

Agenda Item	21
Report No	ECI/50/2023

The Highland Council

Committee: Economy and Infrastructure

Date: 17 August 2023

Report Title: SSEN Community Benefit Fund Consultation

Report By: Interim Depute Chief Executive

1 Purpose/Executive Summary

1.1 This report sets out a proposed response to the consultation exercise currently being undertaken by Scottish and Southern Electricity Networks Transmission (SSEN) into their proposal to set up a Community Benefit Fund. A draft response is presented for Members consideration and comment.

2 Recommendations

2.1 Members are asked to:-

- i) **Consider and comment** on the draft consultation response prepared; and
- ii) **Agree** to submit a Council response, including an offer to continue to actively engage with SSEN as they develop their Community Benefit Fund.

3 Implications

3.1 **Resource** – The response prepared seeks to inform and encourage SSEN to adopt a local authority/Highland based approach to the design and delivery of their Community Benefit Fund.

3.2 **Legal** – N/A at this stage.

3.3 **Community (Equality, Poverty, Rural and Island)** – An appropriate geographic based approach is required to ensure that the Fund best delivers for Highland based needs and opportunities.

3.4 **Climate Change / Carbon Clever** – The draft consultation response prepared asks SSEN as to why it has not considered the adoption of a high-level net-zero related purpose for the Fund, as this potentially could offer a valuable direction in any fund alignment discussions at the appropriate geographic level.

3.5 **Risk** – N/A at this stage.

3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – N/A at this stage.

3.7 **Gaelic** – N/A at this stage.

4 SSEN Community Benefit Fund

4.1 SSEN Transmission has recently set out plans for its first ever [Community Benefit Fund](#), which they say will see the company working with communities across the north of Scotland to channel funds into vital local projects. Their website states:-

The Community Benefit Fund will initially see over £10million of funding available for Communities from net zero transmission infrastructure projects across the north of Scotland which have been approved by Ofgem, have an investment value of £100m or more and for which construction has already commenced or will commence between now and 2026. This Fund will form a core part of our social and economic support in the communities and regions we operate in.

The aim of the Community Benefit Fund is to recognise the vital role local communities play in hosting the transmission network by providing a source of funds for community-led initiatives that have the potential to changes lives and create a sustainable and positive legacy.

4.2 SSEN Transmission is seeking input from all stakeholders, and as part of this they have set up an online stakeholder consultation. The online consultation exercise concludes on 13 August 2023, but agreement has been secured with SSEN, for the Council to submit its response after Committee have considered and finalised the Council's response. During the remainder of August and September SSEN will collate and analysis the feedback, before publishing a report on findings in October.

5 Council Response

5.1 **Appendix 1** sets out the Council's proposed response. Central to this response is the current policy position, as per the Community Regeneration Fund approach as discussed and agreed to by Economy and Infrastructure Committee in August 2022. Also addressed, is a strong recommendation to SSEN that the purpose of the Fund, its design and delivery needs to be place based, and in context of Highland, this will be best achieved at a Highland level involving the Council.

5.2 Members are asked to consider and comment on the proposed response. The comments received will be incorporated into the Council's final response and submitted to SSEN.

Designation:	Interim Depute Chief Executive
Date:	8 August 2023
Author:	Andy McCann, Service Lead – Economy and Regeneration
Background Papers:	None

Appendices:	Proposed Draft Response to SSEN Community Benefit Fund Consultation
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Appendix 1

Proposed Draft Response to SSEN Community Benefit Fund Consultation

Community Benefit Fund Consultation Feedback Form

SSEN Transmission has recently set out plans for its first ever Community Benefit fund, which will see the company working with communities across the north of Scotland to channel funds into vital local projects.

SSEN Transmission is seeking to engage with all stakeholders, organisations and members of the community with an interest or possible interest in the establishment of a Community Benefit Fund. Your response will help to develop a Fund that responds to community needs and provides tangible benefits to communities across the north of Scotland.

Your feedback will be included in the analysis of the consultation responses which will help to provide the basis for the objectives, key themes, governance and delivery model of the SSEN Transmission Community Benefit Fund.

In the final section of the consultation form you can opt-in for future engagement and information on the development of the Fund.

Please note that during the consultation period SSEN Transmission may not be able to respond directly to questions regarding the Community Benefit Fund.

Section 1: Your details

Section 2: Funding themes

SSEN Transmission has used a number of sources of local data and early feedback from stakeholders to identify the following two over-arching funding themes. These themes will provide a guide to the types of project the fund will aim to support.

1. People, focusing on skills, training, and employability.
2. Place, emphasising the community and culture of the North of Scotland.

1. Do you agree with SSEN Transmission's identified themes?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree

Q2: Do you have any comments about what else we should consider?

The Disagree box has been ticked, not because these themes may not be appropriate but that the SSEN process for selection is unclear. Identifying funding themes (that are meant to be reflective local data/early feedback) across any large geography (especially one that is as large as the referred to 'north of Scotland') runs

the very high risk that the themes are not reflective of, or responsive to, the needs of particular geographies/communities.

To ensure they are, will be best achieved if they are the result of geography appropriate place-based plans, which have been subject to higher levels of stakeholder engagement and the identification and prioritisation of appropriate themes/projects.

Allied but separate to this is also alignment with other funding sources and any specific funding themes they may have. It is unclear if/how this exercise has been undertaken across such a proposed geography. The project financial reality is that most projects require to secure funding from multiple sources and hence, if there is no alignment, this potentially means that there could be duplication, creating more complex and unnecessary/aborted work by project applicants. Alignment of funding sources is best achieved at distinct geographies. From a Highland perspective, the Highland local authority area is the most appropriate strategic level to operate at, with Highland then split into sub-geographies. This is an established and successful approach, previously utilised for the Highland LEADER programmes and currently adopted by the Highland Community Regeneration Programme (one programme/application/decision-making processes that delivers across multiple funds). It is also at this sub-Highland geography that the Council has a programme in place for the preparation of Area Place Plans.

The Council would be keen to understand given the basis to this potential funding stream, and the imperative for all to support the transition to net-zero, why SSEN has not, for example, chosen to adopt a high-level net-zero related purpose for the Fund. This then potentially could offer a valuable direction in any fund alignment discussions at the appropriate geographic level.

Section 3: Distribution model

SSEN Transmission proposes a distribution model to maximise the fund's impact and legacy. The model proposes an allocation of 50% of the funds to be spent locally for communities hosting new Transmission projects.

The remaining 50% of the fund value would go to a regional fund covering all of the north of Scotland. This regional fund will allow for wider impact projects to be supported.

Q1: Do you agree with SSEN Transmission's proposed distribution model?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree**

Q2: Do you have any comments about what else we should consider?

The Council would be keen to understand how SSEN have determined that a 50/50 split of funds is appropriate between 'local' communities and a 'regional' fund and how this split would maximise the fund impact and legacy.

The Council would also be keen to understand the logic behind the proposed 'north of Scotland' region rather than the selection of geographies which all currently relate to and operate in – as explained above in context of the Highland local authority area.

It is recognised that it is challenging to determine what an appropriate local/strategic financial split should be, but it is considered that rather than it being an arbitrary decision, it will be best informed if the needs/opportunities of an area are first identified and prioritised – be that strategic or local. Also, a key factor here is other available funding and alignment of funds as detailed above as this could also help determine whether strategic or local needs higher/lower fund allocations. Again, this will be best achieved at recognised and established geographies.

Section 4: Decision-making

SSEN Transmission is committed to the fund being led by Stakeholders and Communities. The proposal is to establish local decision-making bodies to evaluate and decide upon applications to the local project funds. For the regional North of Scotland Fund it is proposed that one independently chaired panel will make decisions, SSEN Transmission would have input to this panel.

Q1: Do you agree with the proposed decision-making approach?

- Strongly agree
- Agree
- Neutral
- Disagree

Strongly disagree

Q2: Do you have any comments about what else we should consider?

Decision-making should be at the level that is most appropriate and relevant to the purpose of the fund. This will ensure that all appropriate factors are identified and reflected in both the assessment of the application made, and ensure that the decision or not to fund, is correctly informed by local/strategic identified/prioritised needs and opportunities. As detailed above, in a Highland context, the assessment/decisions for the use of strategic funds should be at a Highland level, and assessment/decisions for the use of local funds should be at a sub-Highland level. The existing Community Regeneration Programme assessment/decision-making structures, which include both public and private/third sector interests offer appropriate strategic/local structures.

Assessment of projects and decisions taken at a 'north of Scotland' regional level is not appropriate nor acceptable to the Council.

Section 5: Other feedback

Q1: What other factors should be considered in the development of a Community Benefit Fund?

Over the past number of years, a wide range of funding sources have become available to support community-based regeneration. Some of these funds have very tight eligibility criteria, others are more flexible; and while some are competitive national funds, others are local and are linked to confirmed local fund allocations. Notwithstanding the source or nature of the funding, cumulatively and if taken over multiple years, significant funding now exists for community or place-based regeneration.

Accompanying this however, is an existing but increasing challenge that is faced by all involved with project selection and disbursement of funds, namely - how are these multiple funds used to best effect and to achieve the community and place-based regeneration outcomes desired/needed?

To address this challenge, the Council believes that a number of complementary actions are required:

- To help identify and prioritise the projects to be supported, there is a need, alongside appropriate Highland wide specific strategic plans, for Local Place Based Plans to be prepared and cover all parts of Highland – thereby helping identify local priorities/projects and establishing local eligibility criteria. In some areas, for example, such plans exist, but work continues to prepare across all areas.*
- To help ensure that place appropriate knowledge is incorporated into decisions on grant award, decision-making needs to be at the appropriate strategic and local levels. Strategically the Council is best placed to lead and participate in strategic priorities/project decision-making and at a local level, local decision-making structures combining Council, community and community planning partnership interests, are needed to ensure local decisions are well informed and representative. As these local structures will be reflective of local circumstances, no set format is necessarily expected.*
- Whenever possible, to help provide funding certainty for project sponsors and decision-makers, strategic/local area allocations should be provided for – comprised from different funding sources but managed as a single fund. While there still remains a need for open competitive rounds, such allocations bring an element of funding certainty and therefore confidence to all to develop and bring forward those projects that have been identified/prioritised as needed.*

This is the approach the Council has adopted and is implementing, and therefore it is requested that SSEN align with this approach and jointly work with the Council to deliver rather than introducing a separate standalone programme that complicates, rather than one that ensures the best and most needed strategic and local projects are delivered bringing the desired impact and legacy.

Section 6: Next steps

Thank you for your input to the consultation. A report will be produced once the consultation period has ended and once all feedback has been collated and analysed. Your personal information will not be shared with third parties outside of SSEN Transmission and the anonymised analysis of all consultation submissions may be shared with Ofgem and/or Electricity System Operator (ESO).

If you need to contact us, you can, at community.benefit@sse.com, please also refer to our FAQs on our Community Benefit Fund web page. If you have provided your email address in Section 1 and would like to be kept informed in the development of the Community Benefit Fund and take part in any future engagement, please opt-in below.

Do you consent to further engagement on the Community Benefit Fund?

Yes

No