Community benefits income for net zero

Case studies in Scotland

Introduction

This guide explores the benefits of funding net zero projects from community benefit income. Community benefit income might be available from a fund provided by a commercial wind farm, a community investment in a renewable project or a community owned project. This guide highlights three case studies from communities who have taken this approach, and outlines recommendations for getting the most out of your community benefit fund.

Community benefits are voluntary payments made by a developer to a community, or group of communities, near the location of renewable generation such as a wind farm. The Scottish Government, in its draft Energy Strategy and Just Transition Plan, sets the expectation that energy developers should offer meaningful community benefits in-line with its Good Practice Principles. There are at least 350 active funds in Scotland with more expected as a result of the Onshore Wind Sector Deal. The Community Benefits Register narrative report shows that a total of over £25 million has been committed in community benefits in the last year. You can find out more about commuity benefits on Local Energy Scotland's website.

Scotland's ambitious climate change legislation sets a target date for net zero emissions of all greenhouse gases by 2045. Net zero projects include any actions which aim to stop greenhouse gases being produced through human activity, for example, by transforming the way we heat our homes.

The three case studies below are from both developing and operational projects that are using community benefit income to reduce climate emissions from local homes. We would love to hear about other examples of communities that are using community benefit or community income to help reduce carbon emssions and fuel poverty; if you have an example, please email us.

Why spend community benefits on net zero projects?

Carbon and financial savings

Net zero projects for buildings can be broken down into three categories: energy efficiency, heat decarbonisation, and renewable generation.

- **Energy efficiency:** Scotland's buildings are some of the worst in Western Europe for energy efficiency[1]. Offering grants for upgrades like insulation, efficient glazing, and draught proofing saves carbon by reducing heat loss and therefore decreasing the energy people use in their homes.
- **Heat decarbonisation:** To meet the Scottish Government's ambitious emissions targets, at least 1 million homes will need to switch away from fossil fuel heating systems such as LPG, mains gas, and oil boilers by 2030[2]. Replacing these heating systems with electric heat technology, such as heat pumps, will help take steps towards achieving net zero emissions by 2045. This is because electricity is a heating fuel which can be decarbonised, using energy generated from renewable sources.
- **Renewable generation:** Another example would be to offer grants for householders to install renewable energy generation technology, such as solar panels and batteries. Batteries enable the household to store their zero emission electricity to use later for appliances, heating or hot water (where their heating system is electric).

These three types of upgrades can work together to create an efficient, affordable, and environmentally friendly home. These measures can also often save money for years to come!

Community benefit income could be distributed as grants to support householders to install the types of measures listed above. They could also be used to support householders through this process, such as producing Energy Performance Certificates (EPCs) to understand which measures are needed to decarbonise their home, and by providing energy saving behaviour advice.

Facilitiating wider community activity

Many communities establish an organisation with employees who develop and coordinate net zero projects. This provides valuable paid work for the local community. These organisations also provide resource and space to benefit broader community activity. For example, BeGreen Dunbar has an office on the town's high street where they hold events such as jumble sales and first responder training. They also host a space for other local charities to offer face-to-face services.

[1] UK homes heat up more quickly than those in western Europe (Chartered Institute of Environmental Health, 2021)
[2] Heat in Buildings Strategy (Scottish Government, 2021)

Case study: Clydesdale Community Energy Transition Co

Location: Clydesdale, South Lanarkshire	**MW capacity:** 259 MW/year	**Estimated income:** £1.3 million + income from up to 10% ownership /year	**Commissioned in:** Still in development
Wind farms: Bodinglee Wind Farm		**Developer:** Banks Renewables	

Structure and income

Bodinglee Wind Farm is currently awaiting consent. If granted, the Clydesdale Community Energy Transition Co (tentative name) will receive payments of around £1.3 million per year and additional income from their stake in the wind farm. The proportion of ownership is yet to be determined but will be between 1 and 10%[3].

The local community owned organisation will operate independently of the developer, giving it control over day-to-day operations and strategic decision making.

Clydesdale Community Energy Transition Co planning session.

Net zero projects

The company will provide grants for energy efficiency measures (eg insulation, draught proofing), decarbonised heating (eg replacing fossil fuel heating systems), and renewable generation technology (eg solar panels). All households in the area will be eligible.

Delivery model

The local community had past experience of a community benefit fund where grants were distributed by volunteers. They felt that this put too much pressure on the volunteers, so from the start of the Bodinglee Wind Farm consultation process, they were clear that they wanted the fund to be managed by employees.

This model will use around 20% of the community income for the every day running of the company including the creation of local jobs to manage the project.

This case is an excellent example of how the developer's extensive support resulted in a very effective consultation process. The developers provided funding and support to the community, facilitating them to turn their initial idea into an actionable plan. They recommend that communities seek support, either from the developers or agencies such as Local Energy Scotland.

[3]*The organisation will be gifted 1%, with the option to buy up to 10% in total. If the 1% ownership offer is not taken up, an enhanced community benefit will be paid equal to the additional income it would have generated.*

Should this project be consented it's expected that:

- up to four local people would be employed directly by the company
- between 150-200 full-time equivalent jobs would be created in order to install the measures
- after measures are installed, it is hoped that local households will collectively save an estimated £2.4 - 4.4 million a year on their energy bills

Find out more on the Developer's website: Banks Renewables.

Case study: BeGreen Dunbar

Location: Dunbar, East Lothian	**MW capacity:** 108.8 MW/year	**Estimated income:** £400,000/Year: £150,000/year to BeGreen Dunbar	**Commissioned in:** 2008
Wind farms: Aikengall & Aikengall II		**Developer:** Community Windpower Ltd.	

Structure and income

BeGreen Dunbar opened its energy advice centre in 2008. Its role is to deliver community benefits from Aikengall and Aikengall II Wind Farms. BeGreen Dunbar is owned by the developer, Community Windpower Ltd, and its income is around £150,000 per year.

BeGreen Dunbar gives a grant for a local organisation to install solar panels.

Net zero projects

Some of this income goes towards funding energy efficiency, heat decarbonisation and renewable generation measures that are available to all local households. Up to £850 is offered (depending on the type of measure) to help install insulation, draught proofing, solar panels, batteries, and heat pumps. The organisation employs several staff, including someone to deliver free energy assessments to advise householders how their home could be made more energy efficient.

Delivery model

BeGreen Dunbar is unique because it has a physical office space on the high street. The space is used to deliver its services, support other community organisations, share information with the community, and host events. Community members are always welcome to pop in, even just for a quick chat. Having a location that people

can come to, rather than using advice services online or on the phone, has been something people in Dunbar have really appreciated.

Like many places in Scotland, residents of Dunbar have had trouble finding contractors to install their grant-funded measures. As a result, BeGreen is considering developing direct relationships with contractors to help support householders to get their measures installed. BeGreen emphasised the importance of listening to the community's priorities and adapting the uses of the funding accordingly.

Find out more on BeGreen Dunbar's website.

Case study: Fintry Development Trust

Location: Fintry, Stirling	**MW capacity:** 37.5 MW/year	**Estimated income:** Income from 6.6% ownership/year	**Commissioned in:** 2007
Wind farms: Earlsburn Wind Farm		**Developer:** Renantis (formerly Falck Renewables)	

Structure and income

Fintry Development Trust serves Fintry, a village in Stirlingshire. The trust owns one fifteenth of the Earlsburn Wind Farm output. Up until 2023, a large portion of the revenue went towards paying off the loan to buy into the wind farm. However, the trust now has all its revenue at its disposal. The trust's income is currently varying significantly because of the fluctuating price of electricity.

Fintry village and Earlsburn Wind Farm in the distance

Net zero projects

Fintry Development Trust has delivered many sustainability-focused projects over the years. These include: loft and cavity wall insulation grants, energy saving lighting, a biomass boiler for a community building, and hosting community events about energy efficiency. Beyond energy efficiency activity, the trust also runs events on topics such as sustainable transport, sustainable food and repair cafes to help reduce carbon emissions in other ways.

When the cost of energy increased dramatically in 2022 and 2023, many Fintry residents were struggling. However, due to the energy price increase, income from the wind turbine also increased. The trust wanted to ensure that these funds were given back to the community. In 2023, the trust started offering grants of £1,000 per

household to install decarbonised heating systems, insulation, double glazing, draughtproofing and more. These grants help Fintry residents reduce their carbon emissions and save money by making their homes more efficient and switching their heating to using electricity rather than fossil fuels. In addition, Fintry also offer Fuel Payment Grants to those struggling with rising fuel costs. These grants are administered by Energy Action Scotland on behalf of the trust and are paid direct to the fuel supplier.

Delivery model
Fintry Development Trust currently employs two members of staff to manage the trust. Consulting with the community and being responsive to local needs has been an important part of the trust's success. The trust has an 'ideas bank' where it can store good ideas to incorporate into future plans for funding, It also maintains records of the successes and the failures of projects to learn from their sixteen years of experience. The trust has supported several different groups to understand how it can replicate their success world-wide.

Find out more on Fintry Development Trust's website.

Recommendations to communities, from communities:

- **Structures:** You have many options for how to structure and deliver net zero projects using community benefit income and there is no one-size-fits-all approach. Third parties can help manage community benefits funds for you, but they will charge an adminstration fee for that service. If you want to learn more about the various approaches, contact other communities who are already operational and organisations such as Local Energy Scotland and Scottish Communities Climate Action Network (SCAAN) who can support you.

- **Delivery models:** Communities delivering net zero projects have found that they can make the biggest impact when income is used to employ staff, as opposed to relying on a volunteer model. Beyond the core staff, consider who else will be needed to best deliver the plans – for example, which activities can be supported by volunteers and where will paid-for external expertise be needed.

- **Working with a developer:** Get to know the developer and how invested they are in ensuring your net zero community benefit funding will be impactful. Some simply provide the funding, while others will support the community through the process. Understand what support is available and how you can access this. You can find more information about working with a developer in Local Energy Scotland's Community Benefits Toolkit.

- **Evolving prorities:** Have an open mind and be adaptable. The priorities and needs of your community and the wider net zero agenda will change over time,

so should the allocation of your community income. Listening to the needs of your community is key and having a dedicated place to store good ideas can be helpful. Some programmes or schemes will not work, and that is okay, but you should look to learn from this to improve future plans. You can find more information about community action planning in Local Energy Scotland's Community Benefits Toolkit.

- **Evaluate and improve:** Build-in a simple evaluation plan at the start of your project. Think about what you are trying to achieve, and what might indicate the success of this and how you might collect this information. During the project, check-in on these indicators. Is the project going as planned, or is there something you could change to improve it further? Record any learnings as you go and incorporate these into future projects.
- **Additional funding:** Think about how your community benefits can work with existing government funding. The Scottish Government already offers grants and loan funding for net zero projects, for example through Local Energy Scotland, Home Energy Scotland and through Climate Action Hubs. You can create grants that add to existing schemes or choose to fund projects that are not covered through existing funding.
- **You are not alone!** Several communities across Scotland are already using community benefits for net zero projects to help reduce our impact on the climate. Do not be afraid to reach out to others to support you and your community to do the same.