

# The Highland Council

Agenda Item	<b>7</b>
Report No	<b>HC/06/25</b>

**Committee:** Highland Council

**Date:** 27 March 2025

**Report Title:** Community Benefits from Net Zero Energy Developments: Consultation

**Report By:** Assistant Chief Executive - Place

## 1 Purpose/Executive Summary

- 1.1 In December 2024, the Scottish Government launched a consultation to review the Good Practice Principles for onshore and offshore renewable energy, aiming to enhance community benefits provided by developers. These voluntary benefits, which include funding, in-kind contributions, and other site-specific advantages, offer communities the opportunity to share in the benefits of renewable energy resources, leading to lasting social and economic impacts.
- 1.2 The consultation seeks input on community benefits from onshore technologies, such as onshore wind, solar, hydrogen and storage and community benefits from offshore technologies, such as offshore wind. The Scottish Government will also be engaging with key stakeholders to gather a comprehensive understanding of the potential opportunities and limitations. It is also worth noting that the Scottish Government have also commissioned research on the provision of community benefits across renewable energy technologies. The feedback will inform a refresh of the Good Practice Principles in late 2025.
- 1.3 This report presents the response prepared by the Council, seeking to improve the impact of renewable energy developments for all Highland communities as detailed in **Appendix 1**. The paper also sets out how this works aligns with the Highland Social Value Charter for Renewables.

## 2 Recommendations

2.1 Members are asked to:-

- i. **Note** that there are two sections to the consultation: Offshore and Onshore;
- ii. **Note** that the Council's response is aligned with the principles of the Highland Social Value Charter and the HIREP position on community benefits (offshore wind); and
- iii. **Agree** to the submission of Highland Council's response to the Scottish Government's Consultation on Community Benefits from Net Zero Developments as detailed in Appendix 1.

### **3 Implications**

- 3.1 **Resource** – This consultation response is aligned with the Highland Social Value Charter and the Highland Outcome Improvement Plan which seeks to maximise wealth retention in Highland and by doing so, realising inclusive economic growth to the benefit of all citizens across the area.
- 3.2 **Legal** – No immediate legal implications. The power to mandate community benefits rests with the UK Government. However, Scottish Government planning legislation may evolve to allow for greater powers to secure community benefits.
- 3.3 **Risk** – Failure to secure maximum potential community benefits poses risks to the region's ability to deliver effective Community Wealth Building and ensure equitable distribution of funding to all communities across Highland.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no implications.
- 3.5 **Gaelic** – No specific implications identified.

### **4 Impacts**

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a response to a consultation and therefore an impact assessment is not required.

### **5 Key Areas of Focus in the Council's Response**

- 5.1 **Deliver Equitable Distribution** - Benefits must be allocated fairly, ensuring that both directly impacted communities, and the wider Highland area receive appropriate investment. This includes prioritising communities closest to developments while also considering the broader socio-economic needs of Highland. The Highland Social Value Charter emphasises the importance of a balanced approach, ensuring that all communities across Highland benefit from renewables investment.

- 5.2 **Drive Sustainable Economic Growth** - Investments in education, training, and local businesses should create long-term prosperity rather than short-term, transactional funding. Community benefit funds should be structured to support strategic projects that lead to sustainable economic development, such as skills training programs, infrastructure enhancements, and local enterprise support. This approach aligns with the Highland Community Planning Partnership's objectives to maximise economic benefits and promote community wealth building.
- 5.3 **Embed Inclusive Decision-Making** - Communities must have a meaningful role in shaping how benefits are used, ensuring that funds are directed towards prioritised local and strategic needs. This involves engaging communities early in the decision-making process, using participatory budgeting mechanisms, and ensuring that local voices are heard and considered. The Highland Social Value Charter advocates for strong governance and community engagement to empower communities in managing and directing benefit funds. To support this vision, community benefit contributions, both direct and strategic (as per the Highland Social Value Charter 'Partnership Agreement' model) need to be mandatory and a material planning consideration. This approach secures and safeguards funding for long term planning, as well as providing robust democratic accountability and transparency.
- 5.4 **Ensure Measurable Outcomes** - The success of community benefit allocations should be tracked through clear performance indicators, with transparent reporting on how funds are being utilised to deliver lasting social, economic, and environmental benefits. Regular monitoring and independent assessments should be conducted to evaluate the impact of benefit schemes and adjust priorities as needed. This ensures accountability and continuous improvement in delivering meaningful benefits to communities.
- 5.5 **Setting Strategic Priorities** – Taking a pan-Highland, partnership approach to setting strategic priorities is vital. It is essential that the Highland Community Planning Partnership (HCPP) is fully involved in setting strategic priorities, as it is the 'owner' of the Social Value Charter. Equally, it is vital that Local Community Partnerships are engaged at the appropriate time to confirm the priorities for their areas and advise on the best mechanisms to ensure the widest public involvement. This collaborative approach ensures that community benefit funds are aligned with local development plans and community aspirations, as identified through the Area Place Plan and locality plan processes.
- 5.6 By implementing these measures, community benefits from renewables can be maximised to support long-term economic resilience, infrastructure investment, and sustainable growth across the Highlands. A structured, transparent, and inclusive approach ensures that all communities, both directly and indirectly affected, share in the opportunities presented by Scotland's renewable energy transition.

## **6 The Highland Social Value Charter**

- 6.1 The Social Value Charter for Renewables Investment provides a framework to ensure that renewable energy investments deliver significant socio-economic benefits to Highland communities. It aligns with the Scottish Government's goals for community benefits from net zero developments by promoting community wealth building, equitable distribution of benefits, and sustainable economic growth.

## 7 Next Steps

- 7.1 Once the principles for community benefits from renewable energy developments are agreed upon by the Scottish Government in the latter part of 2025, the Highland Council will need to carefully evaluate their implementation and impact. This evaluation will include assessing how these principles align with and influence the Council's established approaches, such as the Social Value Charter and the Community Wealth Building Strategy.

Designation: Assistant Chief Executive - Place

Date: 5 March 2025

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Background Papers: Community Benefits from Net Zero Energy Developments  
[Consultation](#)  
Highland Social Value Charter for Renewables [Investment](#)

Appendices: Appendix 1: Highland Council Response to Consultation

## Highland Council response Community Benefits from Net Zero Developments: Consultation

### Offshore wind communities

#### 1. In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

Local communities are considered to be all communities in a local authority area. It is imperative to retain a recognition that communities closest to developments (visibility, manufacturing and operational aspects) should benefit the most but that other communities will have shared interests and in the principle of a Just Transition should not be excluded from benefiting from a benefits package. The Highland Council do not believe that visibility is a material component in defining host community.

In June 2024 Highlands and Islands Regional Economic Partnership (HIREP) agreed to adopt the following objectives in relation to offshore wind community benefits:

- i. To ensure all communities across the region can benefit from the funds allocated in line with the principles of community wealth building.
- ii. To create strong governance, efficiency, transparency and accountability for the funds including the value collected, how they are distributed and what they support.
- iii. To ensure that communities are engaged in the funding decisions and empowered through the management of the funds.
- iv. To enable collaborative and high value projects which lead to long-term socio-economic impacts.

In June 2024, the Highland Community Planning Partnership agreed to adopt the Highland Social Value Charter for Renewables Investment. This sets out a 9-point plan articulating the expectations of the Highland area for any renewables and green energy developments. The aims of the Charter are to:-

- embed an approach to community wealth building into Highland;
- maximise economic benefits from our natural environment and resources;
- engage and involve relevant stakeholders to understand how we can continually improve our impact; and
- unlock economic opportunities for the area.

One of the Highland Council's strategic priorities, as set out in Our Future Highland, is to:-

*Make the most of the financial and environmental opportunities arising from the huge renewable energy potential in the Highlands.*

This sits alongside the commitment to community wealth building – to take a more people centred approach to economic development - and enable wealth to remain within the local area.

At a Partnership level, there are specific commitments contained within the revised Highland Outcome Improvement Plan to:-

*Creating opportunities for all people and places to prosper and to thrive economically.*

This includes a core outcome to developing community wealth building approaches and maximising investment to the area and a direct action to agree a Charter to maximise community benefit from renewables.

The Charter sets out both the asks of investors and developers alongside the offer from Highland. Included within this are fundamental principles that all communities across Highland should benefit from renewables investment and that in addition to direct benefit to local areas, support to wider infrastructure should form part of the ask on developers.

**2. When defining the relevant communities to receive benefits from offshore wind development, which factors should be considered, and by whom? Are there any factors which are most important, and why?**

In November 2021, the Highland Council and the Highland Community Planning Board agreed to develop a Place Based Framework across each Committee Area within Highland, including the development of an Area Place Plan (APP) for each Area. The aim was to consolidate local priorities already within existing plans and draw together community aspirations with priority issues and outcomes for local development and community planning to secure a clear, accepted way forward for each area. The process means understanding communities and delivering a shared vision by targeting resources, investment and action, achieved by working and collaborating and provides a method to track and promote the impact of both spending and project delivery.

The above agreed position should underpin all the engagement and mechanisms being considered for the delivery of both offshore and onshore renewable energy community benefit funds.

In terms of who should be involved, it is essential that the Highland Community Planning Partnership (HCPP) should be fully involved in the setting of strategic priorities in the same way that it is the 'owner' of the Highland Social Value Charter. Equally it is vital that the Local Community Partnerships are fully engaged at the appropriate time to confirm the priorities for their areas and to advise the best mechanisms to ensure the widest public is fully involved, some of which is already identified through the APP and locality plan processes.

It should be noted that Community Councils are not always equipped or appropriate to engage with delivery of funding, therefore reference to CC's should be broadened to communities, charitable trusts etc.

In respect of the Good Practice Principles, it is imperative that any approach allows a degree of flexibility to ensure it can adapt to changing priorities and needs of our communities without losing its structure.

The Highland Social Value Charter offers a structured and balanced approach to ensure that funding is directed not only to the communities most immediately impacted, but also where the greatest socio-economic impact will be realised. This approach would:

- **Mandate direct financial contributions** to host communities, ensuring that those closest to developments continue to receive priority financial support.
- **Introduce a Strategic Fund.** A core aim of the Charter is to ensure that all communities across Highland are able to benefit from renewables investment. Sharing community benefits is a core component of Community Wealth Building. The Highland Social Vale Charter seeks to aid a reimagining of community benefits good practice in the context of Scotland's policy on Community Wealth Building, easing, and clarifying expectations for investors. It is proposed that in addition to direct community benefit funding of £5,000 per MW, investors will contribute a further £7,500 per MW for each renewable energy development to a central fund which will support and enable economic development, increase prosperity and achieve equity for communities across Highland.

The Highland Community Planning Partnership will oversee the creation of the Strategic Investment Plan which will set out the investment priorities of the Partnership around:-

- Housing.
- Connecting People and Places – including the Highland Investment Plan.
- Employment and Employability.
- Addressing inequalities

This Strategic Investment Plan will allow all stakeholders to identify strategic projects that could be supported through the strategic fund, subject to the agreed formal Governance arrangements. Governance arrangements will comprise of Councillors, public and private sector partners and community representatives.

By adopting a balanced, transparent, and inclusive approach to defining relevant communities, offshore wind developments can deliver long-lasting, meaningful benefits to the Highlands, ensuring that all communities—both directly and indirectly affected—can share in the opportunities presented by Scotland's renewable energy transition.

## Maximising the impact of community benefits from offshore wind developments

### 3 Who should decide how offshore wind community benefits are used (decision-makers)? Are there any groups, organisations or bodies you feel should have a formal role in this?

Decisions on how offshore wind community benefits are allocated must be transparent, inclusive, and aligned with both local and regional priorities. A structured decision-making framework should ensure that communities most impacted by offshore developments continue to receive direct financial support, while additional contributions are directed towards the strategic fund that will deliver long-term benefits across the Highlands.

The current benchmark for community benefit contributions remains essential in supporting communities that host offshore wind infrastructure. However, this benchmark must be reviewed and formalised, ensuring consistency and longevity. The creation of a complementary strategic fund as per the Highland Social Value Charter will ensure that additional funding is used to support strategic investment in infrastructure, economic resilience, and workforce development to the benefit of all Highland citizens.

To achieve this, a two-tiered governance model is required:

1. **Direct Community Benefit** – Communities directly impacted by offshore wind projects should continue to receive funding, with structured mechanisms in place for regular review and adjustment based on local needs. This should link with the community partnerships, particularly where there is a desire to address inequalities. However, the CPs are not constructed in such a way to receive / distribute funding, so consideration should be given to the most appropriate ‘vehicle’ in each ‘area.’ This may vary from area to area.
2. There should also be recognition of Area Place Plans/Local Place Plans and the recognised ambitions within them for each area.
3. **Strategic Fund** – In June 2024, the HIREP agreed that options for the governance of a strategic fund would be worked up and agreed at a local authority level. The Council continues to work with HIREP members to develop thinking around potential governance arrangements for the management and distribution of any strategic funds collected at the local authority level. As explained previously, this will be a partnership approach involving Council, public agencies, Renewables Companies and Community representatives.

Effective decision-making structures must also include:

- **Participatory Budgeting** – Ensuring communities have a direct role in directing and delivering funding priorities through public engagement and structured consultation.
- **Transparent Allocation Mechanisms** – Clear guidelines on how funds are distributed, preventing imbalances and ensuring equitable investment across affected areas.



- **Regular Monitoring and Review** – Independent assessments to evaluate the long-term impact of benefit schemes and adjust priorities where necessary.

By embedding these principles into the governance of community benefit allocations, offshore wind developments can deliver meaningful, lasting benefits to Highland communities, ensuring that local, regional, and strategic priorities are addressed in a fair and transparent manner.

#### 4. **What are the best ways to ensure that decision-makers truly reflect and take into account the needs and wishes of communities when determining how community benefits are used?**

Ensuring that decision-makers accurately reflect and incorporate the needs and priorities of communities in the allocation of offshore wind community benefits requires a structured, transparent, and participatory approach. It is essential that directly impacted communities continue to receive prioritised support, while additional contributions are allocated strategically to ensure equity across all Highland communities that experience regional impacts from energy development. To achieve this, the decision-making process should be underpinned by the following key mechanisms:

- **Community Representation in Decision-Making** - There is an inherent right that communities benefit from developments in their area. This is a core principle of the Scottish Government's forthcoming community wealth building bill. Community benefit arrangements are an accepted and regular feature of onshore wind projects, and it is understood that these good practice principles apply to all renewable energy developments, whether on or off shore.
- **Structured Feedback Mechanisms** – Decision-makers must be required to document and publish how community priorities are reflected in funding allocations. This should include routine public reporting, structured consultations, and transparent assessments of how community needs are being addressed over time.
- **Participatory Budgeting** – A portion of community benefit funds should be allocated for direct community investment. This ensures that funding reflects the demands of local communities rather than being determined solely by external bodies.
- **Capacity Building for Communities** – Many communities, particularly in rural and remote areas, may lack the technical expertise or resources to engage fully in benefit negotiations. Consideration should be given to a preoperational phase of community benefit, paid after consent of around 0.5% (or £1000 per MW at current guidelines) to facilitate capacity building and development of the appropriate community engagement in the process.
- **Multi-Stakeholder Governance** – Developers, local authorities, and community organisations must collaborate within a structured decision-making framework to ensure a balanced representation of interests, avoiding top-down decision-making that risks sidelining local voices.
- **Mandated Response to Community Feedback** – Developers and decision-makers should be required to demonstrate how community input has shaped funding allocations, ensuring that engagement processes are genuine and meaningful rather than tokenistic.

- **Regular Review and Adaptation** – Given that community needs evolve over time, the governance framework should include formal mechanisms for periodic review, allowing decision-makers to adapt funding priorities in response to emerging challenges and opportunities.

## 5. What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

Maximising the impact of community benefits from offshore wind requires strategic planning, long-term investment, and alignment with regional priorities. While the current benchmark for community benefit contributions continues to prioritise direct support for host communities, there is a clear need to expand and mandate benefit structures to reflect the wider economic and infrastructure needs of the Highland region.

To ensure the greatest possible impact, community benefit funds should be structured around:

1. **A strengthened baseline for direct community support**, ensuring that communities most directly impacted by offshore wind developments continue to receive prioritised financial contributions.
2. **A strategic fund at the local authority level**, supported by increased community benefit contributions, dedicated to infrastructure, economic resilience, and equitable regional development to ensure all Highland communities—both directly and indirectly affected—share in the opportunities provided by offshore wind expansion.

### Key Actions to Maximise Impact

- **Long-Term Investment Strategies** – Community benefit funding should not be limited to one-off grants but structured to deliver long-term economic, social, and infrastructure improvements. A proportion of funds should be earmarked for strategic investment, ensuring sustainable benefits for future generations.
- **Skills and Workforce Development** – Offshore wind expansion presents a major opportunity for job creation and skills training. Investing in technical training programmes, apprenticeships, and career transition initiatives within the Highlands can ensure that local people directly benefit from the growing offshore sector.
- **Infrastructure Enhancement** – Community benefit funds should contribute to essential infrastructure projects, including transport links, digital connectivity, and public services, ensuring that communities are equipped to support offshore wind expansion and its associated workforce.
- **Community-Led Renewable Energy Projects** – Supporting local ownership of renewable energy assets enables greater economic self-sufficiency, ensuring that communities benefit not just from passive financial contributions but from direct involvement in energy production and revenue generation.
- **Transparent Governance and Monitoring** – Clear, structured governance frameworks must be in place to ensure that fund distribution is equitable, accountable, and measurable, with regular impact assessments and public reporting mechanisms to track long-term outcomes.

## What Does Good Look Like?

A well-structured offshore wind community benefit model should:

- **Deliver Equitable Distribution** – Benefits must be allocated fairly, ensuring that both directly impacted communities, and the wider Highland area receive appropriate support.
- **Drive Sustainable Economic Growth** – Investments in education, training, and local businesses should create long-term prosperity, rather than short-term, transactional funding.
- **Embed Inclusive Decision-Making** – Communities must have a meaningful role in shaping how benefits are used, ensuring that funds are directed towards prioritised local and regional needs.
- **Ensure Measurable Outcomes** – The success of community benefit allocations should be tracked through clear performance indicators, with transparent reporting on how funds are being utilised to deliver lasting social, economic, and environmental benefits.

By implementing these measures, offshore wind community benefits can be maximised to support long-term economic resilience, infrastructure investment, and sustainable growth across the Highlands.

## 6. How do you think directing community benefits towards larger scale, longer term, or more complex projects would affect the potential impact of community benefits from offshore wind?

Directing community benefits towards larger-scale, longer-term, or more complex projects has the potential to maximise impact and deliver transformational change for communities across the Highlands. However, to be effective, this approach must be strategically managed to ensure that benefits remain equitable, transparent, and accessible, particularly for smaller and more remote communities that might otherwise be disadvantaged.

### Potential Benefits of Larger-Scale, Longer-Term Investment

1. **Greater Economic and Social Impact**  
Investing in large-scale infrastructure, regional transport links, renewable energy hubs, and workforce development initiatives can create lasting economic opportunities, delivering long-term resilience rather than short-term financial contributions.
2. **Long-Term Sustainability**  
Community benefit funds should be structured to support the investment priorities of the Highland CPP (Housing. Connecting people and Places. Employment and employability. Addressing inequalities).
3. **Strategic Alignment with National and Regional Goals**  
A more coordinated approach to community benefits can enhance economic development, modernise infrastructure, and support a fair transition to net zero, aligning with both local development needs and national climate objectives.
4. **More Efficient Use of Resources**  
Pooling community benefits into regional funds enables economies of scale, ensuring that investments in transport, digital connectivity, and economic regeneration projects deliver maximum value.

## Challenges and Considerations:

### 1. Risk of Delayed Benefits

Large-scale projects often take years to develop, meaning that local communities may not see immediate, tangible benefits. A balanced approach is needed to ensure that short-term community priorities are also addressed.

### 2. Potential for Unequal Distribution

If funding is directed solely towards regional projects, some communities may feel disconnected from the benefits. Strong governance structures must ensure equitable access and recognition of local priorities.

### 3. Complexity in Decision-Making

Managing multi-community benefit allocations requires clear oversight, governance frameworks, and transparent accountability mechanisms to ensure that funds are allocated fairly and effectively.

## What Does Good Look Like?

A balanced approach should be adopted to maximise impact while ensuring fairness. This includes:

- **Hybrid Benefit Distribution Model** – A portion of funds should be allocated to large-scale, strategic investments, while another portion remains available for direct community-led initiatives that deliver immediate local benefits.
- **Strategic Fund** – A structured mechanism should direct additional contributions into a Highland-wide investment programme. Funding will be structured to support the investment priorities of the Highland CPP (Housing. Connecting people and Places. Employment and employability. Addressing inequalities).
- **Transparent Governance and Community Engagement** – Decisions should be made through a multi-stakeholder framework, ensuring that local authorities, community organisations, and economic development bodies play an active role.
- **Phased Funding Approach** – Structuring funding to deliver both immediate and long-term benefits ensures that communities do not experience delays in receiving support.
- **Regular Impact Assessments** – Ongoing monitoring and evaluation should ensure that large-scale projects are delivering on their intended benefits, with adjustments made where necessary.

By integrating these measures, offshore wind developments can deliver long-term, meaningful benefits to the Highlands, ensuring that both immediate and strategic regional priorities are addressed.

**7. The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities? Please explain your answer.**

The Highland Council is implementing and delivering on the agreed HIREP objective to create a strategic fund at the local authority level that delivers on the following objectives:

- i. To ensure all communities across the region can benefit from the funds allocated in line with the principles of community wealth building.
- ii. To create strong governance, efficiency, transparency and accountability for the funds including the value collected, how they are distributed and what they support.
- iii. To ensure that communities are engaged in the funding decisions and empowered through the management of the funds.
- iv. To enable collaborative and high value projects which lead to long-term socio-economic impacts.

The Council believe community benefit delivery vehicles should act at a local authority area level and have a governance model which is inclusive and ensures community bodies are represented.

The Council specifically do not endorse the concept of a national fund because we believe this will dilute the proposed benefits of strong and local community engagement and empowerment, as well as failing to take sufficient account of local priorities and opportunities for collaboration. We believe this also works against the principle of community wealth building where the wealth extracted from natural assets should in part be recirculated locally, in this case a local authority area.

It is imperative that the community benefit vehicle has the power to undertake extensive consultation within their communities in order to articulate key outcomes that wish to be achieved with the community benefit, and this will help set priorities for funding programmes, programmes and investments. Consultations would also take cognisance of Area Place Plans, Local Place Plans and other relevant community action plans or masterplans etc. The Regional Economic Partnership Strategy is a further source of guidance on strategically agreed priorities along with local authority/partnership level strategies, which will support prioritisation of allocation of funds towards infrastructure projects.

The single body distribution model for managing strategic funds offers the ability to support specific community led activities as well as wider reaching strategic projects. It should be capable of funding enterprises, skills, community infrastructure as well as those activities more aligned with community wellbeing and sustainable growth.

This body should continue to have the power to consult widely with local community anchor organisations, and other representative groups in the area, such as Local Area Groups (LAGs). It should also have the responsibility to determine priorities, setting review points periodically, and to commission evaluation of outcomes to support good decision making over a period of time.

It would be recommended that bodies include relevant observers and advisors from public bodies at a minimum to support the development of high impact projects and long-lasting benefits which meet the HIREP vision and action plan and its supporting evidence base.

Strong governance of setting priorities, engaging communities and developing and managing projects is expected. This includes monitoring benefits realisation, measuring impact especially social impact, and evaluation at key milestones. This would require adherence to the Scottish Public Finance Manual and the Five Case Treasury model for large and complex projects and a proportionate equivalent for smaller projects.

**8. Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any other specific groups in Scotland, particularly: businesses; rural and island communities; or people on low incomes or living in deprived areas? The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.**

The Good Practice Principles have the potential to generate significant positive outcomes for communities across Scotland, particularly in regions hosting offshore wind developments. However, without careful implementation, they may also pose challenges or unintended negative consequences for certain groups, particularly rural and island communities, businesses, and people on low incomes.

### **Potential Positive Impacts**

- **Support for Rural and Island Communities** – Offshore wind developments can create job opportunities, infrastructure improvements, and funding for community-led initiatives, helping to address historic economic disparities in remote areas.
- **Business Growth and Supply Chain Development** – A well-implemented benefits framework can enable local businesses to participate in offshore wind supply chains, fostering regional economic growth.
- **Employment and Skills Development** – Investment in training programmes linked to offshore wind can upskill the local workforce, increasing access to stable, well-paying jobs in the renewable energy sector.
- **Energy Cost Reduction and Community-Owned Energy Initiatives** – If community benefit funds are directed towards local renewable projects or support for energy efficiency improvements, they can help reduce energy costs for households, particularly those in fuel poverty.

### **Potential Negative Impacts and Challenges**

- **Risk of Uneven Benefit Distribution** – Without strong governance and oversight, benefits may not be equitably distributed, particularly between communities hosting infrastructure and those indirectly impacted.
- **Barriers for Local Businesses** – If large-scale developments primarily engage major national or international contractors, smaller local businesses may struggle to compete for procurement opportunities, limiting the intended economic benefits.
- **Challenges for Low-Income Households** – While community benefit funds may support local initiatives, without direct measures such as targeted energy affordability programmes, lower-income households may not experience tangible financial relief.

- **Disconnection from Decision-Making** – If benefit allocation processes are too centralised, rural and island communities may feel excluded from decisions that directly affect them.

### **Recommendations to Strengthen the Good Practice Principles**

The Highland Council highlights the need for a structured, long-term approach to community benefits, ensuring that contributions:

1. **Retain direct financial support for host communities**, ensuring those most affected continue to receive funding.
2. **A local authority strategic fund**, supported by increased community benefit contributions, dedicated to infrastructure, economic resilience, and equitable regional development to ensure all Highland communities—both directly and indirectly affected—share in the opportunities provided by offshore wind expansion.

To ensure maximum positive impact and mitigate potential negative effects, the Highland Council recommends:

- **Equity-Focused Allocation Mechanisms** – Funding should be targeted toward areas with high levels of socio-economic need, particularly rural and island regions.
- **Clear Procurement Pathways for Local Businesses** – Structured mechanisms should enable SMEs and community enterprises to access supply chain opportunities.
- **Targeted Support for Energy Affordability** – A portion of community benefit funds should be directed towards reducing energy costs for households experiencing fuel poverty.
- **Mandatory Inclusion of Local Representatives in Governance Structures** – Offshore wind developers should be required to engage with local authorities and community representatives in benefit allocation decisions.
- **Legally Enforceable Commitments** – The Good Practice Principles should transition from voluntary guidance to enforceable requirements, ensuring developers are held accountable for delivering community benefits.
- **Standardised Funding Mechanisms** – A clear, transparent framework should dictate how community benefit funds are calculated, allocated, and reviewed, preventing disparities between different projects and communities.
- **Regular Monitoring and Impact Assessment** – Establish transparent reporting and evaluation processes to ensure benefits are delivered effectively and equitably, with public access to data.
- **Guaranteed Long-Term Investment** – Developers should be required to provide long-term financial commitments, ensuring that community benefits extend beyond initial agreements and continue for the duration of the offshore wind project's operational life



## What Does Good Look Like?

A well-structured offshore wind community benefit framework should:

- **Deliver Equitable Distribution** – Benefits must be allocated fairly, ensuring that both directly impacted communities, and the wider Highland region receive appropriate support.
- **Drive Sustainable Economic Growth** – Investments in education, training, and local businesses should create long-term prosperity, rather than short-term, transactional funding.
- **Embed Inclusive Decision-Making** – Communities must have a meaningful role in shaping how benefits are used, ensuring that funds are directed towards prioritised local and regional needs.
- **Ensure Measurable Outcomes** – The success of community benefit allocations should be tracked through clear performance indicators, with transparent reporting on how funds are utilised.

## Determining appropriate levels of community benefits from offshore wind

### 9. In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

All developments, no matter how far from shore, should yield community benefits. The Highland Council believe that all projects in the territorial waters around Scotland, regardless of specific distance from shore, should regard the local authority at nearest landfall as the Host Community and make arrangements with the whole local authority area community and its representatives regarding community benefit. This means the developers subject to benefits are not only those within the 12 NM limit.

In some cases, there will be benefits flowing to more than one local authority area. In such cases, we anticipate a repeatable and transparent process for the division of the quantum of benefits between local authority areas should be in place. It is anticipated this will be determined by Scottish Government in producing its guidance.

HIREP partners share an ambition that all energy developments should offer a similar quantum of benefit funding to onshore wind and that this should increase in line with inflation or a similar agreed reflection of changing value of income.

The ambition of HIREP partners is that the quantum of community benefits funding should, at a minimum, match that of onshore wind (currently £5,000 per MW generated). However we would require this to be set at a percentage of value to allow for price increases to feed into community benefits funds over time. At this quantum, the percentage would be 2.5% of generated value.

To note this is a similar principle to land lease values between onshore and offshore projects which it is anticipated will be charged similar rental tariffs; this demonstrates a clear expectation of similar overall value between onshore and offshore.

We recognise that the specifics of each community benefit package may differ between projects, however we believe that the overall benefit levels should be aligned.



A just and proportionate approach to community benefits from offshore wind developments must ensure that benefits are fairly distributed, responsive to local needs, and aligned with both short-term and long-term community priorities. These benefits should balance economic, social, and environmental sustainability while ensuring equity across Highland.

The current benchmark for community benefit contributions remains essential in ensuring that communities most directly impacted by offshore wind infrastructure continue to receive financial support. However, this benchmark requires review and formalisation, with an increase in contributions directed towards strategic investment to ensure that all Highland communities—not just those in direct proximity to developments—share in the economic and social opportunities.

### **Key Principles of a Just and Proportionate Community Benefit Scheme:**

#### **1. Equitable Distribution**

- Community benefits should reflect both proximity to offshore wind farms and the level of impact on local communities.
- Remote and economically disadvantaged areas should receive targeted support, ensuring that benefit allocation does not reinforce existing inequalities.

#### **2. Sustainability and Long-Term Impact**

- Funding models should prioritise long-term economic resilience, skills development, and local infrastructure investment rather than one-off payments.
- Community benefits should be structured to deliver lasting value through multi-decade commitments aligned with the operational lifespan of offshore wind projects.

#### **3. Community-Led Decision-Making**

- Local communities must have a direct role in determining how benefits are allocated, ensuring alignment with their priorities and aspirations.
- A dual governance model should ensure that host communities receive direct financial contributions, while a strategic fund will support wider infrastructure needs.

#### **4. Transparency and Accountability**

- Developers and stakeholders should be required to report publicly on how funds are allocated, demonstrating measurable impact and adherence to good governance principles.
- Community benefit agreements should be legally enforceable, ensuring that developers uphold their commitments over the full lifespan of the project.

#### **5. Alignment with Net Zero and Economic Development Goals**

- Community benefits should be strategically aligned with regional economic growth, workforce development, and climate resilience plans.
- Investment in skills, training, and renewable energy innovation will ensure that communities benefit directly from the transition to net zero.

## What Would This Look Like in Practice?

A well-structured community benefit scheme would include:

- **Direct Financial Contributions** – Establishing a structured and transparent funding mechanism to support community-led projects, infrastructure improvements, and local enterprise development.
- **Investment in Skills and Workforce Development** – Creating targeted training programmes, apprenticeships, and educational initiatives to enable local employment in the renewable energy sector, ensuring long-term job creation.
- **Community-Owned Renewable Energy Projects** – Supporting the development of local, community-led renewable energy initiatives, increasing energy security, economic empowerment, and resilience.
- **Energy Cost Reduction Initiatives** – Exploring mechanisms where communities hosting offshore wind developments receive preferential energy tariffs or direct energy efficiency support to combat fuel poverty.
- **Regional and Local Benefit Frameworks** – Implementing a two-tiered model, where:
  1. **Local community funds** empower communities to develop tailored projects addressing their specific needs.
  2. **A local authority level strategic fund** supports large-scale infrastructure improvements (such as transport links, digital connectivity, and economic regeneration projects).
- **Guaranteed Long-Term Funding Commitments** – Ensuring that community benefits extend beyond initial agreements and continue for the full operational life of offshore wind farms.
- **Regular Review and Adaptation Mechanisms** – Instituting a formal evaluation process that allows community benefit schemes to be adjusted based on evolving local priorities and economic conditions.

By integrating these measures, offshore wind community benefit schemes can support economic resilience, environmental sustainability, and social inclusion across the Highland. A truly just and proportionate model will ensure that local communities experience meaningful, long-term benefits that reflect their role in supporting Scotland's transition to renewable energy.

## 10. What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

A well-defined framework of processes and guidance is essential to ensuring that community benefit agreements are fair, transparent, and aligned with the needs of both developers and affected communities. The Highland Council supports a structured approach that balances early engagement, clear governance, and legally enforceable commitments, ensuring that increased community benefit contributions are directed appropriately—prioritising directly impacted communities while also investing in regional infrastructure and wider economic development.

## **Key Processes to Assist Agreement of Community Benefit Packages**

### **1. Early and Inclusive Community Engagement**

- Offshore wind developers should be required to consult communities from the earliest stages of project planning.
- Engagement should be inclusive, using town halls, digital platforms, and structured consultation mechanisms to ensure diverse community participation.

### **2. Standardised Good Practice Guidelines**

- The Scottish Government should establish a robust and enforceable set of standardised guidelines for negotiating community benefit agreements.
- This framework should include clear methodologies for determining funding levels, ensuring fair and consistent allocation across developments.

### **3. Independent Mediation and Facilitation**

- A neutral, third-party oversight body should be established to ensure that communities have an independent advocate in negotiations.
- This would prevent power imbalances, ensuring that developers uphold commitments and that agreements reflect genuine community needs.

### **4. Transparency and Public Accountability**

- Developers should be legally required to publish clear documentation on how community benefit funds are determined, allocated, and reviewed.
- Annual impact reporting should be mandated, ensuring public oversight and preventing misallocation of funds.

### **5. Flexible yet Structured Agreements**

- Community benefits should be structured yet adaptable, ensuring that local priorities are met while maintaining a stable investment framework.
- Agreements should allow periodic reviews, ensuring they remain responsive to evolving community needs.

### **6. Legal Framework for Community Benefit Commitments**

- Agreements should be legally binding, preventing voluntary commitments from being altered or withdrawn once planning approval is granted.
- This would ensure long-term financial security for communities and prevent developer withdrawal after initial agreements.

### **7. Clear Governance Structures**

- Community benefit funds should be managed through transparent governance structures. Made up of public, private and community representation.

### **8. Periodic Review Mechanisms**

- Agreements should include formalised review provisions, allowing funding structures to be adapted in response to new challenges or opportunities.
- A structured impact assessment process should be introduced, ensuring that funds deliver measurable long-term benefits.

## 9. Alignment with National and Regional Strategies

- Community benefit agreements should be strategically integrated into Scotland's net-zero policies, regional economic growth plans, and infrastructure investment frameworks.
- This alignment would maximise economic impact, ensuring that funding supports skills development, transport improvements, and clean energy infrastructure.

### What Does Good Look Like?

A strong community benefit agreement process should:

- Be transparent and participatory, ensuring that all community voices are heard and considered.
- Ensure fair and equitable distribution, prioritising support for those most affected by offshore wind developments.
- Provide long-term economic and social benefits, rather than short-term financial compensation.
- Establish enforceable commitments, holding developers accountable for delivering agreed benefits over the lifespan of the wind farm.
- Empower communities, giving them a central role in decision-making and oversight.

### Shared ownership of offshore wind developments

#### 11. What do you see as the potential of shared ownership opportunities for communities from offshore wind developments? Please explain your answer.

Shared ownership opportunities in offshore wind developments have the potential to significantly enhance economic resilience, energy security, and community empowerment across the Highlands. Enabling communities to hold an ownership stake in offshore wind projects ensures that they benefit directly from the financial returns generated, rather than relying solely on voluntary community benefit schemes.

The Highland Council supports a dual approach to offshore wind benefits—maintaining direct financial support for impacted communities while investing additional funds into a strategic fund. Shared ownership provides a mechanism to deliver long-term financial benefits and promote community wealth-building within this framework.

### Key Benefits of Shared Ownership for Communities

1. **Sustainable, Long-Term Revenue Streams**
  - Unlike one-off community benefit payments, shared ownership allows communities to generate revenue throughout the lifetime of a wind farm, providing financial security and enabling long-term reinvestment in local services, economic initiatives, and infrastructure projects.
2. **Local Economic Growth and Skills Development**
  - Community ownership creates opportunities for local enterprises and supply chain businesses to participate in the offshore wind sector. This strengthens regional employment, workforce training programmes, and the green economy.

3. **Energy Affordability and Security**
  - Revenue from community-owned stakes could be directed towards reducing energy costs for local households, supporting energy efficiency improvements, and tackling fuel poverty, aligning with just transition principles.
4. **Community Empowerment in Decision-Making**
  - A direct ownership stake provides greater community influence over offshore wind developments, ensuring that projects reflect local priorities and sustainability objectives.
5. **Alignment with National and Regional Policy Goals**
  - Expanding community ownership aligns with Scotland's net-zero targets and Just Transition policies, ensuring that economic benefits from renewables remain in local communities rather than being exported elsewhere.

### **What Does Good Look Like?**

A well-structured shared ownership framework should include:

- A national strategy for community participation in offshore wind ownership, ensuring alignment with Scotland's Just Transition principles.
- Dedicated financial support mechanisms, such as government-backed loans or grants, to help communities acquire ownership stakes.
- Capacity-building programmes providing legal, financial, and technical guidance to empower communities to participate.
- Strong governance and accountability structures, ensuring transparent, inclusive decision-making and tangible benefits for communities.
- Collaboration with industry and local authorities to integrate shared ownership into existing renewable energy frameworks.

## **12. Thinking about the potential barriers to shared ownership of offshore wind projects, what support could be offered to communities and developers to create opportunities and potential models, and for communities to take up those opportunities? Potential barriers include high costs of offshore wind development, community access to finance and community capacity.**

While shared ownership offers substantial benefits, several barriers must be addressed to ensure practical implementation and equitable access:

1. **High Capital Investment Requirements**
  - Offshore wind developments require significant upfront capital, making it difficult for communities to secure meaningful equity stakes. Government-backed loan schemes, grant funding mechanisms, or co-investment models should be introduced to support community participation.
2. **Complexity of Legal and Financial Structures**
  - Shared ownership agreements involve contract negotiation, regulatory compliance, and financial risk management. Communities require capacity-building programmes and legal advisory support to navigate these complexities.
3. **Ensuring Equitable Access for Rural and Island Communities**
  - Remote communities, often economically disadvantaged, may struggle to engage in shared ownership opportunities due to lack of expertise, funding, or administrative capacity. Targeted support mechanisms must be introduced to ensure accessibility.

#### 4. Risk Mitigation

- Offshore wind projects involve market fluctuations and revenue uncertainties. A structured risk-sharing framework, including government-backed revenue guarantees or minimum return commitments, would de-risk community investment.

### **Support Measures to Enable Shared Ownership**

To overcome these challenges and maximise community participation, a multi-layered support framework should be established, including financial, technical, and regulatory mechanisms.

#### **1. Financial Support and Investment Mechanisms**

- **Government-Backed Loan and Grant Schemes**
  - Establish a Community Offshore Wind Investment Fund to provide low-interest loans and grants that enable communities to purchase meaningful ownership stakes.
- **Matched Funding Models**
  - Introduce a co-investment model where public funds match community contributions, reducing the financial burden on local groups.
- **Revenue Guarantee Mechanisms**
  - Implement financial safeguards such as government-backed revenue guarantees or minimum return commitments to de-risk community investments.
- **Tax Incentives and Subsidies**
  - Provide tax relief or direct financial incentives for developers that offer shared ownership opportunities, encouraging greater community participation.

#### **2. Capacity-Building and Technical Support**

- **Dedicated Support Hubs for Communities**
  - Establish regional energy advisory services offering legal, financial, and technical expertise to communities interested in shared ownership.
- **Training and Education Programmes**
  - Fund skills development and training programmes that equip communities with the knowledge and confidence to engage in offshore wind investment and management.
- **Independent Mediation and Advice**
  - Introduce third-party advisory bodies to negotiate fair ownership agreements between communities and developers, ensuring equitable participation.

#### **3. Policy and Regulatory Reforms**

- **Legislative Mandates for Shared Ownership**
  - The Scottish Government should introduce regulations requiring developers to offer a proportion of community ownership in all large-scale offshore wind projects.
- **Standardised Ownership Models**
  - Develop predefined shared ownership structures (e.g., co-operatives, joint ventures) to simplify agreements and reduce complexity for communities.

- **Developer Incentives for Community Participation**
  - Implement a points-based planning framework, giving priority approval to projects offering meaningful community ownership.

#### **4. Community-Led Renewable Investment Funds**

- **Pooling Resources Across Communities**
  - Enable multiple communities to form regional investment cooperatives, jointly investing in offshore wind projects to reduce financial risk and increase bargaining power.
- **Establishing Local Green Investment Partnerships**
  - Encourage collaboration between local authorities, community energy groups, and ethical investors to secure larger equity stakes.

#### **What Does Good Look Like?**

A well-structured shared ownership framework for offshore wind should include:

- Accessible financing mechanisms that reduce financial barriers for communities to invest.
- Comprehensive technical support and training to ensure communities can engage meaningfully in ownership opportunities.
- A clear and enforceable policy framework that ensures shared ownership is not discretionary but a core component of offshore wind developments.
- Long-term sustainability through structured revenue-sharing models, providing predictable financial returns to communities.

#### **ONSHORE consultation questions**

##### **Extending the scope of the Good Practice Principles**

**1. a) Which of the following onshore technologies should be in scope for the Good Practice Principles? Select all that apply.**

- Wind
- Solar
- Hydro power (including pumped hydro storage)
- Hydrogen
- Battery storage
- Heat networks
- Bioenergy
- Carbon Capture, Utilisation and Storage (CCUS)
- Negative Emissions Technologies (NETs)
- Electricity transmission
- Other – please specify in question 1b

**All should be in scope.**

**1. b) Please explain your reasons for the technologies you have selected or not selected and provide evidence where available.**

The Highland Council has selected all the listed onshore technologies to be in scope for the Good Practice Principles, recognising that a comprehensive, inclusive approach is essential to maximising community benefits across the full range of renewable and low-carbon energy technologies. This decision aligns with Scotland's net-zero commitments and the Highland Social Value Charter, ensuring that economic, environmental, and social benefits are distributed fairly across Highland communities, including those that may not currently receive direct community benefit payments.

**Rationale for Inclusion of All Technologies**

A broad and strategic approach ensures that all forms of renewable and low-carbon energy contribute equitably to local economic development, energy security, and a just transition for communities across the Highlands. The current community benefit benchmark, while requiring review and formalisation, must continue to prioritise direct support for host communities, with additional contributions directed towards strategic regional investment.

**Key Technologies and Their Community Benefit Potential**

**1. Wind Energy**

- Scotland's most established renewable resource, providing direct financial benefits to host communities through community ownership models, investment funds, and local employment opportunities.
- Expansion of regional benefit-sharing mechanisms would ensure wider distribution of economic benefits beyond immediate host areas.

**2. Solar Energy**

- Provides distributed generation opportunities, reducing reliance on centralised fossil fuel power while offering cost savings to communities through cooperatives and community-owned solar projects.
- Supports local energy security and can generate long-term revenue for reinvestment in local infrastructure.

**3. Hydropower (Including Pumped Hydro Storage)**

- Small-scale and community-led schemes offer long-term revenue streams, creating local economic resilience.
- Can fund water management and flood mitigation projects, delivering wider environmental and community benefits.

**4. Hydrogen**

- A key component of Scotland's industrial decarbonisation strategy, supporting local job creation in transport, heating, and manufacturing.
- Community benefits could include skills development and supply chain opportunities, ensuring long-term economic participation.

**5. Battery Storage**

- Critical for energy resilience, enabling local communities to participate in energy trading schemes that reduce electricity costs.
- Provides a foundation for smart grid innovations, increasing energy security in remote Highland areas.

**6. Heat Networks**

- Can reduce heating costs for rural communities and support off-grid areas, enhancing energy equity.
- Creates opportunities for local workforce development in installation and maintenance.



## 7. Bioenergy

- Supports circular economy principles, using local forestry, agricultural by-products, and organic waste to create sustainable energy solutions.
- Direct economic benefits include job creation in forestry and land management.

## 8. Carbon Capture, Utilisation, and Storage (CCUS)

- Essential for decarbonising heavy industries while maintaining economic stability for sectors that cannot easily transition to electrification.
- Community benefit frameworks must support workforce retraining and economic diversification.

## 9. Negative Emissions Technologies (NETs)

- Directly supports Scotland's net-zero targets by enabling land-based carbon sequestration projects such as peatland restoration and afforestation.
- Provides new revenue streams for rural landowners and community-led carbon offset projects.

## 10. Electricity Transmission

- Strengthening grid capacity and connectivity is essential to supporting decentralised renewable energy.
- Investment in transmission infrastructure reduces constraints, allowing community-owned renewable projects to connect to the grid.

## Additional Considerations and Recommendations

While the listed technologies form the foundation of Scotland's renewable transition, the Highland Council recommends that the Good Practice Principles also integrate demand-side and energy efficiency measures, such as:

1. **Energy Efficiency Initiatives** – Retrofitting buildings and improving insulation to reduce energy costs and emissions, particularly for low-income households.
2. **Demand-Side Response Technologies** – Enabling households and businesses to adjust energy consumption in response to grid conditions, increasing energy flexibility and affordability.

## What Does Good Look Like?

A well-structured Good Practice Principles framework should:

- Ensure all major renewable and low-carbon technologies contribute to Scotland's net-zero transition and just energy transition goals.
- Recognise the distinct needs of remote and rural communities, ensuring equitable distribution of benefits across the Highlands.
- Encourage a mix of large-scale and community-led projects, balancing long-term investment with immediate local benefits.
- Expand community benefit structures to include energy efficiency and demand-side measures, maximising social value beyond direct generation projects.

3. **Should the same Good Practice Principles apply in a standard way across all the technologies selected, or should the Good Practice Principles be different for different technologies? Please explain the reasons for your answer and provide evidence where available.**

The Highland Council supports a core set of Good Practice Principles that apply consistently across all selected renewable and low-carbon technologies, ensuring a transparent, accountable, and equitable approach to community benefits. However, flexibility is essential to reflect the unique characteristics, operational footprints, and community impacts associated with different technologies.

### **Rationale for a Core Set of Good Practice Principles**

A standardised baseline ensures:

1. **Equity and Fairness** – All communities, regardless of the technology deployed, receive a consistent level of engagement, benefit-sharing, and transparency.
2. **Regulatory Clarity** – A uniform approach simplifies planning processes for developers, communities, and local authorities, reducing uncertainty in benefit negotiations.
3. **Accountability and Transparency** – Standardised requirements must ensure consistent reporting and legally binding commitments to community benefits across all technologies, with clear consequences for non-compliance.
4. **Alignment with National Net Zero Goals** – A shared framework ensures that all onshore renewable technologies contribute meaningfully and equitably to Scotland's just transition.

### **Why Some Flexibility is Necessary**

While a core framework should apply to all technologies, sector-specific considerations must be accounted for to ensure that benefit structures reflect the different operational impacts of each technology.

#### **1. Wind and Solar Energy**

- These technologies occupy significant land areas, leading to visual and environmental impacts.
- Community benefits should include land lease revenues, biodiversity improvements, and strategic investment in local infrastructure.

#### **2. Hydropower (Including Pumped Hydro Storage)**

- Hydro projects involve water resource management and potential catchment impacts.
- Benefit schemes should include flood resilience funding, environmental restoration, and long-term revenue-sharing models.

#### **3. Hydrogen and Bioenergy**

- These technologies involve fuel production and use, meaning community benefits should focus on local supply chain engagement, workforce training, and economic diversification.

#### **4. Battery Storage and Heat Networks**

- These projects enhance grid stability and energy resilience rather than directly generating energy.
- Benefits should prioritise energy affordability, efficiency improvements, and smart grid integration at the community level.

#### **5. Carbon Capture, Utilisation, and Storage (CCUS) & Negative Emissions Technologies (NETs)**

- These technologies primarily support industrial decarbonisation rather than community energy generation.
- Benefits should include industrial workforce retraining, economic transition support, and investment in carbon offset projects such as forestry or peatland restoration.

## **Proposed Good Practice Model: A Robust and Mandatory Approach**

The Highland Council strongly advocates for a more structured and enforceable approach, ensuring that the Good Practice Principles transition from voluntary guidance to legally binding commitments. Developers must be held accountable for delivering meaningful community benefits, with clear mechanisms for monitoring, enforcement, and adaptation to evolving community needs.

To balance consistency with sector-specific needs, the Highland Council supports a two-tiered approach that combines core mandatory principles with sector-specific adaptations.

### **Core Good Practice Principles (Applicable to All Technologies)**

- **Early and Inclusive Community Engagement** – Developers must engage communities at an early stage, ensuring transparent dialogue about potential benefits.
- **Transparency in Benefit Allocation and Reporting** – Clear and publicly available reporting mechanisms should be mandatory.
- **Local Employment, Training, and Supply Chain Commitments** – Developers must prioritise local job creation and skills development within their benefit strategies.
- **Flexible Funding Models to Support Local Priorities** – Communities should have autonomy over benefit allocation, ensuring funding aligns with local economic needs and agreed priorities i.e. Area Place Plans, Local Place Plans and other relevant community action plans or masterplans etc.
- **Regular Impact Assessments and Adaptive Benefit Strategies** – Community benefits should be reviewed periodically, ensuring their continued relevance and impact.

### **Sector-Specific Adaptations to the Good Practice Principles:**

#### **1. Wind & Solar:**

- Land lease agreements should guarantee long-term revenue streams for host communities.
- Biodiversity improvements must be embedded in benefit agreements.

#### **2. Hydropower:**

- Community benefits should include catchment management and environmental restoration funding.

#### **3. Hydrogen & Bioenergy:**

- Commitments should focus on local supply chain integration and workforce upskilling.

#### **4. Battery Storage & Heat Networks:**

- Benefits should prioritise energy resilience and affordability initiatives, ensuring households in fuel poverty see tangible benefits.

#### **5. CCUS & NETs:**

- A dedicated industrial transition fund should be established to support workforce retraining and economic diversification.

## What Does Good Look Like?

A **successful and fair Good Practice framework** should:

- Ensure a legally enforceable baseline of community benefits across all technologies, preventing developers from opting out or delivering benefits inconsistently.
- Allow flexibility for sector-specific impact mitigation and opportunity maximisation.
- Embed strong governance mechanisms to ensure fair and transparent implementation.
- Empower communities to shape benefit models that reflect local priorities and economic realities.

## Improving the Good Practice Principles

**4. Do improvements need to be made to how eligible communities are identified? For example, changes to how communities are defined at a local level, and whether communities at a regional and/or national level could be eligible. Please explain your answer and provide supporting evidence if available.**

The Council believe community benefit delivery vehicles should act at a local authority area level and have a governance model which is inclusive and ensures community bodies are represented.

The Council specifically do not endorse the concept of a national fund because we believe this will dilute the proposed benefits of strong and local community engagement and empowerment, as well as failing to take sufficient account of local priorities and opportunities for collaboration. We believe this also works against the principle of community wealth building where the wealth extracted from natural assets should in part be recirculated locally, in this case a local authority area

## Key Improvements Needed in Defining Eligible Communities

### 1. Clearer Criteria for Local, Regional, and National Benefit Allocation

- **Local Level:** Communities directly affected by infrastructure hosting (e.g., wind farms, hydrogen plants, battery storage sites) should receive priority consideration in benefit allocation.
- **Strategic Level:** A proportion of funds should be for projects which benefit the wider sustainable economic growth of the community (e.g. housing, infrastructure, skills) and potentially contribute to regional schemes such as those targeted to reduce fuel poverty.

### 2. Flexibility for Rural and Remote Communities

- The definition of "community" must account for geographically dispersed populations, island communities, and remote settlements that may not meet conventional local authority boundaries but are still impacted by energy projects.
- Special mechanisms should ensure that small rural communities are not excluded from funding eligibility due to lower population density.

### 3. Prioritising Socio-economic Need

- Community benefits should be targeted based on social and economic need, including fuel poverty, unemployment rates, and existing access to energy infrastructure.
- A weighted funding mechanism should be introduced to ensure that high-need communities receive proportional investment.

## What Does Good Look Like?

A revised, transparent, and needs-based approach to defining eligible communities should:

- **Ensure proportional benefit distribution** between local and strategic.
- **Provide clear and legally enforceable guidelines** on community eligibility.
- **Prevent rural and remote areas from being overlooked.**
- **Align with economic and social justice principles** to ensure net-zero benefits are widely shared.

### **5. Should more direction be provided on how and when to engage communities in community benefit opportunities, and when arrangements should take effect? Please explain your answer and provide evidence/examples of good practice where available.**

The Highland Council strongly supports a more structured, legally enforceable approach to community engagement in benefit arrangements. Inconsistent timing, a lack of formal requirements, and varying levels of developer engagement currently result in uneven benefit distribution and missed opportunities for communities to shape how funds and support are allocated.

A robust, mandatory framework is needed to ensure that engagement is meaningful, timely, and legally enforceable across all net-zero energy developments.

## **Key Issues with the Current Approach to Community Engagement**

### **1. Late-Stage Engagement Reduces Community Influence**

- Communities are often consulted too late in the process, when key financial, operational, and land-use decisions have already been made.
- This limits opportunities for meaningful co-design of benefit packages and restricts communities' ability to negotiate terms that align with their long-term needs.

### **2. Lack of Standardised Timelines and Requirements**

- Some developers engage early, while others wait until projects are fully consented, creating disparities in engagement levels.
- No legally mandated timeline ensures communities are included from pre-planning to project decommissioning.

### **3. Variability in Developer Approaches to Community Benefits**

- Some developers actively involve communities in decision-making, while others offer fixed-sum financial contributions with little flexibility.
- Without mandatory guidance, developers have no incentive to adopt best practices.

## **Recommended Improvements to Community Engagement**

To ensure early, structured, and meaningful engagement, the Highland Council advocates for the following measures:

### **1. Mandatory Early Engagement Requirements**

- a. **Pre-Application Consultation**
  - Developers should be required to consult communities at the earliest stage before project designs are finalised and before planning applications are submitted.
- b. **Dedicated Community Liaison Officers**
  - Every large-scale development should appoint a community liaison officer to act as a bridge between developers and local groups throughout the project lifecycle.
- c. **Formal Engagement Plans**
  - Developers should submit a Community Benefit Engagement Plan as part of their planning applications, detailing how and when communities will be involved.

### **2. Standardised Engagement Timeline**

To ensure consistency, the following clear engagement milestones should be mandated across all projects:

- **Pre-Planning Phase (Early Consultation)** – Communities must be consulted before planning applications are lodged, ensuring early influence over benefit design.
- **Planning Approval Phase (Agreement Finalisation)** – Benefit packages should be finalised before planning permission is granted, making commitments legally binding.
- **Construction and Operational Phase (Ongoing Review)** – Regular engagement meetings should take place to assess whether benefits are being delivered as promised.
- **Decommissioning Phase (Long-Term Commitments)** – Developers should plan for how benefits continue post-decommissioning, ensuring a just transition for affected communities.

### **3. Legal and Regulatory Strengthening**

- **Mandatory Inclusion of Community Benefit Agreements (CBAs) in Planning Conditions**
  - Community benefits should be a planning condition requirement rather than a discretionary arrangement.
- **Clear Financial Transparency Requirements**
  - Developers should be legally required to publish annual reports detailing how community benefits are distributed and spent.
- **Enforcement and Monitoring Mechanisms**
  - A national oversight body should be created to audit and ensure compliance with engagement requirements.

## What Does Good Look Like?

A gold standard for community engagement would:

- Mandate early and continuous engagement, ensuring that communities shape benefit agreements from the outset.
- Make benefit commitments legally binding through planning conditions and enforceable agreements.
- Standardise engagement timelines to prevent late-stage consultation and ensure consistency across all developments.
- Increase transparency and accountability, requiring developers to publish clear reports on benefit distribution.

**6. How could the Good Practice Principles help ensure that community benefits schemes are governed well? For example, what is important for effective decision-making, management and delivery of community benefit arrangements? Please explain your answer and provide evidence/examples of good practice where available.**

The Highland Council continues to work with HIREP members to develop thinking around potential governance arrangements for the management and distribution of any strategic funds collected at the local authority level. As explained previously, this will be a partnership approach involving partners, developers and community representative.

In terms of direct community benefit schemes, a robust, transparent, and enforceable governance framework is essential to ensuring that community benefits schemes are fairly distributed, effectively managed, and aligned with local needs. The Good Practice Principles should mandate governance structures that establish clear responsibilities, decision-making processes, and accountability measures.

## Key Governance Challenges in Current Community Benefit Schemes

### 1. Lack of Standardised Governance Models

- Many community benefit schemes operate without formal oversight, leading to inconsistencies in how funds are managed and allocated.
- The absence of a nationally recognised governance framework means some communities benefit more than others due to variations in developer engagement.

### 2. Limited Community Involvement in Decision-Making

- Some community benefits are determined without meaningful local participation, leading to misalignment between community priorities and funding allocations.
- Marginalised and remote communities may have less influence over how benefits are distributed.

### 3. Financial Transparency and Accountability Gaps

- A lack of clear reporting and oversight mechanisms means some funds are not fully traceable or fail to achieve their intended impact.
- Communities often lack the expertise or resources to manage large-scale benefit funds effectively, leading to governance risks. Consideration also needs to be given to succession planning for

## **Recommendations for Strengthening Governance Through the Good Practice Principles:**

### **1. Establishing a Legally Enforceable Governance Framework**

- **Mandatory Governance Structures**
  - The Good Practice Principles should require all community benefit schemes to operate under a formal governance structure, ensuring consistency across all projects.
  - Community Benefit Agreements (CBAs) should be legally binding and incorporated into planning conditions, making them enforceable over the lifetime of a development.

### **2. Clear Decision-Making Structures and Community Representation**

- **Community-Led Advisory Boards**
  - A community-led advisory board should be established for each benefit fund, with representation from local authorities, community councils, and independent experts to ensure fair and transparent decision-making.
  - Governance models should prioritise participatory budgeting, where community members vote on funding priorities, ensuring benefits reflect local needs.

### **3. Mandatory Financial Oversight and Reporting**

- **Legally Required Annual Reports**
  - Developers should be required to publish annual financial reports on how community benefit funds are allocated and spent.
  - A nationally coordinated oversight body should be established to audit compliance with the Good Practice Principles and ensure funds are managed transparently and effectively.

### **4. Flexible, Needs-Based Allocation of Funds**

- **Data-Driven Community Benefit Allocation**
  - Community benefits should be allocated based on evidence-driven local needs assessments, ensuring that funding is directed to projects that provide the most value.
  - A portion of benefit funds should be reserved for long-term projects, such as education, skills training, and infrastructure improvements, preventing short-term spending without lasting impact.

### **5. Ensuring Long-Term Community Ownership and Capacity Building**

- **Community Training and Ownership Models**
  - Developers should fund training programmes to help communities develop the skills needed to manage and oversee benefit schemes effectively.
  - Community benefit schemes should include a pathway for community ownership of renewable energy assets, ensuring that benefits extend beyond financial contributions to long-term local economic empowerment.



## What Does Good Look Like?

A well-governed community benefit scheme should:

- Be legally enforceable through binding agreements incorporated into planning conditions.
- Operate under a structured governance model with clear decision-making roles and community representation.
- Ensure financial transparency and independent oversight to prevent mismanagement of funds.
- Encourage participatory decision-making, allowing communities to shape benefit allocations directly.
- Invest in long-term community resilience, supporting skills development and local economic sustainability.

### **7. How could the Good Practice Principles better ensure that community benefits are used in ways that meet the needs and wishes of the community? For example, more direction on how community benefits should or should not be used, including supporting local, regional or national priorities and development plans. Please explain your answer and provide evidence/examples of good practice where available.**

Ensuring that community benefits are used in ways that align with the needs and wishes of communities requires a more structured, enforceable, and transparent approach. The Highland Council advocates for a fair and equitable distribution of benefits that ensures both directly impacted communities and the wider Highland area benefit from energy development.

The Good Practice Principles should provide clearer direction on how community benefits are allocated, ensuring they:

- Address the needs of communities most impacted by developments.
- Support long-term regional infrastructure projects that create lasting economic and social value.
- Ensure equity across all Highland communities, recognising that energy developments impact the whole region, not just those directly hosting infrastructure.

## **Key Issues with the Current Approach to Community Benefit Use**

### **1. Lack of Alignment with Long-Term Community Development Needs**

- Many community benefit schemes focus on short-term grants, rather than strategic investments that build long-term resilience.
- Without a clear framework, funds are often allocated to one-off projects rather than initiatives that generate sustained economic and social impact.

### **2. Inconsistency in How Funds Are Managed and Allocated**

- Some funds are well-structured, while others lack governance, transparency, and strategic focus.
- There is no mandatory requirement ensuring funds are distributed in alignment with local and regional development plans.

### **3. Insufficient Community Participation in Benefit Allocation**

- Some communities have little say in how benefits are used, particularly when funds are controlled solely by developers or local authorities.
- Without participatory budgeting or co-designed decision-making, there is a risk that funds do not reflect the priorities of those most affected.

## **Recommendations for Strengthening the Good Practice Principles**

To ensure community benefit funds deliver meaningful and lasting impact, the Highland Council recommends the following enhancements to the Good Practice Principles:

### **1. Mandatory Alignment with Local and Regional Development Plans**

Community benefit funds should align with:

- Regional Economic Strategies
- Local Development Plans (LDPs)
- Net Zero Transition Plans
- Area Place Plans, Local Place Plans and other relevant community action plans or masterplans etc.

A mandatory assessment process should be introduced to ensure funding priorities support long-term social, economic, and environmental needs.

### **2. Stronger Community Involvement in Decision-Making**

Co-Managed Benefit Funds

- Community benefit funds should be co-managed by local representatives, local authorities, and independent bodies to ensure fair and transparent allocation.

Participatory Budgeting Mechanisms

- Communities should have direct input on priority projects, ensuring benefits align with local aspirations.

Capacity-Building for Communities

- Developers should be required to fund training programmes to enable communities to engage meaningfully in decision-making.

Prioritisation of Long-Term Community and Economic Benefits

A minimum percentage of funds should be allocated to long-term initiatives, such as:

- Skills training and employment programmes in renewable energy and green industries.
- Local enterprise support, enabling community-owned energy projects and sustainable business growth.
- Infrastructure investments, such as housing, transport links, broadband improvements, and energy efficiency upgrades.

### **4. Transparent Monitoring and Accountability Mechanisms**

Developers should be required to:

- Publish annual impact reports, detailing how funds are allocated and what outcomes they have delivered and the impact of the outcomes.
- Ensure regular review of benefit allocation to ensure alignment with evolving community priorities.

## What Does Good Look Like?

A well-structured, enforceable community benefit framework should:

- Ensure alignment with local, regional, and national development strategies to maximise impact.
- Empower communities through participatory decision-making and co-managed governance structures.
- Commit a portion of funds to long-term priorities that support skills development, employment, and infrastructure.
- Introduce enforceable reporting and accountability mechanisms to ensure funds are used transparently and effectively.

### **8. What should the Good Practice Principles include on community benefit arrangements when the status of a new or operational energy project changes? For example, reviewing arrangements when a site is repowered or an extension is planned, or when a new project is developed or sold.**

Ensuring community benefit arrangements remain fair, reflective of evolving community needs, and proportionate to project scale requires a structured and legally enforceable review process whenever an energy project undergoes significant changes. The Highland Council supports mandatory reassessments of community benefits when projects are repowered, expanded, or transferred to new ownership, ensuring communities continue to receive fair and proportionate benefits.

## Key Issues with the Current Approach to Changing Project Status

- 1. Repowering and Extensions Increase Project Scale Without Adjusted Benefits**
  - Many repowered or expanded projects generate significantly higher revenues but do not proportionally increase community benefit contributions.
  - Communities may still receive outdated financial contributions based on original agreements, despite the increased scale of energy production.
- 2. No Legal Requirement to Retain Benefits When Projects Are Sold**
  - When ownership changes, new developers are not legally bound to previous agreements, meaning communities can lose negotiated benefits.
  - A lack of legal safeguards leaves community benefits at risk if a new owner does not recognise previous commitments.
- 3. Missed Opportunities to Reassess Community Needs**
  - Original benefit agreements may no longer align with evolving local priorities, such as skills training, economic regeneration, and net-zero initiatives.
  - Currently, there is no structured mechanism to reassess or reallocate community benefit contributions when a project is repowered, expanded, or sold.

## **Recommended Strengthening of the Good Practice Principles**

To ensure fairness, accountability, and long-term benefit sustainability, the Highland Council recommends the following enhancements to the Good Practice Principles:

### **1. Mandatory Review of Community Benefit Agreements at Key Project Milestones**

- **Repowering & Site Expansion**
  - Benefit contributions must be recalculated based on:
    - Increased energy generation capacity.
    - Extended operational lifespan.
    - New environmental and social impacts.
- **Project Sale or Ownership Transfer**
  - Community benefit agreements should automatically transfer to new project owners and be legally binding.
  - New developers must reaffirm and revalidate benefit agreements within six months of project acquisition.
- **Midway Project Reviews**
  - A mandatory review mechanism should be triggered every 10 years to ensure:
    - Funds are still being allocated effectively.
    - Community priorities are being met.
    - Long-term impact goals remain relevant.

### **2. Legal Safeguards to Prevent Benefit Loss When Projects Are Sold**

- **Mandatory Continuity Clauses**
  - All community benefit agreements must include legally enforceable continuity clauses, requiring any future owner to uphold existing commitments.
- **National Developer Accountability Register**
  - A publicly accessible database should track project ownership changes and ensure new developers comply with existing community benefit obligations.

### **3. Structured Community Consultation for Project Changes**

- **Community Reassessment Process**
  - When a project expands, is repowered, or is sold, developers must engage with affected communities to reassess:
    - Priority funding areas.
    - New opportunities for community investment.
    - Emerging socio-economic needs.
- **Independent Impact Assessments**
  - Developers should be required to fund third-party impact assessments, ensuring that community benefit contributions are adjusted to reflect increased project scale and revenue.

## **What Does Good Look Like?**

A robust, enforceable framework should:

1. Mandate periodic reassessments of benefit agreements to reflect project expansion, repowering, or sale.
2. Ensure legal continuity of benefits when projects change ownership, preventing loss of negotiated community contributions.
3. Require ongoing community engagement to ensure benefits remain relevant, proportionate, and impactful.
4. Introduce mandatory reporting and transparency measures, ensuring clear accountability from developers.

**9. Should the Good Practice Principles provide direction on coordinating community benefit arrangements from multiple developments in the same or overlapping geographic area? If so, what could this include? Please explain your answer and provide evidence/examples of good practice where available.**

The Highland Council supports mandatory, structured, and enforceable coordination of community benefit arrangements across multiple developments in the same or overlapping geographic areas. Without a strategic regional approach, there is a risk of inequitable distribution, duplication of initiatives, and missed opportunities for larger-scale, transformational investments. The Good Practice Principles should ensure that community benefit arrangements align with regional development priorities and are fairly distributed across all affected communities.

**Key Issues with the Current Approach to Overlapping Community Benefit Arrangements**

**1. Risk of Unequal Distribution of Benefits**

- Some communities may receive multiple funding streams, while others in the same region—who are equally impacted—may receive little or no benefit.
- Without a mandated coordination framework, funding imbalances may arise, exacerbating regional economic disparities.

**2. Missed Opportunities for Strategic Investment**

- Community benefit funds from multiple developers are often allocated to small, isolated projects, rather than pooled into large-scale, high-impact investments.
- A lack of coordination means that funding is reactively distributed, rather than strategically invested to address long standing socio-economic challenges.

**3. Inefficiencies in Community Engagement and Administration**

- Communities must often engage separately with multiple developers, leading to consultation fatigue and inconsistent expectations.
- Local authorities and community groups lack capacity to manage multiple, fragmented benefit agreements effectively.

**Recommendations for Strengthening the Good Practice Principles**

To ensure fair, transparent, and impactful coordination of community benefits, the Highland Council recommends the following enhancements to the Good Practice Principles:

**1. Support the establishment of Strategic Fund Partnerships at local authority level**

Payment of monies into a local authority scale community benefit fund has a number of advantages. Use of a fund like that set out will ensure that the community understands that the developer:

- is keen to see local priorities supported
- recognises the value and importance of a local community empowered body
- there is only one body to work with, which is representative of a much wider range of public and community interests

- that developer's community benefit contributions are transparent
- that developers adhere to the principles used to establish the funds that a reasonable split of funds between infrastructure and community led development can be achieved

## **2. Standardised and Legally Enforceable Approach to Benefit Allocation**

- A mandatory, fair, and proportionate allocation methodology should be established to ensure all affected communities receive a share of benefits.
- Communities should have a statutory right to prioritise regional investments, such as infrastructure, energy efficiency, and workforce development.

## **3. Compulsory Regional Impact Assessments for Multiple Developments**

- Developers must conduct Regional Community Impact Assessments before proposing projects in areas that already host energy developments.
- These assessments will ensure that new developments contribute additional, meaningful benefits, rather than duplicating existing ones.

## **4. Encouraging Larger-Scale, Transformational Projects Through Mandated Collaboration**

- Pooled community benefit funds should support large-scale, strategic projects, such as:
  - Regional training centres for renewable energy jobs.
  - Local grid reinforcements to support community-owned energy projects.
  - Public transport and broadband infrastructure improvements in rural areas.
  - Long-term sustainability initiatives, such as rewilding and peatland restoration projects.

## **5. Mandatory Transparency and Accountability for Developer Contributions**

- A publicly accessible national register of community benefit contributions should be established, ensuring full transparency in how funds are distributed.
- Developers should be legally required to report annually on benefit implementation, allowing communities to track and evaluate outcomes.
- Failure to meet community benefit obligations should result in regulatory penalties or planning restrictions.

### **What Does Good Look Like?**

**A legally enforceable, well-coordinated, and community-driven benefit framework should:**

1. Ensure proportional and equitable distribution of benefits across all impacted communities.
2. Mandate collaboration between developers, local authorities, and community representatives to establish strategic funding pools.
3. Enable long-term, strategic investments that align with local and strategic development priorities.
4. Introduce legal requirements for transparency and accountability, requiring developers to publicly report on their contributions and impact.
5. Impose financial penalties or planning restrictions for failure to comply with mandated benefit-sharing arrangements.

**10. What improvements could be made to how the delivery and outcomes of community benefit arrangements are measured and reported? For example, the Good Practice Principles encourage developers to record and report on their community benefit schemes in Scotland's Community Benefits and Shared Ownership Register. The register showcases community benefits provision across Scotland using a searchable map.**

The Highland Council supports a mandatory, standardised, and enforceable approach to measuring and reporting community benefit arrangements. Current reporting mechanisms are voluntary, inconsistent, and lack accountability, leading to gaps in data, limited community oversight, and missed opportunities for strategic improvements. The Good Practice Principles must be strengthened and made legally binding, ensuring transparent, systematic, and outcome-focused reporting on community benefits across Scotland

**Key Issues with the Current Measurement and Reporting of Community Benefits**

- 1. Lack of Mandatory and Standardised Reporting Requirements**
  - Developers are encouraged—but not required—to submit data to Scotland's Community Benefits and Shared Ownership Register.
  - This leads to gaps in reporting, making national data incomplete and unreliable.
  - Reporting formats and frequency are not standardised, making it difficult to compare projects and assess overall impact.
- 2. Limited Transparency and Community Oversight**
  - Many communities lack visibility on how benefit funds are spent.
  - There is no independent auditing, increasing the risk of fund misallocation.
  - Without a formal accountability mechanism, communities cannot effectively monitor or challenge spending decisions.
- 3. Absence of Performance Metrics and Impact Evaluation**
  - Current reporting focuses on financial contributions, rather than assessing real-world community impacts.
  - There is no requirement for developers to demonstrate how funds have addressed key issues, such as:
    - Job creation.
    - Supply chain development.
    - Fuel poverty reduction.
    - Poverty & inequalities reduction.
    - Local infrastructure improvements.

## **Recommendations for Strengthening Measurement and Reporting in the Good Practice Principles**

To ensure transparent, outcome-driven, and accountable reporting, the Highland Council recommends the following enhancements:

### **1. Mandatory Developer Participation in a Centralised Reporting System**

- All developers must be legally required to report on community benefit contributions through a standardised, national reporting system.
- The Community Benefits and Shared Ownership Register should be expanded and made mandatory, capturing:
  - **Detailed financial contributions.**
  - **Governance structures.**
  - **Project impact data.**

### **2. Establishing Clear, Standardised Reporting Metrics**

Developers should be required to submit detailed annual reports, covering:

- Total community benefit contributions, including financial and in-kind support.
- Breakdown of fund allocation, specifying funding for:
  - **Infrastructure.**
  - **Skills development.**
  - **Local businesses.**
  - **Sustainability initiatives.**
- Progress updates on funded projects, including milestones and outcomes.
- Demonstrated impact against key performance indicators (KPIs), such as:
  - **Number of local jobs created.**
  - **Improvements in energy affordability for local residents.**
  - **Community-led projects supported and long-term benefits generated.**
  - **Poverty and inequality reduction.**

### **3. Introducing Independent Auditing and Compliance Monitoring**

- A national oversight body should be established to audit developer-reported data.
- Developers failing to meet agreed benefit obligations should face:
  - **Financial penalties.**
  - **Restrictions on future planning applications.**
- Community representatives should have a formal role in reviewing reported outcomes.

### **4. Requiring Long-Term Impact Assessments**

- Developers should be obligated to conduct post-project evaluations (e.g., at 5-year and 10-year intervals) to:
  - Assess how benefits have contributed to long-term community development.
  - Identify best practices for maximising future impact.



## 5. Improving Public Accessibility and Community Engagement

- All reporting data should be published in a user-friendly online portal, enabling communities to track benefit spending and outcomes.
- Local communities should be supported in participatory budgeting exercises, allowing them to:
  - Shape future investment priorities based on reported outcomes.

### What Does Good Look Like?

A robust and enforceable measurement framework should:

1. Mandate participation in a national, standardised reporting system, ensuring consistency and transparency.
2. Introduce independent auditing, verifying that community benefits are being delivered as agreed.
3. Require clear impact metrics, shifting the focus beyond financial reporting to real-world community outcomes.
4. Ensure long-term monitoring of benefit effectiveness, with periodic post-project evaluations.
5. Increase accessibility for communities, enabling them to track, review, and influence benefit spending.

**11. In addition to the Good Practice Principles, what further support could be provided to communities and onshore developers to get the most from community benefits? For example, what challenges do communities and onshore developers face when designing and implementing community benefits and how could these challenges be overcome? Please explain your answer and provide evidence/examples of good practice where available.**

The Highland Council supports enhanced, legally enforceable support structures to ensure that both communities and developers have the resources, capacity, and governance frameworks necessary to maximise the impact of community benefits. While the Good Practice Principles establish a strong foundation, further intervention is needed to address key challenges in the design, implementation, and long-term delivery of community benefit schemes.

### Key Challenges in Designing and Implementing Community Benefits

1. **Lack of Consistent Guidance and Capacity Support for Communities**
  - Many communities, particularly in rural and remote areas, lack the technical expertise and resources to negotiate and manage community benefit schemes effectively.
  - There is no national framework providing structured capacity-building support, leaving communities at a disadvantage when engaging with developers.
2. **Variability in Developer Approaches to Community Benefits**
  - Some developers engage transparently and meaningfully, while others provide minimal, tokenistic contributions that do not reflect the scale of their projects.
  - Without mandatory standards, benefit agreements vary widely, leading to inequitable distributions of benefits across different developments.

### **3. Limited Alignment with Long-Term Community Development Goals**

- Some community benefit funds are used for short-term, ad hoc projects, rather than strategic investments in economic development, energy efficiency, and workforce skills.
- Without clearer long-term guidance, opportunities for transformational investment may be lost.

## **Recommendations for Strengthening Support for Communities and Developers**

To ensure equitable, impactful, and well-managed community benefits, the Highland Council recommends the following measures:

### **1. Establishing a National Community Benefit Support Hub**

- A dedicated national support organisation should be created to provide technical advice, capacity-building, and negotiation support for communities engaging in benefit discussions.
- This body should offer:
  - Training programmes on community benefit negotiations and fund management.
  - Legal and financial advisory services to ensure communities receive fair and sustainable agreements.
  - Independent mediation services to resolve disputes between developers and communities.

### **2. Making Community Benefit Contributions Legally Binding and Proportionate**

- Developers should be legally required to commit to community benefits based on a transparent and standardised contribution framework, ensuring fairness across all projects.
- A minimum percentage of project revenue should be allocated to community benefits, with contributions proportionate to the project's scale and impact.
- The Good Practice Principles should introduce mandatory benefit agreement templates to ensure consistency across developments.

### **3. Strengthening Community Planning and Decision-Making**

- Communities should be supported in developing long-term benefit plans that align with:
  - Regional Economic Strategies
  - Local Development Plans (LDPs)
  - Net Zero Transition Plans
  - Area Place Plans, Local Place Plans and other relevant community action plans or masterplans etc.
- Participatory budgeting mechanisms should be introduced, ensuring that community members have a direct say in how funds are allocated.
- Developers should be required to engage with local authorities and regional economic development bodies to ensure benefit funds contribute to broader community resilience initiatives.

#### 4. Create a Local Authority Scale Strategic Fund Management Model

- A core aim of the Charter is to ensure that all communities across Highland are able to benefit from renewables investment. Sharing community benefits is a core component of Community Wealth Building. A central fund which will support and enable economic development, increase prosperity and achieve equity for communities across Highland.

#### 5. Standardising Monitoring, Reporting, and Transparency Requirements

- Developers should be required to submit annual impact reports, detailing how funds have been spent and what outcomes have been delivered.
- An independent auditing process should be introduced to ensure benefits are being used effectively and equitably.
- A publicly accessible national database should be maintained, allowing communities to track contributions and compare benefit arrangements across projects.

#### What Does Good Look Like?

A robust, well-supported community benefit system should:

1. Ensure every community has access to expert advice and technical support when negotiating benefit agreements.
2. Introduce legally binding requirements for developers to contribute fair and proportionate benefits to host communities.
3. Empower communities to take a long-term, strategic approach to benefit planning through structured investment frameworks.
4. Implement strong accountability and reporting mechanisms to prevent mismanagement and ensure transparency.

#### Setting a funding benchmark

11. Do you think that the Good Practice Principles should continue to recommend a benchmark value for community benefit funding? The current guidance recommends £5,000 per installed megawatt per year, index-linked (Consumer Price Index) for the operational lifetime of the energy project.

- Yes
- No
- Don't know

**Yes**

12. a) Should the benchmark value be the same or different for different onshore technologies? Please explain your answer.

The Highland Council supports a fair, proportionate, and adaptable benchmark model that accounts for differences in technology types, revenue generation, land use impact, and community needs. While installed generation capacity (MW) provides a useful baseline, a multi-metric approach is necessary to ensure fairness and reflect the actual impact of different technologies.

12. b) How could we ensure a benchmark value was fair and proportionate for different technologies? For example, the current benchmark for onshore is based on installed generation capacity but are there other measures that could be used? Please provide any evidence or data to support your preferred approach.

## **Challenges with a One-Size-Fits-All Benchmark**

### **1. Different Revenue Models**

- Some technologies (e.g., battery storage and hydrogen) do not generate electricity in a traditional sense, making MW-based calculations unsuitable.
- Hydropower and pumped storage projects provide grid flexibility benefits, which are not reflected in MW-based benchmarks.

### **2. Infrastructure and Land Use Variations**

- Wind and solar projects require large land areas, impacting local landscapes and biodiversity.
- Bioenergy and hydrogen production have different environmental footprints, requiring bespoke benefit calculations.

### **3. Long-Term Operational Benefits**

- Hydropower and energy storage projects provide grid stability and flexibility benefits, requiring a broader view of their economic and community impact.
- Some technologies have high initial costs but deliver long-term benefits, making fixed MW benchmarks inadequate.

## **Proposed Fair and Proportionate Benchmark Approach**

To create a fair and adaptable benchmark, the Highland Council recommends the following approach:

### **1. Tiered Benchmark Based on Revenue Potential and Impact**

- Higher contributions from high-revenue, high-impact technologies, such as large-scale onshore wind and pumped hydro storage.
- Moderate contributions from technologies with lower revenue per MW but long-term community benefits, such as solar, battery storage, and hydrogen.
- Reduced or reinvested contributions for community-led and smaller-scale projects, ensuring local reinvestment opportunities.

### **2. Additional Metrics Beyond Installed Capacity (MW)**

While MW-based calculations should remain the **primary benchmark**, additional factors should be incorporated:

- **Project revenue and profitability**
  - Benchmarks should be linked to the market value of generated energy or storage services, ensuring developers contribute fairly based on financial returns.
- **Land area used per MW**
  - Renewable technologies with significant land use (e.g., solar and wind) should contribute more due to their visual and environmental impact.
- **Infrastructure dependency**
  - Technologies requiring major grid or transport infrastructure upgrades should factor in these additional costs and impacts in their community benefit contributions.

### **3. Linking Contributions to Strategic and Social Priorities**

- A portion of contributions should be allocated to a strategic fund, as outlined in the Highland Social Value Charter.
- This ensures that areas indirectly affected by renewable developments, such as those experiencing increased housing or service pressures, also benefit.

## **Evidence-Based Approach to Benchmark Development**

To support this model, the Scottish Government should:

1. Commission independent studies on revenue models for different technologies to establish evidence-based contribution rates.
2. Engage with local authorities and communities to assess fair contribution structures based on local needs.
3. Monitor and adjust the benchmark regularly to reflect technological advancements and economic changes.

## **What Does Good Look Like?**

A fair and proportionate benchmark should:

1. Differentiate based on technology type, revenue, and impact.
2. Incorporate a wider set of metrics beyond MW generation.
3. Align with regional and national social value priorities.
4. Be reviewed regularly to ensure continued fairness and effectiveness.

## **Assessing impacts of the Good Practice Principles**

**13. Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any specific groups in Scotland, particularly: businesses; rural and island communities; or people on low-incomes or living in deprived areas? The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.**

The Highland Council supports a structured, equitable, and enforceable approach to community benefits, ensuring that the Good Practice Principles actively reduce social inequalities and promote economic inclusion. While these principles offer significant opportunities to support rural, island, and low-income communities, they also present risks if benefit distribution remains unregulated or disproportionately concentrated. A strategic, needs-based approach is required to ensure that all affected groups—including businesses, rural and island communities, and economically disadvantaged households—can access long-term, meaningful benefits in Highland.

## **Potential Positive Impacts of the Good Practice Principles**

### **1. Supporting Rural and Island Communities**

- Many renewable energy projects are located in remote, rural, and island communities, which often face limited economic opportunities and infrastructure constraints.
- A structured community benefit framework can help fund essential local services, including:
  - **Public transport improvements.**
  - **Digital connectivity projects.**
  - **Sustainable housing initiatives.**
- The Highland Council advocates for a strategic approach to benefit distribution, ensuring that all impacted communities—not just those adjacent to energy projects—receive support.

2. **Reducing Fuel Poverty and Supporting Low-Income Households**
  - The Highlands and Islands experience some of the highest energy costs in the UK, contributing to high levels of fuel poverty.
  - **Community benefit funds should prioritise:**
    - Energy efficiency measures (home insulation, district heating).
    - Local renewable energy initiatives (community solar, wind, or hydro schemes).
    - Direct financial relief for energy bills in vulnerable households.
3. **Strengthening Local Businesses and Workforce Development**
  - A clear and mandatory approach to community benefits can:
    - Support local supply chains, ensuring SMEs and community enterprises can participate in renewable energy projects.
    - Fund training programmes, particularly in green skills and apprenticeships, to create long-term employment pathways.
    - Encourage investment in business innovation, particularly in rural economic diversification.

## **Potential Negative Impacts and Mitigation Strategies**

1. **Risk of Unequal Benefit Distribution**
  - Current voluntary frameworks tend to concentrate benefits on communities immediately adjacent to developments, leaving neighbouring areas with little or no support.
  - **Solution:**
    - Introduce mandatory regional benefit-sharing mechanisms, ensuring wider communities affected by energy infrastructure also receive support.
    - Allocate a portion of benefit funds to strategic regional infrastructure projects, preventing isolated, short-term spending.
2. **Accessibility Barriers for Rural and Island Communities**
  - Many rural communities lack the administrative capacity to engage effectively in benefit negotiations, resulting in underrepresentation in decision-making.
  - **Solution:**
    - Establish a national technical support programme to provide:
      - Legal and financial advisory services for communities.
      - Capacity-building initiatives to help local groups manage funds effectively.
3. **Potential for Rising Land and Housing Costs**
  - Large-scale renewable developments may drive up housing and land costs, pricing out local residents in rural areas.
  - **Solution:**
    - Community benefit agreements should include:
      - Investment in affordable housing projects.
      - Funding for infrastructure upgrades, such as transport and public services, to mitigate displacement risks.

## **Recommendations to Strengthen Equity and Inclusion in the Good Practice Principles**

- 1. Making Community Benefit Contributions Mandatory and Proportionate**
  - A mandatory, tiered contribution model should be established to:
    - Ensure fair and consistent funding across different locations.
    - Link contributions to strategic infrastructure funds, supporting a wider range of affected communities.
- 2. Ensuring Inclusive Community Participation**
  - Developers should be required to conduct early-stage community engagement, ensuring:
    - Underrepresented groups—such as low-income residents and rural communities—have a formal role in decision-making.
    - Independent oversight bodies monitor benefit distribution fairness.
- 3. Aligning Community Benefits with National Social and Economic Goals**
  - Community benefit funds should be strategically invested in:
    - Affordable energy programmes (e.g. Subsidies for low-income households).
    - Digital connectivity and rural transport links.
    - Skills development in renewables and green industries.

### **What Does Good Look Like?**

A fair and inclusive community benefit model should:

1. Guarantee equitable distribution of benefits, ensuring rural, island, and low-income communities are not left behind.
2. Mandate regional benefit-sharing, preventing the concentration of funding in a small number of host communities.
3. Provide dedicated support for community capacity-building, ensuring all groups can participate in and benefit from renewable developments.
4. Align with national strategies to reduce fuel poverty and enhance workforce development, ensuring that community benefits contribute to Scotland's long-term economic resilience.