



Maximising value for local communities from potential investment and ownership of offshore wind projects in Scotland

New Economics Foundation

Chaitanya Kumar

Paulo Yunda

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Executive summary

This report examines the opportunities and challenges that arise from community benefit schemes (CBS) associated with renewable energy projects in Scotland. CBS offers communities financial and non-financial benefits from energy companies developing projects near their areas. With the rapid expansion of renewable energy, the significance of CBS is growing, presenting communities with transformative opportunities for social, environmental, and economic development. The projected growth of these funds, expected to exceed £60 million annually by 2030, underscores the need for strategic management to ensure they deliver long-term benefits.

The increasing importance of CBS comes from Scotland's renewable energy expansion, particularly in onshore and offshore wind. In 2023, Scotland had 15.3 GW of installed renewable capacity and generates more clean power over a year than the country's total electricity demand. With an ambition to reach net zero by 2045, this capacity is set to scale up considerably. Onshore, communities impacted by renewable projects receive voluntary financial contributions to support local development. The government has laid out guidance on good practice principles that inform the ways in which community funds could be distributed. These funds are already helping communities address a variety of issues ranging from fuel poverty and employment to infrastructure development, while also aligning with national sustainability goals, captured within the Scottish national performance framework.

To explore the impact of those funds, we conducted 10 semi-structured interviews. We discuss the results in greater detail in subsequent sections but a common thread amongst interviewees revealed a strong desire for community empowerment and local control over the allocation and management of CBS funds- an area where some good practice exists but is not codified and shared. Community leaders expressed that participatory governance models, which allow residents to have a direct say in how funds are used, are essential for ensuring that projects genuinely reflect local priorities. This emphasis on local ownership has proven to increase the effectiveness of community projects, ensuring that they deliver both immediate benefits and long-term sustainability.

However, many communities face challenges when managing increasing fund sizes, particularly in terms of administrative burden and conflict resolution. As funds grow, communities often struggle to navigate complex governance structures and manage tensions between potentially different interest groups. Additionally, there is a pressing need to provide communities with the skills and capacity to manage these larger funds effectively, while ensuring transparency and avoiding volunteer burnout.

Interviewees unanimously recognised the value of community benefits. However, the small scale of individual projects often meant they were not subject to rigorous monitoring or evaluation within a robust impact framework. This has resulted in a gap in reliable quantitative data, highlighting the importance of improving data collection practices. Strengthening the evidence base would support more informed community decisions on how community benefit is applied, a need that becomes increasingly significant as these schemes proliferate across Scotland.

However, the qualitative information we've gathered nonetheless provided a set of interesting insights that we draw from to develop our recommendations.

Existing models of community benefit support such as the one practiced by Foundation Scotland and new models demonstrated by the likes of the 9CC Group present an interesting, potentially contrasting, approach to managing and distributing community benefit funds. Concurrently, a new pilot of a large-scale community ownership and benefit project is just underway – led by the BlueFloat Energy and Nadara Partnership (a large-scale renewable energy developer) in exclusive collaboration with Energy4All, which will explore, on a pilot basis, how community benefits from primarily offshore wind could be developed in a way that secures the long-term benefits of clean energy for the whole of Scotland.

This report, commissioned by Energy4All and the BlueFloat Energy / Nadara Partnership, draws heavily from the interviews to lay out the following recommendations that could inform the effective delivery of this multi-year pilot and maximise the impact of CBS across Scotland.

Recommendations

- **Community-led decision making** - One of the strongest insights from our research is the importance of centring communities in the decision-making process for CBS. Community-led governance models are essential for ensuring that projects funded by CBS reflect local needs and priorities, fostering a sense of ownership and empowerment among residents.
- **Participatory governance models**—where community members have a direct voice in how funds are allocated and managed—help ensure that CBS investments address the issues most relevant to the community. This includes incorporating input from all segments of the community, especially marginalized groups who may otherwise be excluded from traditional decision-making processes. Additionally, groups that implemented community action

plans or strategic plans saw a clearer alignment between their investment choices and long-term goals, reducing internal conflicts and fostering collaboration among different stakeholders.

- **Strengthen local governance and capacity** - Whilst centring communities in decision making is critical, it comes with an obvious risk of a lack of capacity in community groups and volunteers. To effectively manage the growing scale of CBS funds, it is essential to invest in local governance and build capacity within communities. Many community groups, often led by volunteers, face challenges related to the administrative burden and complexity of fund management. Providing structured support, such as governance training and administrative resources, will empower community leaders and volunteers to manage CBS funds sustainably.

Programmes like Foundation Scotland's governance support model and guidance from the Community and Renewable Energy Scheme (CARES) have proven beneficial in helping communities establish formal governance frameworks, choose flexible legal structures like Community Interest Companies (CICs) or Scottish Charitable Incorporated Organisations (SCIOs), and prevent volunteer burnout.

- **Invest in capital projects with long term returns** - To support communities in making informed investment choices, this report highlights the importance of focusing on capital projects that deliver sustained, long-term benefits. Communities are encouraged to prioritize investments that enhance local assets and provide enduring value, such as community halls or shops, low-carbon technologies like solar PV and heat pumps, tree planting, affordable housing, and community-owned woodlands.

These types of projects create lasting infrastructure and economic resilience, aligning with both local and national priorities. Table 1 in this report provides concrete examples of these capital projects, illustrating the types of initiatives that can maximize the value of CBS funding over time. Given that CBS funds are often available over extended periods (15-25 years), communities have a unique opportunity to invest in replicable and scalable projects. Funding should prioritize initiatives that have the potential to be scaled or replicated across communities, allowing successful projects to extend their impact over time. For example, community energy schemes, local transport infrastructure, or public

health initiatives can start as pilot projects, with the potential for expansion based on community needs and additional funding.

- **Strategic community planning** - A strategic approach to planning is critical for ensuring that community investments are impactful and aligned with local needs. This report recommends that communities develop a comprehensive 'Community Action Plan' (an existing albeit infrequently used approach) or local economic plan to guide their investment priorities. Such plans provide a structured roadmap for communities, identifying where investment is most needed and helping ensure that funds support long-term goals. Strategic planning also allows communities to respond flexibly to changing needs, maximizing the effectiveness of CBS funds over time.
- **Establish comprehensive metrics for evaluation** - To effectively measure the impact of CBS investments and address the lack of any meaningful evaluation frameworks, this report initially proposes differentiated metrics for evaluating capital projects and smaller grant-funded initiatives. For larger capital projects, metrics should capture long-term outcomes such as economic resilience, carbon emissions reduction, or reductions in fuel poverty, with progress tracked over several years. Smaller grants, on the other hand, should be assessed using simpler, short-term metrics focused on immediate outcomes like community satisfaction or event participation. This tailored approach to evaluation ensures that each type of project is measured in a way that aligns with its scale and intended impact. Quantitative data collection is a vital enabler of evaluation that better informs the future deployment of community benefits.

The report does not prescribe a specific impact framework but highlights examples of existing frameworks, such as the social return on investment model, that could form the basis of a robust and consistent method of evaluating projects.

As Scotland continues to expand its renewable energy capacity, community benefit schemes will play an increasingly vital role in driving local development. Empowering communities to manage these funds, while providing them with the necessary support and governance structures, will ensure that CBS delivers lasting social, environmental, and economic benefits.

Introduction

Community Benefit Schemes consist of non-compulsory collections of benefits given to communities by energy companies developing renewable energy projects near their community. These benefits typically come in the form of funds to support the community. Last year, the average community project received £5100 per MW of installed renewable capacity per year, totalling £26 million¹ in Scotland.

In broad terms, there are two types² of community benefits: financial and non-financial. Financial benefits are often direct payments, either made one-off or structured regularly over time to the relevant community. Non-financial benefits can include a plethora of investments aimed at achieving specific outcomes such as local skill and education development, improving local biodiversity or enhancing tourism opportunities.

Existing framework for community benefits

Community benefits schemes are voluntary in Scotland. Due to the considerable growth of the renewable energy system, the Scottish Government published the Good Practice Principles (GPP)³ for Community Benefits from Onshore Renewable Energy Developments in 2014, in consultation with communities and energy developers. The framework aims to promote transparency and serve as a guide for communities with minimal or no experience negotiating with renewable energy companies. The GPP was updated in May 2019 to be used as a benchmark in the renewables sector. Currently, for onshore wind developments, the GPP advocates for a contribution of £5000 per year per installed megawatt with “an index linked for the operational lifetime of the project”⁴ (i.e. growing in line with inflation).

The GPP is a valuable tool for communities as it outlines the different stages of the community benefits process. Firstly, there is the consultation and identification stage within the community⁵. In this stage, it is important to clarify to the residents of the community that community benefits are independent of the planning process in the renewable energy project. Within this stage, the Scottish Government encourages transparent and clear consultation between the communities and renewable energy businesses, as well as flexibility on what the community benefits will provide and on

the boundary of the area. This also means involving the community councils to represent their geographical areas.

Once the geographical boundary of the area is identified, the next stage is to engage with local stakeholders (residents, land managers, local businesses, local authority officials, etc.). There might be cases where the boundary of the geographical area of the community benefits needs to be widened, which is sometimes necessary for larger projects. Then, the consultation requires majority support or consensus over the area of benefit. Additionally, some local authorities have policies in place to assist in the distribution and arrangement of community benefits. The last part of this stage is to share the findings of the consultation with the community and to review and discuss them between the renewable energy developer and a group selected by the community to represent them on the community benefits arrangements. After concluding the discussion, the Scottish Government recommends formalizing what has been agreed into a legal agreement between the parties. The agreement should include the roles of all involved parties, the community benefits package and its duration.

The next stage after the agreement is to develop a Community Action Plan, reflecting the aspirations and ambitions that the community wants to achieve with the community benefits package in the long term⁶. The Scottish Government recommends that the plan align with 'any wider local development plan in place'. This process could take between 8 to 16 weeks, with the work being done by an external organization, a local community organization, or both. Funding for this process can come from the Scottish government, the community itself, or through donations from charities. Government funding can be obtained through the Government's CARES program managed by Local Energy Scotland⁷.

The plan should include a strategy showing how the benefits will be delivered, along with details on priorities, criteria to decide which initiatives or projects to support, eligible bodies, and how the distribution of community benefits will work. Lastly, as the priorities of the communities may change over time, it is important to review the action plan, especially the area of benefit and the socio-economic benefits the funds will bring to the community in the long term. The figure below illustrates all the steps in the community action plan.

Figure 1. Community Action Plan Timeline.

COMMUNITY ACTION PLAN: MILESTONES AND AVERAGE TIMELINE



- Developer has approached the community with a community benefits offer
- Identify whether a community action plan is required – has there been a similar process recently?

- If professional support is needed:
- Identify or establish an accountable community body to apply to funding
 - Secure funding to pay for appointment of professional consultants
 - Issue tender documents and appoint professionals

- Collate and analyse the data, identifying key findings
- Feed back to the community and refine as required
- Produce a community action plan
- CAP then informs a strategy for fund disbursement, making sure local needs and opportunities are met



- From a steering group for the Community Action Plan process
- Agree a purpose statement
- Identify resources needed and potential sources – volunteers, professional support, funding

- Consultation planning: agree who will be consulted, how, when and by who
- Conduct a thorough community consultation in order to identify local needs, opportunities and aspirations

CARES SUPPORT AVAILABLE:

- Development Officer experience, guidance and support throughout
- CARES online toolkit with detailed guidance on consultation and action planning process
- CARES Enablement Grant can play for professional help with setting up a community body and/or the action planning process
- CARES Framework of Contractors is available to help the community select the right professional support

Source: Scottish Government good practice principles for community benefits from onshore renewable energy developments.

The next stage of the process is Good Governance. Currently, the practice by renewable energy businesses is to offer an annual payment to communities 'over the lifetime of the project,' which involves setting up a community benefit fund to support the projects that the community wants to develop. Besides the government's best practice guidance, some businesses in the sector may offer 'a more flexible package of benefits for new projects being developed'⁸. This could involve a different rate per MW or potentially providing direct funding to initiatives that the community has identified.

After determining the value of the benefits and the area of benefit, the renewable energy business will likely consult the community about how to implement the benefits package. The guidance recommends setting up the community benefit fund in a way that promotes and supports local decision-making, which may require support from third parties, specialists, or other communities. Other issues to consider include how community benefits could be used as a shared ownership opportunity in the local renewable energy project. Flexibility is needed to reach the best solution, and decisions should consider a wide range of knowledge, perspectives, and experiences,

ensuring transparency and making sure the group applying for the fund is different from the one that distributes the funding.

To deliver community benefits, there are several structures available in Scotland. These include a community council, especially when the investment is small; a specific community body for the role 'with or without charitable status'⁹. Another structure is an existing community body that could fulfil the role; the fund donor could manage the fund and be responsible for it without the need for local representatives; and a 'specialist third-party organization that provides fund governance services' in association with a panel of local representatives, who will be involved in the management of the fund.

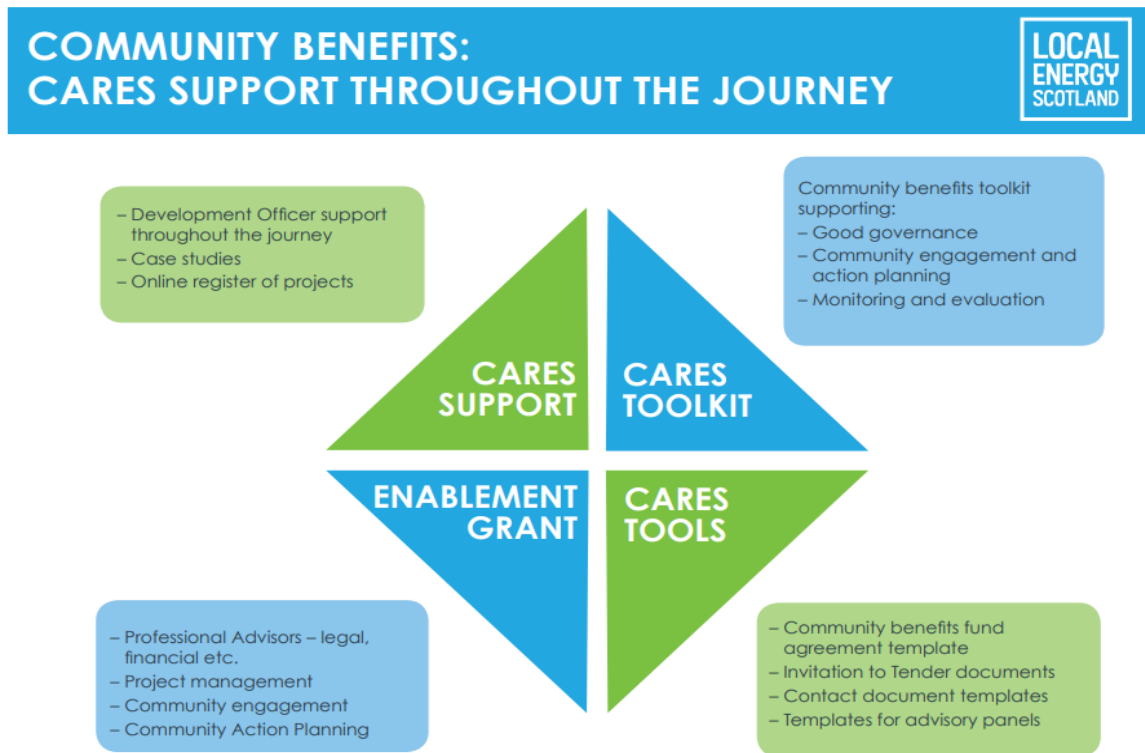
Some renewable energy businesses could consider a wider package of benefits, which would supplement the annual fund. Examples of these additional benefits include local energy discount schemes, employing local contractors, creating walking and cycling routes, preserving local heritage, enhancing ecological habitats, and others. The government also acknowledges that community benefits will become more flexible due to different renewable technologies. Additionally, it is important that any limitations or conditions to the benefits package are explained to the community at the early stage of the process.

The next stage concerns the roles of the community and the renewable energy business once the community benefits package has been signed off. Also, the business "should request an annual report detailing the projects funded in the previous financial year", as well as any community projects for the next year¹⁰. To increase transparency, the annual report could be published on the website. For good practice, the Scottish Government Register of Community Benefits from Renewables requests energy businesses to send details about their operational projects and expects communities to submit their details as well. The government also encourages communities to review their community benefits package every 3-5 years.

Lastly, the Scottish Government has established the CARES programme, which is delivered by Local Energy Scotland. Its role is to support communities on how to engage with energy businesses regarding their community benefits. Regardless of the community's capacity, CARES provides support in four areas: professional services, funding, signposting, and online tools and resources, as shown in Figure 2. Additionally, there are other organizations that provide support, such as the Energy Investment Fund (EIF) managed by the Scottish National Investment Bank, which offers financial solutions so communities can have 'stakes in shared ownership

projects,' and the Highland and Islands Enterprise (HIE), which supports local energy projects¹¹.

Figure 2. Community Benefits – CARES support.



Source: Scottish Government good practice principles for community benefits from onshore renewable energy developments.

Principles for investment of community benefit funds

HM Treasury has long-established principles for assessing whether potential investments using public funding are good 'value for money'. Whilst definitions of value are always contentious, the principle that opportunity cost exists for any expenditure – the same pound cannot be spent twice and should therefore be spent wisely – is a strong one that rightly guides investment decisions.¹²

Whilst funding from wind projects in Scotland is not public, when it is passed to community groups, it in effect becomes like public funding that is being spent on behalf of the community, in order to improve social, economic, or environmental outcomes – rather than at the discretion of the market or for the benefit of private individuals.

For these reasons, community groups receiving funding in Scotland would be prudent to follow similar best practice principles for ensuring that they maximise the opportunity provided by newly generated community funds.

As the funding pertains to delivering community benefits, there are a range of functions that public-like funding can achieve that private funding typically cannot. These include overcoming market failures in the provision of 'public' goods, such as:

First-mover problems

Whereby the cost of an upfront intervention does not provide direct (or sufficient) commercial returns to enable it to come forward via the market, but the downstream benefits of the upfront investment provide positive multiples of the original investment to wider stakeholders. An example is the benefit to an employer who receives a wider potential labour pool of skilled workers to choose from when a government invests in better transport, but did not pay for (and would not have paid for) that transport infrastructure directly themselves.

Coordinator role

In many cases there may be latent demand for new services and markets, such as car-sharing, or start-up employment space, but there are regulatory and public access barriers which require the role of a public or third-party body to intervene and set up the infrastructure to enable these schemes to be delivered. Providing public space for bike sharing in many UK cities is an example of the required coordinating function of a non-market actor to make an initiative successful.

Wider public goods

Like the first-mover problem, there is a range of public goods which cannot be paid for via direct commercial return from the beneficiaries. For example, private employers benefit from healthy employees whose state of health may depend on investment in green space, active transport, and public recreational facilities and leisure centres in the areas they live. Taxpayers also face a reduced health spending burden in a healthier population. However, trying to pay for the public benefits of such facilities via user-charging alone is likely to lead to under-investment and an inefficient outcome in terms of the total scale of potential social and economic benefits.

Developing a case for new investment

In general terms, a fund should usually set out its strategic objectives as a starting point. These strategic objectives will normally be based on a proportionate evidence base of an area's economic, social or environmental challenges. For example, an area may have specific, known issues with a lack of public transport infrastructure, or a lack of quality recreational space, or a lack of public or shared spaces for start-ups or creative sectors.

These area-based challenges could be identified based on comparison of similarly sized areas in other parts of Scotland, or through collected local knowledge and

testimony and local economic plans – such as those available through the eight Regional Economic Partnerships.¹³

At any given point in time, the range of potential uses to which community benefit funds could be put are theoretically infinite, but in practice may be limited to those already imagined or developed by a community. However, this can still offer a bewildering array of potential options for many communities who may also have an unsettling awareness of the existence of potential options not yet identified.

A mechanism for identifying how funding should be spent provides a way of assuring value for money, filtering through potential competing options, as well as enabling community-consensus and transparency in the funding process.

If a fund can justifiably set out a challenge that it would like to help solve, this provides a clear framework for the community to identify potential solutions and reduces the number of different potential funding areas between which it may be difficult to make comparisons¹⁴.

A fund may identify several challenge areas, which it may seek to address simultaneously or sequentially.

Capital vs revenue funding

Capital investment provides the opportunity for new investment in infrastructure or other physical assets which may otherwise be very unlikely to be available from usual local funding sources such as local government.

Because of the long-term asset-based nature of capital funding, it has the potential to deliver long-term returns that long outlast the upfront investment.

By contrast, funding for day-to-day or year-to-year revenue items can deliver real benefits in the immediate term, but the benefits typically end when the funding does.

For these reasons, there is a generally accepted preference towards capital investment when new funding is made available to communities.

In straitened economic times, particularly for public funding, it may be tempting for Local Authorities to seek to use new funding to plug gaps in resource requirements across various essential services. However, where services have the potential to be funded from Central or Local Government revenue funding from general or local taxation, they should remain so. Using newly generated income for these purposes could well be considered a waste, a net cost to the local community, and a net transfer to other communities who continue to receive fully funded services from general taxation.

NEF recommends that, where communities have capacity, they should continue to lobby, or join lobby groups, who campaign for sufficient revenue-funding for services locally, whilst deploying new funding towards long-term capital investments.

Appraising benefits

Benefits are typically appraised in different ways depending on the category of investment. For example, transport projects are appraised differently to housing projects which are appraised differently to projects that invest in green space or seek to develop skills and competencies. Nonetheless, there are some key economic principles which underline appraisal regardless of the category.

Opportunity cost

The first is a sense of opportunity cost. Monetisation of benefits (and costs) is often attempted to develop a cost-benefit ratio, which enables a direct comparison of value for money amongst competing projects.

A project may deliver positive returns, but it may deliver significantly less of a positive return than a competing idea, and it is important to know that the benefits of the competing idea will be forgone.

However, for small projects, it is not always practical or reasonable to undertake complex economic analysis. Often a logical, and evidenced, high-level assessment of benefits can replace a detailed economic benefits appraisal.

Who benefits?

There is increasing awareness that new investments can overcome or entrench existing inequalities depending on who they serve. For example, a new transport infrastructure project which better connects a well-off community to an economic centre is likely to reinforce existing patterns of economic exclusion and access to opportunity within an area.

Funds should therefore seek to assess the distributional impact of benefits by assessing how potential projects benefit those within the community who most need support.

Identifying benefits by sector type

Across each of the major types of typical public or community investment areas, there are some accepted mechanisms for understanding the nature of benefits and then being able to put in place the process to deliver and monitor outcomes.

Transport

There is a long economic tradition of measuring the benefits of transport projects, with several types of projects providing diverse types of economic benefits.

Journey time savings are a classic example of how to measure the economic benefits of new transport schemes, whereby a minute of journey time savings is transformed into monetisable £s of benefit according to a methodology developed and owned by the Department for Transport¹⁵.

However, journey time savings are not the only way transport can benefit the economy, society, or the local community. New investment in public transport can increase effective capacity on routes (by taking cars off the road) and thereby enabling more economic transactions between people and places at any given time (similar in theory to the benefits of journey time savings).

Public transport specifically (as opposed to private transport) can also provide benefits to the poorest in society by offering low-cost transport options for non-car-owning households.

Additionally, public transport can provide environmental benefits by taking cars, and the explicit and implicit emissions caused by cars, off the road.

Additionally, active transport – including walking and cycling, as well as potentially providing all the above benefits, can also provide health benefits through enabling more active lifestyles in relation to the private car, which typically underpins a sedentary lifestyle.

Housing

The excessive cost of both renting and buying housing across the UK is a significant drain on local economic activity, as it channels a proportion of income away from flows throughout the economy and into stocks of wealth.

Projects which increase the delivery of new homes will provide a future benefit to households if additional supply prevents housing cost-increases.

Housing costs have a higher impact – in terms of housing cost as a percentage of income – on the poorest and lowest paid households within a community and therefore increasing the supply of affordable or social housing provides a greater benefit to these groups than housing at market prices.

However, the way housing is delivered is also a key consideration for its overall costs and benefits. Housing that is delivered in a disconnected way from jobs, public transport, and community facilities can create negative social, environmental and economic consequences through increasing car use and the creation of economically and socially isolated communities¹⁶.

Additionally, there are many people in the UK living in sub-standard consequences which can have detrimental health impacts, for example through being cold, mouldy or damp. Similarly, many homes in the UK have poor energy efficiency which

increases energy costs for consumers and energy emissions more broadly. The delivery of quality homes, which reduces the chances of ill-health and reduce the costs and environmental impact of energy use can also therefore deliver direct economic benefits.

We are already seeing some innovative models of investment in house building with the energy giant SSEN supporting the construction of 1000 homes in North Scotland and the Highlands by 2032, with most of them offered up as social homes. This investment is expected to be made alongside £20bn spending on new grid infrastructure to transport the vast amounts of offshore wind energy to various parts of Scotland the UK.¹⁷

Community ownership

Community ownership of land and assets can provide significant economic benefits to an area. It can safeguard jobs which would otherwise be lost and have a local economic value, and it can ensure the continued provision of services, where there would otherwise have been an increased cost to access them in an alternative location.

Safeguarding community assets can also ensure the maintenance of a high-quality built environment, which can underpin land values, encourage future investment, and prevent economic blight.

Public Realm Investment

Investments in the public realm can encourage community use of specific locations, such as high streets and town centres. Increased use of these areas has positive knock-on economic consequences for businesses, charities and services based in those areas.

Increased use of public areas can also reduce car use, encourage healthy activities, and reduce the risk of crime through having less vacant spaces and more cared-for spaces.

It can also encourage a greater level of interaction and understanding between citizens, which can in turn lead to further social and economic initiatives and idea-sharing, like the principles of economic development delivered via agglomeration economics.

Green energy

Green energy initiatives, particularly local schemes, such as small-scale or micro generation of renewable energy or retrofitting initiatives, can reduce the cost of energy for residents and create local jobs in operational management and maintenance.

Delivery and management considerations

However, whilst different projects and options for investment may produce different costs and benefits on paper, it is important for communities to understand that realising the benefits is not always straightforward or even realistically achievable.

The time for benefits to be delivered for example is a key consideration. A project that expects to see an elevated level of delivered benefits but not until a date far into the future should be discounted appropriately in relation to a project that can start delivering benefits in the near term.

Additionally, the project needs to be deliverable and manageable by the community. An extensive or complex project may have the potential to deliver a large range of benefits, but it may be beyond the skills and competency of a local community to effectively manage or deliver.

Some projects will also naturally carry more risk or uncertainty, or their benefits may be dependent upon other external factors, such as market conditions. In these cases, the analysed benefits should be discounted, or risk-weighted, to account for these uncertainties.

Furthermore, project delivery dates are also often delayed, and there is a known human 'optimism bias' that relates to both cost estimation and delivery date estimation of many types of investment project. Appropriate weighting for bias should be made to expected benefits, proportional to project complexity and an assessment of realism of the nature of the benefits.

In conclusion, while revenue funding offers immediate-term benefits, the strategic focus for community funds should prioritize capital investment, as it holds the potential for long-term, sustainable returns that continue well beyond the initial expenditure. Capital investment in infrastructure and other physical assets can address market failures, facilitate innovation, and ensure the provision of public goods that would otherwise remain underfunded. By supporting initiatives such as green energy, public transport, and affordable housing, capital investment not only enhances the quality of life but also drives economic growth and resilience. Communities should be supported to leverage these opportunities to achieve lasting benefits, while simultaneously lobbying for sufficient revenue funding for essential services.

We offer a sample of what some of these investments could look like in the table below. They refer to a few examples of capital projects, which are expenditures on long-term assets. CBS can provide funding for acquiring, building, or renovating these assets. Since CBS funding typically lasts 25 years, investing in a capital project presents a valuable opportunity for communities to increase their assets and ensure future generations can benefit from or use these resources.

The section that follows looks at existing models of community benefit schemes in Scotland and presents a typology for such funds – offering a useful comparison and contrast to the capital projects we highlight in table 1 below.

Table 1. Examples of capital projects that invest in community assets for the long term

Type of project	Reasoning	Example
Community hall or shop construction	<ul style="list-style-type: none"> • Beneficial for the long-term, more than 5 years. • It creates an asset for the local community 	The Strathdearn hub ¹⁸ from the Strathdearn Community Development is a multipurpose venue that is ideal for meetings, conferences, and courses.
Low carbon technologies like solar PV, heat pumps	<ul style="list-style-type: none"> • It creates an asset for the local community when deployed at a community building/premises • Reduces CO2 emissions. • Increases energy efficiency 	The Vattenfall Unlock our Future Fund ¹⁹ supported the installation of 3 air source heat pumps that would provide heating to a hall committee in Aberdeenshire.
Tree planting and rewilding	<ul style="list-style-type: none"> • It creates an asset for the local community. • Reduces CO2 emissions. • Restores natural ecosystems 	<p>In the US, the Salem²⁰ community benefit agreement is aiming to invest \$10000 in tree planting.</p> <p>In Scotland, Trees for life, a rewilding charity with direct community benefits, purchased 4,047ha (10,000 acre) of the Dundreggan estate in Glenmoriston for rewilding. A decade later, the project has put its first carbon credits generated through rewilding, primarily woodland carbon saving, up for sale.²¹</p>
Construction of local housing	<ul style="list-style-type: none"> • Improves housing supply, particularly in areas with high demand and soaring prices • Generates revenue. 	Tayvallich Community Hall SCIO ²² is working on project solve housing shortages in their community by using the land they have acquired to build homes
Acquisition of woodland	<ul style="list-style-type: none"> • It brings a natural asset under community 	The Valley Renewables Group ²³ acquired over 21 hectares of woodland to transform

	ownership for the long term	it into a sustainable source of wood fuel, make the woodland more accessible for the public and improve it's biodiversity
Upgrading or building walking and cycling infrastructure	<ul style="list-style-type: none"> • It can incentivise physical activity • It connects areas that previously were difficult to access, especially for elderly people. 	The Blackridge Community Council ²⁴ upgraded its existent path and created circular route for people.
Sports and leisure facilities	<ul style="list-style-type: none"> • They can generate revenue. • Physical activity is promoted. • Potential new infrastructure that did not exist before. 	Multi-Use games ²⁵ area built by the Strathdearn Community Development

Examples of investments made through community benefit schemes

As mentioned earlier, there are two broad types of community benefit investments: financial and non-financial²⁶. Financial community benefits aim to generate a steady income flow from different assets, while non-financial benefits focus on education, empowerment, and other activities. However, as demonstrated by case studies and examples from other countries, most community benefit funds tend to be non-financial and primarily focus on investing in energy efficiency, nature restoration, green skills training, local economic development, and housing and infrastructure. The needs of each community vary, so it is normal to have a variety of investments that suit the residents.

Local Energy Scotland distinguishes²⁷ between several types of community benefits models such as: community funds, equal distribution revenues, direct investments and project funding, educational programmes, electricity discounts and community benefit agreements.

sTable 2. Community Benefit models²⁸

Benefit model	Description of the mechanism	Example
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Equal distribution of revenues	A regional or local authority normally distributes an equal share of revenue from energy developers among many communities defined by certain administrative boundaries.	Coastal Community Fund, UK
Direct Investments & Project Funding	As its name suggests developers directly invest into local initiatives or projects, usually with a one-off payment. These investments tend to improve amenities and local facilities and support local groups. One of the advantages of these model is that the investment is visible by local stakeholders, and it can take an immediate effect.	Lynn and Inner Downsing
Pre-existing funds	Sometimes developers can pay into funds that were not created to receive payments from developers necessarily. Examples of such funds include preservation funds, wildlife trusts, regional development funds and others.	Kent Wildlife Trust (London Array)
Community benefit agreements	These are contracts between a developer and a specific community, in which the developer provides or offers specific amenities to the community. The terms are usually arranged through consultation with the community.	Obligatory community benefit agreements in Massachusetts.
Electricity discounts	Electricity rebates or discounts are offered to communities adjacent to onshore renewable wind farms as a reward for allowing them to develop the infrastructure near their community.	Octopus Energy Fan Club

Source: Rudolph, D., Haggett, C. and Aitken, M. (2014).

In contrast to the community benefit models, the table below show the different types and examples of community benefit schemes and investments in Scotland. The purpose is to highlight an investment typology that is consistent across most projects in the country.

Table 3. Investment typology of community benefit schemes

Investment categories	Initiatives	Examples
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Education	Training courses	The Burnhead Moss Education Training Fund ²⁹ offers training courses focusing on all ages to encourage learning and increase the skillset, experience, and qualifications of the community. Priority is given to courses focusing on renewables and energy.
	Youth education programmes	The Glenkerie Community Fund ³⁰ funded the Biggar Youth Project, which offers support to young people in several ways, through volunteering and informal accredited learning
Local economy development	Poverty reduction	The Corriemoillie Community Fund ³¹ supplied vouchers for 44 households that can be used towards their groceries to minimise the impact of inflation.
	Tourism development	The Dorenell Wind Farm Community Benefit Fund ³² funded an improvement in the tourism infrastructure in Cabrach by upgrading the Inverharroch Cottage
	Local employment	The Kilgallioch Community Fund ³³ funded the Galloway Action Team, which provides training and employment in the form of maintenance and construction projects for people that have experienced social exclusion.
Nature	Conservation or improvement of nature	The Cambusbarron Community Fund ³⁴ has funded and created the Cambusbarron Development Trust to manage and develop 64 hectares of land. The current activities consist in removing non-native species, increasing accessibility to the woods and the pathways.
Culture	Preservation of cultural heritage	The Bad á Cheò Wind Farm Community Fund ³⁵ contributed towards the carving and creation of a replacement Skinnet Stone in Halkirk, that will promote the heritage and history of the area
Energy	Energy grants	The Barrhill Community Interest Company ³⁶ supports low-income groups by helping them with their bills, as the community has high proportion of homes in the EPC E-G band.
	Renewable energy initiatives	9CC Group ³⁷ has given £10000 for solar panels/battery storage as Netherthird initiative for community empowerment.
Transport	Development of transport infrastructure or provision of transport services	The Annandale and Nithsdale Community Benefit Company ³⁸ funded door to door transport for residents to hospital appointments.

Local facilities	Community halls and recreational facilities	The Kilgallioch Community Fund ³⁹ funded the renovation and extension of the Millenium Centre into a multi-purpose space with kitchen, a café, commercial bar, training space and lettable office space.
	Broadband	The Dorenell Wind Farm Community Benefit Fund ⁴⁰ funded the installation of free-public wifi in central Dufftown, so local people could have access to outdoor broadband
Infrastructure	Walking and cycling infrastructure	The Minnygap Community Fund ⁴¹ funded The Johnstonebridge Dog Walkers Group with £5000 with a safe path and space for dog walkers to exercise their dogs.
Housing	Affordable housing	The Nith Valley Leaf Trust (NVLT) ⁴² is an affordable housing project by Annandale and Nithsdale Community Benefit Company, the NVTL has bought and built properties in their community and made available for renting to local tenants.
Health	Improvement or construction of new health infrastructure	The Annandale and Nithsdale Community Benefit Company ⁴³ funded an extension for the nursery building in the community so it could match demand and improve its facilities.
	Mental health	The Dorenell Wind Farm Community Benefit Fund ⁴⁴ funded support for young people in Moray School Bank, so they can improve their wellbeing and mental health
Sports and recreation	Development and improvement of sport and leisure facilities	The Annandale and Nithsdale Community Benefit Company funded alongside other partners The Beechgrove Sports Partnership ⁴⁵ , which aims to encourage sporting activities in the community. The building now has "net zero inspired solar panel heating and battery technology which is projected to reduce energy usage in the new pavilion by approximately 45%".

Subgroups (investment category)	Initiatives
Education	Training courses
	Youth education programmes
Local economy development	Poverty reduction
	Tourism development

	Local employment
Nature	Conservation or improvement of nature
Culture	Preservation of cultural heritage
Energy	Energy grants
	Renewable energy initiatives
Transport	Development of transport infrastructure or provision of services
Local facilities	Community halls and recreational facilities
	Broadband
Infrastructure	Walking and cycling infrastructure
Housing	Affordable housing
Health	Improvement or construction of new health infrastructure
	Mental health
Sports and recreation	Development and improvement of sport and leisure facilities

As shown above, there is clear typology of investments in Scotland via community benefit funds. Below, we explore in more detail, some of the specific investments and initiatives delivered through such schemes. The purpose is to highlight some case studies and highlight successful projects, including outside Scotland, which have informed our subsequent sections on new frameworks for assessing community scale projects.

Burnhead Moss Education Training Fund

Blackridge, Avonbridge, and Standburn; and Limerigg and Slamannan are the neighbouring communities of the Burnhead Moss Wind Farm⁴⁶ and receive community benefits from EDF Renewables. These communities worked with Foundation Scotland and EDF to create and operate the fund. At least 20% of the fund goes into the Burnhead Moss Education & Training Fund (BMET). Depending on demand, the funding can be topped up, which has resulted in an average allocation of £65k a year for the first eight years. The objective was to encourage retraining and create new educational opportunities for the labour force - particularly those impacted by the decline of heavy industry and coal mining in the community.

Between 2016 and 2022, the fund awarded £450k in the form of 403 grants to 247 individuals. In 2019, an independent evaluation assessed the impact of the fund, which showed that 25% of the applicants who faced low wages, unemployment, and lack skills were encouraged to successfully pursue training and education that they had not considered before. However, a more detailed evaluation is needed to understand if pursuing training has led to better wage and employment outcomes.

The 9CC Group

Nine communities in the Cumnock and Doon Valley Area created a consortium called the 9CC Group⁴⁷. The community councils that form the consortium are Cumnock, Netherthird, New Cumnock, Patna, Ochiltree and Skares, Auchinleck, Dalmellington, Cronberry, Logand and Lugar (CLL) and Drongan, Rankison, and Stair (DRS). The group was created so it could manage as a single trust the community benefits that come from current and future wind farm development in an equitable and fair way. By establishing the consortium, communities believe that the funds could be used for long-term regeneration, and with the support of professional consultants from CARES and funding from them, the consortium wanted to get legal advice and consultation on how to develop their ideas.

This support allowed them to form a Scottish Charitable Incorporated Organisation and to develop a Community Action Plan to distribute the funds. The action plan was

established through a consultation process with more than 1700 people from the nine communities involved in the process. The action plan included a 10-year strategic plan focusing on five themes: an entrepreneurial community, a connected community, a net zero community, an active community, and children & young people. So far, after the completion of the Community Action Plan and some pilot funding, £100k was awarded for community projects across the nine areas⁴⁸.

The projects include a community garden, energy-saving measures and solar panels, improving pavements, and the development of Cumnock Men's Shed. Lastly, 9CC agreed last year on two methods to distribute the community benefit: a strategic area fund and a local community fund; the former will distribute 70% of the fund for strategic long-term projects that align with the five themes and Community Action Plan, while the latter will aim for initiatives and projects in the nine communities⁴⁹.

Examples of CBS investments outside Scotland

One of the key differences between Scotland and other countries is that the community benefit scheme is voluntary in Scotland. In contrast, in Massachusetts, USA, the Bureau of Ocean Energy Management (BOEM) introduced a requirement for 'community benefit agreements' between communities and offshore wind developers in 2014⁵⁰, making it a legally binding contract between community organizations and developers. To incentivize developers in Massachusetts, the BOEM offered a 5% discount on the rights to develop a wind farm in auction rounds for developers who had established a community benefit agreement.

One example is the Vineyard Wind project in Massachusetts, where community benefits included investments in solar energy and energy storage for public buildings, as well as reducing energy bills for low-income residents. Another example in the same region is the agreement⁵¹ between the City of Salem and Crowley Wind Services for the Salem Offshore Wind Terminal, where \$9 million in community benefits were allocated for economic development, housing, sustainability, city services, and workforce training in green skills. This \$9 million represents approximately "3% of the total project cost"⁵². The implementation of the agreement is to be overseen by a working group that includes representatives from the City, the broader community, Crowley, Salem public schools, and the Salem Harbor Port Authority. The latter two are involved because part of the funding will be allocated to them.

In other offshore wind projects outside Massachusetts but in the United States⁵³, community benefits have included additional tax income, funding for workforce development in offshore wind and solar energy, funding for solar energy, improvement of town parks, energy education grants, public beach renovations,

prioritizing hiring local businesses and workforce, ensuring a zero-emissions port, and creating an offshore wind learning centre, among others.

Current evidence of the impact of CBS

In 2022, Foundation Scotland, in collaboration with UK Community Foundations, adopted a new impact monitoring framework for the community benefit schemes it manages.⁵⁴ Previously, grantees provided narrative reports detailing organisational changes, lessons learned, and case studies illustrating the impact on beneficiaries. The new framework aims to standardise reporting by allowing community groups and fund managers to select relevant outcomes and indicators during the application process.

One example of this framework in use is the Vattenfall Unlock Our Future Fund, which supports projects in Aberdeenshire.⁵⁵ The fund is structured around three core outcomes: improved community cohesion, increased organisational sustainability, and reduced carbon footprint, with multiple indicators measuring progress in each area. Some of these indicators include the number of people reporting increased skills and knowledge, the amount of energy saved (kWh), and the area (hectares) of natural space maintained or improved. However, implementation challenges have emerged, particularly around the interpretation of indicators and the consistency of reported outcomes.

For instance, in the Dorenell Fund Strategy, another fund managed by Foundation Scotland, a review highlighted key issues with the framework, including⁵⁶:

- a. The fact that impact is often measured only upon project completion, whereas long-term effects may take time to materialise;
- b. Challenges in attributing outcomes to a single funding source when projects receive support from multiple sources; and
- c. The difficulty of establishing a counterfactual—that is, determining what would have happened in the absence of funding.

Additionally, over-reliance on quantitative metrics presents another limitation. While numerical indicators provide a structured way to measure progress, they may not fully capture social and emotional benefits, such as improvements in well-being, community connections, or mental health. The framework has also placed a reporting burden on some community groups, particularly those with limited expertise or resources to navigate complex evaluation processes.

To enhance impact measurement, potential improvements could include:

- Longitudinal impact tracking, where data is collected at multiple points post-project completion (e.g., six months, one year, and three years) to assess sustained outcomes.
- Reducing and standardising the number of indicators to streamline reporting and enable easier comparison across projects.
- Incorporating qualitative data, such as beneficiary interviews, surveys, or focus groups, to complement quantitative measures and provide a richer understanding of project impacts.
- Developing adaptive metrics that evolve over time to reflect changing community needs and priorities.
- Providing training and guidelines for community groups and project managers to ensure a consistent understanding of how to collect and report data effectively.

At present, there is no universal framework for evaluating the impact of community benefit schemes in Scotland. Foundation Scotland's framework, while one of the most established, is undergoing revision to address its limitations. The field of community impact assessment remains relatively underdeveloped, with limited academic and grey literature available. However, as investment in onshore and offshore wind projects increases, there is an opportunity to refine evaluation methods to ensure better accountability and learning.

In the Annex, we present an example of the Social Return on Investment (SROI) framework, which was developed by Social Value UK in collaboration with the New Economics Foundation (NEF). This framework offers a structured approach to assessing social and environmental value alongside financial returns, providing an alternative methodology for evaluating community benefit schemes.

Research Interviews and Methodology

Community benefit funds vary significantly in structure and scope, with numerous factors distinguishing them. These factors include the policies/approach/experience of the renewables energy business that is providing the fund, how the area of benefit is defined, who manages the annual payments, who decides on the fund's strategy and expenditure, and the level of accountability and transparency involved. Despite these differences, all funds are valuable resources that support or enhance both local and national policy priorities.

The wide range of practices can make community benefit challenging to define clearly. Even with initiatives like the Community Benefits Register⁵⁷, gaining a fuller and more qualitative understanding of community benefit practices in Scotland remains difficult.

We interviewed 10 individuals, 4 fund beneficiaries, 4 fund managers/administrators, a member from Energy4All and another member from Foundation Scotland. We conducted semi-structured interviews with the respondents through Microsoft Teams using a questionnaire. We have provided the questionnaire in the Annex of the report. Our questionnaire was slightly modified based on the respondent which could be one of the following- beneficiaries, fund managers/administrators, renewable energy developer and local authority. An extensive list of interviewees was provided by Energy4All and we reached out to a select few with an aim of ensuring a greater diversity of projects were documented in the review. Each interview took around one hour and all of them were recorded.

Our results revealed several themes, highlighting the different challenges communities face when investing or utilizing their funds. While the small sample size means our research may not fully represent the broader situation of community benefit funds in Scotland, the views and opinions expressed by the interviewees offer valuable insights into what works well and what doesn't in managing these funds.

Table 4. List of interviewees

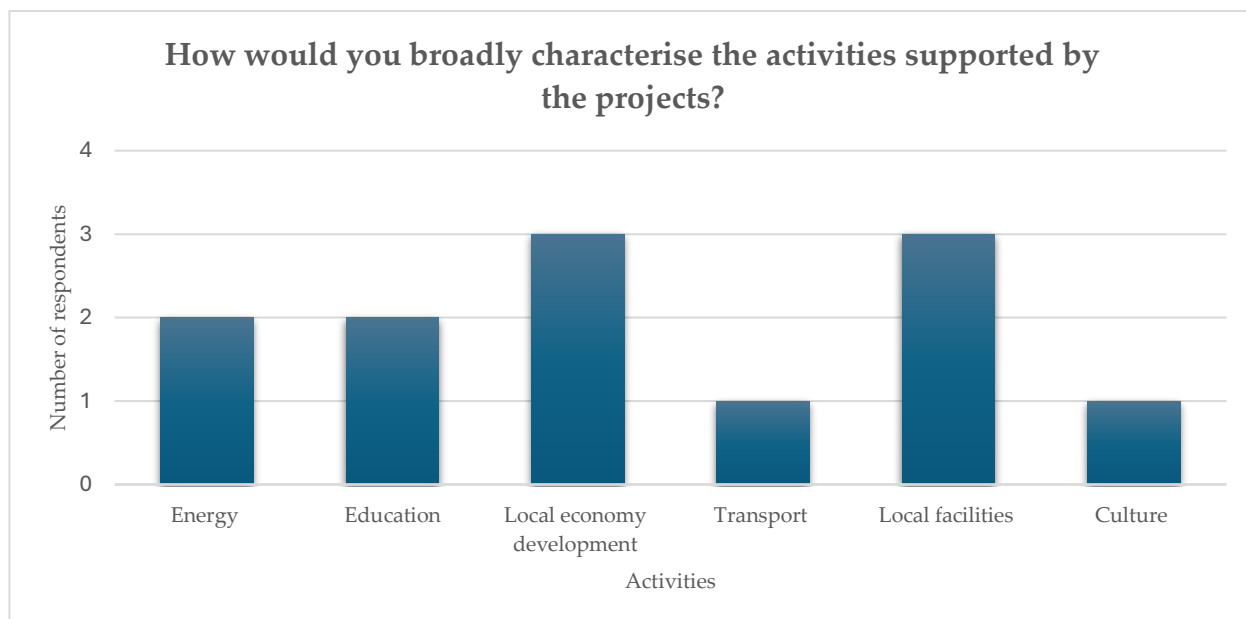
Name	Position and organisation	Association with the community benefit
Anna Cooper	Secretary of the Glengarry Trust	Administrator/Manager of a fund
Douglas Johnston	Ex-Director of Gargunnoch Community Trust	Beneficiary of the fund
Duncan Bryden	Vice chair of Strathdearn Community Development	Administrator/Manager of a fund
Duncan Leece	CEO at the Boyndie Development Trust	Beneficiary of the fund
Lynda Mitchell	CEO of Ali Energy	Beneficiary of the fund
Lynne West	Secretary of the Glen Morriston Improvement Group	Beneficiary of the fund
Rachael Hunter	Cooperative Development Officer with Energy4All	Management support of funds

Rachel Searle	Head of Communities and Impact of Foundation Scotland	Management support of funds; advice and support with fund design and development
Rob Ferguson	Treasurer of the Valley Renewables Group	Administrator/Manager of a fund
Stephen McCarron	Chief Operating Officer of 9CC Group	Administrator/Manager of a fund

Results

Figure 1 illustrates the types of projects supported by CBS, as reported by beneficiaries. Most projects fall into the categories of local economic development, education, and local facilities. In the former, CBS funded initiatives related to local employment and poverty alleviation, while in the latter, communities invested in building new community centres or renovating and expanding existing ones. Fewer projects supported by the fund focused on areas such as social cohesion, transport, and nature.

Figure 1. Activities supported by the projects according to the beneficiaries

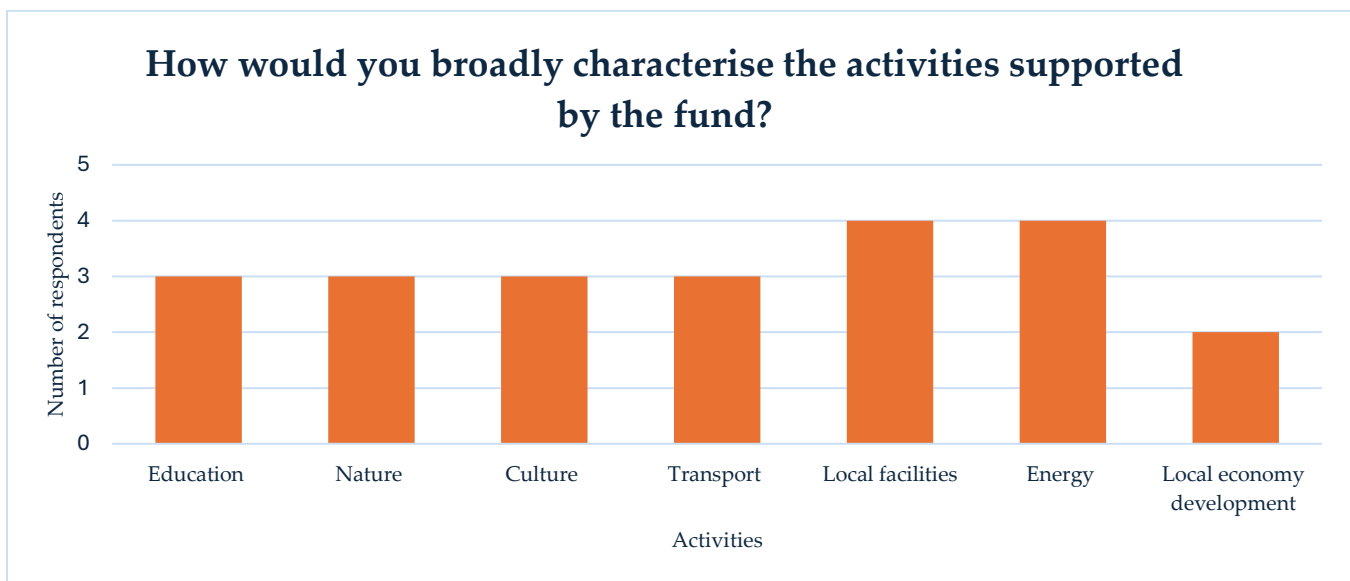


Like Figure 1, Figure 2 below shows the activities supported by CBS according to fund managers and administrators. These activities also focus heavily on supporting the construction or renovation of local facilities. Additionally, a sizeable portion of activities falls into the energy category, which typically includes financial support for retrofitting fuel-poor homes and installing renewable energy systems for community members. The reason behind choosing these activities vary.

For energy, for example the beneficiaries wanted to reduced fuel poverty, while other communities wanted to reduce the energy expenditure of their community centre or install a ground source heating system in their community hall. Similarly, education was focused on energy efficiency, outside the classroom activities and the benefits of renewable energy for children. While older students received bursaries for trips or training. For local economy development, initiatives were focused on opening local shops, which created jobs for the community.

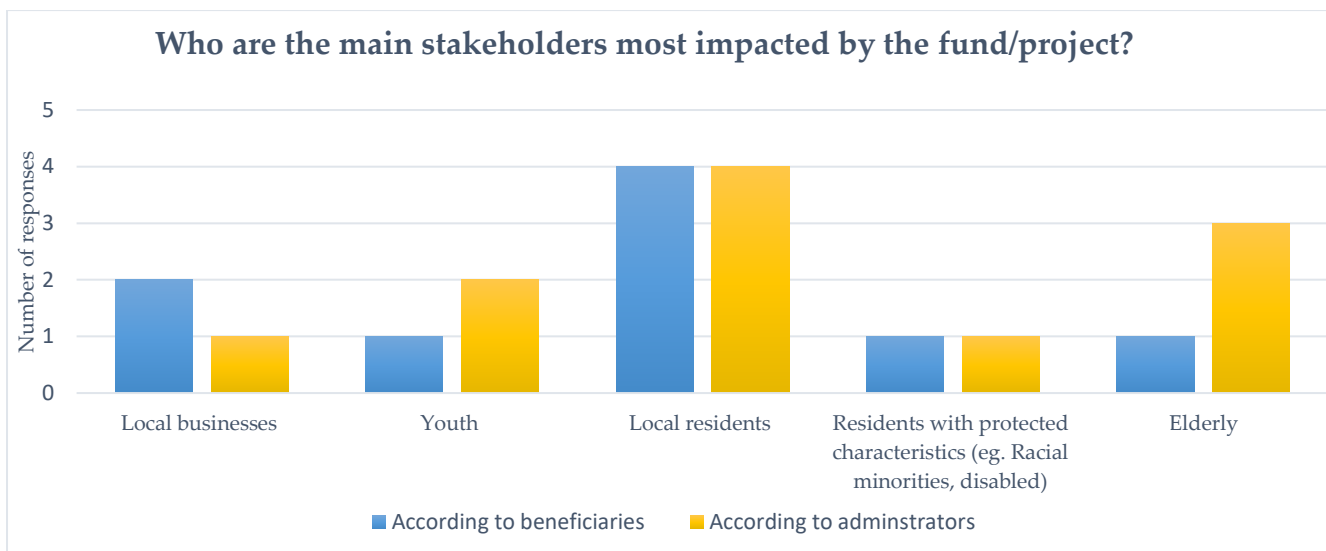
Local facilities also played a key role, as they could be become a source of local employment and a place to meet with other community members and bring social cohesion. For transport initiatives aimed to create or clear paths within a community or making e-bike schemes available for residents, while the cultural projects wanted to conserve natural heritage or heritage centres with one describing the history of the highland clans. Lastly, on nature initiatives some communities invested in community woodlands to improve their habitat and to have an emergency fuel source for the winter.

Figure 2. Activities supported by the fund according to fund managers



The demographics of each community vary, with most communities being characterized by an older population, many of whom live alone. To understand the impact of CBS investments, we asked interviewees to identify the main stakeholders most affected by the fund. As shown, in Figure 3 administrators indicated that elderly population and residents are among the most benefited group. Similarly, beneficiaries highlighted residents as well as one of the most benefited groups alongside local businesses.

Figure 3. Main stakeholders according to fund managers and beneficiaries



Through our interviews, we also collected qualitative data via open-ended questions. We aimed to understand how beneficiaries and fund managers perceived the outcomes in their communities, and whether these outcomes would have occurred without funding from the CBS. All four beneficiaries we interviewed agreed that, without the funding, most or all the investments in their communities would not have happened. This is highlighted by a quote from Lynda Mitchell: “All that other funding would not have even happened without those basic community benefit funds that are there in the background on which we can build everything else. So, the whole charity is really built on the bedrock of those community benefit funds because they are the only long-term funds we have.”

The fund managers expressed similar views. Three out of four managers described the funds as a fantastic opportunity. This is echoed in a quote from the treasurer of the Valley Renewables Group, Robert Ferguson: “Much of what we have been able to achieve in building our community has been as a direct result of the funding received from the scheme”. Another manager noted that the funds helped reverse the long-term decline of a village that was falling apart.

The testimonies from both beneficiaries and fund managers make it clear that CBS funding provided essential opportunities that would not have arisen otherwise. Although each community used the funds in diverse ways, the positive impact is evident through their experiences. That said, it is important to acknowledge that our results represent only a small sample of the CBS initiatives in Scotland, so they may not fully reflect the broader picture. Additionally, because the investments are small, it has been difficult to measure their impact quantitatively.

Insights from the Interviews - Challenges and Opportunities for Growth in Community Benefit Funds

1. Community Benefit Empowerment

Many interviewees stressed the importance of local communities being in control of their own destiny when managing community benefit funds. Stephen McCarron discussed how their model of fund administration was built from the ground up, driven by genuine community engagement. This empowers communities to make decisions based on their own needs, avoiding external impositions. By doing this, they ensure that the funds benefit the entire community. The "masters of our own destiny" mindset emphasizes local governance and decision-making as a path to sustainable success.

2. Overcoming Community Conflicts

Many interviewees discussed the challenge of navigating tensions and conflicts between different community groups during the allocation and management of community benefit funds. Stephen McCarron, the manager of the 9CC group, highlighted issues of "territorialism, tribalism, parochialism" when communities with differing interests come together to manage shared resources. McCarron noted that these conflicts often arose when communities disagreed over how to distribute funds or felt that one area should receive a larger share. He mentioned that their solution to these challenges was building "trust and reciprocity" over time and focusing discussions on areas of agreement while postponing contentious topics until the group was more unified.

Similarly, Lynne West, secretary of the Glen Morriston Improvement Group, shared that disputes over how funds should be distributed were a common issue but could be mitigated by prioritizing transparency and open communication. She emphasized how volunteer involvement in decision-making helped reduce tensions by making the process more inclusive. These experiences across different regions show that fostering collaboration and trust-building is key to overcoming conflicts in community benefit fund management.

These conflicts were also touched upon by Lynda Mitchell from charitable energy agency ALIenergy, who described how community benefit funds can sometimes create tensions when only specific geographic areas are eligible for funding, while neighbouring communities receive none. She suggested that widening the scope of

funds across larger regions can alleviate such conflicts, particularly in areas with shared issues like fuel poverty.

Ensuring transparency and maintaining accountability in fund management are crucial for community trust. Duncan Bryden emphasized the importance of democratic oversight through the Community Council. In their model, the Community Council maintains a supervisory role, while the development company handles project delivery. This separation ensures checks and balances, preventing any single entity from having too much control. The process allows community members to see clearly where and how funds are being used, which strengthens trust between stakeholders.

3. Community Resilience and Social Cohesion

Community projects like the Glen Morriston shop serve a dual purpose by providing essential services and acting as social hubs. Lynne West explained how the shop had revitalized social connections, particularly for elderly residents who otherwise face isolation. The shop, run by volunteers, has become a centre for social interaction, which is vital for maintaining mental health and well-being in rural areas. This project shows how community-led initiatives can foster resilience and strengthen social ties, particularly in small or aging communities.

4. Challenges in Managing Growth of Funds

The increase in the number of community benefit funds due to Scotland's ambitious net zero targets has created both opportunities and challenges. Rachael Searle from Foundation Scotland noted that many communities were unprepared to handle the administration of larger sums. While excited about receiving funds, communities can struggle with the workload and the complexities of managing larger funds unless they have qualified staff to do so. This insight highlights the need for adequate administrative support and capacity-building in managing growing funds to ensure they are used effectively – particularly given the expected rise in community benefit funds in the coming years as the urgency to tackle climate change ramps up.

5. Focus on Sustainable Development and Environmental Goals

A strong focus on sustainability was evident in many projects funded by community benefit schemes. Duncan Bryden explained that their primary goal is sustainable development, which encompasses environmental conservation, health, and community heritage. Funds are used to support projects like environmental

enhancements and nature conservation. This emphasis on sustainability aligns with broader policy goals and ensures that community benefit funds contribute to long-term ecological and social well-being

6. Economic Development through Community Initiatives

Economic development is a central focus of many community benefit schemes, particularly in rural areas where employment and economic opportunities can be scarce. Several interviewees described how their projects have contributed to local economic growth by supporting small businesses, creating jobs, and developing infrastructure that sustains the local economy.

Douglas Johnston, from Gargunock Community Trust, explained how their community centre supports local businesses. Johnston highlighted how affordable rents, which include utilities like heat and electricity, enabled small businesses to thrive in the centre. He stated, “We now have four small businesses based in the centre... and their rent includes heat, power, and light. This has allowed us not to increase the rent, which has given a small economic advantage to these small businesses”. Similarly, Lynne West, emphasized how the community shop not only provides essential goods but also employs two part-time staff members. West shared, “We are dependent on the Community Benefit funds we get from Renantis and other wind farms. Their funding pays for the two members of staff we employ part time.” In addition to creating local jobs, the shop keeps money circulating within the community, supporting local economic resilience in a small but meaningful way.

Rachael Hunter, a Cooperative Development Officer with Energy4All, highlighted another approach to local economic development through energy efficiency projects. She explained how Westmill Solar’s community benefit fund provided grants to make local community halls more energy efficient. These projects helped lower operational costs for community buildings, allowing them to stay open and continue supporting local activities. “They had £5,000 grants to do more energy efficiency measures linked to what was in that energy audit report,” Hunter noted. By reducing energy costs, these buildings become more financially sustainable, which has indirect economic benefits for the broader community.

Stephen McCarron, the manager of the 9CC group, described a dual strategy of allocating funds for both immediate community needs and larger-scale projects aimed at fostering long-term economic development. McCarron explained that while smaller sums were disbursed to support local projects, a portion of the funds was set aside for “big bang” projects, designed to have significant economic and infrastructure impacts over the next five to six years. This approach ensures that both short-term economic

activity and long-term development goals are met, contributing to sustainable growth in the community.

7. Impact on Vulnerable Groups

Multiple interviewees spoke about the importance of ensuring that vulnerable groups, particularly the elderly, benefit from community projects. Lynne West's story of the Glen Morrison shop exemplifies how community initiatives can provide essential support to isolated individuals. She described an elderly man who frequently visited the shop not just for groceries but also for social interaction: "He comes in because he likes to chat. So, when he is in, he catches up with what is going on... it is his opportunity to just talk to somebody." This story highlights how the shop serves a dual purpose as a service provider and a social lifeline for elderly residents, addressing both material and emotional needs.

Lynda Mitchell provided further insight into how community benefit funds can help vulnerable groups, specifically by addressing fuel poverty. She explained that her charity focuses heavily on those, who are particularly vulnerable to fuel poverty due to their need for constant warmth in cold climates, for example people who are elderly or in poor health.

8. The Role of External Expertise in Supporting Communities

Several interviewees emphasized the importance of bringing in external expertise to support complex projects. Rachael Hunter explained how they collaborated with external organizations like Low Carbon Hub and Oxford Brookes University to conduct energy audits for community buildings. She mentioned that while the community was eager to implement energy-saving measures, they lacked the technical expertise to do so without external guidance. This collaboration enabled the community to make informed decisions about energy efficiency projects, ensuring that their funds were used effectively.

Similarly, Stephen McCarron pointed out that building social capital and managing large-scale projects required a combination of local knowledge and external advice. He noted that, during the development of their community benefit scheme, they consulted with external experts on governance models and fiscal management to create a robust system that could handle the growing scale of their funds. These examples demonstrate that while community ownership is vital, external expertise can provide the technical skills necessary to make community-led projects successful.

9. Diverse Approaches to Fund Management

There is no single model for managing community benefit funds, as different regions adopt different structures. Duncan Bryden explained how his community uses a hybrid approach, involving a community development company, a Community Council, and a separate charitable trust. This allows for flexibility and redundancy in managing the funds while providing transparency and accountability.

However, the legal structure of a scheme can sometimes limit certain activities, as Anna Cooper, the secretary of the Glengarry Trust, pointed out: "Being set up as a trust, there's certain things we haven't been able to do that we would have been able to do as a company because of the liability of the trustees."

A trust is a legal entity that manages assets. Some CBS, manage and redistribute funds by processing grant applications within their community. In contrast, other communities, that have trusts can set up a Community Interest Company (CIC) for more flexibility, with an asset lock that ensures profits and assets benefit the community. The different legal structures provide varying degrees of flexibility, but each has its own limitations. Anna Cooper also noted that, although the Glengarry Trust may not possess the same operational capacity as other trusts to execute certain projects directly, it has the financial resources to support other organizations capable of delivering those initiatives. This approach is exemplified by the Glengarry Community Woodland, which is undertaking several initiatives, including the development of affordable housing, and collaborating closely with the trust to address these objectives

The bureaucracy involved in managing these funds, combined with the reliance on volunteers, is a recurring challenge. Anna Cooper mentioned, "People are expected to apply to us for funding, but if they're not an organizational group, they have to develop one in order to apply. That's not often an issue." Similarly, Douglas Johnston from Gargunnoch Community Trust emphasized the risk of burnout among volunteers due to the increasing administrative burden: "The engagement with the bureaucracy, the processes, and everything else can lead to that [burnout]." Many communities are finding that they need more support to manage growing resources effectively.

10. Balancing Statutory Responsibilities and Community Priorities

The tension between using community benefit funds to address statutory responsibilities versus enhancing community services was a recurring theme. Duncan

Bryden, Vice Chair of a community development company, emphasized that their fund explicitly avoided covering statutory duties. “We cannot use our funds to fill potholes on the road,” Bryden explained, noting that doing so would undermine the role of public authorities. Instead, their funds were used for value-added services like paying for transport to cultural or sporting events for children, services that improve community well-being but are not the responsibility of the local council.

Rachael Searle, who works with Foundation Scotland, noted that the increased demand on community benefit funds to fill gaps left by reducing government budgets creates pressure on community benefit funds. She pointed out that community benefit funds were never intended to replace public services, but in some areas, they were being relied upon to do so due to funding cuts. Rachel Searle also pointed out that while some developers are hesitant to fund activities considered to be statutory responsibilities, many statutory services are in fact discretionary. She noted, “A lot of statutory services are more discretionary than communities actually understand,” indicating that the lines between what qualifies as statutory and non-statutory services can be blurry. This ambiguity often leads to communities shouldering responsibilities that local governments have historically covered, further complicating the balance between community benefit funds and statutory obligations.

Rachel Searle suggested that, in such situations, the priority should be delivering essential services to the community, even if it means stepping into roles traditionally filled by public agencies. Her perspective emphasizes the need for flexibility and creativity in managing these funds to ensure that critical services, such as children's access to swimming lessons, continue despite the withdrawal of government support.

Anna Cooper echoed this concern, highlighting how her organization faces a similar issue, with their school depending on their funds for essential needs such as supplies and school outings. Stephen McCarron also mentioned this balance, highlighting the importance of ensuring that community benefit funds are used to empower communities, not to take on roles that should be fulfilled by government bodies. Across interviews, this theme underscores the value of maintaining some boundaries between enhancing community projects and filling statutory gaps whilst embracing flexibility.

11. Challenges with Monitoring Impact and Evaluation

In the interview with Rachael Hunter, she emphasized the complexity of tracking the long-term impact of community benefit projects, particularly those related to energy efficiency. Hunter mentioned that while some immediate benefits, like reduced energy

consumption, could be measured, the broader effects—such as how these projects contribute to community resilience or reduce carbon emissions over time—were harder to quantify. She explained that many energy-saving projects funded by wind farms are small in scale, which makes it challenging to develop uniform evaluation metrics that apply across multiple initiatives.

Hunter's perspective highlights a common issue faced by communities: while the immediate, tangible benefits of a project (such as reduced energy costs) are easier to monitor, capturing the long-term social, environmental, and economic outcomes is far more complex. This difficulty is exacerbated when communities are managing multiple small-scale projects that may not fit into standardized evaluation frameworks.

Lynda Mitchell, whose charity works to alleviate fuel poverty, described a more community-focused approach to evaluation, involving direct feedback from beneficiaries. Mitchell noted that while it is difficult to quantify certain impacts—such as improvements in health or well-being resulting from better home insulation or more efficient heating systems—the charity does collect feedback through surveys and forms after workshops and educational sessions. She acknowledged that, while this qualitative feedback is overwhelmingly positive, it does not always provide the precise data needed to evaluate the long-term success of their programs.

For example, Mitchell shared that while they can calculate immediate financial gains from crisis grants or reductions in fuel bills, measuring ongoing savings or changes in health outcomes is more challenging. "We can quantify client gains in the short term, but the long-term impacts are much harder to track," she explained. This points to the difficulty in applying long-term evaluation metrics to projects that deal with complex, interrelated issues like fuel poverty and energy inefficiency.

Duncan Leece, a voluntary director at the Boyndie Wind Cooperative, remarked that, "So much of what we do to measure impact is anecdotal. We do not really have a lot of science behind it."

Rachel Searle from Foundation Scotland also highlighted the problem of measuring impact with this quote: "We are trying to produce more impact focused outputs but it can be challenging because different stakeholders are looking for different things. The community might want one thing. The donor or client another. Our Board of Trustees something else. And then the wider renewables industry or Governments something else". If the biggest manager of CBS fund struggles to measure the impact of CBS, it is not surprising that communities face this issue too, especially those heavily reliant on volunteers.

Community groups therefore need more support in developing robust evaluation frameworks that capture both the quantitative and qualitative benefits of community-led initiatives.

12. Tensions Between Local and National Priorities

Rachael Searle also spoke about the tensions between localized control of community benefit funds and wider policy pressures. She noted that some groups were keen to see other arrangements emerge such as a more centralized national fund to ensure that community benefit opportunities were distributed more equally across Scotland, while others express concern that this would dilute local control. “

Douglas Johnston also acknowledged this tension, noting that while his community preferred to keep control of their own funds, they were aware of the inequalities that could arise from a decentralized system. He pointed out that some communities, particularly those without renewable energy developments nearby, lacked access to such funds, creating a disparity between regions. Lynda Mitchell raised similar concerns about how the geographic limitations of some community benefit funds create inequalities between communities. She emphasized that wind farms often bring economic benefits to communities within a specific radius, but neighbouring areas, which may have similar levels of need, receive no funding. She proposed a model where a portion of the funds is distributed regionally to address wider community needs, particularly in areas like fuel poverty, which affects a large population across multiple regions.

13. Collaboration Between Communities and Developers

A recurring theme across interviews was the need for strong collaboration between communities and renewable energy developers. Stephen McCarron described how their group worked closely with five different wind farm developers to manage the community benefit scheme, ensuring that the developers' contributions aligned with the community's needs. This collaboration allowed them to secure significant long-term funding for community projects, creating a win-win situation for both parties.

Duncan Bryden echoed this sentiment, emphasizing the importance of maintaining a good working relationship with developers to ensure that community needs are considered. He mentioned that their Community Action Plan, which outlines community priorities, plays a key role in ensuring that developers' contributions are used effectively and align with local goals. These examples show that a collaborative

approach between communities and developers is essential for the success of community benefit schemes.

14. Long-Term Sustainability and Community Planning

Long-term sustainability was a priority for many interviewees, who emphasized the importance of community planning in ensuring that projects continue to deliver benefits over time. Duncan Bryden explained that his community was on its third Community Action Plan, which outlines priorities and guides the allocation of funds. This iterative planning process allows the community to adapt to changing needs and ensure that funds are being used in a way that maximizes long-term impact.

Rachael Hunter also highlighted the importance of strategic planning in ensuring the sustainability of community projects. She described how Westmill Solar's fund focused on long-term goals, such as reducing fuel poverty and educating the community about climate change, to ensure that their projects had a lasting impact. These examples demonstrate that long-term planning is essential for ensuring that community benefit schemes remain relevant and effective in the future.

Short case studies of two community benefit funds

Strathdearn Trust

The Strathdearn Trust is the legal entity used by the Strathdearn community to receive its community benefits funds, and it is one of the best examples of how to utilize funds for long-term community infrastructure. Strathdearn is located south of Inverness, in the Highlands, with a population of 650 people that is quite spread out. The Trust is only used to receive the funds, while the main entity managing these funds is the Strathdearn Community Development (SCD) company, established in 2013. The company is set up as a Community Interest Company (CIC), which is created to benefit a community, with its main feature being the asset lock. This feature ensures that the profits and assets of the CIC must be used solely for the benefit of the community and retained within the CIC. Assets can only be transferred to another organization if it also has an asset lock, such as another CIC or a charity. The company is run by an elected volunteer board, with a limited number of employees, and holds an AGM where community members can attend.

The company uses the CBS funds to create employment, develop local infrastructure, care for the vulnerable, and primarily aims to make these investments profitable and viable in the long term. As a result, the community owns £3 million worth of assets,

including a community hub, a multi-use games area, e-bikes, play parks, a community shop and café, and an e-bike charging station.

According to Duncan, the vice chair of SCD, the community aims to operate like the Norwegian wealth fund: “Well, what we're doing in the future is sort of like a Norwegian sovereign wealth fund, but the same principle—a community wealth fund.” So far, the community has focused on health, well-being, and capital projects. The next stage for the community is to invest in land projects, such as a forested area.

Fort Augustus and Glenmoriston Community Company

Fort Augustus and Glenmoriston Community Company was created in 2007. The entity supports the community through grants for various groups and individuals, as well as apprenticeships for young people. Initially, the community distributed the funds as grants but later decided to invest in longer-term projects such as a medical centre, a chemical disposal point, and community land, among others. One of these projects is the Invermoriston Community Shop, which was established with a £32,000 grant and the assistance of Plunkett. Before the shop opened, there was no place for people to socialize or gather, except for the hotel during the summer months. This challenge was worsened by the high proportion of people living alone.

Lynne, one of the shop's secretaries, emphasizes the importance of the Invermoriston Community Shop, stating: “The shop fulfils a social function. We have this one elderly guy who comes in about three times a week. I do not think he needs to come in three times a week, but he comes in because he likes to chat. So, when he is in, he catches up with what is going on. You can see it is his opportunity to just talk to somebody.” She also highlights the shop’s geographical significance, noting that people would otherwise need to travel up to 14 miles to reach the nearest store.

The shop employs two people and is supported by several volunteers who cover shifts for each other, especially during holiday periods. Financially, the shop would struggle without support from the CBS, but thanks to revenue from tourists, it is able to manage its everyday costs. The Invermoriston Community Shop is an example of how community investments can provide important social functions and contribute to mental well-being—impacts that are difficult to measure accurately using quantitative data alone. However, as Lynne pointed out in our interview, to accurately assess the impact of CBS funds, engagement with communities is necessary, not just data collection.

Recommendations

Despite limited quantitative data on the effectiveness of community benefit schemes, we identified key recommendations to improve their impact. These are to be addressed in collaboration between government, industry and community groups across Scotland. These focus on empowering communities, offering flexible structures, and ensuring long-term sustainability through capacity-building and evaluation.

1. Put communities at the centre of decision-making

One of the strongest insights from our research is that CBS is most successful when communities control decision-making. Community-led governance models ensure that projects reflect the priorities of local people, fostering a sense of ownership and empowerment. Key actions are:

- Use participatory governance models, where community members have a direct say in how funds are allocated.
- Ensure that diverse voices are included in decision-making, especially those of marginalised groups who may be excluded from traditional processes.
- Encourage communities to develop and use Community Action Plans as a strategic roadmap for future investments.

2. Build local governance and capacity

Empowering communities is not enough if they lack the capacity to manage the funds. Many CBS funds are administered by volunteers who face steep learning curves, administrative burdens, and even burnout. Without adequate support, communities can become overwhelmed, leading to poor outcomes and dissatisfaction. Key actions are:

- Invest in structured support models, including governance training and administrative resources.
- Provide resources to build local capacity, helping communities set up Community Interest Companies (CICs) or Scottish Charitable Incorporated Organisations (SCIOs), which provide more flexible legal structures for fund management.¹
- Offer training and capacity-building programs to ensure that communities can navigate complex governance requirements.

¹ As recommended by one of our interviewees, it is worth noting that this observation was on the basis of one interview with a CIC through this process and our recommendation therefore might not be universally applicable.

3. Prioritise capital projects with long-term benefits

While grants for small projects can offer quick wins, capital investments have far greater long-term potential. Projects that create permanent community assets – like energy-efficient buildings, housing, or community-owned land, if executed and managed properly – deliver returns for decades. Key actions are:

- Prioritise capital projects like community halls, local shops, and low-carbon technologies like solar PV and heat pumps.
- Encourage investment in projects that can be scaled or replicated in other communities, such as community energy schemes or local transport infrastructure.
- Ensure CBS funds are used to create local assets that are owned by the community, providing ongoing economic benefits.

4. Adopt strategic community planning

Communities that plan their use of CBS funds strategically – rather than reactively – achieve far greater long-term benefits. Yet, strategic planning is currently underused, despite its potential to align community goals with national priorities. Key actions are:

- Support communities in developing Community Action Plans and local economic plans.
- Create a structured, step-by-step approach for communities to identify their priorities, link them to funding, and ensure funds are used in ways that drive long-term change.
- Incorporate flexibility so plans can adapt to community needs over time. Insights need to be drawn and scaled from existing schemes that employ such flexibility already.

Measure what matters – comprehensive impact metrics

Many communities lack the tools to assess whether CBS projects are having the desired impact. We propose the development of differentiated impact metrics for both capital projects and smaller grant-funded initiatives. Key actions are:

- Design a simple, easy-to-use evaluation framework that tracks key performance indicators (KPIs) for project managers for each project.

- Use long-term impact metrics for capital projects (like energy savings, community resilience, and reductions in fuel poverty) and short-term metrics for smaller projects (like event participation and community satisfaction). These are not new metrics and several groups have attempted capturing this information, however, adequate resourcing has to be ringfenced for capturing this data methodically alongside the actual delivery of services via the CBS.
- Collect data at multiple points in time (e.g., 6 months, 1 year, 3 years) to assess how benefits change over time.

Conclusion

Community Benefit Schemes offer significant potential to drive social, economic, and environmental development in communities affected by renewable energy projects. As Scotland continues its transition to a low-carbon economy, CBS will play an increasingly critical role in ensuring that local communities share in the benefits of renewable energy expansion. However, realizing this potential requires strategic management, robust governance, and a commitment to placing communities at the centre of decision-making.

This report highlights both the opportunities and challenges of managing CBS, particularly as funds are projected to grow in the coming years. The insights of our interviews show that empowering communities through participatory governance models, providing flexible legal structures, and investing in leadership capacity are essential steps toward ensuring that funds are used effectively and equitably.

ANNEX

There are a variety of impact frameworks that could be used by community organisations and fund administrators to evaluate impact. What framework needs to be used is a direct function of local capabilities, scale and scope of the funded project and adequate resourcing of the evaluation activity, among others.

Social Value UK, an organisation that advocates for measuring impact that go beyond the balance sheet, have a handy spreadsheet of a value map for any organisation to calculate impact, using both monetary and non-monetary valuation measures. We have presented a few screenshots of the framework for reference.

SROI Value Map

Using monetary valuation of outcomes

Stage 1		Stage 2			
Who and how many?		At what cost?		Outputs	What changes?
Stakeholders		Inputs			Outcomes
Who do we have an effect on?	How many in group?	What will/did they invest and how much (money, time)?	Financial value (for the total population for the accounting period)	Summary of activity in numbers.	Outcome description
Who has an effect on us?					What is the change experienced by stakeholders?

Stage 3

Indicator and source	How much?		How long?	
	Quantity (scale)	Amount of change per stakeholder (depth)	Duration of outcomes	Outcomes start
Describe how you will measure the described outcome (including any sources used)	Number of people experiencing described outcome.	N.B. Data inputted in this column does not affect the calculation and is provided for transparency purposes only. Describe the average amount of change experienced (or to be experienced) per stakeholder.	How long (in years) does the outcome last for?	Does the outcome start in Period of activity or in the Period after?

How valuable?			How much caused by the activity?				Still material?
Express the relative importance (value) of the outcome			Deadweight %	Displacement %	Attribution %	Drop off %	Impact calculation
Weighting	Valuation approach (monetary)	Monetary valuation					
<i>N.B. Data inputted in this column does not affect the calculation and is provided for transparency purposes only.</i> <i>How important is this outcome to stakeholders? (e.g. on a scale of 1-10)</i> <i>(N.B. To make comparison between outcomes possible, your analysis should be consistent in the type of weighting used).</i>	<i>Describe the monetary valuation approach used to express the relative importance (value) of each outcome.</i> <i>(N.B. If your analysis does not use monetary valuation of outcomes, please use the Value Map (non-SROI) tab of this spreadsheet).</i>	<i>How important is the outcome to stakeholders (expressed in monetary terms)?</i>	<i>What will happen/what would have happened without the activity?</i>	<i>What activity would/did you displace?</i>	<i>Who else contributed to the change?</i>	<i>Does the outcome drop off in future years?</i>	<i>Number of people (quantity) times value, less deadweight, displacement and attribution</i>

Source – Directly extracted from Social Value UK, <https://socialvalueuk.org/resources/sroi-value-map/>

Foundation Scotland that works with and supports several community groups in Scotland is currently developing a new impact framework that could form the basis of evaluation for the pilot project currently being developed by the BlueFloat Energy / Nadara Partnership with Energy4All.

The table below captures a few indicators that we have identified as valuable when assessing the impact of the projects that we have interviewed. This is not an exhaustive list, and neither are all the indicators applicable for every project. Project or fund managers will invariably have to choose a subset of metrics but ensuring maximum consistency across the projects will enable greater insights and lessons for the future.

Table 1: A snapshot of the key indicators to evaluate the impact of projects historically funded by community benefit funds

Monetary indicators (examples)	Environmental indicators ²	Social indicators ³	
		Community cohesion	Well-being
Amount of money saved in energy bills	Amount of carbon emissions saved	Community satisfaction with accessibility and safety of the new infrastructure	Improvement in health outcomes for users (e.g., self-reported fitness levels, reduction in obesity rates)
Revenue generated from the sale of sustainable wood fuel	Number of units of energy saved (kWh)	Participation rates across diverse demographics	Increase in participation rates for sports or leisure activities

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Additional revenue generated by common facilities built or renovated through CBS	Carbon sequestration potential (tonnes of CO ₂ absorbed annually)	Enhanced sense of belonging or neighbourhood and satisfaction among residents	Reported improvements in mental health
Revenue generated through memberships	Number of trees planted and their survival rate after a set period	Number of people reporting and improvement in the facilities	Perceived mental health benefits from access to natural spaces
Revenue generated from additional tourism	Number of hectares restored or improved	Number of people socialising as a result of the community hall	Reported improvement in living standards
Decrease in transportation costs for individuals using upgraded walking and cycling infrastructure	Change in the energy efficiency ratings of the new homes (e.g., EPC scores)		
Increase in local property values due to improved infrastructure or amenities	Perceived mental health benefits from access to natural spaces		
Reduction in maintenance or utility costs from upgrades	Number of people reporting feeling warmer during winter Reduction in local traffic congestion or car dependency		
Comparison of actual project costs versus initial budget estimates	Increase in energy efficiency in the retrofitted homes		

Source: Exrtaced from Foundation Scotland. (2024). *Vattenfall Unlock Our Future Fund – Part 1: Impact Evaluation 2019 to 2023* and A guide to social return on investment. *New Economics Foundation*, <https://neweconomics.org/2009/05/guide-social-return-investment>

The following table provides a brief overview of the economic benefit assessment that the treasury and department for transport undertake, through a few standard methods of appraisal, for a variety of transport related projects. The purpose of this table in the context of this report is to both highlight the existing approaches to such capital projects in transport and highlight some of the shortcomings of assessing projects primarily through a narrow economic benefit lens.

Table 2: Brief overview of the economic benefit assessment that the treasury and department for transport undertake for different transport projects

Type of Project	Economic Benefits	Typical appraisal Methodologies
Road Projects	- Time savings: Reduced congestion leads to shorter travel times, enhancing productivity.	- Cost-Benefit Analysis (CBA): Quantifies and compares the monetary value of benefits and costs.
	- Vehicle operating cost savings: Improved Road conditions decrease fuel and maintenance expenses.	- Cost-Effectiveness Analysis (CEA): Assesses efficient ways to achieve specific outcomes.
	- Accident reduction: Enhanced road safety measures lower accident costs.	
Rail Projects	- Time savings: Faster, reliable services reduce travel times for passengers and freight.	
	- Decongestion: Shifting passengers and goods from road to rail alleviates road congestion.	
	- Environmental benefits: Lower emissions per passenger or tonne of CO2-kilometre.	
Cycling and Walking Infrastructure	- Health improvements: Increased physical activity improves health, reducing healthcare costs.	- Multi-Criteria Analysis (MCA): Evaluates projects based on multiple criteria, including qualitative factors.

	- Environmental benefits: Reduced vehicle usage lowers emissions and improves air quality.	
	- Decongestion: Encouraging active travel decreases road traffic.	
Integrated Transport Projects	- Enhanced connectivity: Integrating multiple modes (e.g., rail, road) improves network efficiency.	- Cost-Benefit Analysis (CBA): For comparing monetized benefits and costs across modes.
	- Economic growth: Improved infrastructure can stimulate regional development and attract investment.	- Multi-Criteria Analysis (MCA): Accounts for multiple impacts, including qualitative and environmental factors.
	- Environmental sustainability: Use of renewable sources and flood protection enhances resilience.	- Cost-Effectiveness Analysis (CEA): To evaluate efficient ways of achieving project goals.

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