

Item: 17

Policy and Resources Committee: 24 September 2019.

Orkney's Community Wind Farm Project.

Community Benefit – Guiding Principles.

**Joint Report by Chief Executive and Executive Director of
Development and Infrastructure.**

1. Purpose of Report

To consider guiding principles for delivery of community benefit from Orkney's Community Wind Farm Project.

2. Recommendations

The Committee is invited to note:

2.1.

That the Scale Wind project has been rebranded as Orkney's Community Wind Farm Project to better reflect the aims of the project.

2.2.

That community engagement events held earlier in 2019 to launch the project identified a positive level of support for the project and sites proposed, with analysis of the responses received at the events suggesting that the public wanted more clarity on the method and type of community benefit that could result from the project.

2.3.

That, as the organisational structure to be utilised for delivering the project, be that within the Council or at arms-length from the Council, and the overall scale of project able to be delivered remain subject to a number of uncertainties, it is not possible to define the methodology or scale of community benefit that can be delivered from Orkney's Community Wind Farm project at this time.

2.4.

The proposal to determine general principles of community benefit to be delivered through the project at this time, so that these can be communicated to the public as part of the ongoing consultation process.

It is recommended:

2.5.

That the Council approves and commits to implementing the guiding principles of community benefit from Orkney's Community Wind Farm Project, as outlined in section 4 of this report.

2.6.

That, in accordance with the guiding principles, together with the delivery mechanism options set out in section 5 of this report, the Executive Director of Development and Infrastructure should undertake community consultation regarding 'location-specific community benefit', and thereafter submit a report, to a meeting of the Committee no later than November 2020, with resulting findings and recommendations.

3. Background

3.1.

The project formerly known as 'Scale Wind' has been rebranded as 'Orkney's Community Wind Farm Project' to better reflect the aims of the project.

3.2.

Community engagement events held to launch the project earlier this year identified a positive level of support for the project and sites proposed. Analysis of the responses received at the events suggested that the public wanted more clarity on the method and type of community benefit that could result from the project.

3.3.

The organisational structure to be utilised for delivering the project, be that within the Council or at arms-length from the Council, and the overall scale of project able to be delivered are subject to a number of uncertainties at present. As such it is not possible to define the methodology or scale of community benefit that can be delivered from the Orkney Community Wind Farm Project at this time. It is however possible to agree on general principles which will be adhered to in delivery of potential community benefit from the project.

3.4.

As such the principles, outlined in section 4 below, notably do not explicitly state what any profits would be spent on, but rather outline the principles which would guide any decision on expenditure. It will be necessary to further define principles on how profits might be spent nearer to project build out when better information is available.

3.5.

It would be beneficial to agree on general principles of community benefit to be delivered through the project at this time, so that these can be communicated to the public as part of the ongoing consultation process.

3.6.

It is recommended that the Council approves and commits to implementing the guiding principles of community benefit from Orkney's Community Wind Farm Project as outlined in section 4 below. As such the Council commits to undertaking further community consultation regarding location specific community benefit with resulting findings and recommendations to be reported back to committee in due course.

4. Guiding Principles for Community Benefit

It is recommended that the following guiding principles be adhered to in delivery of community benefit by 'Orkney's Community Wind Farm Project', if developed to operation:

- The key purpose of the Orkney Community Wind Farm Project is to generate profit to be used for the benefit of the people of Orkney.
- Community benefit from the project will be delivered via a 'Community Fund' with funding distributed in accordance with the principles of Section 69 (e) of the Orkney County Council Act 1974.
- Financing of the project will be structured to achieve a profit which can be used for community benefit as soon as reasonably practicable in the project lifecycle, noting that any wind farm constructed must pay-off its own construction costs and provide a return on capital invested.
- Profit may be retained for the purpose of extending the life of the 'Community Fund', such as through developing new projects, or repowering existing projects.
- The Orkney Community Wind Farm Project is for the benefit of the whole community with benefit delivered through the distribution of funds. It will not be possible for private individuals to take a shareholding in any project.
- Communities located closest to projects will be impacted most by developments. It is therefore considered appropriate to provide these communities with a 'location-specific community benefit payment'.
- In determining the level and geographic extent of any 'location-specific community benefit payment', the principles outlined by the Scottish Government in *Community benefits from onshore renewable energy developments: Guidance on good practice principles for communities, businesses, local authorities and others* (2019) ([available at this link](#)) will be used. This commits the Council to undertaking community consultation on the geographic extent of 'location-specific community benefit payments' as well as on delivery mechanisms for such payments.
- Receipt of a 'location-specific community benefit payment' by any area will not impact on the likelihood of an area receiving further community benefits from the 'Community Wind Farm Fund'.

5. Delivery Mechanism Options for ‘Location-specific Community Benefit Payment’

5.1.

As well as consulting with communities in closest proximity to the project sites on the areas that should be included within a ‘location-specific community benefit payment’ scheme, it is also proposed to establish public views on the delivery mechanism for the location-based scheme.

5.2.

Using the Scottish Government ‘Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments’ as a guiding document, there are four potential broad options for delivery of the location-specific community benefit payment. These are:

5.2.1.

The wind energy project owner providing funding to existing organisations such as a community councils or development trusts within the area.

5.2.2.

The wind energy project owner providing funding to a new community body established specifically for the role, which may be a community company with or without charitable status or a Scottish Charitable Incorporated Organisation (SCIO).

5.2.3.

The wind energy project owner providing funding to a specialist third party organisation that provides fund governance services.

5.2.4.

The wind energy project owner holding the fund, maintaining governance responsibility for it, and dispersing monies to projects in the relevant areas, either with or without a panel of local representatives.

5.3.

Through a community consultation process, these options should be presented to the local communities in closest proximity to the project sites, with a view to understanding opinions and establishing a general consensus on the preferred option.

6. Equalities Impact

An Equality Impact Assessment has been undertaken and is attached as Appendix 1 to this report.

7. Links to Council Plan

7.1.

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Enterprising Communities.

7.2.

The proposals in this report relate directly to Priority 4.2, Strategic investment in projects to generate income and/or deliver significant community benefits, of the Council Delivery Plan.

8. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priorities of Strong Communities, and A Vibrant Economy.

9. Financial Implications

9.1.

There are no financial implications arising directly from the recommendations of this report.

9.2.

The focus of this report is on establishing a set of principles for providing community benefit from the proposed community wind farm project, rather than the distribution of profits which will be determined at a later date.

9.3.

As with any investment, the priority is given to identifying and understanding the associated risks which are then managed accordingly, while any rewards should be commensurate with the underlying level of risk being taken.

10. Legal Aspects

There are no legal implications arising directly from the recommendations of this report.

11. Contact Officers

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12. Appendix

Appendix 1 – Equality Impact Assessment.



Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

1. Identification of Function, Policy or Plan	
Name of function / policy / plan to be assessed.	Orkney's Community Wind Farm Project – Community benefit guiding principles.
Service / service area responsible.	Development and Infrastructure
Name of person carrying out the assessment and contact details.	Sweyn Johnston
Date of assessment.	10 September 2019
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	New

2. Initial Screening	
What are the intended outcomes of the function / policy / plan?	To guide future development of community benefit mechanisms from Orkney's Community Wind farm project, should it be developed to operation.
Is the function / policy / plan strategically important?	Whilst the overarching project is strategically important the Community Benefit guiding principles are not.
State who is, or may be affected by this function / policy / plan, and how.	All community members may be affected but at this it is not possible to be more specific.
How have stakeholders been involved in the development of this function / policy / plan?	Community engagement events held earlier in 2019 to launch the project identified a positive level of support for the projects and sites

	proposed, with analysis of the responses received at the events suggesting that the public wanted more clarity on the method and type of community benefit that could result from the project.
Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise. E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).	The Scottish Government guidance on good practice principles for communities, businesses, local authorities sets out recommendations that are based on fairness and inclusion. These principles will be used for further community consultation regarding local specific community benefit and will aim to ensure that any barriers to participation are addressed.
Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise. E.g. For people living in poverty or for people of low income. See The Fairer Scotland Duty Interim Guidance for Public Bodies for further information.	No.
Could the function / policy have a differential impact on any of the following equality areas?	The community benefit guiding principles proposed aim to ensure fairness and inclusion are embedded in all actions relating to community engagement and consultation as part of the delivery of the project.
1. Race: this includes ethnic or national groups, colour and nationality.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
2. Sex: a man or a woman.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.

4. Gender Reassignment: the process of transitioning from one gender to another.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
5. Pregnancy and maternity.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
6. Age: people of different ages.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
7. Religion or beliefs or none (atheists).	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
8. Caring responsibilities.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
9. Care experienced.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
10. Marriage and Civil Partnerships.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
11. Disability: people with disabilities (whether registered or not).	(Includes physical impairment, sensory impairment, cognitive impairment, mental health). The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
12. Socio-economic disadvantage.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.

13. Isles-proofing.	The guiding principles seek to address any differential impact or barriers identified for participation and inclusion in on-going community consultation and location-specific community benefit payment.
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3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No. At this stage the equality impact assessment is seeking to identify any impacts relating to the adoption of the Community Benefit – Guiding Principles and as these will follow best practice recommendations from the Scottish Government, they are based on principles of fairness and inclusion to address any barriers to participation.
How could you minimise or remove any potential negative impacts?	N/A
Do you have enough information to make a judgement? If no, what information do you require?	Yes

4. Conclusions and Planned Action

Is further work required?	No. As the project progresses further reports to Committee related to Community Benefit may require new Equality Impact Assessment to ensure that potential impacts are identified accordingly.
What action is to be taken?	New EQiA if further reports on this subject are submitted to Committee
Who will undertake it?	Report Writers
When will it be done?	When further reports on this subject are submitted to Committee
How will it be monitored? (e.g. through service plans).	

Signature:



Date: 10 September 2019

Name: Sweyn Johnston

Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at hrrsupport@orkney.gov.uk