



## **BIGGAR ECONOMICS BASELINE REPORT ON COMMUNITY BENEFIT FUNDS**

commissioned by SOSE

**Oct 2023**

NCC welcomes the opportunity to comment on best practise for CBF packages and SOSE's commitment to support communities to drive positive change for the south of Scotland.

NCC has participated in CBF dialogues with numerous developers since 2009-10, to date the community has not benefited from any direct award of funds. Currently we are in discussion with 3 developers: EnergieKontor (Pines Burn, and Windy Edge), Muirhall (Teviothead), EDF (Liddesdale Windfarm). All are at varying stages of development and progression towards CBF agreements.

Biggar Economics report asks a series of questions in its conclusions:

**1. How can greater adherence to good practice be encouraged without compromising the underlying flexibility of the current approach?**

Ask developers this question, in our experience communities have always adopted best practice and the published guidelines help inform us to achieve positive outcomes. It would be a wholly painless process if this was readily adopted and implemented by developers.

That aside, non-compliant developers need to be encouraged to populate the CBF register, this can only help wider understanding providing more ways to inform best practise.

Local Energy Scotland and Cares are the 'go to' help/support for communities with vast experience in the sector. Have they considered locating resource locally, the exemplar of Big Lottery and Scottish Land Fund having experts on the ground delivered change. Face to face impartial guidance is a key part of the process helping to build community confidence.

Developers are encouraged to provide funds for communities to seek legal guidance on structures/governance this isn't a standard, can a model be considered to overcome this. Our current approach is simple – agree principles with the developer using an MOU linked to host CCs at the outset with ref to wider CC catchments beneficiaries once planning is confirmed; developers can be rightly hesitant about raising expectations until scoping/planning stages are completed; developers are then confident and able to confirm the full benefiting catchment; refinements and formal structures can be agreed. At this point legal guidance/reassurance is needed; particularly important for shared ownership given this requires a different operating structure to the charitable funds provided by CBF's.

Communities need to have confidence signing contracts, clearly understanding benefit

(annual CBF awards) and risk (shared ownership dependent on the financing structures). Some will opt for shared ownership others not. Contracts need to be jargon less and flexible so the charitable structure can also incorporate a commercial vehicle ringfencing the benefit for the participating communities.

CC's also often fall into abeyance, losing members, reliant on neighbouring CCs to do the right thing during this time. This is a big ask which is why development trusts and other legal structures need to be understood and trustee recruitment/governance is a significant part of that process.

Shared ownership exposes communities to a 30-40yr liability as well as the potential to incur significant costs, to date those who have jumped have received large reward but this doesn't absolve risk. Currently there is an assumption that CCs should jump in and accept any offer, this isn't an acceptable approach, legal guidance will help overcome this with governance structures designed to mitigating the risk.

## **2. How can a more strategic approach to investment be encouraged to help create a legacy for communities?**

For this we read, 'does the community have a development plan that meets its needs, fits the regional economic agenda and is fit for purpose.' This pre-supposes several things:

- a. Communities have capacity to create their own local plans and have the experience, knowledge of relevant policies and the commercial acumen to administrate social enterprises if this is the outcome.
- b. Skilled talent to do this is readily available and that it is volunteer led.
- c. Legacy planning means the same thing to communities as it does to the local and regional public sector agencies.

Until a there is recognition by others that there is not enough talent in the volunteer pool and expertise needs to be paid for this will not change. Post pandemic it is well reported that over 60% of the volunteer base has not returned, the impact of the workload on those that remain is intense.

Newcastleton considers development planning and delivery critical to our long-term sustainability and aims to become a circular economy playing its part to support targets to deliver net zero. It cannot do that without investment in expertise, with more communities seeking help this is increasingly challenging.

Outside of SOSE, rural community strategists based in the south are as rare as hens' teeth, has SOSE considered investing in the strategic expertise role as part of the education/skills sector. Newcastleton like many other remote rural communities cannot attract 'experts' with the money available in the granted sector. For anyone to work for us (and to drive change locally they need to be onboard not remote and disengaged) we need to offer long term employment security.

This inability frustrates growth and causes a stop, start to any development program. CBF isn't awarded until sites are functioning, prep must happen 2-3yrs in advance of any development so benefiting communities are ready to tap into the funding with clear focus and community gain.

If SOSE cannot provide resource, can they provide a drawdown against future CBF awards or match funding to afford minimum of 3-5yr posts for development officers to drive this. Providing community support or staff on secondment to locate in the relevant community to support long-term community planning needs will create local confidence to deliver legacy change.

Newcastleton has always proposed using any CBF funds for legacy planning (small, medium, and large capital projects that will transform our future attracting inward investment, employment and increase local population) but we acknowledge community benefit is measured differently within our community versus others:

**In Newcastleton small things make big differences**, if we did not have strong community groups providing facilities and services, we would have very little. Local community groups enrich our lives and are an integral part of local culture we consider them part of any legacy planning. There will always be requests for small sums to maintain stuff that is part of community life. NCC will always consider this in decision making. Maintaining what we have is significantly more important to us living 25 miles away from others than it might be for larger urban communities who have significantly more choices than we do. Decision makers and influencers need to recognise that one size does not fit all.

### **3. What does a fair balance between societal and local priorities look like and how could this be achieved?**

Identifying barriers to change and how we might remove these was Newcastleton's approach to community planning but these have changed markedly from when we started; we have had to adapt to climate impact on our infrastructure, increased rural isolation, reducing connections and services, impacts on household budgets due to the energy crisis and subsequent cost of living impacts; small places see immediate impact when these events combine. Whether you call it societal or local it matters not, they are all priorities at the time.

Each community will have its own and will respond as they evolve. We are a very resilient community experienced in dealing with challenges others are not. A fair balance for Newcastleton is less shackles – being able to change direction to support need in a fair manner is how we respond. The experiences we have endured as a community in the recent past are well documented, we look forward to a time when sums are unrestricted and ours to decide how best to deploy. Any 'lock' will continue to constrain us.

#### **4. What steps could be taken to encourage the prioritisation of collective wellbeing over individual benefit in community benefit negotiations?**

For this we interpret direct benefit to householders impacted by development versus wider community gain.

Teviot & Liddesdale CC's have discussed several CBF structures and reviewed a variety of ways to provide for this. Currently we all agree the principle of one size does not fit all; there are groups of hamlets/districts small in household number and others with significant households; we recognise it is right and appropriate to compensate those directly impacted if this is feasible. How this is implemented within each catchment of benefit will therefore be different.

Newcastleton has considered restricting sums to renewable only energy provision to encourage adoption to support net zero targets, but this presumes too much about housing stock, access to the grid and planning issues which are all challenges currently in our local housing stock.

Communities must be able to decide at local level what methodology suits them; this need not apply for the duration of the period, it might be considered for 2-3year periods to test and evaluate, to provide for new technologies etc.

Charities regularly review their funding criteria; placing society need first. Any business plan must also change to reflect markets. CBF's can be just as flexible and they need to be; consider adding a requirement to the governance structure that requires a review of criteria for awards for short, medium, and long term so wellbeing whether it is societal, or community is being considered.

The bigger answer is having access to large capital sums to deliver immediate benefits to all as soon as possible – we have discussed financial drawdown for small sums/legal costs; why not a commercial loan/mortgage linked to the CBF for fixed terms. SOSE, Social Investment Scotland and the Scottish National Investment Bank all have the capabilities to do this, why is this so challenging to provide.

Newcastleton needs significant investment in its housing sector; retrofit, new build, and assisted housing. We will never be able to solve our challenges if this is tackled in small chunks and net zero targets will continue to be unreachable unless a new approach is considered. CBF can provide for that opportunity.

#### **5. How can the expertise of communities with experience of negotiating effective benefit agreements be leveraged to support less experienced communities?**

Newcastleton Community Trust and Community council regularly hosts learning journeys to share experiences with others, following the principles of the Development Trust Association Scotland who suggest this is a paid for experience and chargeable to the visiting organisation. Sharing and building networks to seek insights and helping to support others is part of our success; we are only as good as our last effort there is always

someone ahead of us doing it better; sharing this knowledge needs to be recognised as a value and monetised as the norm following the DTAS principles to encourage more to engage.

**6. What more could be done to help communities benefit from the wider supply chain and labour market opportunities associated with wind farm developments?**

What is the wider supply chain associated with turbines where we live? Maintenance or Fencing, this is a skill set already available. Perhaps this question should be reworded to 'opportunities associated with renewables and the drive towards net zero?'

Newcastleton already has employment challenges for retro fit and general skills development due to our rurality and certifications required to capitalise on renewable grants for homeowners. Our circular economy ambitions are thwarted until this is solved.

We are already significantly disadvantaged without expanding this to wind farm labour markets. We need help closer to home to keep local trades working, to attract our young people to see the local opportunity, to attract more visitors to keep our valuable hospitality and accommodation businesses operational as well as delivering our circular economy aspirations. Considering this in the context of just wind turbines is naïve for many remote rural communities.

Newcastleton Community Trust are currently working with others to create a shared apprenticeship model for land management skills. As a community we are unlikely to afford a full-time local Mountain Bike ranger to manage community owned trails and paths, forestry, and other land assets BUT if they also had wider skills in land management, forestry, and farming then we can support wider local better paid employment in a wider capacity.

We want investment in labour market opportunities that suit our community as it is developing, it is unlikely any south of Scotland central resource will ever be centred near us. Focusing on the wider renewable skills and supporting the drive towards net zero has greater merit across the whole of the south of Scotland and will contribute significantly towards community wealth building within the community.

Newcastleton looks forward to continuing the discussion on CBF with developers, neighbouring and benefiting communities as well as our public sector partners. We thank SOSE for creating a platform to help this discussion. We are keen to hear other viewpoints.