Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Ambitious for **Scotland**
Àrd-amas airson **Alba**

Investing in your community

A guide to managing community funds

Foreword

It's hard to believe that Fintry Development Trust has been around since 2007, the same year our wind turbine became operational. And even before then we were discussing our plans with the windfarm developer, Falck Renewables and working out how our organisation should be structured and governed.

Since then we've managed to deliver a significant number of projects for the village we live in, but looking back, it sometimes seems miraculous that we ever reached this stage. In the early days, as the first joint venture project in Scotland, we were largely making it up as we went along: the full complement of dead-ends were thoroughly explored as we tried to put something together that would make sense. Along the way we sought and received advice from a large number of organisations but, needless to say, if a guide like this had been around it would have saved us many wasted hours.

Having said that, a key lesson for me from the process we went through, was how important it is that whatever approach is taken it has to be the right one for the situation. This is clearly stated on page six, but for me, can't be emphasised enough. Whatever approach you take has to be right for the community and it also has to be right for the opportunity you're dealing with. This also applies later in the process: over the years since we've started managing our fund and delivering projects our approach has evolved and changed depending on the environment in which we're operating. There's a lot of fantastic information in this document, but like all guides, you should take what you can from it and fill in the gaps for yourself with whatever makes sense.

The best of luck with all your ventures.

Gordon Cowtan
Fintry Development Trust

Editors' Note

These are unprecedented times for community development. Many communities are beginning to generate significant income from renewable energy projects, and looking forward to continuing to do so for decades. Importantly, this money is in community control, without government or agency imposed limitations and rules. What's more, the voluntary commitment of commercial wind farm developers to provide 'community benefit' means that funds available across Scotland will be tens of millions of pounds every year.

As an economic development agency, with a particular and unique remit to strengthen communities, Highlands and Islands Enterprise recognises the significance of this opportunity. Alongside our partners, we are seeking to work with communities to help set up processes and structures to enable local people to make the best use of this resource.

We have prepared this guide for community organisations with an interest in distributing funds derived from income received either from their own renewable energy project or from the voluntary contributions (community benefit) made by a commercial developer. However, it is just as relevant to the distribution of funds from other sources.

What is contained here is advice and guidance. It's not mandatory or prescriptive and the organisations that put it together will still be able to offer support.

This work is often challenging. You need ambition, dedication, patience and determination. That's why the experience and support of other communities who are already treading this path can be invaluable. And the rewards you could achieve, both for present and future generations, will make it all worthwhile.

The following organisations have contributed to this publication.

Contents

NOTE: Key words or terminology are in **bold**. These are defined in the glossary on page 31.

Introduction and context

Across Scotland, communities are receiving **income** from renewable energy schemes which they can spend to benefit their local areas. There is now a growing body of knowledge on the advantages and disadvantages of different approaches and how they can be used to the communities' best advantage.

Having a good idea of what **outcomes** you wish to achieve will help you make good decisions, and the recommendation is that planning should start before the first cheque arrives. If this is a community owned and managed renewable energy project, planning and community consultation should start before you decide that you should proceed with the project. A good community development plan will give some indication of the scale of the project you might want to meet the needs of your community. The development plan will also help you explain the project to others, particularly when you are seeking additional finance, and will provide the basis for decision making when, eventually, your project starts generating income. See P9 for more on community development plans.

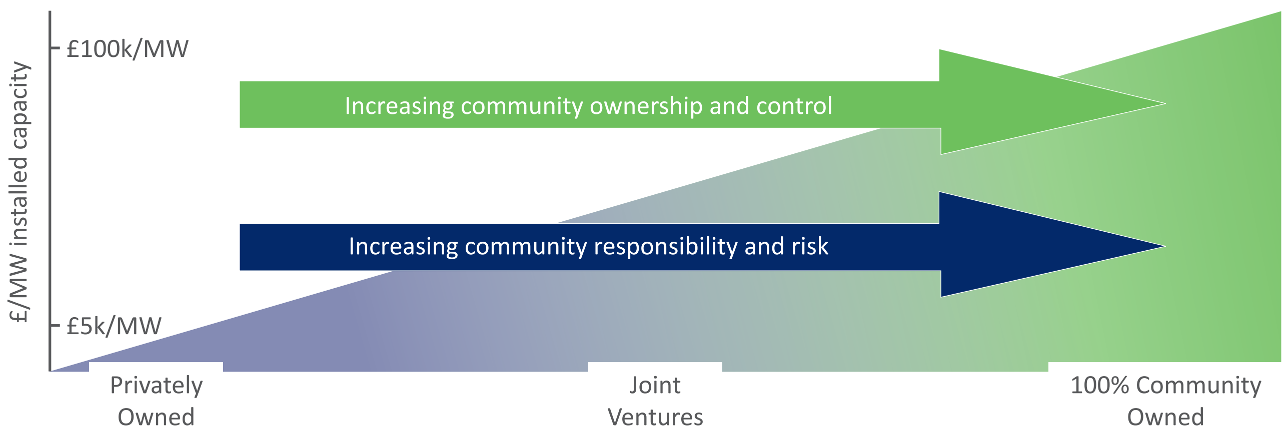
Your structure and process should be in proportion to the scale of the **fund** at your disposal. There is no point setting up elaborate systems and governance to manage and distribute a small fund. Find the simplest, uncluttered solution while maintaining accountability and transparency. You will need some paperwork, but keep it in proportion to the scale of the task. Whether a large fund or a small fund it will need planning and the earlier this is done the better. It is up to you to decide what constitutes large as opposed to small, and this will not be the same for every group.

The resulting income can be used to benefit the local community in many ways, currently communities are choosing areas like:

- creating a fund to provide grants for the benefit of the local community
- investing in jobs, housing, new business starts (often community owned and run)
- investing in energy efficiency measures
- addressing fuel poverty
- putting aside capital to replace the turbine
- covering operating costs of your organisation
- investing part of the income*

* Investment to provide some stability for the long term management of funds eg. investing in stocks and bonds, other renewable energy schemes.

Relationship between levels of ownership/control, risk/responsibility and income



Communities can attain benefit, **revenue** and investment from renewable energy projects in three ways. These depend on, and are linked to, the type of ownership of the developments:

1. **Community owned** – community owned and developed, on land owned by or leased to the community that delivers direct revenues that can be distributed and managed within the community

2. **Joint ventures** – **Joint venture (JV)** arrangement between the community and a third party company, either through taking a share of the **equity** or by financing a turbine within a development

3. **Privately owned** – Securing local income from a private / commercial wind farm development, usually by negotiating a **community benefit** payment scheme with the developer. Some developers may give an opportunity for local people to buy shares in the scheme or a local group to become partners in the development

See the case studies (pages 20, 22 and 27) for examples and more information on these models

Regardless of how the income is generated, an effective community fund should:

- match locally identified needs
- achieve maximum impact
- have a fair and transparent process
- show that money has been spent appropriately

This document provides practical advice on what to consider in managing a fund. It also gives examples of three communities and their chosen fund management model. This document does not give legal or tax advice. In such situations it is recommended guidance is sought from an appropriate professional.

Models for fund management

There are three* main options for managing a fund:

- **Management by the community:** the community sets up its own organisation or uses another suitable existing one
- **Management by a broker:** the community engages an agency to manage the fund
- **Management by the local authority:** the local authority distributes funds (commercial wind farms only)

*Developers themselves sometimes take an active role in helping communities make decisions about how or where community benefit funds could be spent and recently have been taking a more proactive approach to managing funds.

A community may have to decide which model best suits its local circumstances. There are a number of essential characteristics which any arrangement should have. These are:

- **Legality:** the organisation managing the fund must have the power to do so and comply with any legal and regulatory requirements.
- **Effectiveness:** the arrangements must enable the objectives for which the income is being used to be achieved.
- **Transparency:** the management arrangements should be clear so that it is possible to see what income has been received and how it has been used.
- **Accountability:** the arrangements should include clear governance and accountability for managing the fund.
- **Efficiency:** the arrangements should be cost-effective so that as much as possible of the income is used to benefit the local community.
- **Community friendly:** the arrangements should be easily understood and accessible to local people and organisations.
- **Autonomy / independence:** the degree of local control that is desired balanced by the community's ability and willingness to manage the associated risks.
- **Capacity:** the ability and skills available locally match the size of the task, taking recognition of the time commitment needed.

DTA Scotland

DTA Scotland is a member-led organisation with a board of directors elected from its membership and a small staff team based around the country.

DTA Scotland's vision is to have a successful development trust in every community that wants one.

Through the provision of information, resources and a variety of direct contact, DTA Scotland assists interested communities to explore the benefits and relevance of the development trust approach. It also provides useful resources, training and limited support to communities wishing to establish a development trust.

DTA Scotland facilitates learning and development through networking opportunities including an annual conference, a programme of training seminars and the provision of funding to resource visits between members and potential members. In addition, staff provide advice, bespoke training opportunities and regular information on opportunities and resources. Once established, member development trusts can access a wide range of benefits and many useful resources, including a regularly updated funding guide.

Management by the community

Many communities use their own organisations – either existing ones or established for the specific purpose – to manage income from projects.

Communities which invest income back into their community include:

- in Orkney, Westray Development Trust is managing the income from its own turbine to fund local development.
- the Black Hill Windfarm Community Fund, Berwickshire is distributing funds generated from the local commercial wind farm
- the joint venture project Soirbheas developed near Drumnadrochit.

A community may be required to:

- identify/create a local organisation which has the powers and capacity to manage a fund. Legal advice is required at this stage to form an appropriate organisation, one option for this is to be fully **incorporated** with charitable status (see page 29 for example).
- set up systems and processes for handling money, administration and monitoring.
- identify community needs; promote the scheme; accept, assess and advise on applications; make payments and monitor the scheme.

A community managing its own fund requires more local input to develop and implement appropriate management but this enables the maximum local involvement, **capacity building** and control.

Westray Kirk community wind turbine.

Storas Uibhist

Your own community fund

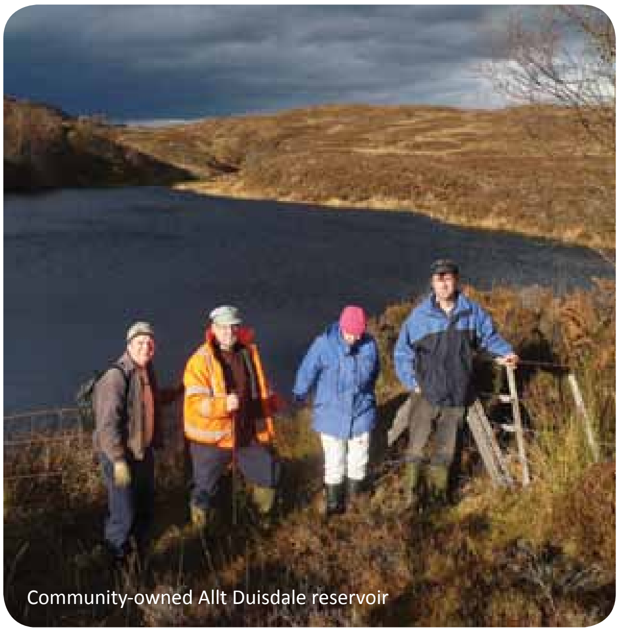
There are a number of basic factors you will need in place to make best use of your opportunity. These are centred on two key principles:

- **Funding policy**
- **Accountability**

Funding policy

If you have a fund for distribution, it is important that you have clear policies to guide your decisions. You may have to assess and make selection decisions on proposals from third parties or identify and defend the decisions for activities you are carrying out yourself. In addition, a robust funding policy can help manage the expectations of your community, ensure you don't lose sight of what you want to achieve and help avoid future conflict over funding decisions.

If it does not already exist, a good first step is to draft or update a Community Development Plan (CDP) - see opposite.


Community-owned Allt Duisdale reservoir

What else to consider

In addition to the main development priorities of your community, your funding policy, setting out specifications, such as ethical requirements or technical and geographical restrictions that you want to put on the fund is essential. As a general rule, it is worth including reference to the need for funding to be aligned with the wider aims and objectives of your community organisation.

A good CDP will be able to inform funding policy on how monies will be spent, e.g. acquiring assets, renewable energy, the young, the elderly, employment and training. The policies can also define any eligibility and assessment criteria, and assist the application and selection process for your fund.

You might want to consider:

- who will distribute the money
- who will be eligible to apply for funding
- what you will fund
- what you will not fund
- any minimum and maximum funding limit
- match funding requirements
- whether to give a larger number of small awards or a small number of large awards
- any ethical considerations/restrictions
- your terms and conditions
- will the funding be as grant, loan, equity or a combination of these

It's good practice to relate your plan to other local and national strategies but look out for duplication of effort especially statutory obligations.

Community Development Plans (CDPs)

A good development plan for your community will guide all that comes after, will bring people and resources together, will enable and empower people to grasp new opportunities and will help growth. Look at the plans for your area drawn up by the local authority and other agencies such as Highlands and Islands Enterprise, Scottish Natural Heritage, Forestry Commission Scotland or Scottish Water. Consider these for initial ideas and develop your plan to reflect what your community needs.

The fundamentals to developing a plan are:

- community engagement
- clear, deliverable ideas for projects
- sustaining interest
- providing a timescale
- review and updating

The plan should include:

Identified needs of the community: The CDP should identify the services, amenities and facilities that are lacking or missing in your area. This should be established and backed up by evidence from community consultation (where the community themselves identify and prioritise their needs) and can make reference to local and national statistics, where appropriate. A community "audit" is a useful early exercise which brings people together and can inform your plan. Such an audit should identify assets and opportunities as well as the challenges and needs.

What change needs to happen: The CDP should contain an action plan detailing how the opportunities, needs and requirements will be addressed in both the short and long-term – this should be subject to periodic review and update. The community needs can be addressed through projects which provide new or improved services, assets, activities, amenities and facilities. Set out the order in which you wish to develop your projects according to the priorities you have identified.

There is no fixed format for CDPs and there are lots of examples online. A first draft may just be a page or two developed from the ideas of a few like-minded individuals. However, getting this widely accepted by your community will involve a process of consultation, review and change that should keep the document live and relevant, reflecting changes and progress in your community. This process should not diminish over time.

If you or others within your community already have a plan in place, check it is appropriate for use in connection with managing a fund. The CDP is an essential tool for describing your aims to others including potential funders. It can also influence developments you decide to lead directly, and it will guide whichever method you use to distribute income, irrespective of how it was generated.

"There are no examples of sustained community empowerment without some such locally embedded organisation, although in some areas this leadership role is achieved by two or more groups acting together. In theory structures like the Scottish `Community Planning Partnerships` could strengthen communities by linking them to decision making - but experience has shown that, without reference to some independent local organisation, community representatives are too isolated to be effective."

Taken from the Scottish Community Alliance web site:
http://www.localpeopleleading.co.uk/on-the-ground/anchor-orgs/

Accountability

Ultimately, who gets the credit if things go right, or takes responsibility if things go wrong? Having good governance, a well consulted CDP and open policies should reduce the likelihood of challenge. Your organisation's constitution will describe the responsibilities and accountabilities of the offices within your organisation; refer to these when taking decisions on behalf of your organisation and be aware of the responsibilities you have to your organisation and your community.

A 'can do' attitude with actions rather than words will keep people interested. Quick wins will help, but managing a fund will be about the long term as well as short term achievements.

Governance

Good governance, like openness, is an essential aspect of accountability. Whereas openness tends to relate to making sure all activities are transparent, particularly to your community, governance can serve to make sure all structures and procedures are legal and properly regulated.

There are a number of important factors to consider. Firstly, do you need to separate your income generation company from the fund administration group? You get more control if you keep the fund administration "in house", but the wider community might find it fairer if there is separate fund management.

There are tax considerations with different governance structures. Consider how these might affect your organisation and you may wish to take professional advice on this. Income, no matter how it is derived, is taxable and this includes community benefit revenue.

The producers of this document all have resources to help you choose and set up a suitable company for your fund administration. This includes help with appropriate templates for governing documents such as Articles of Association, advice on company and director requirements, responsibilities and procedures, registering with and reporting to Companies House and other reporting and accounting requirements.

If you choose to apply for charitable status there are additional requirements and regulations from the Office of the Scottish Charity Regulator (OSCR) that will apply to your group and particular responsibilities for Directors.

'Arm's length' committees

The use of 'arm's length' committees as part of the fund management process can provide an alternative method of decision making, offering improved fairness, openness, and accountability.

These committees are one step removed from the main fund managing organisation and their purpose is to assist with and provide additional governance to the fund distribution process. A common, though not the sole structure is the Project Evaluation Group (PEG). A PEG can be made up purely of volunteers from within the community or can be supplemented by paid external experts or local staff. The normal task of this group is to review and evaluate more substantial and complex projects and activities prior to them being assessed and decided upon by the main committee. This can be a useful tool if used to streamline and distribute the work involved in processing and assessing applications and investment proposals. However it cannot be a substitute for good core governance by the fund manager. There can be an issue of governance in respect of the behaviour and composition of these arms length structures if they are not properly regulated and openly elected/appointed although they have the advantage that they may attract additional volunteers.

Use of third party support

As with PEGs, the use of external opinion and experts can assist a local community to undertake fund management. There may be unusual or complex proposals and applications that can not be assessed locally without bringing in specialist knowledge. Likewise general external advice and support can strengthen Director/Board member skills and expertise, policy and governance processes. There can be merit in using external volunteers from an equivalent fund managing community to provide a second opinion as part of a local appeal process.

Openness

Key features of an open culture:

Have open meetings

Advertise all meetings and activities as widely as possible

Time meetings so that people can attend – vary times if possible

Structure meetings to allow open discussion – good chairing is essential

Record/minute all events and activities and make these available as soon as possible afterwards

Make all appropriate documents and information easy to access

Actively engage with every member of your community

Provide alternative, anonymous or private ways to give feedback and opinion

Have clear and open elections/appointment procedures

Advertise and promote what you do at every opportunity, inviting feedback

Provide and publicise clear opportunities for the community to review and influence all aspects of what you are doing

Practicalities – delivering your funding programme

Previous sections establish the background for delivering a fund. The next step is to consider how this can be done.

It is practical to establish, with reference to your funding policy and CDP:

- the process of fund distribution
- the delivery procedures
- the paperwork trail that will:
  communicate the details to potential beneficiaries, support the processes and procedures and allow for recording, **monitoring** and **evaluation**

In essence, the process creates a clear and defensible way to:

1 carry out early **screening**
2 support the development of ideas
3 undertake assessment and selection

Keep it in proportion. It is a key advantage of community run funds that there is no need for complex bureaucracy.

Early screening

Eligibility criteria

The most straightforward way to focus distribution of income at an early stage is by the use and communication of eligibility criteria. If these are well thought out and clear, they allow early screening of ideas, proposals and projects and can save unnecessary work for both potential beneficiaries and the fund administrators.

Many funds set eligibilty criteria. Research by your organisation to understand the different criteria used by others may help you identify criteria for your own fund.

Examples of Criteria

Geographical area

of the overall defined area of benefit

of the activity proposed

of activity or residency of benefiting individuals /groups/enterprises

Nature of the applicant

Resident/sex/demographic (but be aware and take advice on any potentially exclusive measures which could be seen as in contradiction of human rights legislation)

Individuals/groups/enterprises

Not for profit/private

Formally constituted/new/emerging organisations

Nature of the activity

Reputation – is the activity relevant, safe and legal?

Size/scale – different approach based on scale of financial commitment etc?

Well considered – evidence of research of need, cost and logistics?

Timescale - Discrete or repeated event, prolonged duration, or open ended activities?

Additionality – is it in competition with or a repetition of existing public/private sector activity?

Partnerships – does it involve working with other partners? Are you excluding or encouraging this?

Special interest of groups and activities (included or excluded?)

overall sustainability/resilience

environmental focus or energy efficiency

economic viability or incubation of enterprise

focused social inclusion

other ethical, political or religious

Development of ideas

Depending on available resources and the assessment of need, support can range from written guidance and checklists to a dedicated grants officer (for larger funds) who can provide advice and help groups to formulate and communicate their ideas.

After initial screening for eligibility it is likely that most proposals will need some form of research and development in order to provide sufficient information to allow the proposal to be fully assessed.

Commonly, the level of work needed closely mirrors the size, cost and complexity of the proposals being developed.

Example: very little extra information may be required for a small grant for a one-off event such as a youth club trip other than travel details, cost, and confirmation of eligibility.

In contrast, a proposal to acquire and run a large capital asset such as a community care facility is likely to require more detail. This could take the form of a **feasibility study, business plan** and **financial forecasts,** in addition to other data.

Assessment and selection

This is invariably the area of fund management which attracts the highest levels of controversy and potential criticism as it is most closely associated with the immediate effects on what and who receives funding within a community.

Your assessment process should examine the proposal with respect to your funding policy and fit with CDP, taking into consideration any criteria and priorities set and quantify their merit relative to these criteria.

Selection may consider other aspects such as availability of funds, relative merits of proposals in relation to funding policy priorities over and above individual proposal merits. To provide a clear and defensible process, it can be wise to keep the two aspects separately defined.

Pre-evaluation

Evaluation and selection of numerous, potentially complex projects can be a logistical challenge, especially if this is being done by a voluntary board as part of their normal business meetings. One way to aid the process is to include some aspect of pre-evaluation.

Examples of pre-evaluation include:

- sending out summary applications to the decision making group for scoring prior to the award meeting
- using an employee to prepare assessments to present to decision makers
- using a separate Project Evaluation Group (PEG)
- using external individuals or organisations

If your community has the volunteer capacity a PEG can provide additional advantages;

- reduce the necessary business at board meetings
- make more efficient use of volunteer resource
- attract new individuals to your organisation
- create wider confidence by providing a more independent process
- reducing potential conflict of interests either for individuals or groups

As your fund management experience grows, you may prefer to develop a list of specialists to use when appropriate.

Using criteria

Assessment can be anything from an open discussion of the strength and merits of a proposal to a very prescriptive quantitative and qualitative scoring against every aim, objective and priority in your community development plans and funding policies. Usually an approach somewhere in between the two is found in practice, though this is shaped by the size of project under consideration. Regardless of the approach, it is recommended that it is fully documented.

As with the early screening process, assessing against criteria helps structure your assessment. As this exercise may need to be more than a yes/no option, you might consider using a sliding scale to assess how well the proposal meets the reference criteria defined in the CDP and Funding Policy.

Selection

Selection considers

- priorities – what's most important to your community and its identified needs
- timescale – how the timing of the project relates to the fund cashflow
- fairness – previous allocation of funds (are groups being over or under supported?)
- availability of funds – more requests than available funds

Choosing not to fund an eligible project when funds are available may be viewed as particularly controversial. Though this action can be challenging to defend, it is a surprisingly common scenario:

- you may feel there is no more capacity for work in this area at that time
- you could be waiting to see the results of other previously planned work prior to assessing the requirement or relative merit of the new proposal or
- you may be aware of an opportunity to fund key priority activity that is known to be occurring in the future or the potential need to fund key priority work that is contained in a proposal currently "in the pipeline"

Storas Uibhist

Grant management

Getting this far and writing a cheque to a successful applicant provides a great feeling and this really is the easy bit. However there may be some things to consider depending on the size of the award and the recipient:

Recording the transaction

Some record of transactions will be required and this will have to be reported through annual accounts submission to Companies House. Maintain an accurate and comprehensive list of where the money has gone and what is expected in return, e.g. evidence of how the grant was spent, what was achieved, a report, publicity by the recipient etc.

Tax implications

As stated (p 10), there may be tax implications in managing a fund. Donated income such as community benefit doesn't attract any special tax treatment so, unless your fund management group has charitable status, its tax liability will be calculated in the normal way. Check with HM Revenue and Customs (HMRC) and get good accountancy advice. Similarly check if your fund amounts to more than the current VAT registration threshold www.hmrc.gov.uk/vat/forms-rates/rates/rates-thresholds.htm

Staging payments

For larger awards, consider paying the grant in stages, either in advance of activity / spend or in arrears. There may be a need for a claim system with associated paperwork and a requirement for some evidence of what the money has bought / achieved.

Publicising the award

It is always good to publicise and celebrate achievements. This could be an opportunity to engage further with your community, advertise what has been done and invite new applications.

Confidentiality

In some circumstances there may be a need to be sensitive about what is published and retained. You should be aware of potential data protection issues for example, particularly if giving grants to individuals. Seek specialist advice here if you think your activities / data storage come under the data protection legislation.

Contracts / agreements

For small awards and local projects, simplified approaches might be considered appropriate for your organisation. All projects need good governance and all warrant "**due diligence**" however a higher level of accountability warrants a formal agreement, sometimes called an undertaking, which specifies in legal terms how the grant is to be spent and all the conditions of the award.

Monitoring outcomes

Whatever the scale of the grants and the fund, some record of the outcomes which have been achieved will give credibility to the decisions made. This will also provide a sound base for further activity and could be used as evidence to attract additional funds, should the opportunity arise.

Feedback and review

Hopefully, if change is made as a result of the grant fund, this will provide a stimulus to continue with more projects or to review the development plan to see if there are areas where more needs to happen. Continue to keep the community informed on what has been achieved and invite feedback on how they see the fund addressing their needs for the future. This will help to keep the community engaged and build their confidence in the funding organisation.

Management by a broker

You may decide to have your fund managed by an independent organisation, often called a broker.

The community may be required to:

- appoint an appropriate organisation to provide specified services in return for a fee
- set up a panel of local people to make decisions on grant applications.

This approach enables a local community to tap into a central source of expertise, reducing the effort required to establish or develop a suitable mechanism.

Some developers also prefer to use a broker.

One of those is RWE npower renewables Ltd whose An Suidhe Wind Farm fund gives benefit to residents in the area around Dalavich, Furnace, Inverary and Glenorchy in Argyll. This fund is administered by Scottish Community Foundation and supported by a local advisory panel made up of local residents and representatives from communities in the area of benefit who decide how the fund is distributed.

Other examples of developers which use brokers to deliver community benefit funds:

- AES, EON, RENERCO and Infinis, Falck Renewables, Wind Prospect, EDF, and RWE npower renewables have all used the Scottish Community Foundation to provide community and developer services.
- Banks Developments has engaged the County Durham Foundation for management of the West Durham wind farm.
- RWE / nPower Renewables has engaged the Cumbria Community Foundation for management of the Kirkby Moor wind farm.
- Airtricity has worked in association with the Fermanagh Trust (Fermanagh's community foundation) for management of Tappaghan, Bin Mountain and Bessy Bell wind farms.

Scottish Community Foundation

As an intermediary body supporting communities and developers to manage community funds, the SCF has developed models of practice to assist with the recruitment and selection of a local assessment panel. In general, community councils have a designated place on the panel and the remaining members are recruited from the wider community.

Community members can be nominated or put themselves forward to the local panel, allowing membership to reflect the broad interests of a local community and not be perceived as the 'usual suspects'. Community councils are encouraged to lead on a process for recruitment which is open, transparent and publicly available.

Guidance is provided on the pros and cons of the preferred nomination process which can range from an open public meeting to a closed ballot. Community members are encouraged to consider and share what they feel they can bring to a panel. Should there be more people than places, the skills and experience of applicants will assist with the selection process to bring a mix of experience to the panel.

Panel members generally serve for between one and three years and the identification of new panel members follows the same recruitment process.

Management by the local authority

Some funds are managed by the local authority. Examples in the Scottish Central Belt include South Lanarkshire Council which distributes income from the SSE owned Clyde Wind Farm and the Scottishpower renewables owned Whitelee Wind Farm where the benefit extends to three local authority areas.

The community may be required to:

- input into community consultation by the council
- sit on a decision making panel
- apply to the council for the grant funding

This approach requires little community input into the management and distribution of income, so the community has little control. This option is perhaps more suitable for community benefit funds from larger renewables schemes which will impact a larger number of communities.

Scottishpower renewables Whitelee Windfarm

The Scottishpower renewables owned 140 turbine Whitelee Windfarm on Eaglesham Moor, 20 miles south of Glasgow, is Europe's largest onshore wind farm covering an area of 55 km2. It lies within the three local authority areas of East Renfrewshire (72 turbines), South Lanarkshire (43 turbines) and East Ayrshire (25 turbines). Construction began in 2006 and has been completed in three phases.

Different levels of community benefit were agreed during the various phases. Each council administers the distribution of their share of the community benefit fund, supporting a wide variety of projects. The criteria for funding and eligibility varies slightly between councils. Applicants are eligible within a given radius of the windfarm and can be either a community group or organisation, a trust or cooperative, public organisation or agency or a business or trading enterprise offering a service benefitting local communities. Priority is given to larger capital projects focussing on environmental improvement, education and training, recreation, leisure, sustainable development to tourism and local enterprise. However one council also has a local grant scheme for one off, smaller community-based projects of less than £5,000 and up to 100% of total eligible costs.

Additional benefits include recreational access over 70km of trails for cycling, walking and horse riding and a visitor centre run by Glasgow Science Centre.

In conclusion

Consider the following in making the choice:

- which option best meets the identified needs of your community?
- which is most likely to deliver the most benefits to your community?
- which option would your community support?
- is there an existing local organisation which could manage the fund and is willing to do so or does your community have the commitment and capacity to run a new organisation?
- consider the cost effectiveness of your solution
- how would the fund best be used in your community (e.g. for grants schemes, strategic local investment or external investment to generate additional income)?
- are there any additional requirements specified by the developer (where appropriate)?

When deciding which option to use in managing your community funds the best advice and information may come from discussions with communities who have already done this.

Shapinsay development trust turbine.

Models of ownership

Community-owned energy projects

Where renewable energy projects are developed and owned by community organisations, all the available profits are retained for investment and distribution within the community. It is this prospect of a high level of independence and reward that has encouraged a number of the country's most fragile and remote communities to set up and manage their own successful schemes.

With projects under community ownership, the community is using local natural resources, capturing the energy, generating electricity, selling it and creating a sustainable long-term revenue stream. The income comes from selling the electricity plus receiving a financial incentive (**ROC** and **FiT**) given for the generation of green electricity. This model has been taken up by communities developing wind and hydro projects, but could be replicated with biomass through heat sales and **RHI**. Solar Photo Voltaic projects are currently not economical enough to generate income for significant reinvestment in a community.

A reduction in public finance has led to a desire to reduce grant dependence and for communities to be encouraged to generate their own revenue. Yet there are still considerable challenges in remote rural areas, such as population drift, poor employment prospects, lack of affordable homes, and sub-standard housing. Also the opportunity offered by local control is viewed by communities as promoting independence and resilience.

Owning your own renewables project enables the community to retain control and to receive much higher returns per megawatt of installed capacity compared to projects owned by commercial developers.

See overleaf for case studies in their own words from the Isle of Gigha, the Orkney islands of Rousay, Egilsay and Wyre and from Soirbheas at Glenurquhart.

Community Energy Scotland

Community Energy Scotland grew out of the Highlands and Islands Community Energy Company (HICEC), formed in 2004 as a subsidiary of Highlands and Islands Enterprise. Building on HICEC's success, and in response to a growing sustainable development agenda in Scotland, it is now an independent charity covering all of Scotland.

A grant fund was created to support the development of revenue-generating community renewables projects. This grant fund was superseded by the Scottish Government's CARES grant and loan programme and HIE's Community Renewable Energy Support Programme. CES has supported over 1,000 community groups.

CES administers the Scottish Government Register of Community Benefits from Renewables, a public register which includes details of community benefits agreed with renewable energy developers across Scotland. The Register provides examples of in-kind benefits, fund management and spend, and can help prospective benefitting communities in setting up community benefits with developers. Alongside this, Community Energy Scotland has developed the Community Benefit Guidance Package on behalf of Scottish Government. This tool is designed to help communities and commercial developers work together to maximise the potential benefits from renewable energy developments. Both are hosted on the CES website.

Case study: Isle of Gigha Heritage Trust

Communities Managing and Re-investing Income Generated by Renewables.

Scotland's first community owned, grid-connected wind farm, is on the Inner Hebridean island of Gigha, bought by its islanders in 2002. The Gigha community has named the turbines 'Creideas, Dochas and Carthanna', the Gaelic names for 'Faith, Hope and Charity' and collectively call them 'The Dancing Ladies'. This landmark project meets all of Gigha's energy needs. Surplus is exported to the mainland, and is providing an annual net income to the community of around £80,000.

"The Dancing Ladies have been essential for the regeneration of the island."

The wind farm has been operating since 2004 and the community is now managing and investing income.

How Gigha chose to manage and invest the income and why they took this approach.

With what was at the time, some of the worst housing in the country, Gigha's immediate focus was on on local regeneration. At the time of the buyout 75% of housing was deemed to be 'below tolerable standard' with a further 23% deemed 'in serious disrepair'. Now 26 homes have been refurbished, with a further two under way. The income allows the community to borrow funds to invest into the houses without rent levels becoming unaffordable. This assures quality socially rented housing is available through community ownership.

Social outcomes from this approach

In addition to the obvious health benefits for residents, housing investment has allowed the community to increase population numbers (from 96 to 160 and from six children in the school to 19). Fuel bills have also been decreased, reducing fuel poverty and making it easier for people to live on the island. This long-term capital investment will continue to deliver benefits for many years.

Technical Info	
Rated output	3x 225kW = 675kW
Machines	Three Vestas V27
Ave Wind Speed	>7 m/s
Height (at hub)	30m
Annual output	2050MWh
Revenue (per annum)	£80,000 approx

Case study: Rousay, Egilsay and Wyre Development Trust

Rousay, Egilsay and Wyre Development Trust was incorporated in March 2007. As a non-profit distributing company limited by guarantee, it is also a registered Scottish charity.

The trust's aims are to manage community land and associated assets for the benefit of the community, and the public in general, as an important part of the protection and sustainable development of Scotland's natural environment.

What was the opportunity within our community?

Between 2000 and 2003, the largest single local employer reduced its workforce from over 20 full-time to fewer than three part-time workers. Faced with this challenge, the local community council investigated potential independent income streams to become more enterprising and less reliant on external organisations and investment. Wind turbines were examined early in this investigation, and were a popular choice within the community, receiving backing at a series of public meetings.

How did the community respond?

From late 2006, with support from Highlands and Islands Enterprise and HICEC (now Community Energy Scotland), the community council held another series of public meetings to set up a development trust to take this and other projects forward. A draft development plan was presented to the community as a whole at a public meeting in early 2007 and attendees were asked to vote on which projects they wanted trust to start to work on. The prospect of constructing a community-owned wind turbine was such a popular idea that it gained almost twice the votes of the next most popular project.

From set up to implementation

This community mandate triggered a series of feasibility studies, Environmental Impact Assessments (EIAs), planning permission applications, wind yield and grid surveys. Wind speed measurement at the proposed site allowed for more detailed and accurate financial modelling of the potential income from a turbine, as well as providing a level of security for both the funders and the turbine manufacturers.

The appointment of a Turbine Development Officer helped to ensure the delivery of the project, from securing the crucial financial agreements, to the ordering of the turbine itself, insurances, turbine delivery and liaison with construction contractors. As part of a consortium of Orkney communities who are developing similar projects, called Community Power Orkney, the Trust was able to share as well as draw from the technical knowledge, skills and experience of other development trusts engaged in similar projects. The Rousay, Egilsay and Wyre community wind turbine was constructed during August 2011, commissioned in October, and produced its first income for the community just in time for the new year 2012.

Example of flagship change/development /interventions enabled by community benefit /investment opportunity.

Since the Rousay, Egilsay and Wyre Development Trust was first set up, the Board has used different approaches to establish what the community as a whole wanted. These included postal surveys, open days and meetings.

In late 2010, the trust was awarded £400,000 from the Big Lottery Fund. It had been intended that this money would be used on the development of the wind turbine project, the income of which would in turn be used to address a number of agreed social outcomes. However, the Feed in Tariff Review of November that year meant that new state aid rules disallowed use of the grant in this way, if FiTs were going to be claimed on the turbine’s production. Fortunately, the Big Lottery Fund allowed the Trust to retain the grant for the social outcomes identified, and this has so far been used to purchase land, fund a development officer post, improve play park facilities and improve communications links between the islands.

Early feedback from the community on how the turbine income should be spent, has identified a number of options, including the construction of a community care facility and a swimming pool. These, along with education bursaries, funding apprenticeships and training and improving the available housing on the islands formed the basis of a revised development plan, published in 2011.

The trust has funded a researcher post to approach every member of the community to establish which projects to develop.

In addition to the local experience gained by the Trust itself, it will continue to participate in Community Power Orkney. Members of this organisation are now working jointly to prepare processes and procedures of how to handle the incomes generated by these revenue producing projects.

Three top tips for other communities

Get help. There is a wealth of knowledge, experience and expertise out there. Community Energy Scotland is Scotland's only charity dedicated to supporting communities with their renewable energy projects. CES can also put you in touch with development trusts who have been through this experience know what it is like, and would be more than happy to help, chat and share their knowledge.

Choose your bank/financier wisely. You are going to be doing business with them for a very long time. Don't underestimate the softer qualities of setting up your financial agreement, such as customer service, not just the deal on the table. If you have a good working relationship with your bank, those with whom you are in regular contact, become as integral a part of your project as your own board.

Secure funding for a development post, which can shoulder a great deal of the load. There is a lot to do, and you want to avoid volunteer burn out. Your appointee can read the legal papers, trudge back and forth to your site in the wind and rain, pull all the contracts together, and summarise it all for the benefit of you and the board.

Storas Uibhist

Joint ventures

Many community groups are developing projects in partnership with private and commercial organisations. When using the term 'joint ventures' in relation to community renewables projects we describe a development which pools the resources of a community group and a business. The majority of examples of community joint ventures are between community groups and landowners or commercial wind developers. JVs usually come about when a developer or landowner approaches the community offering them buy-in to a potential wind or hydro project.

With growing numbers of wind farms and hydro schemes being planned, communities are beginning to receive revenues generated by developments and looking to secure more for their local community in return for supporting the project. Community groups are more likely to be able to secure a greater return and influence on a project through JVs than would normally be available under community benefit payments alone. However, they should also expect a smaller return and much less control than from a wholly-owned community project.

The CARES Loan fund, introduced by the Scottish Government in 2011, expressly encourages JVs and provides development funding to assist in development of these models. This funding has given communities the opportunity to contribute to the pre-development costs of the project and therefore take on a proportion of the risk and ownership of the project. Pre-planning input (effort and finance) in the project by the community group is invaluable and can increase its stakeholding.

A JV may be worth considering if your community group does not have the capacity to take forward a renewable energy project on its own, but wishes to engage in a project's development and have an influence on its development, and entitlement to a worthwhile portion of its revenue. The other party may bring in finance, skills and experience that may not exist or be available in your community. JV partners may also source the risk funding for the pre-development stages and capital finance, thereby reducing the financial requirement from the community.

JVs may provide the community with some control in determining the location and type of development and gain detailed project development knowledge which is likely to be of use for further projects. Community groups typically are the minority partner in a JV and therefore have less control over the project than the private partner.

Social Investment Scotland

Social Investment Scotland (SIS) are Scotland's largest not-for-profit provider of loans and other repayable investments to communities across Scotland. As well as a portfolio of investments, SIS also has experience of managing funds on behalf of third parties. For example, since 2008, SIS has managed the £31.8m Scottish Investment Fund on behalf of the Scottish Government.

Using loan funding as an option for community projects the money can be invested again

Although running a loan fund is not necessarily complicated there are many important factors to consider, including assessing loan applications, monitoring loan performance and loan processing (including release of funds, loan repayments, production of statements and portfolio reporting). SIS can support communities to develop loan fund propositions, on a fund management or consultancy basis.

Loan finance has been proven to have a positive impact upon the organisations that take it on - not only through the social impact created but by helping to make organisations more sustainable, more enterprising and better run.

Current examples of community renewable energy JVs in Scotland usually take the form of one of the three following models:

Joint venture company

Most commonly with JVs, the community and its partner set up a new company limited by shares to take forward the renewables project. The wind farm itself is owned and run by the new company and usually takes the form of a Limited Liability Partnership (LLP).

Community groups are typically the minority partner with this model of JV and therefore have less control over the project than the private partner. This is commonly the case as a commercial partner has often already begun the project before involving the community, and sees this as the least complex model for involving the community while retaining control of the project.

The level of shareholding is down to negotiation and evaluating what each partner can bring to the table. The degree of involvement and control the community has varies with the partner involved. There is more likely to be an equal relationship with smaller projects (e.g. with a local farmer) than with the larger commercial companies who will expect a controlling share.

In setting up a new company, standard agreements will have to be made on what input each will have to the project, e.g. who will undertake certain tasks relating to development work, the amount of money each will put into the project, how the income from the project will be split and the consequences if the project fails. Profits are distributed to the shareholders after operating costs have been paid. Some examples have more than two shareholders.

Careful thought must be given to the legal status of the community group and whether it has the powers to enter into agreements and to purchase shares. Groups typically establish trading subsidiaries for this purpose, to isolate the main parent group from risk. This type of arrangement will be essential if your community group is a charity.

Collaboration agreement

With collaboration agreements, the community and JV partner will own separate wind farms, usually with separate land leases and finance, but will share the costs, risk and work involved in developing the wind farm to gain mutual benefit from economies of scale. The parties involved in the development stay as separate legal entities but agree to work together for the purposes of the development and operation of the installation.

These partnerships are, in effect, time-limited JVs, allowing risk-sharing but ultimately separate ownership. The community has shared control of the project during pre-development with eventual complete control of their own wind turbines. However, there may be some benefits in terms of risk sharing and cost saving by retaining the JV through into the operating phase.

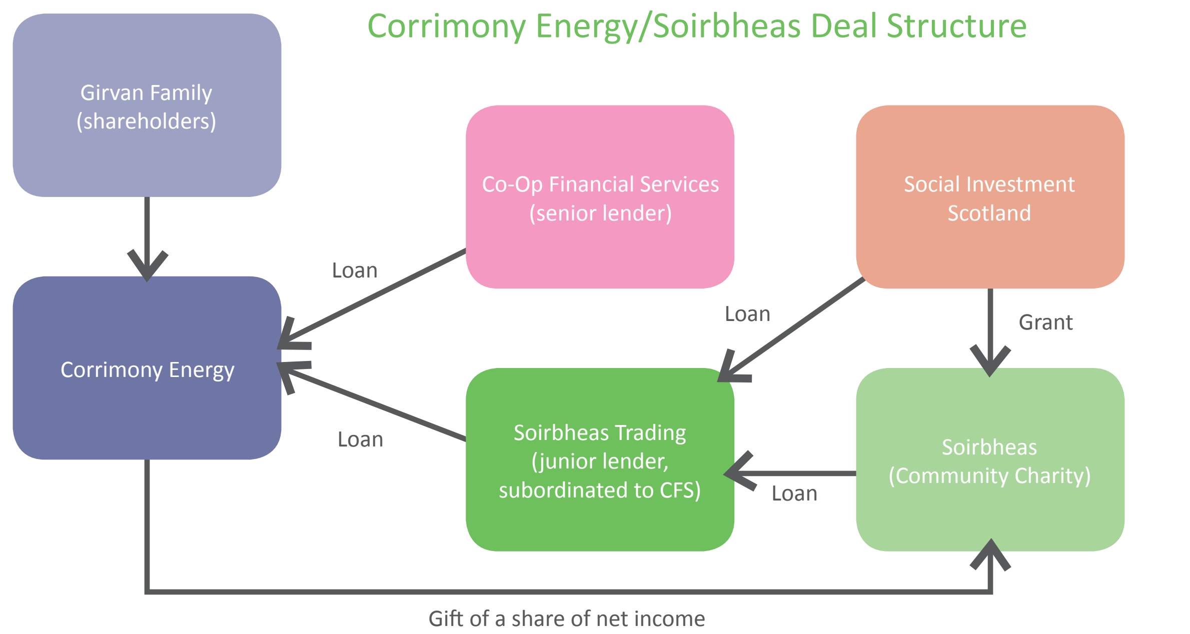
Contractual arrangement

A contract is signed between developer and community which details the revenue the community will receive from the wind farm profits (e.g. this could be the profit share of one turbine). With this approach the community does not own a physical asset but receives an income equivalent to owning their own wind turbine(s).

For example, a production sharing agreement is drawn up between an operating company and the community group. In this agreement both the financial arrangement and the responsibilities of both parties are set out. The wind farm operator agrees to allocate a percentage of the gross income from one turbine to the community, minus the financing and operating costs for a single turbine. The community group therefore does not have ownership of a physical asset, but receives an income equivalent to that from a turbine or turbines. The legal agreement commits the operators of the wind farm to delivering the actual revenues generated by the turbine to the local trust for the lifetime of the wind farm.

To set this sort of arrangement up the community group will either need to source money to invest in the project or, if possible, borrow from their JV partner.

Case study: Soirbheas



Soirbheas is a partner with the Girvan family in the development of a five turbine wind farm at Corrimony, Glen Urquhart. The structure agreed on was the best compromise for all parties (including their funders).

Soirbheas' main funder is Social Investment Scotland, which has lent Soirbheas £250,000 and provided a grant of £250,000. Soirbheas Trading Limited has lent the money to Corrimony Energy as part of Corrimony's overall funding requirement. The interest and repayments of principal will be paid to Soirbheas Trading Limited once the wind farm is up and running. Much of this money will be used to repay the loan from Social Investment Scotland and any surplus will be paid over to Soirbheas. In addition, Corrimony has agreed to gift further amounts to Soirbheas, reflecting the long-standing intention of the Girvan family that the communities of Glen Urquhart and Strathglass should have a share equivalent to a turbine's worth in the wind farm.

Through a process of research and community engagement four broad objectives have been identified:

- Eradication of fuel poverty
- Protecting the unique environment
- Economic community growth
- Quality of life for residents

The activities to achieve these objectives and the process for allocating the income have still to be developed.

Project under private ownership

With more and more commercial renewable energy development throughout Scotland, there is a move to see benefits going to the local communities most affected by these developments.

Local benefits from external privately owned renewables schemes can take several forms:

1. Community benefit payments – where the developer gives a lump sum or regular payment to the community
2. Part ownership of the renewable scheme – if the developer is keen to involve the community more directly in their scheme, they may offer the community low and no risk equity and profit shares as an alternative to benefit payments, and even the option of part ownership of their scheme (see Joint Ventures).
3. Opportunity for local individuals and businesses to buy a share of the development. Cooperatives share the profits from renewable energy developments with their members. Some cooperatives have higher dividends for members who are local to the wind farm and therefore this is additional benefit to the local area.
4. Some developers and local authorities view community benefit with a much broader definition than community benefit payments or local buy-in to a development. The following are examples of typical benefits that are offered:

    - local contracts and jobs
    - improvements to local infrastructure (roads and access etc)
    - investment by the developer directly in a local community project e.g. play park or visitor attraction
    - local training, sponsorship or apprenticeships
    - staff or expertise provided for a community group for a specific project
    - data from a met mast or catchment data for a community hydro project
    - commercial developer using their buying powers to help source a wind turbine for a community project

These benefits should be written into any agreements for community benefit made between the community and developer.

Most private developers opt to provide local benefit through options 1 and 4, community benefit payments and broader benefits as these are seen as simpler than offering a community or local buy in to the project, and the private developer can retain full control of the development.

Community benefit payments are not mandatory in Scotland and therefore vary across developments. Payment levels are usually down to negotiations between the developer and the community. Some local authorities require a community benefit payment per Megawatt of installed capacity as part of the planning conditions for commercial-scale renewable energy developments, e.g. Comhairle nan Eilean Siar. The Scottish Government has set up a voluntary register of community benefits from wind farms, hosted by Community Energy Scotland, to provide additional information to aid negotiations. Some agencies are keen to see these benefits going to the wider community.

Commercial developers vary their approach to the management of community benefit funds although these tend to mirror the models for fund management mentioned earlier in this appendix.

Development trusts, charities and community councils

There are various references to development trusts and community councils in these pages and some explanation of the terms may be helpful. Development Trust (DT) and Anchor Organisation (AO) are generic terms and do not refer to one legal structure, nor does the term “Trust” define a specific structure. These terms refer to community-led, and sometimes owned, organisations with a wide range of activities guided by the principle that they act as a focal point for community development. They can own or manage community assets and act to develop social enterprise to build strong and resilient communities.

Whether or not a DT or AO will be an appropriate vehicle to manage a fund will depend on their governing documents: a constitution for an unincorporated organisation, or the Memorandum and Articles (or latterly just “The Articles”) for an incorporated organisation. In each case, the governing documents would have to clearly state that the group had the legal power to receive and hold income on behalf of the community and the ability to redistribute it.

In the case of a small fund, an unincorporated organisation or a traditional trust could manage and redistribute income, but accountability is not enshrined in their structures. Incorporation (creating a company) would provide more reassurance in that the company would be required to keep records and report annually (usually to Companies House). There are still various choices: Company Limited by Guarantee (CLG), Company Limited by Shares (CLS), Community Interest Company (CIC), Scottish Charitable Incorporated Organisation (SCIO), industrial and provident society (IPS) and variations of these. One variation to consider is charitable status. A CLG with a membership and charitable status is probably the most flexible model, but also has the most complex reporting requirements. The advantages are full accountability, tax benefits and membership control. On the last point, although directors have responsibility for the day-to-day management of a CLG, it is members who have the ultimate responsibility. This is exercised through general meetings – either annual (AGM) or extraordinary (EGM).

Trusts, in a traditional sense, are unincorporated organisations defined by a deed under the Trust (Scotland) Act 1921, although the duties of trustees are governed by more recent legislation, The Charities and Trustee Investment (Scotland) Act 2005. The terms trustee and director are sometimes interchanged. In legal terms, a company may call their governing body a board of trustees, but they are directors and are governed by company law, The Companies Act 2006.

SCIO is an interesting newer form of charity, regulated solely by the Office of the Scottish Charity Regulator (OSCR), which may provide an alternative form of fund management organisation. The SCIO was first defined in the 2005 Act (see above) but only came into existence in 2011.

Community councils were introduced in 1975 under the Local Government (Scotland) Act 1973. Their main purpose is to represent the views of their constituents to local government or other agencies although they sometimes get involved in other activities such as fund raising, events and environmental and educational projects. Although in some areas community councils are seen as part of the local democracy they are neither part of local government nor are they purely voluntary bodies. This has led to a diversity in the way they operate and how they are perceived by their community. By definition they are not legal companies in their own right, although they could support the formation of a suitable vehicle to manage income and at least have some reference to democracy and accountability to their community.

Whatever vehicle is chosen to manage the fund, the most important feature will be community input and engagement. Some governing structures make this easier than others.

Appendix

Existing guidance

Scottish Government – Renewable energy for communities
http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/Communities

Highland Council – Community benefit
http://www.highland.gov.uk/livinghere/communityplanning/communitybenefit/

Renewables Advisory Board – Delivering community benefit from wind energy developments a toolkit (revised 2009)
http://tinyurl.com/42za2kt

Links

Black Hill Windfarm Community Fund
www.blackhillcommunityfund.co.uk

Community Energy Scotland (CES)
www.communityenergyscotland.org.uk

Companies House
www.companieshouse.gov.uk

Development Trusts Association Scotland (DTAS)
www.dtascot.org.uk

East Ayrshire Council Whitelee Windfarm Access Action Plan
www.east-ayrshire.gov.uk/CommunityLifeAndLeisure/CountrysideFacilitiesAndWildlife/CountrysideAndLeisure/WhiteleeWindfarm.aspx

East Renfrewshire Council Whitelee Windfarm Community Grant Fund
www.eastrenfrewshire.gov.uk/index.aspx?articleid=1551

Fintry Development Trust
http://www.fintrydt.org.uk

Gigha Development Trust
http://www.gigha.org.uk/windmills

Highlands and Islands Enterprise (HIE)
www.hie.co.uk

HM Revenue and Customs (HMRC)
www.hmrc.gov.uk

Office of the Scottish Charity Regulator (OSCR)
www.oscr.org.uk

Rousay Egilsay and Wyre Development Trust
www.orkneycommunities.co.uk/REWDEVTRUST/index.asp?pageid=1812

RWE npower renewables An Suidhe Community Fund
www.scottishcf.org/resources/funds/view/105/rwe-npower-renewables-an-suidhecommunity-fund/?from=R/1

Scottish Community Foundation (SCF)
www.scottishcf.org/

Scottish Government Register of Community Benefits from Renewables
www.communityenergyscotland.org.uk/register

Scottishpower renewables Whitelee Wind Farm
www.scottishpowerrenewables.com/pages/whitelee.asp

Social Investment Scotland
www.socialinvestmentscotland.com

Soirbheas
www.soirbheas.org/index.html

South Lanarkshire Council Renewable Energy Fund
www.southlanarkshire.gov.uk/info/335/community_advice/744/renewable_energy_fund

SSE Community funds
www.sse.com/community/funds

Tiree Community Development Trust
www.tireetrust.org.uk

Westray Development Trust
www.westraydt.co.uk/community-turbine.html

Whitelee Windfarm Visitor Centre
www.whiteleewindfarm.com

Glossary

Business plan – a formal statement of your organisation's goals and the plan for reaching them. It is used by the management team to guide the organisation and to inform investors and funders. It may also contain background information about the organisation aiming to reach those goals.

Capacity building – enabling individuals, groups and communities to develop the confidence, understanding and skills required to influence decision making and service delivery.

Community benefit – benefits from renewables projects can take the form of cash income, job creation, training opportunities, energy efficiency measures, infrastructure improvements.

Due diligence – the care a reasonable person would take in investigating a potential investment

Equity – part share ownership of a company.

Evaluation – review of actions to find whether the intended outcomes have been met.

Feasibility study – a study to determine the practicality, strengths and weaknesses of a project and give an illustration of costs.

Feed-in-Tariff (FiT) – The Feed-in-Tariff is a UK Government incentive available to renewables projects under 5MW generating renewable electricity. The incentive is given per kWh produced over and above the selling price and income from the electricity. Originally, rates for the FiT started quite high and made renewables projects more lucrative. This incentivised many more smaller community renewable projects as they could get a high return for a smaller project. As a result more projects were feasible which increased the number of communities coming forward.

Financial forecast – a best guess of what will happen to an organisation in financial terms over a given time period.

Fund – money set aside for a specified purpose.

Income – monies received from provision of a service.

Incorporated – set up and register a limited liability company.

Joint venture (JV) – partnership between a community organisation and a private or commercial company.

Limited Liability Partnership (LLP) – a partnership in which one or all of the partners does not have liability for the others.

Outcomes – the change or benefit resulting from an activity.

Monitoring – review of the progress or quality of a project over a period of time.

Renewables Obligation Certificates (ROCs) – are green certificates issued by the Department of Energy and Climate Change (DECC) to operators of accredited renewable generating stations for the eligible renewable electricity they generate. Operators can then trade the ROCs with other parties, with the ROCs ultimately being used by suppliers to demonstrate that they have met their obligation. ROCs are effectively a form of government subsidy for larger renewable projects.

Renewable Heat Incentive (RHI) – a payment for generating heat from renewable sources – the equivalent of FiTs for biomass, solar heat panels etc.

Revenue – income generated from the sale of goods or services.

Screening – process of checking against a list of basic requirements.

Social outcomes – the results of an activity on the social fabric of the community and wellbeing of the individuals and families.

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Ambitious for ***Scotland***
Àrd-amas airson ***Alba***

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