

The Highland Council

Community Safety, Public Engagement and Equalities Committee – 1 October 2014

Agenda Item	10
Report No	CPE 31/14

Highland Council response to the Consultation on the “Scottish Government Good Practice Principles for Community Benefits from Offshore Renewables”

Report by Head of Policy and Reform

Summary

This report asks the Committee to homologate the Highland Council response to the “Consultation on the Scottish Government Good Practice Principles for Community Benefits from Offshore Renewables”.

1. Background

- 1.1 The consultation on the “Scottish Government Good Practice Principles for Community Benefits from Offshore Renewables” sought views on principles designed to practically guide developers and communities through the process of negotiating community benefit. The full document is available at: <http://www.scotland.gov.uk/Resource/0045/00454325.pdf>

2. Summary of the Highland Council response

- 2.1 The Council’s response (see Annex 1) was compiled by the Community Benefit Officer Working Group. The following summarises the key points raised in the Council’s response:
- Highland Council welcomes the development of Good Practice Principles to support development and negotiation of Community Benefit for Offshore Renewables.
 - The Good Practice Principles should more clearly state Scottish Government expectations on developers and in doing so, be proactive in leading the development of Good Practice.
 - The Council recognises developers as key stakeholders, but feels their voice is too strong in the Good Practice Principles document and should be balanced by community voices.
 - The Council recognises supply-chain benefits as a significant economic benefit derived from renewables, but the Good Practice Principles do not sufficiently differentiate between supply-chain benefits, payments to the Crown Estate for leasing the sea bed and Community Benefit. This is confusing and undermines the rationale for Community Benefit.
 - There is too much emphasis on the difference between onshore and offshore renewables. The Good Practice Principles would be stronger if they drew on the similarities and underlying principles, as well as discussing the differences.
 - The key role Local Authorities play, and could play, needs to be emphasised.

- The Council's ambition for Community Benefit, which has been widely achieved for onshore developments, is laid out in its Community Benefit Policy. The policy states that Community Benefit from offshore renewables should be paid at £5,000 per MW installed capacity, split between a local fund (20%) paid to host communities, with the remaining 80% paid to a Highland-wide fund.

3. Consultation

- 3.1 As the consultation closed on 22 August 2014, there was no opportunity for the Committee to approve the response. However, prior to submission the response was agreed in consultation with the Chair of the CPE Committee.

3. Implications

- 3.1 There are no Resource, Legal, Equalities, Climate Change/Carbon Clever and Risk implications resulting from this report.

Recommendation

Members are recommended to homologate the Council's response to the "Scottish Government Good Practice Principles for Community Benefits from Onshore Renewables" detailed in Annex 1.

Designation: Head of Policy and Reform

Date: 15 September 2014

Author: Phil Tomalin

Background Papers: Highland Council response to Scottish Government Good Practice Principles for Community Benefits from Onshore Renewables

Annex 1: Consultation regarding the Draft Scottish Government Good Practice Principles for Community Benefits from Onshore Renewables

1. Do you think the document details reasonable expectations of the roles and responsibilities of developers and other stakeholders?

The document does not sufficiently outline Scottish Government and community expectations of developers to provide Community Benefit from offshore renewables. The developers' voice in the document is well articulated, as it should be, however the voice of the community needs to be more clearly stated to ensure a balanced approach. Whilst it is recognised that there are difficulties defining communities (hence the need for research – see below), Scottish Government and Local Authorities are well placed to represent the views and aspirations of the communities that elect them. A clear expectation of Community Benefit will support communities (and Local Authorities and Scottish Government on their behalf) to negotiate Community Benefit. This will make the Good Practice Principles more useful and relevant to communities and developers alike.

2. Do you think the document clearly defines community benefits and their place in relation to supply chain benefits to Scotland?

The Good Practice Principles are concerned with Community Benefit, but Community Benefit is not given sufficient prominence in comparison to both supply chain benefits and payments to Crown Estate, which are important, but separate. This undermines the clarity of the document.

The document clearly defines the supply chain benefit accruing from renewable developments, and on page 12 highlights that these supply chain benefits may be short lived and may be felt away from the area of the development. Supply chain benefits are important to the economy of Scotland, however the supply chain is part of the mechanism that delivers the project and entirely separate from Community Benefit.

Likewise the document does not sufficiently differentiate between the payments to Crown Estate and Community Benefit. Payments to Crown Estate are to lease the sea-bed, akin to payments to land owners for onshore developments. This analogy could be made in the document to clarify this point.

Community Benefit, as the document states on p12, provides an opportunity for communities to see positive benefits and invest in a long term legacy. This is the community receiving a (very small) share of the benefit accruing to the developer from the exploitation of a national resource, and is distinct from supply chain benefits and payments to Crown Estate.

A review of the Onshore Good Practice Principles, a much more substantial document, reveals that supply chain benefits are only once referred to:

“Community benefits are independent of supply chain impacts such as job creation and infrastructure upgrades but the positive effects of the supply chain of renewable energy developments are acknowledged and welcomed by the Scottish Government.” (p.6)

Payments to landowners are not referred to at all in the Onshore Good Practice Principles. The prominence given to supply chain benefits and Crown Estate payments in the Offshore Good Practice Principles confuses the reader and undermines the rationale for Community Benefit.

3. Do you have any general comments on the document including on the tone and structure?

Highland Council welcomes the development of Good Practice Principles for Offshore Renewables as a key step to ensuring that communities are able to benefit from the development of offshore renewables. The Council recognises that there are a number of issues to be addressed including the definition of host communities and the relatively new technologies involved, particularly in developments that are far offshore. The development of the Good Practice Principles presents the opportunity to establish principles to guide communities and developers through the Community Benefit process.

Highland Council recognises that this is the first version of a document that will be revised and developed with time, however, the general perception of the document is that is rather vague. It would be improved by being more robust in its language and expectations and by including more targets and facts/ figures, including expected levels of Community Benefit. The document does not assist potential negotiations of Community Benefit – whether led by community, Local Authority or others. There are no targets or incentives (e.g. CSR, public relations/ sponsorship, profile of industry to potential recruits and investors etc.) to encourage developers to engage and sign up to good practice. Addressing these points would make the document a more useful tool as a starting point for Community Benefit negotiations.

Difference Between Onshore and Offshore (p.8)

The document outlines a number of differences between the onshore and offshore industries. It is recognised that there are differences between the level of maturity of the technology and the scale of investment required, although as the technology matures, this will become less of an issue. However, the document should also draw out the similarities between onshore and offshore renewables including the underlying principle that Scotland's communities should share in the benefit derived from exploitation of Scotland's national resources. Where identifying the community is more problematic (e.g. for those developments that are further offshore) regional, cross-regional or even national community benefit can be accessed by communities.

4. Are there any topics or points which you think should be removed from the document?

Industry Voice

Scottish Renewables quotation provides valuable context, but dominates the section in which it appears. It should be shorter, edited or balanced by a community voice explaining the benefit to communities and rationale for Community Benefit.

Local Authority Policies:

Highland Council would like to see the following paragraph amended:

“Where local authorities have policies or guidelines relating to community benefits from offshore developments, it should be noted that these policies represent one possible route, and developers and communities are not obliged to adhere to these. Developers and communities should discuss the relevant local authority approach, and arrive at a mutual agreement on whether this is the most suitable pathway to follow.”

Existing Practice

The third bullet on p.8 should be removed:

“Existing practice has informed the development of in-depth principles for the provision of community benefits from onshore projects. Such detail is not appropriate for the offshore industry where replicable good practice has not yet emerged.”

The purpose of this document should be to lead the development of Good Practice, and should draw on relevant experience from elsewhere (inc. onshore Community Benefit). This bullet point undermines the purpose of the document.

5. Are there any topics or points which you think should be added to the document?

Potential importance of Community Benefit from offshore renewables

It should be made clear in the Introduction the importance of potential levels of Community Benefit if offshore wind achieves potential of 18GW installed capacity by 2020 (UK Energy Roadmap p. 42).

Principles

Fundamental principles should be enunciated under this heading – and section should be given a more prominent position in the document.

Community Voice

The Community voice / interest needs to be developed to counterbalance the well-articulated developer voice in the document.

Consultation

A section on consultation should be more developed along the lines of the Onshore Good Practice Principles and certainly form part of the basic principles. The role Local Authorities can play should also be highlighted.

Similarities between Onshore and Offshore

Reference should be made to the similarities (as well as the differences) between onshore and offshore where these exist. Where not, the difference needs to be explained clearly (see Q2).

Distinction between Inshore and Offshore.

Discussion of this would be helpful given the different implications for identifying host communities.

National Benefits

This section could be strengthened and clarified as it forms a fundamental part of the rationale for Community Benefit.

Other Technologies

The references to other technologies should be more explicit. Community Benefit principles should apply to all these technologies, whilst recognising the different stages of maturity which different technologies have reached.

6. The Scottish Government has committed to further research on lessons learnt and case studies on community engagement and the delivery of community benefits from offshore renewable energy projects around the world. What topics do you think should be covered in this research?

- Lessons learned from onshore Community Benefit in Scotland and elsewhere
- Lessons learned from other sectors
- Case studies
- Role of local and central government
- Whether Community Benefit is compulsory anywhere and how this is managed, and whether there is any impact on levels of investment.
- How are multi-national developers dealing with Community Benefit in different parts of the world. How does their methodology in Scotland compare?
- Mechanisms for distributing Community Benefit
- National benefits – how these are dealt with elsewhere inc. charging mechanisms
- Modelling of different approaches to defining communities for inshore and offshore developments - inc. GIS point-based approach (defining communities by where people live and work), as well as more traditional approaches such as Community Councils, Wards, Local Authority, Region etc.

7. The Scottish Government has committed to developing further guidance on the identification of communities, following the above research. What points or issues do you think should be covered in this additional guidance?

Highland Council policy promotes a regional approach to Community Benefit from offshore developments. The Council's ambition for Community Benefit, which has been widely achieved for onshore developments, is laid out in its Community Benefit Policy. The policy states that Community Benefit from offshore renewables should be paid at £5,000 per MW installed capacity, split between a local fund (20%) paid to host communities and the remaining 80% paid to a Highland-wide fund.

Consideration should be given to identification of host communities to ensure that they are able to benefit accordingly, but majority of benefit should accrue to the wider community through regional funding.

It is recognised that with some developments Community Benefit may need to accrue across more than one region.