

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	30 May 2023
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Community Benefit Funds – Annual Report
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on the Community Benefit Funds administered by Enterprise and Sustainable Development Services on behalf of the Council during 2022/2023

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, Clyde Wind Farm Fund and Quarry Funds in 2022/2023 be noted; and
- (2) that the completion of a publicity report for the Community Benefit grants 2022/2023 be approved.

3. Background

3.1. The Council has a well-established mechanism for the collection and distribution of community benefit related to windfarm developments. This was initially established following the approval of a report by the Executive Committee entitled Community Benefit (Establishment of a Renewable Energy Fund) on the 3 March 2004.

3.2. The Council administers the community benefit element of the Renewable Energy Fund (REF) for 42 wind farms within South Lanarkshire and the community benefit for Clyde Wind Farm Fund (CWFF) and 5 operational quarries. Operators of larger windfarm developments provide recurring annual fund contributions, formalised through legal agreements, whilst smaller developments such as single wind turbines, may consider providing a 'capitalised' one off community benefit payment. Community groups, social enterprises, trusts, public organisations and not for profit organisations within 10km of the contributing windfarm provider are eligible to apply. Over the 8 year period, 2015/2016 to 2022/2023, the Council has made awards of £9.8 million from the Community Benefit Funds to 588 projects.

3.3. The agreements around the provision of community benefit oblige the Council to administer these funds using the REF mechanism. This task is undertaken by Enterprise and Sustainable 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.

- 3.4. Between the various funds £3,111,584 has been administered in 2022/2023. Apart from one-off capitalised payments, the funds receive income for the duration of each windfarm's operational life and, typically, recurring annual payments which rise in line with the Retail Price Index. The operation of the Council's Community Benefit Policy, with emphasis on the renewable energy sector has proven to be a success with communities accessing funding for a diverse range of locally based projects.
- 3.5. Alongside these established windfarm developments and their associated Community Benefit Funds, there is several other potential wind farm developments throughout South Lanarkshire which are subject to planning approval. It is, therefore, possible that subject to appropriate agreements being put in place, the level of community benefit funding available to communities will increase over the next 10 years. If promoted and managed well, this increase will have a significant positive impact on the eligible communities.
- 3.6. Although Enterprise and Sustainable Development Services lead in the delivery of Community Benefit Funds, there is a significant level of consultation and cooperation across a wide range of Council services. This ensures that applicants receive support and advice to ensure the projects being developed meet the needs and aspirations of the community; are of a high quality and are delivered efficiently and effectively.
- 3.7. It should be noted that there are also windfarm funds within South Lanarkshire which are administered outwith the scope of the Council's Renewable Energy Fund. These include SSE Clyde Extension, Auchrobert Community Benefit Fund, Ventient, Galawhistle Community Benefit Fund, Ventient Glenkernie Community Benefit Fund and Kypemuir and Banks Kypemuir Community Benefit Fund.
- 3.8. Community and Enterprise Resources has commenced an exercise to review renewable energy contributions to determine their efficiencies and to explore the opportunity for changes to current and projected arrangements to the benefit of our communities. Reports will be provided to the Rural Task Force and Community and Enterprise Resources Committee on this exercise as it progresses.

4. Renewable Energy Fund Projects Approved During 2022/2023

- 4.1. There are currently 42 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, Gallawhistle, Garelwood, Greenwall, Greenhall View, Haspielaw, High Blackwood Yard, High Dyke, JJ's Farm, Lampits, Letham, Millburn, Muirhall, Muirhall Extension, Middlemuir, Netherfauldhouse, Nether Kypeside, North Brackenridge, Nutberry, Pates Hill, Rench Farm, Tanhill, Upper Haywood, West Browncastle, Westtown, Whitehill, Whitelee, Woodlands, Yards Farm, Kypemuir, Douglas West.
- 4.2. During 2022/2023, contributions of £2,020,682 (including interest) were received from the operating companies, incorporating both annual payments and "one off" payments.
- 4.3. A diverse range of projects across South Lanarkshire have been supported. A complete list of projects supported in the last financial year is attached at Appendix 1. A total of 48 projects have been supported with total grants of £596,587 towards

total project costs of £1,182,084 giving an average grant award of £12,429 towards an average project cost of £24,627 at a 50% intervention rate.

- 4.4. At the Executive Committee on 21 November 2018 a series of amendments to the REF were approved. One of these was the introduction of a micro grant fund in 2019/2020 of up to £5,000 per annum available to community councils or equivalent community organisations to award small grants of up to £500 locally. This was established for an initial 2-year period and at the Community and Enterprise Committee of 16 February 2021 it was agreed to continue the micro grants after 2020/2021. In 2022/2023, 25 community councils or similar organisations such as resident associations and community trusts were awarded micro grants totalling £103,264. Details of these grant awards are set out in Appendix 2.
- 4.5. Taking REF grants and the micro grants awards together a total of 73 grants were awarded during 2022/2023 with a total value of £699,851. This is a decrease on the 77 grants and a total grant value of £1,163,847 reported in 2021/2022. There is strong pipeline of projects in development for 2023/2024.

5. Clyde Wind Farm Fund (CWFF) Projects - 2022/2023

- 5.1. During 2022/2023, the CWFF received total contributions of £1,090,902 from SSE.
- 5.2. The Fund supported 11 new projects with a combined grant award of £248,005. The overall value of these projects was £394,798 giving an average grant award of £22,545 towards an average project cost of £35,890 - a 63% intervention rate. A complete list of projects supported in the last year is attached at Appendix 3.
- 5.3. In 2017, a micro grant fund was introduced for 6 community councils within the area including Biggar, Quothquan and Thankerton, Duneaton, Leadhills, Crawford and Elvanfoot and Symington. Community councils could apply for a £5,000 grant per annum to award to small projects within their area at a maximum of £500.
- 5.4. During 2022/2023, 5 grants were made to community councils within the area totalling £23,974; details are provided in Appendix 4.
- 5.5. Taking CWFF grants and the micro grants awards together a total of 16 grants were awarded with a value of £271,979. This is a slight decrease on the 17 grants and a total grant value of £367,298 reported in 2021/2022. There is strong pipeline of large projects which will be seeking funding from this fund in 2023/2024.

6. Annual Report publicity

- 6.1. With the purpose of raising the awareness of the Community Benefit Funds and their support of communities a publicity document for 2022/2023 will be prepared highlighting projects funded in the year or recently completed.
- 6.2. This annual report will be circulated and publicised digitally, and 50 hard copies will be made available for Councillors and groups.

7. Employee Implications

- 7.1. The Funds will continue to be managed within existing resources.

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. Climate Change, Sustainability and Environmental Implications

9.1. Environmental sustainability is one of the appraisal considerations and applicants are encouraged to consider and include good environmental practices within projects. In the current year there are several projects which have helped deliver environmental improvements or energy efficiency for groups. These include: -

- ◆ Rural Development Trust Sustainable Travel
- ◆ Auchengray Church Centre Trust Activity shelter and photovoltaic (PV) Panels
- ◆ Climate Action Strathaven Eco Hub electric vehicle (EV) Charge Points

10. Other Implications

10.1. 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.

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.

David Booth

Executive Director (Community and Enterprise Resources)

10 May 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Focused on people and their needs
- ◆ Ambitious, self-aware and improving
- ◆ We will work towards a sustainable future in sustainable places
- ◆ We will work to recover, progress and improve
- ◆ Good quality, suitable and sustainable places to live
- ◆ Caring, connected, sustainable communities

Previous References

- ◆ Community and Enterprise Resources Committee -9 August 2022

List of Background Papers

- ◆ List of all projects supported by the REF Community Benefit Funds
- ◆ List of all projects 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:-

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