

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	6 February 2024
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Renewable Energy Fund - Strengthening Links to Rural Priorities
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1. Purpose of Report

1.1. The purpose of the paper is to:-

- ◆ outline proposed changes to the Renewable Energy Fund (REF)

2. Recommendation(s)

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

- (1) that the key challenges for the rural area, as identified in paragraph 4.6, be noted; and
- (2) that the proposed amendments to the REF criteria, as set out in paragraph 4.7, be endorsed and referred to the Executive Committee for approval.

3. Background

3.1. Since 2004, the Council has collected and administered Community Benefit funding through the Enterprise and Sustainable Development Service. The Service is responsible for securing contributions from windfarm developers, advising potential applicants, assessing applications and monitoring projects to ensure that the community benefits associated with each project are delivered. Processes are continuously reviewed to ensure best practice in grant provision and monitoring is undertaken to ensure the necessary support is delivered to eligible communities.

3.2. The Council administers the Community Benefit element of REF for 42 windfarms within South Lanarkshire and the Community Benefit for Clyde Windfarm Fund (CWFF). Between the various funds £3,111,584 income was received in 2022/2023 which was split between REF (£2,020,682) and CWFF (£1,090,902).

3.3. The funds are currently administered covering a range of programmes listed below:-

- ◆ Community Microgrants to every community council
- ◆ RISE employability programme
- ◆ Connect2Renewables employability programme
- ◆ REF 100% grant funding for capital spend below £10,000
- ◆ REF grants for capital spend above £10,000

3.4. As an indication of the scale over the last 15 years, £10 million has been awarded and invested within communities closest to the windfarms with each £1 of grant generating on average £3 of additional funding. Over the 15 years, a total of over 500 grants have been awarded and of these over 110 have been grants of over £20,000.

3.5. The REF's overall themes were reviewed and refreshed in 2019 and complement Council and community plans. The themes are listed below, and the detailed priorities are contained in Appendix 2:-

- ◆ build stronger communities
- ◆ build prosperous communities
- ◆ develop healthy and active communities
- ◆ create sustainable and environmental communities.

3.6. The themes and priorities are broad and were drawn from previous community capacity funding programmes, such as LEADER. They support a wide range of community needs and projects, however, REF only supports capital projects, and this limits the range of projects seeking grant funding.

3.7. The number of windfarms, scale and community benefit income generated is increasing. The income has approximately doubled in 5 years to an estimated £2.5 million in 2023/2024. This allows a review on how the funds can best support local communities and the strategic outcomes from the funds.

4. Review of Community Benefit

4.1. There are several reasons to review the Community Benefit funds at this time and these are summarised below:-

- ◆ 20 years since the creation of the REF
- ◆ increasing value of the funds within certain communities
- ◆ lack of corresponding increase in the number of community led applications
- ◆ difficulty for communities to develop larger impactful projects
- ◆ perceived lack of scale and strategic impact of funds
- ◆ perceived lack of long-term impact of funds for communities

4.2. The annual income from windfarm community benefits varies between communities and within wards dependent on scale and proximity of windfarms but is concentrated on 6 rural wards which form the Rural Task Force. Some wards within Larkhall and East Kilbride also have access to apply to REF. All wards within the Council area are eligible for microgrants. The table below summarises the annual income available for rural wards and selected communities at the higher and lower range:-

Ward	Lower annual REF Income	Higher annual REF Income
Ward 1	Law £200k	Crossford/ Carluke £310k
Ward 2	Braehead £200k	Forth £330k
Ward 3	Carmichael £ 0k	Carstairs £300k
Ward 4	Auchenheath £500k	Douglas £1m
Ward 5	Auldhouse £200k	Strathaven £900k
Ward 20	Larkhall (Raploch) £ 20k	Ashgill £200k

4.3. In addition, some communities in Wards 3 and 4 are also eligible for funding from the Clyde Windfarm administered by the Council of approximately £1 million per annum, however, eligibility and funding decisions are made by a community panel and advised by SSE Renewables. The proposed REF changes do not extend to the Clyde Windfarm.

4.4. Following engagement with local communities through events such as the rural conference, it is considered there are 4 aspects that could be limiting the impact of the Fund:-

- ◆ Strategic focus on rural community priorities and challenges.
- ◆ Limitation to capital only projects prevent longer term projects being delivered. For example, a project to support energy efficiency in a community could only support infrastructure to public buildings but not provide advice and support to residents or businesses.
- ◆ Scale of grants available and match funding requirements.
- ◆ Organisational capacity within the area, to deliver impactful projects and programmes, relying on volunteers, limits the speed and development of more complex projects.

4.5. While the funds currently provide significant local community benefit, with the scale of the funds increasing and with these funds guaranteed for the next 15 to 25 years, there is a need to agree the challenges that the Fund should address. These challenges consistently arise in rural consultation events such as the Community Planning Partnership (CPP) group and in community action plans, however, often these challenges require joined up strategic action, which is difficult for single communities to deliver. It is, therefore, considered appropriate to agree a range of rural challenges the fund will seek to address and have a long-term impact on.

4.6. Through the work of the rural Community Led Local Development Programme (CLLD) funded by Scottish Government, and community engagement such as the Rural Conference in March 2023, several strategic challenges were identified which are not currently fully addressed via REF. These priorities are listed below in order of importance:

- 1.) transport and connectivity
- 2.) recreation and community facilities
- 3.) rural entrepreneurial activities and business infrastructure
- 4.) jobs, training and employability
- 5.) environmental and net zero sustainability
- 6.) rural poverty and wellbeing
- 7.) tourist and visitor infrastructure to support tourism

4.7. It is proposed that the criteria for REF grants is amended to align and deliver on the challenges and to increase the benefit for communities. The proposed amendments are:-

- ◆ An ability to fund revenue projects for up to 3 years in addition to capital projects.
- ◆ Increase the small grants level to 100% funding up to £20k.
- ◆ Increase the large grant maximum to 75% and in specific areas and with conditions up to 100% grants would be available.
- ◆ Introduce a Rural Facilities Sustainability Fund to help communities consider asset ownership and retain facilities for a period of up to 3 years.
- ◆ In consultation with communities, Community and Enterprise Resources will develop larger more complex community projects on behalf of local communities and local needs focusing around the strategic challenges.

4.8. Further detail and a comparison of the changes to the current position is included within the Appendix 1.

4.9. These changes have been developed following consultation with the Council's Rural Task Force and were taken to the Rural Task Force on 15 November 2023 for noting. The proposals have also been discussed at the rural CPP group and the third sector interface with broad approving of the changes.

4.10. Consultation with windfarm operators has been undertaken with broad approval of the changes.

4.11. If endorsed, the proposed changes will be referred to the next appropriate meeting of the Executive Committee for approval. Application decisions under the revised criteria being effective thereafter.

5. Employee Implications

5.1. Some of the windfarms allow for development officers to be part funded through the Fund. This has been used within the Douglas Valley area to support the community with the Hagshaw Hill Framework using Douglas West Windfarm Community Funds. This approach can be considered in other instances to support development of grants and strategically important initiatives developed/delivered by the Council.

6. Financial Implications

6.1. Changes to the Fund criteria may allow for the support of local facilities and initiatives and potentially bring additional match funding and assist the overall revenue and capital budget pressures for rural leisure facilities. The changes will allow communities more scope to develop local initiatives and projects while reducing the Council's involvement and funding.

7. Climate Change, Sustainability and Environmental Implications

7.1. One of the Themes of the Fund is Creating Sustainable and Environmental Communities. Environmental and net zero sustainability is also recognised as a challenge which will allow an increased focus of the funds on the area of Climate Change and Sustainability.

8. Other Implications

8.1. Not amending the criteria is likely to result in the Fund not being fully committed and not addressing the need and challenges of the communities potential leading to operators withholding funds or seeking to introduce changes of their own.

9. Equality Impact Assessment and Consultation Arrangements

9.1. This report updates the criteria for REF but does not introduce a new policy, function or strategy and, therefore, no Impact Assessment is required.

9.2. Consultation was undertaken with the Rural Task Force, local communities and windfarm operators.

David Booth
Executive Director (Community and Enterprise Resources)

22 December 2023

Link(s) to Council Values/Priorities/Outcomes

Values

- ◆ Focused on people and their needs
- ◆ Working with and respecting others
- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self-aware and improving
- ◆ Fair, open and sustainable

Priorities

- ◆ We will work to put people first and reduce inequality
- ◆ We will work towards a sustainable future in sustainable places
- ◆ We will work to recover, progress and improve

Outcomes

- ◆ Our children and young people thrive
- ◆ Good quality, suitable and sustainable places to live
- ◆ Thriving business, fair jobs and vibrant town centres
- ◆ Caring, connected, sustainable communities
- ◆ People live the healthiest lives possible

Previous References

- ◆ Executive Committee, 31 March 2004, Community Benefit: Establishment of a Renewable Energy Fund
- ◆ Executive Committee, 1 December 2010, Renewable Energy Developments and Community Benefit
- ◆ Community and Enterprise Resources Committee, 30 October 2018, Renewable Energy Fund Community Benefit Fund Proposed Update and Amendments
- ◆ Executive Committee, 21 November 2018. Recommendations Referred by Resource Committees

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

Renewable Energy Fund Proposed Changes

SUMMARY OF CHANGES		
	EXISTING REF	PROPOSED REF
Small Grants	100% grants up to £10k	100% grants up to £20k
Large Grants	Above £10k maximum of 65% grant Above £20k grants approved at committee	Above £20k maximum of 75% grant 100% grants available in high fund areas 4 – 5 publicised funding rounds per year Above £20k grants approved at committee (no Change)
Revenue Funding	Not available	Up to 3 years funding for projects
Rural Facilities Sustainability Fund	Not Available	Revenue + emergency capital funding with funding for development and feasibility costs for up to 3 years.
Council Led Initiatives	Connect2Renewables Employability	Pilot project to be explored for a rural community transport initiative. Other opportunities also to be explored. Projects will go to committee for approval.

Further Detail

Small Grants

Increase the small grants of up to £10k at 100% grants to £20k.

Large Grants

Large grants of over £20k available at up to 75% grants available in most REF areas.

Five funding rounds per year for grants above £20k which will coincide with Community and Enterprise Resources Committee meetings.

100% grants available in areas where there are two REF windfarms contributing over £100k per year into the REF, currently these are Middlemuir, Kypemuir, Blacklaw, Galawhistle, Whitelees, Douglas West, Andershaw, Auchrobert, Dalquandy, Calderwater, West Browncastle.

This will cover the following villages of, Abington, Auchenheath, Auldhouse, Blackwood, Browsersbrae, Coalburn, Chapelton, Crawfordjohn, Douglas, Drumclog, Glespin, Kirkmuirhill, Lesmahagow, Rigside, Stonehouse, Strathaven and the South area of East Kilbride, (Whitehill, Greenhills, Crosshouse).

At all times match funding is encouraged. Above £20k, 100% grants are the exception but are available when strong projects are unable to secure match funding.

Revenue Costs

Restricted Funding can only be used for a specific project with full cost recovery. Revenue funding including running costs such as salaries, heating, lighting, administration, consumables and small items of equipment to deliver projects that meet local and REF priorities.

Funding for up to 3 years.

Projects must:-

- Show strong alignment with REF priorities
- Demonstrate clear outcomes representing value for money
- Deliver against local community action plans if they are present.
- Job description required for any posts being funded

Rural Facilities Sustainability Fund

Scope

A priority set up within the REF to support rural communities through change in community leisure and facility provision, initially for up to 3 years.

Open to constituted and non-constituted organisations (the later dependent on further conditions).

Available in REF areas where funds are available for each windfarm fund and community. Areas with limited funding would be on a first enquiry basis.

Open to support retaining any community facility at clear risk of or identified for closure. For example, South Lanarkshire Leisure and Culture (SLLC) sports centre, halls, library, church halls or bowling green.

Primarily revenue funding for 36 months and can contribute to small scale urgent capital costs to keep a facility open.

Could fund the projected/actual deficit, (running costs heating, staff etc less any income).

Would also fund support on community consultation, structural surveys, legal, option appraisal, business planning. (These are all currently fundable through REF so not additional).

Purpose

To allow communities up to 3 years to consider, evaluate the communities needs and Community Asset Transfer models and options on facilities with imminent closure risk.

Would provide a tailored solution and package of support and funding for the rural area.

Potential stages.

Available following Executive Committee approval.

Fast track for sustainability funds to keep property open.

Enquiry submitted from a group linked to a property at risk.

If on closure list or considered at risk moved to application stage.

If SLLC property running and deficit costs provided from SLLC spreadsheet to the group. Other evidence of deficit costs would be required for other properties.

Application submitted with these costs.

Fast track Internal panel assessed for applications below £20k, above £20k would go to Community and Enterprise Resources Committee as other grants would.

Approved or rejected and guidance provided.

Approval would open option to seek further funding for community consultation and consultancy 2nd application commenced and costs established.

APPENDIX 2

Themes and investment priorities

- All projects should meet at least one of the four Themes and projects meeting the following investment priorities will score higher in assessment.

Theme one: Stronger Communities

- Investment priorities
 - Support for communities to consider their own priorities at a community level and deliver projects that address these priorities.
 - **Support for projects that seek to address fuel poverty, financial poverty or access to services.**
 - **Support to improve mobility for rural residents.**
 - Support for projects aimed at older and younger residents of remoter rural communities.
 - Support to assist communities take on local community owned and/or managed assets.

Theme two: Prosperous Communities

- Investment priorities
 - Support for targeted engagement in training, education and employment initiatives.
 - Support for projects that aim to improve the vitality and viability of rural town and village centres.
 - Support for growing the SME infrastructure and environment through improved business infrastructure and services but not direct to individual businesses.
 - Support to locally focused social enterprises and not for profit organisations which aims to increase profitability and numbers employed.
 - Support for tourism infrastructure, attracting visitors and or employment.

Theme three: Healthy Active Communities

- Investment priorities
 - Support for projects that help healthy and active life styles including sports, recreation and leisure.

- Support for projects that aim to maintain independence for older people and disadvantaged groups.
- Support for the relief by reason of age, ill health disability financial hardship or other disadvantage.

Theme four: Sustainable Environmental Communities

- Investment priorities
 - Support to protect and enhance the area's natural and cultural heritage assets including increasing awareness of the asset.
 - To promote and encourage environmental enhancements including the provision or upgrade of infrastructure.
 - Support for projects which aim to improve energy efficiency, reduce carbon emissions, develop sustainable transport, climate change mitigation and increase community growing.