Contact for Further Information**

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

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## Appendix 1

### Blacklaw Renewable Energy Fund

- 4.1. Blacklaw Renewable Energy Fund received a payment of £100,335.41 from Scottish Power in July 2011. A further £1,986.36 was received in interest during 2011.
- 4.2 During 2011, the Blacklaw Renewable Energy Fund supported 4 projects with a combined grant award of £105,000. The total project costs are £278,738 giving an average intervention rate of 37%
- 4.3. The Developing Local Community Fund received a payment of £43,000.89 from Scottish Power in July 2011.
- 4.4 The Developing Local Community Fund supported 5 projects with a combined grant award of £19,100.30. The total project costs are £31,883.44 giving an average intervention rate of 60%.
- 4.5 A list of all projects supported during 2011 by the Blacklaw Renewable Energy Fund is detailed in Tables A and B below, along with details of grant paid / awarded. Table A lists those projects which are supported through the Main Fund. Table B lists those capital projects which are supported through the Developing Local Community Fund, managed through the EU funded LEADER Programme.

**Table A : Blacklaw Renewable Energy Fund**

<b>Project</b>	<b>Grant Awarded</b>	<b>Total Eligible Cost</b>	<b>Project Description</b>
<b>Forth Royal British Legion</b>	<b>£7,000</b>	<b>£21,336</b>	Internal improvements including improved disabled access.
<b>Lanark Play Park Action Group</b>	<b>£50,000</b>	<b>£154,402</b>	Upgrade and expansion of an existing play park at Lanark Loch
<b>Wilsontown Ironwork St John</b>	<b>£35,000</b>	<b>£70,000</b>	Refurbishment of hall which is widely used by a variety of community groups.
<b>Castlehill Bowling Club</b>	<b>£13,000</b>	<b>£33,000</b>	External fabric improvements to safeguard the future of the club and hall for use by the community.

**Table B: Blacklaw Developing Local Community Fund**

<b>Project</b>	<b>Grant Awarded</b>	<b>Total Eligible Cost</b>	<b>Project Description</b>
<b>Milton Rovers</b>	<b>£2,024.50</b>	<b>£4,049</b>	Purchase of portable lighting equipment.
<b>Vale of Clyde Pipe Band</b>	<b>£4,981.80</b>	<b>£5,244</b>	Purchase of new instruments to attract new members.
<b>Lanark in Bloom</b>	<b>£5,000</b>	<b>£7,021.44</b>	Purchase of new troughs / planters for key parts of town centre.
<b>Clyde Valley Orchard Group</b>	<b>£3,500</b>	<b>£11,389</b>	Purchase of fruit press and trailer.
<b>Larkhall Sub-Aqua Club</b>	<b>£3,594</b>	<b>£4,180</b>	Purchase and installation of engine for club.

## Appendix 2

### Whitelees Renewable Energy Fund

- 4.6. Whitelees Renewable Energy Fund received a payment of £82,060.05 from Scottish Power in October 2011. A further £1,361.47 was received in interest during 2011.
- 4.7 During 2011, the Whitelees Renewable Energy Fund supported 4 projects with a combined grant award of £77,954.88. The total project costs are £309,907.80 giving an average intervention rate of 25%
- 4.8. The Developing Local Community Fund received a payment of £35,168.60 from Scottish Power in July 2011.
- 4.9 The Developing Local Community Fund supported 4 projects with a combined grant award of £16,545.50. The total project costs are £24,676 giving an average intervention rate of 67%.
- 4.10 A list of all projects supported to date by the Whitelee Renewable Energy Fund is detailed in Tables C and D below, along with details of grant paid / awarded. Table C lists those projects which are supported through the main fund. Table D lists those capital projects which are supported through the Developing Local Community Fund, managed through the EU funded LEADER Programme.

**Table A : Whitelees Renewable Energy Fund**

<b>Project</b>	<b>Grant Awarded</b>	<b>Total Eligible Cost</b>	<b>Project Description</b>
<b>Whitemoss Amateur Athletics Club</b>	<b>£20,408</b>	<b>£101,832</b>	Creation of athletics hub at John Wright Sports Centre
<b>The Village Centre</b>	<b>£20,239</b>	<b>£80,955</b>	Construction of extension to existing hall to facilitate increased usage.
<b>East Kilbride Cricket Club</b>	<b>£7,469.88</b>	<b>£21,342.80</b>	Purchase of equipment to facilitate creation of youth cricket league.
<b>Friends of Langlands Moss</b>	<b>£29,838</b>	<b>£105,778</b>	Installation of new sustainable boardwalk to assist with access to the Moss.

**Table B: Whitelees Developing Local Community Fund**

<b>Project</b>	<b>Grant Awarded</b>	<b>Total Eligible Cost</b>	<b>Project Description</b>
<b>Clydesdale Befriending Group</b>	<b>£4,512,50</b>	<b>£4,750</b>	Evaluation exercise to review proposed bid for lottery funding.
<b>Strathaven Bowling Club</b>	<b>£5,000</b>	<b>£10,008</b>	Interior refurbishment of club.
<b>Avendale Parish Church</b>	<b>£2,245</b>	<b>£4,878</b>	Community garden improvements addressing safety concerns
<b>East Kilbride Cricket Club</b>	<b>£4,788</b>	<b>£5,040</b>	Drain improvements to assist club provide more games for members,