Community participation for community benefits from natural capital projects

A review for the Facility for Investment Ready Nature in Scotland programme

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Executive Summary: Community participation for community benefit

Despite the growing volume and scale of natural capital investments, it remains unclear if, and how, these projects to maintain and restore the ecosystem will empower and enrich communities. This report is a core output from the project, Community Benefits Standard for the UK Nature Investment Market, developed in Scotland, which is funded by the Facility for Investment Ready Nature in Scotland (FIRNS). The FIRNS programme is delivered by NatureScot, in collaboration with the Scottish Government and in partnership with the National Lottery Heritage Fund.

It provides a review of academic and practitioner literature to explore best practice approaches for facilitating community inclusion and participation **to generate lasting community benefit from nature-based projects**. Such approaches can build and sustain two-way relationships between developers and communities; helping developers to both understand and act upon the needs or issues that communities experience in relation to natural capital investments and to **align with community priorities**. These approaches can also contribute towards broader **community wealth building** and **justice** objectives. However, such **co-benefits are not guaranteed**. We offer a number of lessons, grounded in robust academic evidence, about how best to approach participation for community benefit creation.

Guiding principles for community participation in natural capital projects

Importantly, **a prescriptive model for community participation is not appropriate**. Instead, we advise **ten guiding principles** that should shape community participation in natural capital projects. Community participation should be:

1. **Bespoke:** conscious of – and responsive to – a community's unique characteristics, capacities and capabilities when considering approaches for inclusion and participation and benefits generation. This includes activities to raise awareness of project plans and opportunities to participate.
2. **Legitimate and democratic:** able to offer equitable and consensual participation that has been co-designed with communities and is built upon a relationship of trust and power-sharing.
3. **Inclusive:** accessible to all, including reducing physical and social barriers to participation. It should also be sensitive to existing imbalances of power and resource – both present and historical.
4. **Coordinated:** developed alongside existing frameworks such as community action plans, and cognisant of other projects and initiatives requiring community input. This is particularly important to support integrated 'joined up' activity to deliver broader community benefits and to reduce engagement fatigue.
5. **Resourced:** aware that the developer and the stakeholders may need to be upskilled to ensure full understanding of the value, purpose, and importance of community benefit and participation, its principles and potential. Communities and developers may both need capability building or resourcing training, or capacity bolstering through paid staff.
6. **Lasting:** embedding routes to maximise community benefit from the conception of the project will support community needs to be reflected in the development. Participation should be conducted in partnership with trusted gatekeepers in a way that establishes a long-term presence (physical, virtual etc.) to build lasting relationships with the community.
7. **Proportionate:** the depth and scale of community participation should be commensurate with the potential for community influence or say over project outcomes, and the commitment and aspirations towards community benefits.
8. **Targeted, timely and longitudinal:** early engagement and participation pathways are important to align proceedings with community needs and priorities. Participation may not necessarily be long-term and regular - it may be appropriate at points to have short-term engagement. Timings should

be responsive to coordination with other community initiatives to reduce or remove the participatory burden. Community input can take place indirectly through alignment and coordination with other initiatives.

9. **Transparent:** the methodology, rationale and purpose of participation, as well as the rationale and evidence base for final decision-making (including the scope of influence of the community) should be transparent from the outset.
10. **Accountable and reflexive:** participatory processes – and their associated outcomes – should be independently monitored and evaluated for fairness, transparency, and outcomes, to inform reflexive learning about how activities can work best and how success is defined.

Implementing these principles may not be straight-forward. Given the current growth in scale of natural capital investment, **knowledge sharing will be key** for ongoing shaping of best practice for community benefit generation. In addition, ongoing research and evaluation will be important to ensure **best practice is good practice**, and that – ultimately- communities are not disadvantaged and depleted, but empowered and enriched, and that natural capital developments contribute towards broader community wealth building and just transition objectives.

Finding the best approach: defining community and community benefits

There are numerous – and often conflicting – definitions for the term **community**. In a bid to balance these different framings, we present a working definition for a community that aims to balance concepts of communities of places and practice:

> “A collective of people who are connected through a shared sense of identity, which is distinctive either in terms of: (a) **place**, such as a defined geographical boundary; and/or (b) **practice**, such as shared interests, motivations and values.”

Community benefit is, by extension, another contested term. In practitioner circles, it is often framed as an *input* (e.g. community payments), designed to fund interventions that benefit the community. We argue that a more helpful framing is that of a community benefit as a demonstrable uplift in the wellbeing of a community – either of place and/or practice. This uplift is associated with specific **outcomes** (e.g. prosperity, happiness, independence) that are umbilically linked to the delivery of specific **outputs** (e.g. education, community ownership, habitat restoration), which are the function of specific interventions, driven by a range of **inputs** (e.g. investment, time, political capital). Furthermore, benefits may be (a) primary, i.e. associated with impacts directly linked to a project; or (b) secondary, i.e. associated with supplementary activities that are not core to that project’s work-plan (e.g. activities funded by a Community Benefit Fund).

Naturally - like the term community – **what is considered a benefit** is deeply subjective, meaning that two communities may share different views on how beneficial the impacts of a specific project may be. To understand what a community may consider beneficial, it is essential that project developers formulate a deep understanding of the community’s resources, values, priorities and histories. It is also essential that developers are sensitive to the evolving nature of these characteristics and to the fact that a community’s perspective on what is beneficial can shift with time.

Connecting community benefits with broader strategic priorities

There is a critical need to shift away from community benefits in isolation and towards a more holistic view of how any targeted community benefits and beneficiaries fit within broader strategic objectives, in particular those relating to: (a) **community wealth building**, i.e. whether a project serves to create the conditions for more collaborative, inclusive, sustainable, and democratically controlled local economies (Guinan Martin and Lizárraga, 2020) and (b) **justice**, i.e. "*where injustices lie (distributional), who is affected (recognition), how injustices can be overcome (procedural) and what we can do to ameliorate past injustices and mitigate against future injustices (restorative)*" (Bray and Ford, 2021, p.11). This justice lens presents a different picture too when we consider the dimensions of both (a) **time**, i.e. when will these benefits be accrued and how long they will last for; and (b) **spatial scale**, i.e. what might be the justice implications beyond the hyper-local focus of the community?

With the correct resourcing and support, it is possible that communities can do much of the preparatory work to signal to external parties their own strategic priorities via **community action plans**, in the context of these community wealth building and justice principles. These can outline important information such as (a) the boundaries, characteristics and context of the community in question; (b) what their broader, long-term strategic objectives, needs are; and (c) the community's preferred approach for delivering and coordinating or integrating with activities and initiatives.

Governing community benefits

A project's governance architecture will have an important bearing on the type and level of benefits that the project will afford the community. Governance can influence (a) **who** benefits; (b) **why** they benefit; (c) **when** they benefit; and (d) **how** they benefit. Governance also sets the terms for engagement between a community and external parties, and the types of participatory approaches which are likely to be used or not. We find that in the UK there are often two common approaches to governing community benefits that revolve around either partnership or governance:

1. **Governance as partnership** focuses on establishing partnerships between communities and other stakeholders, such as the project developer, investors, intermediaries etc. Negotiations between these partners ultimately inform the structure of a Community Benefit Agreement that constitutes an arrangement about what constitutes an agreeable generation and distribution of benefits amongst the community, such as via Community Benefit Funds. This approach is popular today and can be the preferred model for communities who opt against ownership. However, they should be bespoke and tailored to a community's context. There are also concerns around the power asymmetries of this process, with developers occupying the primary position of power. This raises questions about whether this governance approach will create the conditions for in-depth and meaningful community participation in – and influence over – whole life cycle project design.
2. **Governance as ownership** sees the community wholly - or partly – own a project. In doing so, the power dynamic shifts away from private developer and towards communities. Consequently, communities are directly responsible for making decisions about which community benefits need to be prioritised, how these should be delivered and who stands to benefit. Importantly, the justice credentials of community ownership rely heavily on the type of legal structure a community organisation adopts, with some models (e.g. cooperative, BenComs) permitting much more democratic and inclusive modes of governance versus others (e.g. charity, private limited company). Furthermore, there are numerous barriers to community ownership, not least access to financial, human, political and natural capital. Much of this however can be addressed by targeted top-down support including funding, training, and land reform.

The report finds that communities can also usefully transition from **governance as partnership** towards **governance as ownership**. This evolution can occur if Community Benefits Agreements are designed in such a way that they facilitate community wealth building and through the provision of financial and in-kind benefits which begin to lay the foundations for community ownership of land and assets.

Intermediaries can play a key role in supporting this transition from partnership to ownership. Communities can leverage their consolidated experience from across multiple projects, as well as draw on their in-house capabilities and capacity, to become better informed about how best to structure these CBAs so that they can support longer-term community wealth building, versus shorter-term community benefit.

Participatory approaches for community benefit

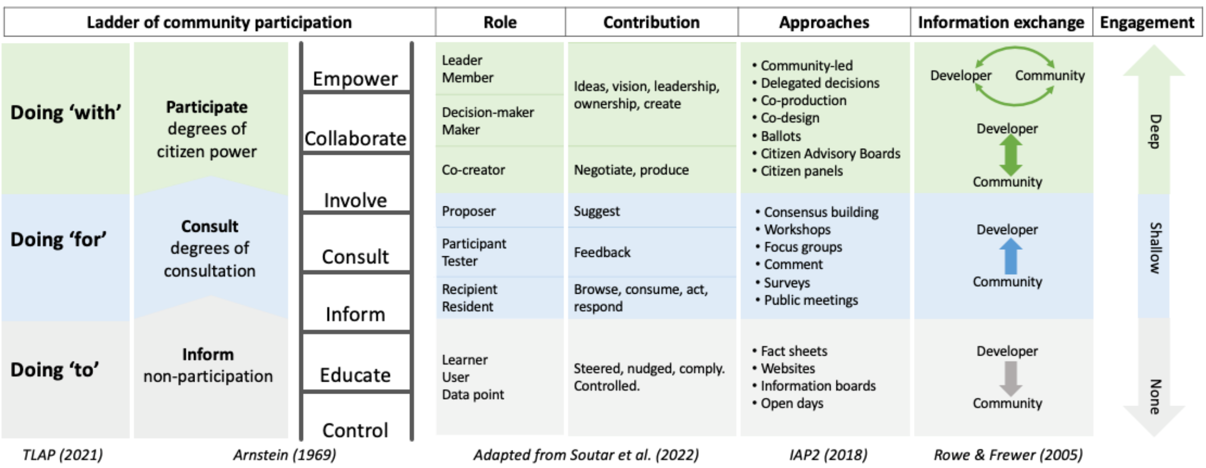
Deliberative and participatory approaches provide "*opportunities for diverse and often unheard groups to be involved in decision-making…creating a set of relationships and processes that lead to improved outcomes, meet a wider range of needs, and reduce the 'cost of failure'*" (Scottish Government, 2023b, p.4). Smith et al. (2005) present three rationales behind undertaking public participation. Firstly, the normative argument that public participation represents 'the right thing to do'. Secondly, the substantive argument is where the public can offer a valuable perspective, meaning that public participation will lead to better quality decisions, thus outcomes. Thirdly, the instrumental argument is that public participation can help to achieve wider goals through processes such as building support, awareness, and trust (Smith et al., 2005).

Participatory approaches for community engagement are essential to understand a given community's **characteristics** (e.g. boundaries, connections, history, values, practices, governance etc.) and **context** (e.g. social, economic, political, environmental etc.). This affords a baseline understanding of the community's capacities, capabilities, needs and challenges, from which both communities, community organisations and external parties can make more informed decisions about the:

a) community benefits that the community might value most and how best to deliver these;
b) participatory approaches that might elicit the most effective engagement; and
c) barriers to effective participation and associated solutions to reducing or overcoming these.

Different conceptual frameworks and approaches for community participation exist, as outlined in the figure below, which typically spectrum from non-engagement (grey) through to participation (green).

Schematic synthesising linear conceptual frameworks for community participation (Roberts et al., 2023)



It is however not always helpful to frame modes of community participation along a normative continuum of 'deep-to-shallow' where participation is always better or preferable; this may not be the case, nor will it always be appropriate for the community and the context. Further, indirect community influence can take place through understanding community context and alignment and coordination with other initiatives.

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1 Introduction

The number of nature restoration projects involving private financing across Scotland is accelerating, often associated with voluntary nature-based carbon offsets. Currently it is unclear if, how, and to what extent, these projects will provide communities with direct benefits or control. The viability and resilience of current and future nature restoration projects could be in jeopardy if communities are excluded from the design and delivery of these projects, as well as the benefits they could provide. Pragmatically, developers and investors are often keen to galvanise community support for projects that could result in disruptive land-use change; some with potentially adverse impacts on embedded cultural, social, and economic practices.

Participatory approaches are one potentially important way for project developers to build and sustain relationships with community groups; helping them to both understand and act upon the needs or issues that communities experience. Community participation, rather than one-way community engagement, represents a more collaborative approach. This is especially true if the community is directly involved in the development of an offset project, potentially as a part-owner or with decision-making powers.

This report provides a comprehensive literature review of best practice guidelines for facilitating community inclusion and participation for ensuring that nature-based projects or policies generate benefits for communities. The report is a key output from the Facility for Investment Ready Nature in Scotland (FIRNS) funded project **Community Benefits Standard for the UK Nature Investment Market, developed in Scotland**[1] which aimed to develop draft Best Practice Guidance for community benefits from nature restoration projects. The project was designed so that this report provided foundational information including theories, frameworks and complexities in the first phase of the project to shape the development of guideline standards for community participation. Ultimately, the review offers several lessons about how best to approach participation for community benefit creation that are grounded in available evidence.

The report is structured as follows: in Section 2 we explore and define what is meant by community, community benefits and community wealth building, and how different governance arrangements influence who is able to (in-)directly benefit. Section 3 considers the governance of community benefits and how these are created, including Community Benefit Funds arrangements. Section 4 introduces different frameworks for conceptualising community participation and engagement. In Section 5, we reflect upon key insights and uncertainties from the review and outline principles that evidence shows are important considerations to ensure community participation that will generate lasting community benefits.

It is important to note that whilst this review focuses on peer-reviewed academic literature across a variety of international contexts, there is particular focus on Scotland and the UK. The review also includes stand-alone text boxes throughout the report that spotlight relevant ‘grey literature’[2] to emphasise the value of practitioner guidance and how it aligns with academic evidence.

[1] https://www.natcert.earth/community-benefits-standard/
[2] Documents that are not peer-reviewed academic papers.

2 Communities, community benefits and community wealth building

This section explores communities within the context of land-use change. Different definitions and typologies of **community** are laid out in Section 2.1, before we present our own working definition of the term. We subsequently explore different perspectives on the concepts of **community benefits** (Section 2.2), before situating benefits in the broader contexts of **community wealth building** (Section 2.3) and **justice** (Section 2.4).

2.1 Defining 'community'

Community is a highly subjective term, meaning different people regularly ascribe different meanings to it, within different contexts. As part of their own framing of the term community in the context of community energy, Braunholtz-Speight et al. (2018) draw on prior research by (Walker, 2011, Wilcox, 1994) and provide six different conceptual framings for communities:

1. **Actor:** community as a group of people that can either act as one or with others.
2. **Scale:** community as scale, i.e. groups of people that act above household level but below government level and formal government structures.
3. **Place:** community as a locality.
4. **Network:** community as social relationships and networks that may include one place but could also span many places, for example investors in a renewable energy project.
5. **Process:** community as non-governmental people acting in a collaborative process, hands on, voluntary and consensual.
6. **Identity:** community as a priority of actions that emphasise collective interests.

These framings are essential to differentiate when discussing any community, because they ultimately shape the underlying structure of the community in question, such as its power dynamics, governance structures, priorities and other factors (Lacey-Barnacle, 2020).

A common theme when defining the term community is that it refers to a group of people whose characteristics differentiate them from other groups. In other words, there is a symbolic boundary between communities that distinguishes them (Jewkes and Murcott, 1996). These boundaries may be administrative, regional, ethnic etc., but can also stretch to cognitive constructs that may differ from person to person (Jewkes and Murcott, 1996). Silk (1999) states that "*community refers not to relationships which people choose, but to attachments which they discover"* and "*because of the communal bonds, people are prepared to put some notion of the common good before individual rights and an individual conception and practice of the good life'*" (p.6). However, the word community does not always mean the prioritisation of shared goals and fairness via collective action. Instead, the term community may also invoke notions of conservatism, hierarchy, ascribed status, and suppression (Maraffi et al., 1999).

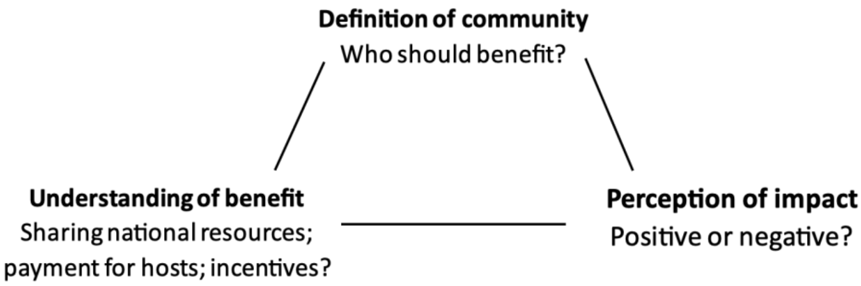
Drawing on Walker and Braunholtz-Speight's work, and following Hannon et al. (2023), we provide the following working definition of community:

> A **community** is a collective of people who are connected through a shared sense of identity, which is distinctive either in terms of **place**, such as a defined geographical boundary and/or **practice**, such as shared interests, motivations and values.

2.2 Community benefits

The dictionary definition of a benefit is "*a helpful or good effect, or something intended to help*" (Cambridge, 2022). Like 'community', notions of 'benefit' are highly subjective, and by extension so is the term 'community benefit'. This means that different communities, and individuals within them, may harbour "*different understandings of what a benefit is and who the beneficiaries should be"* (Parks and Morgera, 2015, p.2). In the context of nature restoration projects, this means that the communities in question will have their own perceptions of whether a specific form of land-use change and the associated impacts is considered positive or not (Allan, 2013)(Figure 1). By extension, communities also have their own perspective of whether compensation is desirable, and which types of compensation might be most appropriate.

Figure 1: A schematic showing the relationship between community, benefit and impact (Allan, 2013)



The term 'community benefits' has to date often been mobilised in relation to how developers will "*compensate local communities for the possible negative impacts associated with renewable energy projects* (Terwel et al., 2014) *and as a strategy to foster local support for renewable energy technologies and improve community acceptance* (Walker et al., 2014)" (van den Berg and Tempels, 2022, p.2). Using this lens, community benefits could be understood as a tool to 'buy' support from the local community (Terwel et al., 2014) or to secure a 'social licence to operate' (Moffat et al., 2016).

In this context, i.e. benefits as compensation, community benefits can be categorised into two types: (Mansfield et al., 2002):

- **Monetary compensation** splits into conventional economic benefits produced as a by-product of the developer's investment in the locally sited project (e.g. new sources of local income/jobs, increased rental value of land or property (Trandafir et al., 2023) and specific financial benefits (e.g. share dividends[3], community benefit funds).
- **Public goods compensation** captures the in-kind benefits (e.g. recreational space, utilities, improved reliability of infrastructure) (Faia et al., 2024), local services (e.g. education) and broader ecosystem services (e.g. afforestation, flood management) that may be accrued from a

[3] The type of share offered is critical here. For example, some types of legal structure offer only community shares, as opposed to conventional shares. Here, a community share cannot be transferred to another person and the governance model is one vote per shareholder, as opposed to one vote per share (see Section 3.4.2).

particular project. Public goods are usually defined as: “any good that cannot be withheld from any member of a specified group once it is supplied to one member of that group” (Frohlich and Oppenheimer, 1971, p.3).

Further detail on these types, and what they could entail are showing in Table 1[4]:

Table 1: An overview of community benefits and their associated compensation, adapted from (van den Berg and Tempels, 2022).

Types of compensation	**Category of community benefit**	**Example(s)**
Monetary compensation: provision of money or monetary benefits to a community	Conventional economic benefits	- Using local manufacturers and contractors - land rental income by landowners
	Flows of financial benefits to local communities	- Ownership through shares - Reduction of bills - Community benefit fund
Public goods compensation: provision of public goods to a community	In-kind benefits	- Developing footpaths, Community centre, Recreational facility
	Local services	- Educational programmes
	Environmental mitigation or enhancement	- Planting flower, trees or other vegetation. - Adding natural elements such as natural stone or water features.

Note: The original table was developed from Cowell et al. (2011), Mansfield et al. (2002), Munday et al. (2011).

There are clear differences in the form that compensatory community benefits can take, who they target, and who ultimately benefits from them. **Monetary** types of compensation lead to subsequent decisions about how and where this money is invested, and who these second-order investments benefit. Importantly, money does not constitute community benefit ‘in and of itself’. By contrast, **public good** forms of compensation represent investments in specific service-areas that can provide community benefit. Depending on the governance of the monetary benefits, however, **monetary** compensation can provide positive action for the community. For example, Community Benefit Funds (CBFs) (Section 3.3) provide a mechanism by which communities can access funds that have been provided by project owners, to support projects the community identifies as important (Devine-Wright and Sherry-Brennan, 2019). In this sense, **monetary** compensation could be invested in **public goods** (unless there are restrictions on what the funds can be spent on. Limitations on the scope of community benefits, however, can mean that the benefits a community most wants and needs, cannot be achieved through project related community benefit arrangements. These limitations might be spatial, or issue specific; for example, if the issues and interventions identified fall within the responsibility of local governments or service providers (Townsend et al., 2020).

It is worth also noting that the process of self-governance and determination can also yield its own forms of community benefit, such as “*a sense of community identity and pride; increased confidence, skills and aspirations*” (Aiken et al., 2011, p.6). i.e. community capacity building.

[4] An expanded version of Table 1 can be found in Appendix A.

Regardless, a critical consideration is the routes or process in place to ensure equitable benefits that resonate with a community's needs (Section 4).

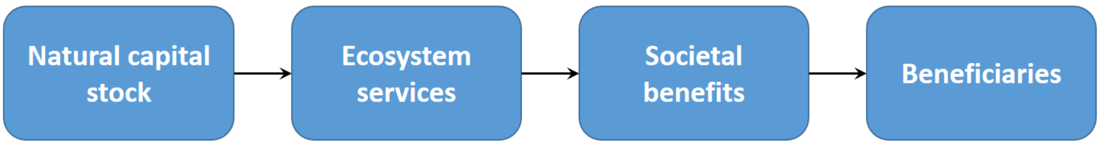
In the context of nature-based investments, community benefits can refer to the benefits enjoyed by a community that result from project-related land-use changes. However, it can be a challenge to establish the type and extent of public good that is derived from specific interventions, given these result from complex interplays between natural capital stocks, ecosystem services, and societal benefits, as defined in Table 2.

Table 2: Definitions of natural capital stocks, ecosystem services and societal benefits, adapted from the Natural Capital Committee (2017)

Term	**Definition**
Natural Capital	The elements of nature that directly or indirectly produce value to people, including ecosystems, species, freshwater, land, minerals, the air and oceans, as well as natural processes and functions. In the context of nature-based investments, this includes saltmarshes, woodlands, and peatlands.
Ecosystem Services	The functions and products from nature that can be turned into benefits with varying degrees of human input. In the context of nature-based investments, this includes carbon sequestration, primary production, water cycling, and waste breakdown.
Societal Benefits	Changes in human welfare (or well-being) that result from the use or consumption of goods, or from the knowledge that something exists. In the context of nature-based investments, this includes healthy climate, local food production, clean water, prevention of erosion, land access, visual amenity, and so on.

As outlined in Figure 2, there is a clear logic chain that connects changes to natural capital stocks and their associated ecosystem services, to the societal benefits these create and who the ultimate beneficiaries (e.g. tourism, farming, water companies etc.) of these benefits are (Burdon et al., 2022). Societal benefits are translated into community benefits where they result in demonstrable positive changes in human welfare within specific communities. For nature-based investments, the societal benefits derive from the consumption of goods or services that stem from ecosystem services. Here, some local stakeholders may benefit, whilst other might not.

Figure 2: Schematic of the logic chain between natural capital and community benefits. Adapted from Burdon et al. (2022)



It is important to note here that community benefits are highly subjective and reliant on their socio-cultural context (Burdon et al., 2022). In short, two communities may not share the same view on whether a measurable change in a specific ecosystem service yields a benefit to their community or not. These aspects are shaped by culture and historic contexts within a community, including current and previous distribution of benefits and burdens, and place-based interventions (Townsend et al., 2020).

2.3 Community benefits and Community Wealth Building

Practitioners typically frame community benefits as the standalone, desirable outcomes that can be associated with a specific project or intervention. If connected into a cohesive strategy to support long-term community wellbeing and empowerment, these outcomes can form a critical plinth of broader Community Wealth Building (CWB) strategies.

CWB is an approach originally pioneered by the Cleveland-based Democracy Collaborative that represents "*an economic development model that transforms local economies based on communities having direct ownership and control of their assets*" (McKinley and McInroy, 2023, p.4). CWB aims to redirect wealth back into the local economy, whilst allowing local people to take control and directly benefit from local projects by redirecting the agency held by bigger institutions towards local businesses and citizens (Lloyd Goodwin et al., 2023).

The past four decades have seen privatisation, deregulation and liberalisation policies dominate the economy and political order of countries such as the UK which have failed to bring prosperity to deindustrialised cities and regions (Manley and Whyman, 2021). CWB was developed to counter the dominance of the prevailing economic paradigm of privatisation and the extraction of wealth away from the local communities in or near which these economic activities take place (Lacey-Barnacle et al., 2023). To this end, CWB is "*a local economic development strategy focused on building collaborative, inclusive, sustainable, and democratically controlled local economies. These include worker cooperatives, community land trusts, community development financial institutions, so called 'anchor institution' procurement strategies, municipal and local public enterprises, and public and community banking*" (Guinan Martin and Lizárraga, 2020, p.11).

CWB is organised around the following five core principles (Lacey-Barnacle et al., 2023, Manley and Whyman, 2021):

1. To diversify ownership forms and plural ownership of the economy;
2. Retain capital locally and making this financial power work for local people;
3. Strengthen worker involvement with fair and just labour markets and employment;
4. Security and progressive attainment of goods and services; and
5. Rights to socially productive use of land and property.

There is a strong connection between CWB and grassroots innovations (Cairns et al., 2023a). Grassroot innovations represent society-led solutions that are built on the principles of local governance and democratic ownership and which deliver a 'triple bottom line' of economic, social and environmental value (Cairns et al., 2023a, Monaghan, 2009, Moore, 2021). As explained by Lacey-Barnacle et al. (2023), CWB demonstrates how local-state-backed form of economic democratisation can strengthen these endeavours and facilitate civil society-led social and environmental entrepreneurship. However, in order to ensure alignments between CWB, grassroots innovations and sustainable development, Lacey-Barnacle et al. (2023) conclude that there were three key challenges that must be addressed as a priority:

- **Linking CWB with just transition strategies**: just transition priorities exist across multiple levels of governance globally and to date have tended to operate at a broader scale than CWB. There is a need to balance the political and economic capital being invested into CWB - both locally and regionally (i.e. bottom-up) - with capital being across national and international government (i.e.

top-down). There is significant scope to explore the connectivity and alignment between CWB and the just transition.

- **Local financial innovation for CWB**: There is a need to "*unlock and access finance locally to support CWB approaches to new net zero economies…alongside exploring further how local financial innovations can support and link up to broader just transition concerns*" (Davis, 2021, p.7). There are specific examples of these, such as Community Municipal Investments (CMIs)[5] (Davis, 2021).
- **Anchor institutions supporting just transitions**: Anchor institutions are organisations that have a strong presence within a place. There is opportunity to embed anchor institutions within place-based economies, particularly as they often possess a strong-degree of procurement power. These will be critical to wielding local economic power to support grassroots innovations. For example, Radcliffe and Williams (2021) highlight the critical role for Local Authorities to use "*their economic power to enable community ownership, new local supply chains and innovative approaches to […] transition which help wealth to stick in our local places and address social inequality*" (p.2). Specific roles for anchor institutions include acting as a convenor, creating local demand for services, direct delivery of the transition projects, encouraging adoption of low and zero carbon technologies and providing funding.

CWB goes beyond the simplistic coupling of stand-alone societal benefits that are enjoyed by specific communities. Instead, it raises questions about the broader strategy towards "*building collaborative, inclusive, sustainable, and democratically controlled local economies"* (Guinan Martin and Lizárraga, 2020, p.11), which are governed 'by communities, for communities'. This in turn makes us consider what different governance approaches relating to nature-based projects, how projects interact, and the extent to which these not only deliver community benefits from land-use change but also support CWB more broadly. We attend to these questions in Section 2.4, but first we explore practitioner guidance on CWB.

2.3.1 Current practitioner guidance on CWB

Practitioner-oriented guidance on CWB is growing in volume, with much of it focusing on Scotland. We highlight three specific reports and outline their key messages. There is a significant degree of alignment across this guidance, with an emphasis on refocusing asset ownership, decision-making and wealth creation at the local level.

[5] A CMI is a "bond issued by local authorities through a crowdfunding platform giving residents the chance to support low-carbon projects, directly benefiting their own community" (PCAN 2024).

Box 1: Scotland's National Strategy for Economic Transformation (Scottish Government, 2022a)

Scotland's National Strategy for Economic Transformation

The Scottish Government has adopted CWB to achieve the wellbeing economy objectives outlined in the National Strategy for Economic Transformation. A wellbeing economy is based on the principles of **prosperity, equality, sustainability,** and **resilience;** thus putting both people and the planet at its heart.

The Scottish Government aims to improve economic resilience and therefore reduce the vulnerability to future economic and environmental shocks. It is a member of the Wellbeing Economy Governments network with monitoring techniques in place such as life expectancy, fair work indicators, child poverty, mental wellbeing, biodiversity, and greenhouse gas emissions.

CWB is an example of a practical approach to the wellbeing economy and development of the local economy, as it cannot be achieved by simply redistributing wealth but being 'hard-wired into everything'. Their CWB framework consists of five interlinked pillars; **spending, workforce, land and property, inclusive ownership** and **finance**. Examples of actions to be delivered by CWB plans are:

- growing local supply chains;
- promoting wider fair work objectives;
- bringing vacant and derelict land into more productive use;
- using land to achieve net zero; and
- maximising community benefits through procurement and local supply chains.

Box 2: Community Wealth Building and a Just Transition to Net Zero (Macfarlane and Brett, 2022)

Community Wealth Building and a Just Transition to Net Zero

Community Land Scotland commissioned work to assess land ownership models against CWB principles. Following on from the core CWB principles in Section 2.3, the following five were highlighted as key characteristics of successful CWB strategies and thus indicators of success:

1. **Place-based:** developing local assets (e.g. land, buildings, natural environment) that ensure that wealth stays local and is broadly shared.
2. **Local, broad-based ownership:** ensuring assets are locally rooted over long term so that income recirculates locally.
3. **Large local multiplies**: prioritising local spending and investment, to minimise wealth leakage and keep wealth circulating with the community.
4. **Collaborative decision-making**: influence from a wide range of stakeholders beyond the government and private sector, including local stakeholders; and
5. **Inclusive, well paid jobs**: inclusive, well paid, local jobs that underpin living standards and economic security.

CWB can facilitate the transition from largely unregulated land markets, towards one based on best practice governance, tackling inequalities, delivering community benefits, pluralising land ownership, building the fair work agenda and aligning use with climate goals. This would represent a more democratic and community centred approach that ensures land ownership, use and management meets the needs of the community. Such an approach would demand new partnership models between local stakeholders to formulate shared projects that deliver wider social and economic goals. To unlock this action, there is a need to better align public funding with CWB principles to integrate CWB approach across several government departments and policy areas.

Box 3: Community Wealth Building and Land (Scottish Land Commission, 2023c)

Community Wealth Building and Land

The Scottish Land Commission released guidance on delivering CWB through land-use. The report highlights that adopting a CWB approach to land-use and management can yield a variety of benefits, including:

- More productive use of land and property.
- Increased stakeholder and community engagement and participation in decision-making.
- Increased opportunities for communities and local businesses.
- Local retention of wealth.
- Community capacity and confidence building.
- Reduction in the number of vacant and derelict sites and their impact on communities.
- Sustainable economic opportunities.
- Climate action.
- Improved ecology and biodiversity.
- Increased sustainable external investment that is appropriate to place.
- Increased local control of assets and the economy.
- Improved diversity and inclusion within land use stakeholders.

The report outlines six actions that land managers can take to support CWB:

1. **Supporting net zero ambitions and sustainable development**: Take and implement decisions, use and management in ways that promote good stewardship.
2. **Positive management of land and assets**: Be proactive in land management.
3. **Productive re-use of land and buildings**: Addresses vacant and derelict land.
4. **Collaboration and partnership**: Engage with the local community and involve others in decisions about land and buildings.
5. **Supporting economic growth and community aspirations**: Promote and enable diversified ownership and management of land and buildings, including community ownership.
6. **Sharing information**: Be open and transparent about land and buildings and about decision-making processes and plans.

2.4 Community benefits and justice

Underpinning the notion of CWB are the core principles of justice. There are multiple dimensions of justice but the four most common tenets are; **distributive, recognition, procedural** and **restorative** justice. These tenets provide an essential lens through which to evaluate the creation and delivery of benefits to communities. They highlight the importance of the equitable distribution of (dis)benefits and associated decision-making powers both within – and between - communities. The justice principles also spotlight the importance of time, emphasising the need to be cognisant of past and future injustices, as well as present.

Table 3 outlines distributive, recognition, procedural and restorative justice for communities in the context of natural capital projects.

Table 3: Core tenets of justice adapted from Jenkins et al. (2016), McCauley et al. (2013), Sovacool and Dworkin (2015), Knox et al. (2022), Bray and Ford (2021).

Justice tenet	Description	Manifestation of injustice
Distributive	The distribution of the natural capital projects' costs and benefits across the community and wider society.	One or more sections of the community, and/or wider society, are subjected to an uneven distribution of costs and/or benefits, in terms of geography, demographics etc.
Recognition	The recognition of different sections of the community in relation to the design and implementation of the natural capital project.	One or more sections of the community are not included or are misrepresented.
Procedural	The extent to which the community and local stakeholders are meaningfully included in decision-making processes that govern the distribution of project costs and benefits.	One or more sections of the community are excluded from key decision-making processes.
Restorative	The amelioration of past injustices and mitigation against future injustices.	Past injustices – or prospective future injustices – that affect one or more sections of the community do not influence decision-making.

How 'fair' or 'just' a targeted set of community benefits might be considered to be is also heavily influenced by a context that stretches far beyond the community in question. To account for these issues, Bray and Ford (2021) recommend that the justice dimensions in Table 3 are considered alongside the following:

1. **At different geographic scales:** *"justice considerations and outcomes will look different in different parts of the world"* (p.11) and by extension different scales. Therefore, rather than evaluate justice at a single scale and for a specific population, instead, there is a "need to explore how justice can be embedded across different scales" (p.12).
2. **Across power structures and hierarchies:** the current power dynamics in place must be evaluated to examine whether the current balance of decision-making powers are fair and/or are appropriate to deliver the structural changes necessary to reduce injustices.
3. **Along supply chains:** consideration of the impacts that might be felt by businesses or communities along the supply chain and ways in which these might be mitigated. This connects the potentially positive and negative supply chain impacts of received community (dis)benefits, both upstream and downstream of a project or initiative.
4. **Over time:** future justice impacts will vary across timeframes. Therefore short-, medium- and long-term justice impacts must be considered, and ways these might be mitigated explored.

Connecting the creation and delivery of immediate community benefits within one place to the justice implications across a wide range of other places and timescales will ultimately influence how desirable benefits might be. Importantly, the way in which projects and their associated community benefits are governed could have an important bearing on the community benefit (in)justice dimension. We explore governance dimensions in the following section, Section 3.

3 Governance of community benefits

The creation and delivery of community benefits, potentially as part of a wider CWB strategy, will be shaped by the way that a project's design, development, delivery and operation is governed. In short, project governance shapes the governance of community benefits and this in turn dictates:

- **Who** benefits.
- **Why** they benefit.
- **When** they benefit.
- **How** they benefit.

Governance therefore has direct bearing on the justice dimensions of community benefits (Section 2.4), including how (dis)benefits are distributed across a community, who is (and who is not) recognised in this decision-making process and who ultimately makes the decisions about their distribution.

In this section we first outline what governance means and where community-led governance fits into the broader frameworks of CWB, participation and justice (Section 3.1). We then explore Community Benefit Agreements (CBAs) (Section 3.2) which are a common governance arrangement for community benefit governance. CBAs can lead to a range of outcomes including Community Benefit Funds which we explore in Section 3.3 before examining whole/part community ownership structures (Section 3.4).

3.1 Governance, modes of governance, and the role of communities

In its simplest terms, "*governance is the act of governing*" (Hall, 2011, p.437). It is the process or system in place that suggests the way an organisation, society, or economy co-ordinates itself. This can be either an informal process or a legally binding process. There are contrasting perspectives on what constitutes governance, with some viewing governance as a strictly top-down approach that is determined by formal authorities, and others emphasising it can constitute a bottom-up approach (Paquet, 1999). Expanding upon this, and with a focus on public policy making, Thomas (1993) highlights the range of community involvement in public decision-making, from least to most involved (Figure 3).

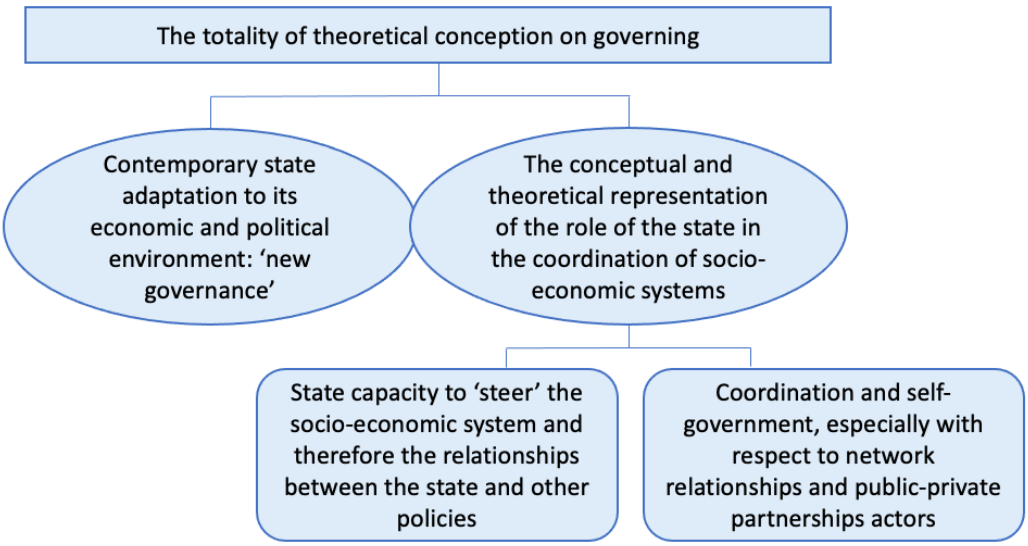
Figure 3: Matrix guide to public involvement (Thomas, 1993)

Least Involved	**Modified autonomous managerial**	The 'manager' seeks information from segments of the public but makes decisions alone, unaffected by the public influence.
	Segmented public consultation	The 'manager' shares problems with segments of the public then decides reflecting the public influence.
	Unitary public consultation	The 'manager' shares problems with a united public then decides with public influence.
Most Involved	**Public decision**	Both 'manager' and public decide.

If we scan Figure 3 from top to bottom, we witness a greater governance role for non-state actors, such as citizens and communities, versus the 'modified autonomous managerial' level, which presents a governance system that sees the state making largely autonomous decisions. Offering a further distinction, Hall (2011) identifies two broad meanings of governance (Figure 4), split broadly between those focusing on *non-state* and *state* actors. Firstly, there is 'new governance', which can be defined in simple terms as "*new governing activities that do not occur solely through governments*" (Yee, 2004, p.487). There are six overarching characteristics to new governance (Hall, 2011):

1. **Participation and power-sharing:** private and public stakeholders across different levels participate in the policy process, such as via public-private partnership;
2. **Multi-level integration:** coordination between different government levels, both horizontally and vertically, with the inclusion of private actors;
3. **Diversity and decentralisation**: a diverse range of coordinated approaches is encouraged over a regulatory approach;
4. **Deliberation:** greater deliberation is encouraged between both private and public stakeholders, to make the policymaking process more democratic;
5. **Flexibility and revisability:** flexible guidelines and open-ended standards, also known as soft law approaches, are implemented voluntarily and allow for changes;
6. **Experimentation and knowledge creation:** local experimentation in governance measures is encouraged, alongside the sharing of results and best practices.

Figure 4: The dichotomy of state versus non-state led governance (Hall, 2011)



The second framing (right hand oval) is a more conceptual representation of the role of state in socio-economic system coordination. This can be further divided into approaches that: (a) see state actors 'steer' a socio-economic system through the relationships between state and policy actors, and (b) involve the self-governance and coordination of state actors (Figure 4).

We can further organise different modes of governance across two different dimensions in Figure 5:

a) how hierarchical (i.e. vertical) or non-hierarchical (i.e. horizontal) governance is (y-axis); and
b) the balance of power between the state versus other actors (e.g. private, civic etc.) (x-axis) (Hall, 2011).

Hierarchical governance continues to remain significant due to the role of the state within international relations, and the continued importance of legislation and regulation of state control (Russell et al., 2008). This describes a 'big state' model of governance, characterised by a state-led, centralised, and hierarchical governance system (top-left - **Hierarchies**) versus a 'small state', characterised by a market- or society-led, decentralised, and non-hierarchical governance system (bottom-right – **Communities**). We also find two alternative models too. The first is hierarchical **markets** model of governance, led by market-actors. Here, the government does not cease influence but chooses to use other forms of intervention such as financial incentives and education, to encourage more self-regulation (Bradshaw and Blakely, 1999). Finally, we find a non-hierarchical, state-led approach to governance termed **networks**. This is characterised by governance via public-private partnerships, often termed the 'third way' besides a state- or market-led form of governance (Hall, 2011), whereby different policy perspectives are shared and negotiated via networks, between a variety of actors.

Figure 5: Frameworks of governance typology (Hall, 2011)

		Actors: Public Actors	Actors: Private Actors
Steering Modes	Hierarchical	**HIERARCHIES** Nation state and supranational institutions	**MARKETS** Marketisation ad privatisation of state instruments
	Non-Hierarchical	**NETWORKS** Public-private partnerships	**COMMUNITIES** Private-private partnerships communities

The fourth conceptualisation is that of governance as **communities**. This is influenced by more direct citizen involvement, proposing large scale governments should be replaced by smaller units that operate much closer to the community (Crawford and Etzioni, 1996). Alongside further details across all four dimensions of governance (see Appendix B - Frameworks of governance and their characteristics), there are some key principles associated with such community-centric governance, which include (Hall, 2011):

- Communities should resolve their common problems with minimum of state involvement;
- Building on a consensual image of community and the positive involvement of its members in collective concerns;
- Governance without government;
- Fostering of civic spirit;
- Complexity, local autonomy, devolved power, decentralised problem-solving;
- Success is the achievement of actor (often local) goals;
- Self-regulation; and
- Participatory democracy.

We expand upon the last principle of **participatory democracy** in more detail in Section 4, where we examine concepts of community engagement and participation. Prior to that, we turn to Community Benefit Agreements in Section 3.2, which constitute a contractual arrangement between parties, for the creation of community benefits. This represents a form of **'governance as partnership'**, whereby the community collaborates with project developers and landowners to capture value. It constitutes a form of governance situated towards the centre of the two-by-two matrix in Figure 5; representing a hybrid form of governance that distributes agency and responsibilities across both state and non-state actors, as well as across spatial scales. These can often result in the formation of Community Benefit

Funds (Section 3.4). We then turn to community ownership in Section 3.4, to consider **'governance as ownership'**, and how different models of ownership have different implications for community control and benefit. For both, we consider practitioner guidance relating to Community Benefit Agreements and community/share ownership in Section 3.4.3.

3.2 Community benefit agreements (CBAs)

With reference to Paddock and Ronne (2016), McHarg (2016) explains how "*the environmental costs and benefits of renewable developments tend to be unevenly distributed: while the benefits are enjoyed at national or even global level, significant environmental costs may be borne by host communities*" (p.299). For instance, "*there are relatively few economic benefits for local people, for instance through job creation or supply contracts*" (p.299). Where this is the case, there is a need to resolve these inequalities - not least at the local-level - to ensure local communities capture a proportionate degree of benefit.

One common governance arrangement to help resolve these asymmetries, and an important means of formulating a relationship between communities and project developers is via Community Benefit Agreements (CBAs). CBAs formalise a voluntary arrangement between a developer and a community-based organisation, where the developer commits to providing specified benefits to a community (Gross, 2008, U. S. Department of Energy, 2017, Aitken et al., 2015, McHarg, 2016). "*Such agreements formalise the relationship between a specific community and a developer, and set out what and how benefits are delivered*" (Aitken et al., 2015, p.19), and who can access these benefits. Across different international contexts these agreements can include (Trandafir et al., 2023):

- **Financial incentives** such as profit sharing or utility fee discounts.
- **Infrastructure improvements** such as affordable housing.
- **Community empowerment** such as apprenticeships and educational programs and local participation in decision-making.

Ideally, CBAs are tailored to the individual community as well as the project's characteristics and expectations. This demands a collaborative process that is grounded in an inclusive and participatory approach (Trandafir et al., 2023)(Section 4) enabling communities to co-develop the CBA to ensure it meets their needs.

It is important to note how some authors emphasise that CBAs and their associated benefit packages should "*not be made conditional on support for the development*" and are applied "*only where a proposed development is acceptable in land-use terms and consent is being granted*" (McHarg, 2016, p.300). However, Devine-Wright and Sherry-Brennan (2019) explain how "*community benefit provision has emerged as a policy and industry response to local objections to the siting of energy infrastructure, intended to bolster acceptance particularly amongst communities directly impacted by proposals*" (p.173).

Taking one step further, McHarg (2016) notes how consent for projects (e.g. planning, licensing etc.) is often contingent on evidence of a plan to create community benefit, as part of the permitting process. Consequently, CBAs have in the past been accused of acting as a form of bribery, which has meant they've been viewed with suspicion by communities and could potentially deepen – rather than mitigate – opposition to proposed projects (Jørgensen, 2020, McHarg, 2016); an arc which some refer to as the 'boomerang effect' (Macdonald et al., 2017). With a focus on wind power projects in Denmark, Jørgensen (2020) explains that:

> "*The interviewees felt that other community members, and the local developers engaged in the community project, expected them to be grateful, and to give up on their opposition in exchange for the community project. This illustrated underlying intentions of bribery."* (p.6)

Associated concerns about bribery relate to financial 'inducements' being targeted at community members who were not directly, negatively impacted; meaning they "*were persuaded by the scheme, because they experienced only its benefits*" (p.6). There was also evidence of local governments in Denmark receiving benefit payments to create a broader base of support for the project (e.g. to obtain planning permission) even if the community was in opposition.

Related to CBAs as a form of bribery is the notion of CBAs as a form of compensation in relation to any adverse effects associated with new projects. This notion is flatly rejected by Scottish Government (Box 8) because such issues should normally be dealt with via planning or permitting processes (McHarg (2016). By contrast, CBAs may also be framed as a form of 'property right' for communities, where value associated with a local natural resource flows directly to local people (McHarg, 2016).

Interestingly, some studies have found that there will be less scepticism surrounding CBAs – and potentially higher levels of project acceptance – if "*the provision of community benefits was institutionalized rather than voluntary*" (Walker et al., 2016, p.78). Consequently, "*if communities are to believe that they are getting a "good deal" through the siting of wind farms, then this needs to come through government legislation and not discretionary acts by developers"* (Walker et al., 2016, p.78). This points to how the legitimacy of CBAs might increase if they are mandated via government decree, rather than being a voluntary exercise for developers.

Finally, the means by which CBAs are negotiated and agreed ultimately dictates what benefits are prioritised and for whom: "*the process through which community benefit packages are negotiated, and the extent to which communities are involved in and have influenced over this, is important for ensuring community benefits are of benefit to the community*" (Macdonald et al., 2017, p.176).

3.3 Community benefit funds (CBFs)

CBAs often culminate in the formation of Community Benefit Funds (CBFs). Here, we define and examine CBFs, including common architectures and governance arrangements.

3.3.1 Defining community benefit funds

Community benefits can be disaggregated into two crude types: monetary and non-monetary. Non-monetary benefits are often referred to as benefits-in-kind (Section 2.2). Here we focus on the provision of monetary benefits via CBFs which, like CBAs, are a tool to "*secure [community] acceptance and as a means to mitigate impact and share benefit*" (Devine-Wright and Sherry-Brennan, 2019, p.166).

In Scotland, CBFs have proliferated over recent years alongside the dramatic increase in renewable power projects, especially onshore wind and hydropower but they are also increasingly being formed in relation to other types of projects, such as offshore wind, transmission networks and nature-based carbon offsetting (Local Energy Scotland, 2022). In the year up to December 2022, £25m of community benefit payments were made in Scotland alone (Local Energy Scotland, 2022).

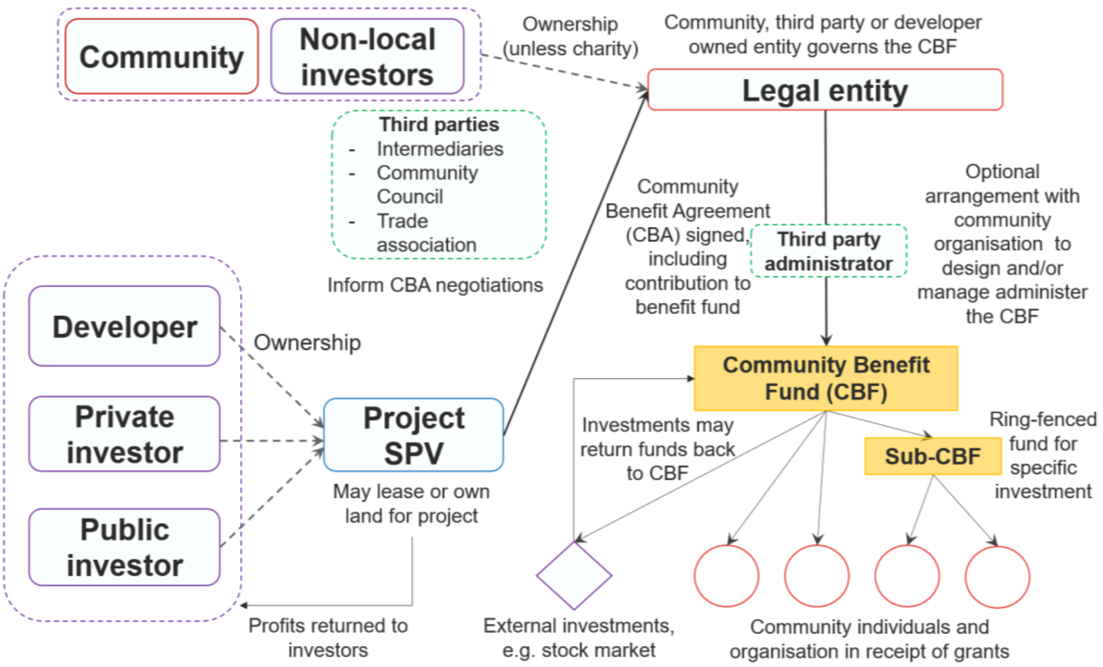
A CBF is a voluntary fund that is primarily capitalised by a project developer, who invests in the fund on a regular basis (Butler and Docherty, 2012). The fund is managed by one or more parties (Section 3.3.2), who are responsible for administering the fund to one or more communities (Meacham, 2012). These funds are designed to "*support communities and offer an opportunity for communities to work* *with…businesses for the long-term benefit of the community*" (Local Energy Scotland, 2024b). In the context of the UK, a combination of government guidance (Section 3.3.5) alongside their voluntary nature means that a diverse range of CBFs have become established (Meacham, 2012).

CBFs can assume many different forms and there are some of the key characteristic differences (Aitken et al., 2015, Rudolph et al., 2018, Markantoni and Aitken, 2016, Devine-Wright and Sherry-Brennan, 2019) including:

- A CBF may be capitalised through donations made by one or more developers.
- CBF investments can impact more than one community.
- CBF awards can be provided in terms of community investments, and they may be provided to individuals and legally incorporated organisations.
- A CBF can be apportioned amongst other distributing bodies, who are then responsible for administering these funds on their own terms.

Despite these characteristic difference between funds, in Figure 6 we attempt to synthesize the existing literature to outline how a typical CBF might be structured and the associated actors and resource flows involved. Figure 6 represents just one type of structure, and there are multiple alternatives.

Figure 6: Schematic of a common Community Benefit Fund governance arrangement (Source: author's own)



3.3.2 Actor governance

CBFs can be governed by a myriad of different actors. We briefly consider who these actors are and the potential implications for the governance of community benefit.

Project developers are the principle donors for CBFs and may take a very 'hands on' approach to fund management and distribution, for example stipulating constraints on what the benefit payments can - and cannot - be spent on (Meacham, 2012). There are also examples of developers (e.g. SSE) that manage CBFs 'in house', with funds derived from their own donations. Here, funds are distributed from within the developers, which can raise concerns about the degree of community involvement within CBFs (Butler and Docherty, 2012). If, however, a developer chooses to out-source the responsibility for CBF administration, then it must transfer funds elsewhere.

Community Councils (CCs) are critical actors in the CBA and CBF process. CCs represent the local community and to make known to the local authority and other public bodies the views of local people on matters affecting them. In turn, the local authority, has a duty to consult community councils on how local services are delivered and other issues affecting their neighbourhoods (Scottish Government, 2009). CCs in particular are seen as critical to the negotiation process, often delegating to a sub-group the community's representation at these negotiations (Highland Council, 2006). Consequently, they "*play an important role in setting up the legal framework to receive and manage Community Benefit Funds*" (Highland Council, 2006, p.4) and in ensuring that this is representative of the community's needs and wishes.

Crucially, CCs are unincorporated bodies and therefore may not be legally best placed to enter into large contracts, own assets and so on. Consequently, if CBFs are associated with larger sums of money, it is normally the case that a **separate legal entity** is established or a third party is used to manage and administer the CBF (Scottish Government, 2019) (e.g. CLG, SCIO or BenCom)[6]. Separate legal entities may be established as a **Development Trust** (DT). To qualify as a DT, a community organisation must be (DTAScot, 2022):

1. Independent, community owned and led.
2. Engaged in the economic, environmental and social regeneration of a defined area.
3. Committed to working in partnership arrangements that are initiated by the community.
4. Enterprising.

Another crucial difference between CCs and DTs is that CCs have a statutory role to react to local issues (e.g. planning), whereas DTs are typically more proactive in their approach and more aligned with a community's vision for the future (Scottish Government, 2009). Together DTs can work effectively with CCs to negotiate and administer CBFs to maximize community benefits (see Box 4).

Not all communities possess the same capacity to establish and administer funds, and some may opt for third party involvement (Meacham, 2012). **Third-party administrators**, such as Foundation Scotland, can provide a wide range of support with CBFs (see Box 5 for example). Meacham (2012) explains how developers may establish a CBF but then appoint a third party organisation to manage the fund over its lifetime (e.g. 30 years). Here, "*the community leads decisions on how funds are spent and the third party acts as a banker and administrator*" (p.9). These third-parties can draw on their experience and knowledge to help to inform CBF design and maintain an ongoing relationship with the project throughout its lifetime (Butler and Docherty, 2012). By their nature, third-party organisations will also work as an intermediary, arbiter and 'touch point' between stakeholders, such as CCs, DTs, developers etc. These third parties can also play an important role as a capacity builder and professional service provider, to help the community maximise the positive impacts of the CBF. For example, Foundation Scotland have brokered links between local communities and South of Scotland Community Housing to progress feasibility work on community led housing projects[7].

[6] See Table 4 and Section 3.4.2.

[7] Testimony from a representative of Foundation Scotland.

Box 4 Community Benefit Society: Green Energy Mull (GEM) Hydro Scheme (Cairns et al., 2020b, The Waterfall Fund, 2015)

Development Trust and Community Council cooperation for CBF: Green Energy Mull Hydro Scheme

The Mull and Iona Community Trust (MICT) is a community development charity that formulates strategies and provides practical support to local projects on the islands of Mull and Iona in the Inner Hebrides of Scotland. It aims to improve social, physical and economic infrastructure. Working with Community Energy Scotland (CES), and with support from the Community and Renewable Energy Scheme (CARES) grant scheme, they performed a feasibility study for a potential hydro scheme. Having decided the project was viable, MICT was instrumental in establishing GEM - a BenCom - in September 2013. Its purpose was to raise share finance to fund a 400kW run-of-the-river hydro project and ultimately raised £485,000 in community shares, alongside various loans and share.

Another charitable organisation was then established - the Waterfall Fund – that was responsible for distributing grants from the surplus of the hydro project. In 2020, GEM donated about £35,000 a year of its surplus to the CBF that is administered by The Waterfall Fund. Between April 2015 and the end of March 2018, £85,000 had been donated to the fund. Looking forward, the amount donated to the community fund by GEM is anticipated to remain at around £20,000 – £30,000 per annum for the next 12–15 years, until it has paid back its debts. GEM is expected to achieve this aim in the early 2030s, when donations could grow to £150,000 per year, until the Feed-in-Tariff payments cease.

The Waterfall Fund accepts applications for grants from Mull, Iona and the small neighbouring islands (e.g. Ulva, Gometra, Erraid) of up to £5,000. It is offered to projects that provide a "*clear benefit to the community and will deliver transformational change*" (The Waterfall Fund, 2015), typically led by small organisations rather than large companies or statutory service providers. These span a broad range of activities that include:

- Affordable housing
- Youth
- Business and economic development
- Cultural heritage and the arts
- Spiritual, mental and physical wellbeing
- Community care

The funding is open to all residents, community groups and businesses within the post code areas of Mull and Iona. Approximately half of the £85,000 fund has so far been committed to community projects (~£43,000). Thus far, the community benefit fund has contributed to a whole range of projects, ranging from £200 for new lighting for Tobermory Parish Church (in Mull's most populated settlement), to £5,000 for a minibus for Tobermory High School. The fund has also provided money for the start-up costs of a book festival, a pump for an aquarium and new shelving for a library (ibid). More recently, it has established a fuel hardship fund given record energy prices.

The Waterfall Fund is governed by ten trustees, including a local authority Councillor and Community Councillors from Mull and Iona, plus various other community members. Grants are distributed in accordance with set eligibility and assessment criteria.

Box 5 Third Party Administration: EDF-ER Burnhead Moss Education and Training Fund (Local Energy Scotland, 2016, Foundation Scotland, 2016)

Example of Third-party administrators for CBFs

An Education and Training Fund was established by EDF, who are the owners of the Burnhead Moss wind farm, which comprises of a 13 x 2 MW turbines in Stirlingshire, Scotland. The fund receives 20% of the total CBF from the Burnhead Moss windfarm and is worth about £26,000 pa. The boundaries of the funding were established in accordance with CC boundaries, set at around a 10 miles radius of the windfarm. EDF Renewables appointed Foundation Scotland to set up and administer the fund.

In setting up the fund, Foundation Scotland "*convened discussions between the community councils, other local groups and EDF Renewables to agree the optimum fund arrangements*", which ultimately led to the "*establishment of a working group with representatives from each of the three areas whose role was to advised Foundation Scotland on the design and delivery of the fund to ensure it was fit for purpose in line with local needs and opportunities*" (Local Energy Scotland, 2016).

Whilst the working group were actively involved in setting up the fund and establishing its strategic priorities, parameters and funding criteria, it was Foundation Scotland who were designated as an independent administrator of the fund, who was ultimately responsible for making decisions on which applications were funded.

Between "*April 2016 to June 2020, 237 grants totalling £216,000 were awarded to 174 individuals to take part in a wide variety of educational and training courses*" (Local Energy Scotland, 2016).

3.3.3 CBF boundary setting

The actors responsible for negotiating, designing and managing a CBF will draw the geographic and socio-economic boundaries of the fund. This ultimately dictates who can access these funds, and where they are located. Furthermore, it will have an important bearing on the elected decision makers responsible for distributing these funds (Devine-Wright and Sherry-Brennan, 2019).

As such, the boundary setting of any CBF is an important instrument of governance and critical to which benefits might be targeted by the fund and who the beneficiaries might be (Devine-Wright and Sherry-Brennan, 2019). Ordinarily, CBFs have a strong emphasis on creating benefit according to stakeholders' spatial proximity to the infrastructure project (Devine-Wright and Sherry-Brennan, 2019). This **proximity discourse** sees CBF prioritising investment in spatially proximate areas first before any surplus funds are distributed to less proximate areas. This is illustrated by Scotland's Highland Council recommendations that suggests £100,000 "*goes to the immediate, proximal community ("Community Fund"). Above that level, 55% goes to local communities ("Local Fund")*" (Markantoni and Woolvin, 2013, p.213). In addition, the recommended guidance states that *"30% goes to 33 specific Wards ("Area Fund") …[and] 15% goes to the Highland Council ("Highland Trust Fund")*" (p.213). Consequently, this means that "*communities which do not have access to Community Benefit at the Local Fund level will also be able to bid into the Area or the Highland Trust Fund*" (p.213). However, the Highland Council recommendations were never translated into practice.

This proximity discourse typically sits alongside an **impact discourse** focused on re-balancing the positive and negative impacts felt by communities in relation to a specific project. In some cases, those closest to the project may be the most affected, but this is not always the case; for example when dealing upstream impacts on downstream flooding. This is further complicated by not only the highly subjective nature of benefits and impacts (Section 2.2) but also in terms of what we mean by community (Section 2.1). Consequently, depending on the lens being adopted, a CBF may be structured in different ways depending on the boundary of community in question. This means that any final boundary setting will ordinarily be calibrated in accordance with a combination of objective and subjective inputs, and in "*response to 'reasonable' local knowledge and interests*" (Devine-Wright and Sherry-Brennan, 2019, p.166).

Further complications are introduced when it is assumed that 'extant communities' already exist in a given location as a focus for these CBFs (Bristow et al., 2012). It is here that participatory methods (Section 4) can create an important platform for understanding communities and enabling communities to co-produce CBF designs prior to their implementation, with an emphasis on boundary setting, governance, award criteria and so on (Devine-Wright and Sherry-Brennan, 2019).

Devine-Wright and Sherry-Brennan (2019) explain that there remains a tension about **concentrating** versus **spreading** the benefits associated with these funds, i.e. retaining benefit locally or looking to distribute this regionally or even, nationally. In this context, there may be the opportunity for CBFs to integrate a stronger justice dimension into CBF design, and balance the discourses of proximity and impact, with the discourse of equity. This may include some kind of 'means testing' into applications (Devine-Wright and Sherry-Brennan, 2019) or ring-fencing funds to be allocated as sub-funds for specific purposes e.g. education and training (Butler and Docherty, 2012). This can ensure that CBF designs move beyond prioritising straight-forward benefit creation, towards a community wealth building agenda (Section 2.3) and even a broader social justice agenda, e.g. distributional, procedural, recognition and restorative (Section 2.4).

3.3.4 Critique of CBFs

As a tool, CBFs are not without their weaknesses as several authors highlight. Butler and Docherty (2012) explain that communities can often feel excluded from - or underrepresented by – the CBF negotiation and decision-making process. In the UK at least, "*the power to control and design the benefits ultimately lies with the developers, rather than with the local communities (Munday et al., 2011), and it is up to the developer to engage the community in that process*" (Macdonald et al., 2017, p.177). This runs the risk of developers wielding their position of "*money and power to control and influence participatory and planning decisions to suit its own specific commercial agenda*" (Macdonald et al., 2017, p.185). Consequently, we find that previous research points to how communities may be successful in negotiating the type or form of benefits that are priorities via CBFs but not the level of benefit provided (Bristow et al., 2012).

Another common criticism is that CBFs often have a hyper-local focus which can mean that broader strategic objectives and long-term planning are overlooked (Butler and Docherty, 2012, Munday et al., 2011). Bristow et al. (2012) couple the lack of a broader and strategic approach to value creation, with the highly localised locus for CBF decision-making, which may disincentivise and/or inhibit consideration of benefit creation over broader geographic- and timescales. This is set against a context of highly centralised systems of market and policy planning, whereby communities often do not occupy a position of significant influence.

Aitken (2010) points to the innate difficulty achieving consensus amongst a community about the desirability of specific projects, as well as how and where project CBFs should be distributed. Such complexities place further emphasis on the importance of appropriately participatory methods for the design and subsequent distribution of CBFs (Section 4). Without appropriate participatory design CBFs can face a multitude of issues, not least underspend. Here, they accrue funds more quickly than they can distribute them under the terms of the CBA. Meacham (2012) identified how the Scottish Community Foundation (SCF) cited specific issues such as:

a) The area of benefit being too small, with relatively low levels of population and community activity.
b) The terms of the community benefit fund being too restrictive.
c) A lack of accountability among the decision-makers, or decision-makers are distant from the community.

Other issues relating to a lack of prior engagement with a community is an unexpected lack of community capacity to administer the fund in a timely manner, poor community understanding of the CBF application process and a lack of seed-funding for the community to develop their CBF proposal (Meacham (2012).

3.3.5 A spotlight on current practitioner guidance on community benefit

Scotland has no legal requirement regarding the governance of community benefits, such as the need to offer Community Benefit Agreements (CBAs) or shared ownership. There are however strong guidelines in place to guide how developers might go about formulating benefit packages for communities, and the forms these might take. Much of this relates explicitly to the creation of community benefits for either renewable energy or natural capital projects.

To date, most practitioner guidance does little to approach community benefits as an *outcome* but instead frame them as a type of payment (i.e. an *input*) that targets the specific needs and wants of a given community (i.e. an *outcome*). Underpinning these are the formation of CBAs, which outline the type, level and timing of community benefit creation. In broad terms, guidance on CBAs encourages:

a) creation and delivery of collective benefits
b) building of community capacity
c) enhancement of the local economy.

We provide a summary of that provided by the Scottish Land Commission (Box 6), the Scottish Government (Box 7 and Box 8) and Local Energy Scotland (Box 9), all published in the past ten years.

Box 6: Delivering Community Benefits from Land (Scottish Land Commission, 2023d)

Delivering Community Benefits from Land: Guidance from the Scottish Land Commission

In their guidance published in November 2023, the Scottish Land Commission outline several important considerations for establishing and administering CBFs for natural capital projects:

The first is that financial payments may be more helpful to the local community if they front-loaded, as a lump sum. This may for example, enable them to buy a plot of land that may then in turn generate its own financial revenue and/or in-kind benefits.

The second is that if the value of the land presents part of the 'life-cycle' investment return of the natural capital scheme, then this should be factored into the value of payments made to the community during the project's life-time.

The third is that continuous guaranteed payments from the CBF are critical to community wealth building. These should be prioritised wherever possible, even if the project's returns are uncertain and variable.

The fourth is that a form of asset based in-kind donation (e.g. land, buildings) might be more valuable to communities than financial payments. This should be considered at the outset.

The following questions should be explored to guide communities and developers when setting up a CBF:

1. What conditions are attached to the fund and do the funds align with community needs and aspirations?
2. How will the funds be governed and distributed?
3. Would a third party, independent party help?

Box 7: Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (Scottish Government, 2019)

Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments

The Scottish Government published its revised Good Practice Principles in May 2019. The guidance defines community benefits as a voluntary initiative, where communities and businesses work together "*to achieve a lasting legacy for communities irrespective of the set-up of a community benefit package*" (p.6). The boundary of an 'area of benefit' – or the community in question - is initially determined by relevant community council areas but following this the following factors may be considered:

- Proximity to site.
- Geography and topography.
- Characteristics of development.
- Construction impacts.
- Demographics.
- Relevant local authority policy and guidelines.

The guidance identifies six key principles of community benefits, which are:

1. Long lasting, whereby community benefits are expected to last for the lifetime of a project, i.e. a wind farm, and if the project is sold on, the new owner will honour agreements with the local community.
2. Trust and transparency.
3. A flexible approach.
4. To develop a community action plan.
5. Decisions are best led locally.
6. A fair process between renewable industry and community.

Underpinning the agreed package of community benefits will likely be a Community Benefit Agreement (CBA):

> *"It is recommended that community benefit arrangements become formalised through a* ***legal agreement*** *between relevant parties. These 'parties' will vary according to different contexts. For example, some renewable energy owners will want an agreement directly with a mandated community body and others will want to have the agreement with a relevant third party that will have overall responsibility for administering the community benefit package.*
>
> *Irrespective of the parties involved, at its most fundamental the agreement should detail:*
>
> - *The proposed community benefit package, including the time period it covers.*
> - *The proposed roles of all involved, including any third parties.*
> - *The protocol for advising the community if a site is to be sold.*
> - *A commitment to honour all agreements should the site be sold on with documents being passed to the subsequent owner."* (p.15-16)

The guidance recommends that community benefit payments are made to the value equivalent to £5,000 per MW installed. However, communities may be offered a more flexible package of benefits, which may or may not involve a CBF. Community action plans are considered key to settling on the package of benefits; when discussing with renewable energy businesses, the plans ensure that the CBA - and associated benefits package - aligns with a community's aspirations and ambitions. However, the guidance also stipulates that larger projects may split the community benefit package to allow both local and wider regional investment, particularly where the longer term economic and social impacts are identified as a priority.

Box 8: Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments (Scottish Government, 2018)

Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments

Scottish Government's updated guidance for offshore renewable energy projects was published in 2018 and many of the key points are echoed in the guidance for onshore wind projects (Box 7).

The guidance makes clear that any community benefit package "*should be tailored to reflect the characteristics of the development*" (p.3) and that any proposed package from a developer should be further developed in discussion with the community, with attention paid to identifying the community in question and appropriate implementation of benefits package.

Importantly, the guidance frames community benefits as "*additional voluntary measures, which are provided outside of the planning process and are not part of the supply chain or any other impacts arising from the development"* (p.30). Consequently, they do not constitute a form of "*compensation for any perceived negative impacts*" (p.7); and if compensation is perceived to be needed, it should be delivered separately.

There are subtle differences between offshore and onshore wind development in terms of the type of benefits package being offered and to whom. These differences are centred around:

- Scale of project
- Technology
- Distance of project from shore (which will determine visibility from shore)
  Nature of project, i.e. research or trial site

Box 9: CARES Community Benefits Toolkit (Local Energy Scotland, 2020)

The Community and Renewable Energy Scheme (CARES) Community Benefits Toolkit

The CARES Community Benefits Toolkit builds upon the Good Practice Principles outlined in Box 7 and Box 8, providing guidance for communities who are looking to set up and deliver community benefits that achieve maximum impact and ensure accountability. CARES provide funding and support for renewable energy schemes, whether these are commercially owned, shared ownership, or wholly owned by the community, in a bid to ensure communities can identify their needs or set up community funds from renewables.

There are five stages outlined in the toolkit, which provides a flexible roadmap to follow:

- **Stage 1:** understanding the community context.
- **Stage 2:** securing community benefits.
- **Stage 3:** creating a lasting legacy.
- **Stage 4:** getting the governance right.
- **Stage 5:** monitor, evaluate and report (this covers the effectiveness of the community benefit, the accountability of the stakeholders is built into the community benefits package).

The roadmap is designed to be adapted to suit the needs of the renewable energy business and the community, while also supporting transparency by allowing information to be accessed at any stage. The toolkit is supplemented by many supporting resources including a standardised template for a Community Benefit Agreement (Local Energy Scotland, 2024a).

3.4 Community ownership and control

A Community Benefit Agreement (CBA) may outline that a developer must share some degree of ownership with a community. Such an arrangement will result in a share of the revenues the project generates being redirected to the community as a (co-)owner (Aitken et al., 2015). Co-ownership constitutes a foundation for a much deeper form of partnership between communities and developers. Indeed, Denmark requires that 20% of any new wind development must be owned by the community (Herrera Anchustegui, 2020). Some degree of community ownership presents a very different governance arrangement regarding the creation and distribution of community benefits versus an approach whereby the party making these decisions is wholly privately owned.

3.4.1 The relationship between community ownership and benefit

Community ownership is often framed as a critical component of delivering community benefits and Community Wealth Building (CWB) (Section 2.3, Box 2, Box 3). Much of this revolves around decentralising ownership of land and the associated control over proceedings, as well as retaining capital locally; given that community ownership should capture a much higher proportion of the surplus revenue, compared to pre-agreed payments (McHarg, 2016, Walker, 2008). Through ownership, "*communities may be able to make more sensitive decisions as to location and size of development so as to minimize objections, and they can also decide for themselves what balance between costs and benefits is acceptable*" (McHarg, 2016, p.302). Regarding revenue, a study undertaken by (Aquatera, 2021) found that community-owned wind farms have provided, on average, 34 times more benefit payments to local communities than privately owned wind farms. Specifically, "*returns from the community owned wind farms average £170,000 per installed MW per annum, far exceeding the community benefit payment industry standard of £5,000 per installed MW per annum*" (Aquatera, 2021).

Summarising these benefits of community ownership, Zeuli and Cropp (2004) explain how:

> *"Cooperatives play a crucial role in generating and sustaining local employment, demonstrating a heightened and enduring dedication to staying within the community while offering local leadership and development. As cooperative profits circulate back to local owners instead of external investors residing outside the community, a greater portion of the earnings is reinvested locally, thereby bolstering the strength of the community's economy"* (Zeuli and Cropp, 2004, p.77).

There are broader socio-economic benefits of community ownership. According to Bailey (2012) community enterprise contributes significantly to local regeneration by accessing funding, acquiring assets and delivering services. In 2014, Community Land Scotland[8] commissioned research, supported by funding from Carnegie Trust UK and Highlands & Islands Enterprise, to gather and examine financial and output data from selected Community Land Scotland members who had owned land for longer than five years . The findings indicate that community ownership led to heightened investment, the emergence of new economic prospects, enhanced infrastructure, and a reversal of population decline in the participating communities (Bryan and Westbrook, 2014, p.1). The focus of benefit to people and assets aligns with emerging models of co-production, citizen-centred governance, and a people-centred approach to social care.

Community ownership is not however without its challenges and may be stymied by a lack of access to capital, skills and partners. Hannon et al. (2023) explain how community groups rarely possess the

[8] Community Land Scotland is an organization advocating for community landowners in Scotland.

full suite of skills and knowledge required to deliver projects alone – for example through volunteers - relying heavily on partnerships to make-up for any shortfall in skills, experience and track record. Community groups may also lack critical resources to enable projects to happen, such as ownership or access to land, or the necessary capital or access to finance to fund projects. Limitations may also relate to community groups' lack of social capital and their limited ability to identify - and connect with - partner organisations to cover any shortfall in internal capabilities. This also cuts both ways: "*prospective [community energy] partner organisations must also have the necessary capital (human, social etc.) to meaningfully engage as a partner*" (Hannon et al., 2023, p.3).

With a focus on community energy in the UK, Hannon et al. (2023) flag a number of policy recommendations to unlock community ownership of energy projects, and by extension the associated access to buildings and land. Selected recommendations include:

- Low-cost state community energy finance and a joined-up finance chain;
- Eligible for investment tax relief;
- Grants and community benefit payments to support business model experimentation, particularly in deprived areas.
- Mandatory partnerships with Local Authorities and non-departmental public bodies;
- Support for community land access and project consent; and
- A National Community Energy Hub for skills training, knowledge exchange and awareness raising.

3.4.2 Models of community ownership

Assuming communities are able to overcome the various barriers to ownership, they are then faced with questions about the legal form the community organisations that controls the project assets will assume. Importantly, "*these differences in legal structure, tied to the ownership type, also have implications for the provision of benefits*" (Lacey-Barnacle and Nicholls, 2023, p.135). Adapted from Braunholtz-Speight et al. (2021)'s review, Table 4 provides a summary of the legal structures and ownership models in the UK and what their implications are for governance and fundraising. Theoretically, a community may have a share in – or some degree of control over – any of these organisational structures. Table 4 presents the models from descending order in terms of the potential degree of control a community is likely to hold.

Table 4: Typical legal structures for organisations in the UK, adapted from Braunholtz-Speight et al. (2021), Cairns et al. (2023a), Lewis and Thorlby (2011), Smith and Teasdale (2012)

Legal structure	**Governance**	**Limited liability**	**Funding and finance**	**Asset lock**	**Charitable status**	**Notes**
Community Benefit Society (BenCom or CBS)	One shareholder, one vote. Run for benefit of (defined) community.	Yes	Grants, community shares, loans, bonds.	Yes	Possible	Prioritises community benefit; typically, lower returns on investment than co-ops.
Bona fide cooperative (Co-op)	One shareholder, one vote. Run for the benefit of members.	Yes	Community shares, loans, bonds. Excluded from some grants and loans, e.g. CARES grants and loans.	No	Difficult	More flexibility with returns to investors. Financial Conduct Authority places conditions upon grid export.
Community Interest Company (CIC)	Voting rights depend on whether CLG or CLS status. Run for defined social purpose.	Yes	Grants, ordinary shares (capped returns), loans, bonds.	Yes	No	Expensive to raise equity investment. Light touch regulation.
Company Limited by Guarantee (CLG)	Membership organisation with flexible structure. Often nominal (£1) membership fee. One member one vote common.	Yes	Grants, ordinary shares (capped returns), loans, bonds.	Possible	Possible	Different categories of members with different voting rights possible. No equity investment possible.
Charitable Incorporated Organisation/ Scottish CIO	Membership appoints board of trustees.	Yes	Grants, loans, bonds.	Yes	Yes	Strictly regulated. No equity investment possible.
Charitable Trust (unincorporated)	Board of trustees.	No	Grants, loans, bonds.	Yes	Yes	Strictly regulated. No equity investment possible.
Private Company Limited by Shares (CLS)	One share, one vote.	Yes	Grants, loans, (privately exchanged) ordinary shares, bonds.	No	No	Shares cannot be made available to the public.
Public Limited Company (PLC)	One share, one vote.	Yes	Grants, loans, publicly offered ordinary shares, bonds.	No	No	Structure familiar to institutional investors. Strictly regulated. Expensive to raise equity finance.

Focusing on the governance of organisations in Table 4, we find how different legal structures can offer a very different distribution of voting rights and control. For example, Lacey-Barnacle and Nicholls (2023) found little in the way of public or community involvement in the decisions taken by private or publicly owned limited energy companies. Their main concern is how "*private Limited company* *ownership structure is often complex and [opaque] due to fragmented ownership arrangements, which significantly impairs local decision-making and undermines democratic potential"* (Lacey-Barnacle and Nicholls, 2023, p.140). It is important to note that some privately or publicly owned limited companies will provide some degree of control via shareholder voting but this demonstrates "ˆ" (Lacey-Barnacle and Nicholls, 2023, p.140).

There is, however, a fundamental difference in governance between those legal structures that operate a "one share-one vote" (e.g. Private Companies Limited by Shares or Public Limited Companies) versus a "one shareholder-one vote" model (e.g. Cooperatives, Community Benefit Societies). The latter provides a much more horizontal and distributed decision-making structure, whereby each member has an equal say via "one shareholder, one vote", this "*shifts the power of shareholders completely. By allowing material wealth and voting rights to be combined, the equality of members is undermined by differences in wealth and money … [it] essentially reduces or removes the say of shareholders without a controlling share in the company*" (Lacey-Barnacle and Nicholls, 2023, p.139). Similarly for public or municipally owned companies, "*despite being publicly funded, the "democratic process" was the purview of local government executives, offering limited opportunities for wider public input into decision-making*" (Lacey-Barnacle and Nicholls, 2023, p.140).

One key difference worth noting is how Community Benefit Societies (BenComs) are run for the benefit of a specific community, whilst bona fide Cooperatives are run for the benefit of their members rather than the community it sits within. Consequently, "*co-operative ownership types are more supportive of democratic processes, but these do not guarantee energy democracy alone*" (Lacey-Barnacle and Nicholls, 2023, p.140). Other important characteristic differences noted in Table 4 include whether the organisation can apply for charitable status, which can mean they are exempt from the payment of some taxes and eligible for certain funding streams (Welsh Government, 2024). Furthermore, certain legal models can incorporate an asset lock[9], meaning they cannot be used for private benefit (Welsh Government, 2024).

It is possible for community members to assume a degree of ownership alongside private and/or public organisations. Shared ownership can offer communities a route to becoming stakeholders and collaborate on commercially or state-owned projects. There has been significant development on policies within shared ownership structures in the last decade. The Scottish Government released their 'Good Practice Principles for Shared Ownership on Onshore Renewable Energy Developments' in 2018 (Box 11), where Frew defines shared ownership as any structure that involves a community group as a financial partner throughout the lifespan of the project (Frew, 2018). Consequently, shared ownership is better aligned to empowering *communities of place* versus *practice* or *identity*; with the ability to create a strong bond between communities and businesses with more sustainable funding and opportunities (Zhao et al., 2016).

3.4.3 A spotlight on current practitioner guidance

We briefly outline guidance from both the Scottish Land Commission (Box 10) and Scottish Government (Box 11) on delivering community benefits from community land ownership.

[9] "An asset lock is a constitutional device that prevents the distribution of residual assets to members. The purpose of an asset lock is to ensure that any retained surplus or residual value cannot be appropriated for private benefit of members and should be used for public or community benefit. Asset locks are a defining feature of community shares, because they remove the scope for members to make speculative capital gains resulting from the dissolution, disposal or conversion of the society into a company." UK, C.-O. 2022. Asset lock provisions. *The community shares handbook.*p.22

Box 10: Delivering Community Benefits from Land (Scottish Land Commission, 2023d)

Delivering Community Benefits from Land

Extending the good practice beyond renewable energy developments, in 2023 the Scottish Land Commission produced a report highlighting best practice for delivering community benefits from land. The report states that for Scotland's land and people to prosper, communities must benefit from land ownership and management, alongside broader benefits to nature and climate.

Community benefits are framed as consisting of social and economic benefits that promote sustainable development of communities. Here they differ from public benefits which have a national impact, benefiting the wider public not just the local community. Benefits should be tailored to a specific local community being and agreed upon via deliberation, and aligned with the community and local strategic plans: *"it is important to note that there is no one-size-fits-all approach to community benefits"* (Scottish Land Commission, 2023d, p.10). Agreed benefits should be proportional to both the scale and the impact of the landholding in question. They should be flexible to accommodate for long-term changes to the community and its surroundings. Finally, these benefits should also be monitored, and publicly reported. The guidance outlines questions that should be considered when looking to deliver community benefit from land, including:

a) **Whether land needs to be purchased or owned?** – "*Land does not always have to be purchased to achieve the objectives of a prospective owner. Partnerships or collaborations with existing or aspiring landowners, such as working with communities, charities, or others with social objectives, could meet the same objectives and should be considered by potential landowners*" (p.13)
b) **Whether and how local community ownership of land or other forms of ownership and tenure can be offered?** – "*If land is already owned, or is going to be purchased, consideration should be given to whether there are opportunities to enable community ownership or tenure over part of the landholding"* (p.14)
c) **How communities can be formally involved in decision-making about land?** – "*Community ownership and tenure of land is not always the right approach for a community or landowner due to timing, resources, capacity, or aspiration. However, there are many other ways in which shared ownership and decision-making can work for all parties*" (p.16), such as community representation on decision-making boards, cooperatives, formalised partnership etc.
d) **What might be the impact of further land purchases and leases?** – "*As new and existing landowners look to purchase or lease further land and buildings in an area, consideration should be given to the potential impact on the community and whether there is a risk of creating a localised monopoly…or constraining local opportunities, such as a lack of housing for local residents*" (p.18).

Guidance on providing financial benefit to communities through land ownership and management is outlined, which are aligned with its own Community Wealth Building guidance (Box 3). These include an emphasis on the following:

- Opportunities to provide a financial benefit for communities;
- Providing local investment opportunities;
- Being transparent about finances;
- Procuring goods and services locally; and
- Creating opportunities for fair work.

The guidance also calls for socially productive use of land and buildings, including identifying opportunities for collaboration fair, and transparent policies about selling/leasing land.

Box 11: Scottish Government's Good Practice Principles for Shared Ownership of Renewable Energy (Frew, 2018)

Good Practice Principles for Shared Ownership of Renewable Energy

The Scottish Government published its Good Practice Principles for Shared Ownership of Renewable Energy in 2018. Shared ownership is one of the most common structures used in projects around the UK, aiming to achieve greater community involvement, yet there are very few shared ownership developments in Scotland. Shared ownership is defined as "*any structure which involves a community group as a financial partner over the lifetime of a renewable energy project*" (Frew, 2018, p.4). There are eight underpinning motivations for shared ownership with communities, from the perspective of generating local and community benefits (Frew, 2018):

1. Engagement with communities to promote the transition to a low carbon future;
2. Generation of income to create a legacy;
3. Progress government targets for community and local owned renewable energy;
4. Building stronger relationships between communities and industries;
5. Assist in the understanding for the needs of local communities and create a more positive feeling and support towards the project;
6. Community group partners could mean eligibility for rates relief;
7. Strengthens corporate social responsibility; and
8. Empowerment of communities and building capacity.

There are six principles of engagement that the government 'encourages' all parties to follow (Frew, 2018):

1. It must be on a commercial basis: common models are joint venture, shared revenue, or split ownership;
2. All parties must be flexible;
3. Inclusive to all stakeholders;
4. Timing should work for all parties and be reasonable;
5. Transparency to all subjects but especially finance and cost; and
6. It is distinct and separate from community benefit funds.

Finally, the guidance also offers clear roles and responsibilities for different parties, including communities, industry and Local Authorities, with a view to lay the foundations for a productive partnership. It also makes clear the risks associated with shared ownership for communities, as well as some of the barriers to achieving this, such as community capacity.

4 Models of community participation

Central questions relating to the creation of community benefits either via community benefit payments or ownership are:

1. what are the characteristics and boundaries of the community in question; and
2. what do they value and need?

It is difficult to satisfactorily answer these questions without including communities in the design and delivery of a project that will be capable of realising community needs. Consequently, this section considers how inclusive community participation might be facilitated to ensure lasting community benefit.

As outlined in Section 2.4, democratic innovations such as *deliberative* and *participatory democracy* are essential parts of community-led governance. Approaches to embed community views earlier in decision-making and towards community-led governance marks a distinct move away from the traditional "DAD" (Decide, Announce, Defend) model of decision-making, and moving away from 'doing to' and towards 'doing for' communities. Ultimately, perhaps progressing towards, 'doing with' communities.

In this section we first explore the definitions deliberative and participatory democracy (Section 4.1), before turning to different conceptual frameworks that offer a clearer understanding of the characteristics of different types of community participation and engagement (Section 4.3). Finally, we consider the challenges associated with community participation and engagement and the need to address the barriers to unlock methods for success (Sections 4.3 and 4.4), before putting a spotlight on relevant practitioner guidance (Section 4.6).

4.1 Deliberative and participatory democracy

Participatory and deliberative democracy are often used interchangeably but they are not the same and this is reflected in how they are operationalised (Carson and Elstub, 2019). According to Carson and Elstub (2019), the main similarity between participatory and deliberative democracy is that *they "refer to the direct involvement of citizens in political decision-making, beyond choosing representatives through elections*"(p.2). However, there are some important differences "*in terms of: the number of participants; the type of participation, and how participants are selected*" (OECD, 2020).

Following Scottish Government's Institutionalising Participatory and Deliberative Democracy Working Group (IPDD Working Group) (Scottish Government, 2023b), we borrow a definition from Held (2006) for **participatory democracy***,* as an approach that allows the "*direct participation of citizens in the regulation of key institutions of society, including the spheres of work and the community*" (p. 379). Participatory approaches seek to engage with a much larger group of participants versus deliberative approaches; championing breadth over depth (OECD, 2020). A common example of participatory democracy is participatory budgeting.

In contrast, **deliberative democracy** offers a more involved approach than participatory democracy. Deliberative approaches tend to involve a smaller – and ideally a representative - group of participants and aim to support deliberation on a specific topic. Another important difference is that deliberative approaches require "*that participants are well-informed about a topic and consider different perspectives in order to arrive at a public judgement (not opinion) about "what can we strongly agree on""* (OECD, 2020). This involves participants both justifying what they want and listening to others' justifications in a respectful manner (Elstub et al., 2021). The process ultimately aims to "*reach a consensus view and make collective decisions, and is characterised by equal participation with the aim* *of changing preferences*" (Elstub, 2010, p.303). Other principles include communication with participants that encourages them to reflect upon preferences in a non-coercive fashion (Dryzek, 2002).

A common example of deliberative democracy would be a citizens' assembly, which constitutes a "*large-scale type of mini-public that usually brings together members of the public: around 100-150 people at national level, around 40-50 people at local level*" (Scottish Government, 2022b, p.3). Participants are typically selected so they are "*representative of the broader population with respect to key demographics (e.g. age, gender, geographical location) and sometimes attitudes*" (Scottish Government, 2022b, p.3), and "*often lasts for several months or more*" (Scottish Government, 2022b, p.3).

4.2 The role and contribution of community participation

Deliberative and participatory democratic processes provide "*opportunities for diverse and often unheard groups to be involved in decision-making…creating a set of relationships and processes that lead to improved outcomes, meet a wider range of needs, and reduce the 'cost of failure'*" (Scottish Government, 2023b, p.4).

Smith et al. (2005) present three rationales behind undertaking public participation. Firstly, the **normative** argument that public participation represents 'the right thing to do'. Secondly, the **substantive** argument is where the public can offer a valuable perspective, meaning that public participation will lead to better quality decisions, thus outcomes. Thirdly, the **instrumental** argument is that public participation can help to achieve wider goals through processes such as building support, awareness, and trust (Smith et al., 2005).

There are of course reasons to opt against participatory approaches (Section 4.4), but assuming community participation is appropriate, possible and desirable, we now set-out a number of frameworks that outline how we might characterise these approaches in more detail, and how these approaches differ from non-deliberative and/or participatory approaches.

4.3 Community participation and engagement frameworks

We now explore different frameworks for conceptualising community participation. These frameworks and the typologies of public participation they pose help to structure the purpose and attributes of participation, and thereby the outputs and impacts of the engagement process (Rowe and Frewer, 2005).

In Figure 7 we present a synthesis of six different conceptual and/or practitioner frameworks (Roberts et al., 2023), to illustrate how different types of participation map onto a hierarchy of the "least-to-most" involved forms of community participation. To aid interpretation of Figure 7, we offer the following guidance:

- The far left-hand side of Figure 7 outlines the **ladder of community participation** in simple terms, ranging from 'doing to', 'doing for' and 'doing with' (TLAP, 2021)(Box 12). This is expanded by Arnstein's ladder (Arnstein, 1969) that navigates from "control" to "empower". We present this framework in more detail in Section 4.3.1.1, alongside its successor Wilcox's ladder (Wilcox, 1994)(Section 4.3.1.2) and non-continuous conceptualisations of participation (Section 4.3.1.3).
- The **role** and **contribution** of different forms of community participation are then outlined against this spectrum of engagement. We expand upon (Soutar et al., 2022) framework and defining participation through the characteristics of **information exchange** in Section 4.2.

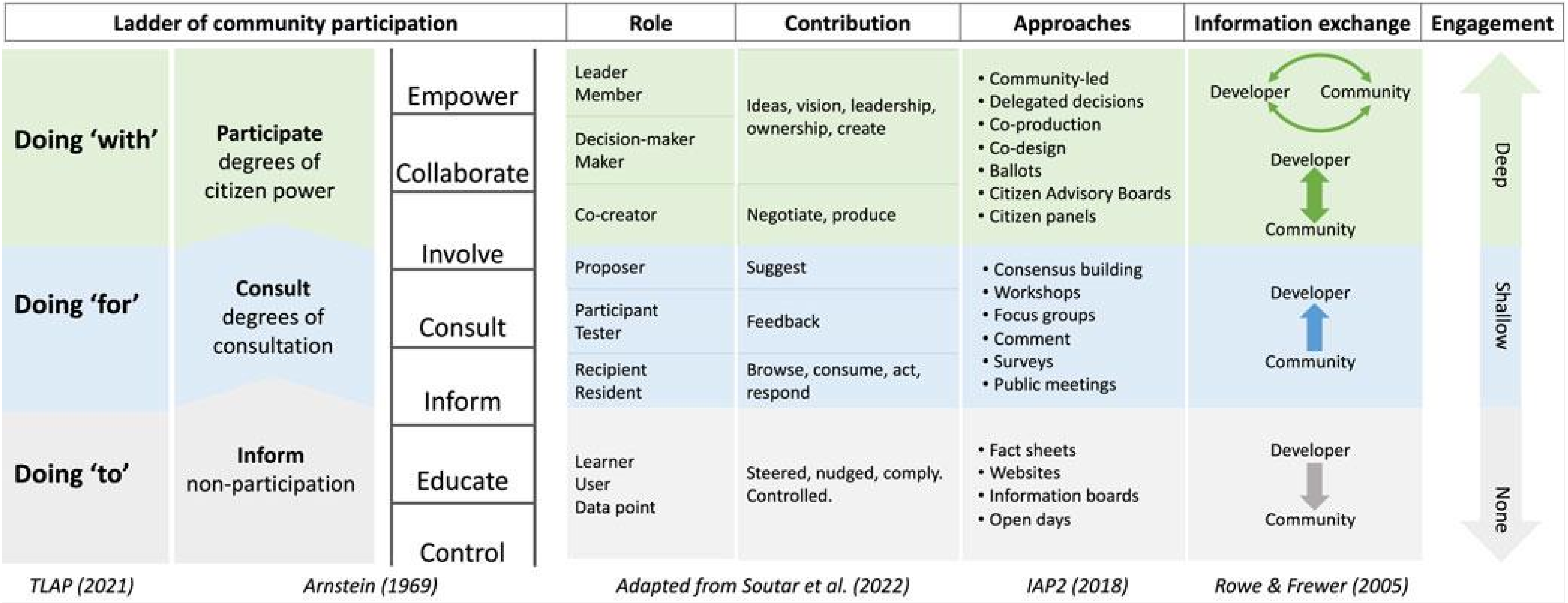
- This is followed by **approaches** to mobilising community participation, unpacking the International Association for Public Participation (IAP, 2020b) framework in Section 4.3.3.
- Finally, the far right of Figure 7 covers these different levels of **engagement**, and characterises them in terms of how deep, shallow or absent the degree of engagement with communities is.

It is important to note that there is growing critique on the linear hierarchical nature of the frameworks we outline in this section. Such frameworks are considered too rigid, particularly because engagement should be tailored to context and place, purpose and community dimensions. In response, other conceptual typologies have been developed such as the engagement wheel or tree to reflect that engagement approaches should be flexible and adaptable (Hafferty, 2022).

4.3.1 Ladders of community participation

The ladders of community participation, such as Arnstein and Wilcox, provide us with an understanding of the spectrum of community participation and engagement. The spectrums range from limited to no participation, to empowerment of the community. These frameworks can be used for a range of purposes and can be used across different sectors from academic research to industry. The ladders have provided baselines for the many engagement tools that now exist in non-academic circumstances and allow researchers and decision-makers to understand how the processes of engagement change to fit a curve of participation, for example consulting, to empowering then informing on the final decisions.

Figure 7: Schematic synthesising different conceptual frameworks for community participation (Roberts et al., 2023)

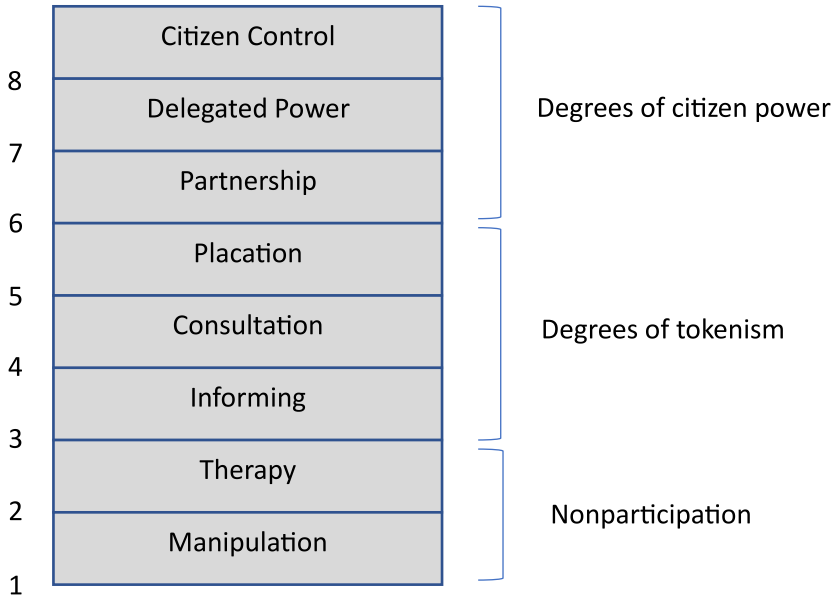


Ladder of community participation			Role	Contribution	Approaches	Information exchange	Engagement
Doing 'with'	**Participate** degrees of citizen power	Empower Collaborate Involve	Leader Member Decision-maker Maker Co-creator	Ideas, vision, leadership, ownership, create Negotiate, produce	• Community-led • Delegated decisions • Co-production • Co-design • Ballots • Citizen Advisory Boards • Citizen panels	Developer Community Developer Community	Deep
Doing 'for'	**Consult** degrees of consultation	Consult Inform	Proposer Participant Tester Recipient Resident	Suggest Feedback Browse, consume, act, respond	• Consensus building • Workshops • Focus groups • Comment • Surveys • Public meetings	Developer Community	Shallow
Doing 'to'	**Inform** non-participation	Educate Control	Learner User Data point	Steered, nudged, comply. Controlled.	• Fact sheets • Websites • Information boards • Open days	Developer Community	None
TLAP (2021)	*Arnstein (1969)*		*Adapted from Soutar et al. (2022)*		*IAP2 (2018)*	*Rowe & Frewer (2005)*	

4.3.1.1 *Arnstein's Ladder*

In 1969, Sherry Arnstein created a ladder of citizen participation (Figure 8). Within this model, citizen participation is a categorical term for citizen power; it is the redistribution of power to allow those described as 'have-nots' to be deliberately included in future economic and political processes. These processes include determining how information is shared, how resources are allocated, and how goals and policies are set to match the benefits distributed.

Figure 8: Arnstein's Ladder of Citizen Participation (Arnstein, 1969)



There are eight rungs of the ladder: the bottom rung (manipulation) being non-participatory and moving up to the top rung, citizen control, where the 'have-nots' hold majority decision-making seats (Arnstein, 1969). The rungs are as follows:

1. **Manipulation** is the bottom rung of the ladder, highlighting the distortion of participation into a public relations vehicle by those with power. There is an advisory committee or board with the aim to 'educate' or 'engineer' the support from the public. At the time of publishing the ladder, Arnstein stated that this rung was most typical of what was presented as 'grassroots participation' and was the start of the hostility between power holders and the 'have-nots'.
2. **Therapy** is described as both 'dishonest' and 'arrogant'. Citizens are involved in extensive activity but the focus here is resolving a perceived problem for participants. It can be used to avoid the work necessary to solve the problem itself by redefining the issue as one of a relationship between participant and subject. Both **therapy** and **manipulation** can be categorised as non-participatory, in that they do not enable people to fully participate in planning or conducting programs. Instead, it facilitates an approach whereby power holders aim to educate and shift participants' views towards their preference.
3. **Informing** could be considered as the first step towards legitimate citizen participation; however, it can be abused with emphasis on a one-way flow of information. Officials can inform citizens of their rights, responsibilities, and options with no chance of feedback or power of negotiation. If the informing happens in the late stage of planning, then people have little opportunity to influence the program design in a way that fits to their requirements. Examples of informing tools are leaflets, media, and posters. This one-way flow can be changed with the addition of meetings, providing there is the chance for questions and transparency is promoted.

4. **Consultation** is the term most often used when organisations intend to engage with citizens. However, it needs to be combined with other forms of participation, as by itself it offers no assurance that citizen voices will be heard. This type of participation can be classed as 'window dressing' given that it can allow the appearance of participation but without meaningful involvement of citizens beyond their attendance at events or receipt of project materials.
5. **Placation** allows citizens to have some degree of influence, through being assigned positions of power (e.g. community board). However, if citizens are outnumbered by power holders, they have little influence. Informing, consulting and placation are forms of tokenism, allowing the 'have-nots' a voice, but little overall influence on the final decision therefore, not straying away from the expected 'norm'.
6. **Partnership** is the first rung of the ladder where power is redistributed. Through negotiations between citizens and power holders, they agree to share planning and decision-making responsibilities via joint policy boards and planning committees. Partnerships works best when there is a powerbase in the community, where citizen leaders are: (a) accountable; (b) can be paid for their time; and (c) there are resources to hire. With these, there is a greater chance of genuine bargaining influence over the outcomes.
7. **Delegated power** can also be achieved by negotiation, with citizens becoming the dominant decision-making authority. At this point, citizens have accountability of the programme and negotiation is required to resolve differences between citizens and power holders. Alternatively, citizens may exercise their right to a veto should negotiations break down. A contract would typically agree - 'line-by-line' - which powers are delegated, and to whom.
8. **Citizen control** is where citizens govern a development and are in full charge of policy and managerial aspects. Here citizens retain control over the circumstances under which external parties may influence their decision-making. Importantly for community benefit, under this approach, a community organisation would have full control over how benefits are generated and distributed.

Arnstein's Ladder provided one of the first conceptual views on participation, allowing organisations and researchers to understand not only the level of participation they were conducting but also evaluate the impact the participation would have. Since publication there has been significant critique of Arnstein's Ladder regarding its limitations. For example, power holders and the citizen 'have-nots' are not homogenous groups, and in the context of communities, members of a community may potentially fit into either group. Regardless, the ladder provides the baseline for many current engagement policies.

4.3.1.2 *Wilcox's Ladder of User Involvement*

Wilcox's Ladder is a five rung ladder which further developed Arnstein's original framework. Once again, the lowest rung of the ladder corresponds to the non-participatory approaches, with the most participatory approaches located at the top rung (Wilcox, 1994)(Table 5).

Table 5: Wilcox's ladder of user involvement (Wilcox, 1994)

5	Supporting independent and local initiatives
4	Acting together
3	Deciding together
2	Consultation
1	Information

5 | Supporting independent and local initiatives revolves around ensuring that supportive frameworks, resources and advice are in place. There is a possibility that resource holders may put a limit on what they will support but this is the most empowering stance. This may often require a community organisation to manage their own funds and carry out their own processes, offering more flexibility to move at the pace of those who are going to lead the initiative.

4 | Acting together is the forming of a partnership that brings different interest groups together, to develop the best solution. This may involve a short- or long-term collaboration, with a common language and shared vision. These partnerships require trust, which can take time to build.

3 | Deciding together encourages the public to provide additional ideas and options, leading to a more joint decision about next steps. However, there is no requirement for the equal distribution of decision-making responsibilities. This more involved process requires stronger engagement techniques and citizen confidence, and can extend timescales.

2 | Consultation identifies the problem, offers options and solutions, and listens to the feedback offered by respondents. Aligned with Arnstein (1969), there is no requirement for this feedback to be acted upon. It is also possible that the choices on offer in the consultation are constrained and there may be little support on offer for carrying out preferred actions.

1 | Information is situated as the lowest rung on Wilcox's ladder and the lowest form of engagement. It focuses on informing those directly impacted by a development about what is planned, with no obvious intention or requirement to spread this information to broader members of the community. It is a 'take it or leave it' approach.

These five rungs fit well onto Arnstein (1969)'s three main ladder categories: (a) non-participation; (b) degree of tokenism; and (c) degree of citizen power (Figure 8). However, reflecting upon Arnstein's Ladder in the development of their own, Wilcox observes that informing and consulting could be considered to involve a greater degree of citizen participation than it does in practice, which could lead to disillusionment given the lack of reciprocal citizen empowerment they provide (Wilcox, 1988).

4.3.1.3 Bishop and Davis' (Dis)continuum of Participation

In the early 2000s, a group of researchers published a report from a symposium to map public participation in policy choices. They contradict many of the principles outlined by the other frameworks outlined in Section 4.3.1, in so far as they argue for a more pragmatic approach to participation and that "*policy participation is best understood as a discontinuous set of techniques, chosen according to the issue in hand and the political imperative of the times"* (Bishop and Davis, 2002, p.26). They proposed four approaches to policy participation:

1. **Participation as a continuum**: using Arnstein's model and having citizen participation as a categorical term, plotting it along a line from token consultation to full citizen control. This allows participation to not just be a single act but a scale of possibilities, involving a tipping point where control shifts from the government to citizens. Using this system means both a classification of the participation and a value-judgement (Bishop and Davis, 2002, Arnstein, 1969).
2. **Linking participation to policy problems**: it takes the standpoint that "if policy problems are fundamentally different in character, then participation types too would be separate and discontinuous" (Bishop and Davis, 2002, p.18). Consequently, "*form follows function so that the character of a policy problem decides whether, and through what instrument, participation is possible"* (Bishop and Davis, 2002, p.18). It brings forward the different reasons for participation, including not only those deciding on the form participation but also the nature of the issue.

Building on this, Thomas (1993) provides links between the problem, the participation strategy, and the available instruments.

3. **A continuum of management techniques:** Here a continuum of participation is applied less in relation to the "problem at hand" but in terms of service delivery, with a spectrum moving from minimum involvement of the community, through to community control via regular referendums. This takes Arnstein's categories and applies them to the government procedures and their stance on involving the community (Thomas, 1993, Arnstein, 1969).
4. **Participation as a discontinuous interaction**: this determines the possibility of describing participation through the discontinuous nature of policy problems, local history influences and application of mechanisms. Unpacking this logic, they identify five discontinuous forms of participation, as outlined in Table 6. Here they place a strong emphasis on pragmatism, asking 'what is the objective of the participation?', as well as 'which instrument may be able to deliver on this objective?' and the association limitations of this.

Table 6: A discontinuous map of participation types (Bishop and Davis, 2002).

Participation Type	Objective	Key Instruments	Limitation
Consultation	To gauge community reaction to a proposal and invite feedback. Consultation is only participation when information gathered can influence subsequent policy choices	• Key contacts • Surveys • Interest group meetings • Public meetings • Discussion papers • Public hearings	• Delay between consultation and any outcomes • Communities feel betrayed if they do not like the decision • Expensive and time consuming for complex decisions
Partnership	Involving citizens and interest groups in aspects of government decision-making	• Advisory boards • Citizens advisory committees • Policy community forum • Public inquiries	• Issue who can seek for a community • Bias toward established interest groups • Legitimacy issues with those excluded from the process
Standing	Allowing third parties to become involved in the review process	• Review courts and tribunals • Open and third party standing • Statutory processes for social and environmental impact assessment	• Only relevant for those issues which come to court • Expensive and time consuming • Bias toward well-funded interests • Legal approach may be inappropriate for some issues
Consumer Choice	Allowing customer preferences to shape a service through choices of products and providers	• Surveys and focus groups, • Purchaser/provider splits competition between suppliers • Vouchers • Case management	• Relevant only for service delivery issues
Control	To hand control of an issue to the electorate	• Referendum • 'community parliaments'	• Costly, time consuming and often divisive

		• Electronic voting	• Are issue votes the best way to encourage deliberation?

4.3.2 Soutar's scaffold of engagement

Soutar et al. (2022) propose a 'scaffold of engagement' framework (Table 7) which largely mobilises an earlier framework proposed by Cardullo and Kitchin (2019) that extended Arnstein's ladder by adding a ninth rung for **choice**. This relates to the neoliberalist framing of people as consumers, and applying it against engagement from the perspective of smart local energy systems. They connect the differing levels of participation with the different **constructed roles** that the community would be expected to play role and nature of the community's engagement or **constructed involvement**. This is followed by **modality** and how communities are positioned in relation to other actors as part of the engagement process; outlining the prevailing dynamic of engagement. They add a new category in the fifth column, which outlines **examples of engagement practice** i.e. "what does it look like?". Soutar et al. (2022) and Cardullo and Kitchin (2019) frameworks add value to the debates around community engagement in the sense that they make clear the role communities play for different level of participation, the dynamic this creates and examples of what form this may take.

Table 7: Scaffold of engagement (Soutar et al. (2022) adapted from Cardullo and Kitchin (2019))

Form and level of participation		**Constructed role**	**Constructed involvement**	**Modality**	**Example of practice (user/community focus)**
Citizen power	Citizen control	Leader, Member	Ideas, Vision, Leadership	Inclusive, Bottom-up, Collective, Autonomy	None prevalent within the dataset
	Delegated power	Decision-maker, Maker	Ownership, Create	Experimental	None prevalent within the dataset
	Partnership	Co-creation, User designer	Negotiate, Produce, Co-design, Co-creation		Beta testing (users), Participatory workshops (community)
Tokenism	Placation	Proposer	Suggest	Top-down, Civic	Participatory workshops (community)
	Consultation	Participant, Tester, Player	Feedback	Paternalism, Stewardship, Bound to success	
	Information	Recipient	Browse, Consumer, Act		Post-installation support (user), Information provisions (community)
Consumerism	Choice	Resident, Consumer, Prosumer			Marketing (user)
Non-participation	Therapy	Patient, Learner, User, Produce, Data-point			None prevalent within the dataset

	Manipulation		Steered, Nudged, Controlled		None prevalent within the dataset
Non-engagement	Expert-led	Unwilling/Unable, Inconsequential	n/a	Technocratic, Anti-political	Non-engagement (user and community)

4.3.3 Defining community participation through information exchange

At the far right of Figure 7 we find that community participation is characterised through information exchange. The framework proposed by Rowe and Frewer (2005) takes a simpler approach to classifying public say in decision making, proposing three categories of information exchange**:**

1. **Public participation** is a two-way information exchange between power holders or 'exercise sponsors', and participants.
2. **Public communication** is a one-way flow of information from the sponsor to the public representatives.
3. **Public consultation** is a one-way flow in the opposite direction from the representative to the sponsor.

The levels of effectiveness from these varies depending on the desired outcome (Rowe and Frewer, 2005):

- **Public communication** maximises the relevant information from the sponsor and efficiently transfers it to the maximum number of the relevant population.
- **Public consultation** maximises the relevant information from the maximum number of relevant population and efficiently transfers it to the sponsor.
- **Public participation** maximises the relevant information from the maximum number of all relevant sources and transfers it.

Public participation goes beyond the provision of information and consultation; the process incorporates public views, i.e. public perspectives are fully considered in the decision process.

4.3.4 Guidance to support community participation

The International Association for Public Participation (IAP2) is an international organisation advancing the practice of public participation, who have a **three-pillar approach** to effective public participation (IAP, 2020b): (1) The Spectrum of Public Participation, (2) Core Values, and (3) Code of Ethics. We outline each in turn.

The **Spectrum of Public Participation** is outlined in Figure 2. The Spectrum closely maps against the academic frameworks outlined in Section 4.3.1, progressing from *Inform, Consult, Involve, Collaborate* to *Empower* with increasing public influence on the decision. For each stage, the Spectrum outlines the corresponding participation goal (i.e. what the objective of the participation is) and the promise to the public (i.e. what difference the participation process will make for the public).

Figure 9: IAP2 Spectrum of Public Participation (IAP, 2020b)

INCREASING IMPACT ON THE DECISION

	Inform	Consult	Involve	Collaborate	Empower
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations re directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

The second pillar defines **Core Values** and the expectations and aspirations of the participation process (IAP, 2020a). These state that public participation:

…is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process;
…includes the promise that the public's contribution will influence the decision;
…promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers;
…seeks out and facilitates the involvement of those potentially affected by or interested in a decision;
…seeks input from participants in designing how they participate;
…provides participants with the information they need to participate in a meaningful way; and
…communicates to participants how their input affected the decision.

The third pillar is the **Code of Ethics** which guides practitioners to enhance the integrity of the process. These considerations around ethics and integrity make the IAP2 framework distinct, as ethics is not a common topic in other guidance documents. The Code of Ethics target ten topics, shown in Figure 10.

Figure 10: IAP2 Federation's Code of Ethics (IAP, 2020b)

1. PURPOSE We support public participation as a process to make better decisions that incorporate the interests and concerns of all affected stakeholders and meet the needs of the decision-making body.	**6. ACCESS TO THE PROCESS** We will ensure that stakeholders have fair and equal access to the public participation process and the opportunity to influence decisions.
2. ROLE OF PRACTITIONER We will enhance the public's participation in the decision-making process and assist decision-makers in being responsive to the public's concerns and suggestions.	**7. RESPECT FOR COMMUNITIES** We will avoid strategies that risk polarizing community interests or that appear to 'divide and conquer'.
3. TRUST We will undertake and encourage actions that build trust and credibility for the process among all the participants.	**8. ADVOCACY** We will advocate for the public participation process and will not advocate for interest, party or project outcome.
4. DEFINING THE PUBLIC'S ROLE We will carefully consider and accurately portray the public's role in the decision-making process.	**9. COMMITMENTS** We ensure that all commitments made to the public, including those by the decision-maker, are made in good faith.
5. OPENNESS We will encourage the disclosure of all information relevant to the public's understanding and evaluation of a decision.	**10. SUPPORT OF THE PRACTICE** We will mentor new practitioners in the field and education decision-makers and the public about the value and use of public participation.

4.4 Challenges associated with community participation

This section largely draws on a literature review by Kallis et al. (2021)[10] that identifies common barriers to community participation. These barriers are important to remove or overcome in order for participation to be inclusive and to meet intended goals.

4.4.1 Community capability and capacity

One of the most common challenges associated with community participation is communities' capabilities to engage with participatory processes (Adamson, 2010). This capability is often related to a community's technical capabilities, knowledge base, and political influence, and whether these are of sufficient depth and breadth to be able to meaningfully participate to what can often be very involved and lengthy participation (O'Sullivan et al., 2020, Golubchikov and O'Sullivan, 2020, Kallis et al., 2021). Communities that lack these foundational capabilities are more vulnerable to fall foul of "*power asymmetries between sponsors and communities…[that serve to] undermine engagement and procedural and distributive justice*[11] (O'Sullivan et al., 2020, Golubchikov and O'Sullivan, 2020)" (Kallis et al., 2021, p.4). Communities may require targeted support to resolve this shortfall (e.g. external technical support) and facilitate meaningful participation over the long-term (Cornwall, 2008, Adamson, 2010). In recognition of this, a central tenet to participatory and deliberative processes is reimbursement or remuneration.

Another regularly cited barrier was the lack of spare time - or capacity - for communities to engage with in-depth and lengthy participatory processes. This was especially true when communities felt that participation may be desirable but not essential. This tends to see them prioritise their time on

[10] Reference to the Kallis et al. (2021) will normally denote some underlying reference to other literature, considering it is a review. For these references, please access their paper.

[11] Procedural justice relates to which actors hold decision-making powers and distributional justice relates to the distribution of (dis)benefits amongst different actors.

participating at key junctures, normally when controversial or key issues were being discussed (Johnson et al., 2016, Kallis et al., 2021). This is particularly problematic where participatory processes are designed without due consideration to "*the routines and availability of residents and stakeholders*" (Kallis et al., 2021, p.6, Klain et al., 2017). Kallis et al. (2021) point to one example in Ireland, where external parties sought to engage with fishermen on prospective marine energy projects but whose availability was very constrained by their own working schedule (e.g. weather, tides, season) (Reilly et al., 2016).

Insufficient capability and/or capacity are also considered barriers from the perspective of the external party that is leading the community engagement. As explained by Adamson (2010), these lead-agencies must invest in staff training and support to successfully facilitate community empowerment practice and citizen participation (Adamson, 2010). However, "*participatory processes can be lengthy and costly endeavours*" (Rodriguez-Izquierdo et al., 2010), not least due to the costs associated with monitoring and evaluating its effectiveness (Rodriguez-Izquierdo et al., 2010). Companies' perception that participatory approaches are more resource intensive may be sufficient to dissuade them from committing the necessary resources to drive public participation (Bonzon et al., 2024).

In many circumstances it will be appropriate to engage a third party to advise on and facilitate community engagement and participation (Esteves, 2021) and supporting organisations to recognize and allocate budget to this (rather than relying on in-house skills and capacity) is critical.

4.4.2 Organisational awareness and culture

A lack of awareness of participatory approaches - and how to embed them in decision-making - is an oft cited key barrier. For example, due to their relatively niche application, many companies and communities are uncertain about how to effectively resource and conduct participatory processes in practice (Tritter and McCallum, 2006, Bonzon et al., 2024). Lack of awareness can also translate into a lack of 'buy in' from policymakers to support and resource these approaches (Bonzon et al., 2024). This forms a negative feedback cycle, whereby the lack of awareness of these methods results in a lack on resourcing; inhibiting successful application of these participatory approaches and the broader awareness raising that their wide-scale application affords.

Adopting participatory approaches can also demand a corresponding shift in the organisational culture of the companies leading projects. Namely, a shift away from a preference for a top-down, centralised approach to project design and delivery, and towards a more bottom-up, participatory approach (Rodriguez-Izquierdo et al., 2010). A shift to greater participation may need to be initiated by external pressure, such as policy incentives or regulatory disincentives, which encourage companies to adopt more participatory approaches to community engagement in the project development and delivery process (Rodriguez-Izquierdo et al., 2010, Adamson, 2010). Associated with this might be the clearer demarcation of the different stakeholder roles in project formation; reducing uncertainty and confusion about the role different parties ought to play in supporting community participation (Adamson, 2010).

4.4.3 Evidencing a two-way, integrated and responsive process

In order to secure community buy-in for participatory processes, communities need to understand or be made aware of the potential value afforded by committing their own time and resources to the process from the outset. For example, what are the potential benefits or impacts of their participation in the process. This is particularly important where past attempts to engage or participate are not viewed favourably (Cooke and Kothari, 2001).

Should communities form the view that their participation could have a substantive bearing on decision-making – and this fail to materialise – then this runs the risk of (further) breakdown in trust between these parties (Bonzon et al., 2024, Colvin et al., 2016, Papazu, 2017, Watts, 2019, Colvin et al., 2019). It is therefore imperative that there is clarity about the participatory process from the outset, in order avoid unrealistic expectations about the outcomes leading to frustration (Demski, 2021, Sasse et al., 2021, Kallis et al., 2021, p.8). It is therefore important that external parties can point to how decision-making processes have been adapted to embed community feedback and preferences (Bonzon et al., 2024).

The perceived illegitimacy of these processes can be further compounded by a sense of 'engagement fatigue', whereby communities grow weary of engagement if they have already invested significant time (Kallis et al., 2021, Bonzon et al., 2024) and particularly where there was no response to the issues raised. Similarly, fatigue can be prompted where there are multiple topics or projects seeking community engagement but which are not integrated and synergistic (Tritter and McCallum, 2006, Bonzon et al., 2024).

4.4.4 Understanding community contexts

For external parties to meaningfully engage communities – and facilitate their participation in decision-making process – it is essential they understand as much as possible about the community they are dealing with. In particular, they should make evert effort to understand the community's cultural and historical context. This will help them to grasp not only what matters to the community and why, but also the types of participatory methods that might be best suited to engaging them. These contextual factors also influence how local groups respond to change and evaluate future priorities (Kim et al., 2019, Soma and Haggett, 2015, Kallis et al., 2021, p.7). This can help external parties frame the underlying community value associated with their proposed projects, and how likely they are to support it.

To illustrate this point, Kallis et al. (2021) point to research that cites the example of a proposed geothermal energy development in Sicily, which was framed as offering employment and community renewal in an area undergoing deindustrialisation (Pellizzone et al., 2015). This makes clear how understanding a community's history is "*critical in securing or losing support*" (Kallis et al., 2021, p.7). The same is true about grasping a community's language and culture, where different communities may hold different perceptions of what constitutes community participation (Rodriguez-Izquierdo et al., 2010, Demski, 2021) and exercise their own preferred styles and patterns of engagement (Cairns et al., 2023b, Adamson, 2010).

Without being grounded in a community's culture and history, it can be difficult for external parties to really understand what it is the community most values; in turn making substantive debate and negotiation very challenging. Bringing these contexts and preferences together, one helpful method for participation can be *participatory scenario development and evaluation*. This is seen an effective means of bringing all stakeholders together, to inhabit and debate tailored visions of future, as a means of debating the social benefits and costs of different scenarios (Graziano et al., 2017, Reed et al., 2013).

4.4.5 Engagement: when, how and with whom?

Project developers unfamiliar with community participation and power-sharing may be reticent to share project details for community consultation too early on in a project's development. This is because there may still be uncertainties about project details, which may frustrate efforts to engage with communities (Klain et al., 2017). Conversely, wait too long and communities may feel like they are being locked-out of any meaningful debate about the project's design and delivery. **When** to engage with the community therefore presents a difficult balance.

Furthermore, **how** best to engage or participate will be project, context and community specific. It is essential that external parties work closely with communities to understand what will constitute the most inclusive forms of participation for their specific community. For example, whilst operating a 'town hall' approach to engagement might be intended to open up consultation to all interested parties, "*public meetings do not always produce constructive interactions if some residents feel inhibited from expressing their views before large audiences or where events become confrontational*" (Barnett et al., 2010, Johnson et al., 2016, Kallis et al., 2021, p.6). This raises the challenge of "*capturing views from different sections of communities while preventing unrepresentative opinions from dominating discussions*" (Kallis et al., 2021, p.8).

An associated challenge of inclusive participation is **who** to include in participation and when. For example, Bonzon et al. (2024) consider under which circumstances that it might be appropriate for certain interests to be given more weight than others. This is particularly true when there is a power imbalance between the different parties who are promoting competing interests (Bonzon et al., 2024). They cite the examples of "*historically marginalized groups or those most vulnerable to policy impacts*" (p.7). This points to broader concerns about whether participatory approaches may be stymied by established relational hierarchies; present at the local level or beyond (Kallis et al., 2021).

4.5 Addressing barriers to unlock community participation

In relation to the barriers identified in Section 4.4, there are number of solutions to help address these and unlock meaningful community participation around project decision-making, both in terms of skilling up external parties and developers, and resourcing communities and their intermediaries.

As identified in Section 4.4, it is essential that a trusting relationship is forged between the community and external parties. As explained by Kallis et al. (2021), this "*helps to engender confidence that individuals or institutions will act in the interest of the public (Dwyer and Bidwell, 2019)*" (p.4). The question therefore, is how best to build trust? Kallis et al.'s review identifies a number of key steps, which include:

- The provision of "**early and accessible information** [that] *helps groups to make informed decisions and feel empowered*" (Kallis et al., 2021, p.4). Developers should avoid at all costs making decisions in advance, which can undermine trust and jeopardise the process.
- To create a space for communities to have a meaningful impact on decision-making by avoiding short-term engagement in favour of **longer-term participation with affected groups** (Bonzon et al., 2024). This should cover the full project lifecycle, from planning, construction, operation and decommissioning (Gross, 2007, Chilvers, 2008, Aitken et al., 2016, Kallis et al., 2021, p.4). The caveat is that care must be taken to avoid over-consultation, which can be achieved through avoiding repetition and poor coordination of engagement streams (Kallis et al., 2021).
- Creating a **transparent decision-making framework** that both makes clear the rationale for preferred choices and clearly relays these decisions in an easily accessible manner. It is important to make explicit from the outset, where communities will – and will not – have potential influence over decision-making (Heaslip et al., 2016, Reilly et al., 2016), as well as closing the 'feedback loop' to make clear where communities did in fact shape the outcome (Kallis et al., 2021).
- Implementing "**robust and fair procedures**…*to manage conflicts that often occur over projects and engagement processes*" (Kallis et al., 2021, p.4), to ensure that all parties are fairly treated and represented.
- Embedding participatory architectures within the community, by creating a **physical presence within the community** (e.g. a shopfront, site visits, information sessions), which allows for

informal and ad hoc connectivity between the community and external parties (Morris et al., 2018). These help to build a "*baseline understanding of community priorities", whilst also "creating an opportunity for stakeholders to meet each other informally and build relationships*" (Klain et al., 2017, p.18).
- **Partnering with trusted gatekeepers and local leaders** to help build trust and establish effective channels for two-way knowledge exchange with the community. These can see valuable information be communicated to the community but also community feedback flow and place-based knowledge back to developers (Devine-Wright, 2012).

As identified in Section 4.4, successful participatory processes demand that external parties develop a clear sense of the community's cultural values, history and primary needs. In building this picture, developers can then ascertain the most appropriate methods for engagement and participation for a given community. Kallis et al. (2021) explain how not all communities prefer – or are well-suited – to the same participatory approaches:

> *"Choosing appropriate engagement techniques: ranging from awareness-raising (exhibitions, websites, newsletters) to consultation (surveys, feedback, meetings) and empowerment (deliberative fora), often used in combination to broaden participation. Some groups embrace intensive techniques, while others lack the confidence, skills or resources to take part in more participatory processes* (de Groot and Bailey, 2016)." (p.4)

There are also some structural solutions that could help to unlock community participation. These include the establishment of knowledge exchange networks that facilitate the sharing of best-practice approaches and methodological 'how to' guides amongst different stakeholder groups (Bonzon et al., 2024). There is also the opportunity to create further demand for participatory methods, by embedding these best-practice participatory methods into policy design and implementation (Sasse et al., 2021), in particular by incorporating clear pathways that outline how community participation is expected to influence policy (Bonzon et al., 2024).

Approaches to support community involvement or to support grassroots initiatives primarily stem from resourcing and coordinating communities. We might note that local community groups are in a strong position when it comes to these good practices in engagement and participation. Local community groups are well trusted in comparison to outside or commercial actors (Middlemiss and Parrish, 2010). Local ownership and management require sustained engagement and also increases the likelihood of actions being transparent and accountable to local people (Cairns et al., 2023b). What is less clear is the extent to which community organisations might be better at disseminating information or have robust procedures in place for engagement and governance. Presumably, local groups have greater access to local networks to facilitate communications. In terms of robust procedures, here issues of community participation overlap with issues (and challenges) of community governance (see Sections 3.4.1 and 3.4.2).

Intermediary organisations can also play a significant role helping to overcome barriers for communities. These serve to aggregate knowledge, create and maintain sector-wide infrastructure and coordinate the development of local projects (Geels and Deuten, 2006, Hargreaves et al., 2013). Such an approach is consistent with the concept of 'collective economies of scale' (Oughton and Whittam, 1997), where back-room functions, such as marketing, administration or development are undertaken collectively to save on costs and avoid replication (Oughton and Whittam, 1997) while individual organisations retain independence. In Scotland's third sector, there are numerous community-focused intermediaries, including the Development Trusts Association Scotland, the Scottish Community Development Centre, the Economic Development Association Scotland and Foundation Scotland.

These provide varied resources and services in the support of community groups, including on community participation and governance issues (for example see Box 10). However, intermediaries also face challenges with resources, with their independence often compromised by dependence state agencies and support (Cullingworth, 2020).

4.6 Spotlighting current practitioner guidance

We now turn to practitioner-oriented guidance, relating to community engagement and participation. We focus on a combination of Scottish and broader UK or international guidance, aiming to spotlight where guidance correlates strongly with academic evidence of best-practice. Here we cover:

- Think Personal Act Local's *Ladder of Participation* (Box 12);
- The Scottish Community Development Centre's *National Standards for Community Engagement* (Box 13);
- Scottish Government's *Public Engagement Strategy for Climate Change* (Box 14)
- Scottish Government's *Participation Framework* (Box 15); and
- Scottish Land Commission's *Guidance on Engaging Communities in Decision Relating to Land* (Box 16).

Box 12: Ladder of Participation (TLAP, 2021)

Think Personal Act Local's Ladder of Participation

Think Local Act Personal (TLAP) developed a Ladder of Participation (Figure 11), a tool describing the various stages of access and inclusion, with co-production being the top rung. They define co-production as being used strategically, in service design and development and by the individual, but note their ladder is for strategic use. Although this ladder was designed by organisations who work in the healthcare profession, it can be applied across sectors which aim for more community involved processes. It can be observed that this ladder closely aligns with Arnstein's Ladder (Figure 8), however the language is arguably more accessible. with the aim to support clearer understanding, Arnstein's *manipulation* is replaced with *coercion*, and likewise *therapy* with *education.*

Figure 11: TLAP Ladder of Participation (TLAP, 2021)

Co-Production An equal relationship between people who use the services and those responsible for the services, working together from design to delivery, sharing decision-making about policies and delivery.
Co-Design Those who use the service are involved in designing it based on experiences, having genuine influence but not classed as 'seeing it through'.
Engagement Those who use the services are given more opportunity to express their views and may influence some decisions, but those responsible for the service make the final decisions.
Consultation Those who use the services may be asked for some views through practices such as surveys, however this may be considered tokenistic if they do not have power to influence.
Informing Those responsible inform those using the services including what decisions have been made a why.
Education Those who use the services are helped to understand the service design and delivery.
Coercion Those who use the services attend events as passive recipients. Their views are not considered as important.

Box 13: National Standards for Community Engagement (Scottish Community Development Centre, 2022)

National Standards for Community Engagement

In 2016, the Scottish Community Development Centre (SCDC) developed the National Standards for Community Engagement for use by public sector bodies and elected representatives, third sector organisations, community groups, and the private and independent sector. The standards define community engagement as "*a purposeful process which develops a working relationship between communities, community organisations and public and private bodies to help them to identify and act on community needs and ambitions*" (Scottish Community Development Centre, 2022, p.6). The standards aim to achieve effective, efficient, and fair engagement, providing the foundation for shared decision-making, shared action and support for community-led action. The standards have seven categories:

1. **Inclusion:** identification and involvement of those affected by the focus of the engagement.
2. **Support:** identification and aid to overcome barriers of participation
3. **Planning:** providing a clear purpose for engagement based on a shared understanding of community needs and ambitions.
4. **Working together:** working effectively together to achieve aims.
5. **Methods:** using methods of engagement that are fit for purpose.
6. **Communication:** clear and regular communication with those affected by the engagement.
7. **Impact:** assess impact of engagement and improve for future use.

To ensure users meet these seven criteria, SCDC have provided details of monitoring and examples of successful implementation. The toolkit is available to download, as well as related policy and strategy information and evidence of how these standards can support and improve the way these are put into practice. The standards reiterate that engagement is the development of a long term, working relationship that allows all groups involved to understand and act on any issues, achieving a positive change.

Box 14: Public Engagement Strategy for Climate Change (Scottish Government, 2021)

Public Engagement Strategy for Climate Change

In 2021, the Scottish Government released its *Public Engagement Strategy for Climate Change*, targeting public engagement to support climate awareness and action. The three main strategic objectives are to;

1. **Understand**: communicating climate change;
2. **Participate**: enabling participation in policy design; and
3. **Act**: encouraging action.

To deliver on these objectives are a broader set of actions for the government to take (Scottish Government, 2021):

- Develop public communications approach to ensure greater understanding of climate ambitions;
- Change Scotland's Climate Assembly to develop further deliberative approaches.
- Develop climate policies that exhibit principles of Open Government through meaningful consultation and participation;
- Develop genuine roles for policy processes for young people;
- Change marketing and communications to ensure households understand the changes;
- Promote place-based approaches to change behaviour;
- Collaborate with key delivery organisations to ensure information reaches key audiences;
- Collaborate with Adaption Scotland and others to provide consistent messaging;
- Work with trusted messengers to deliver and promote climate literacy;
- Collaborate with partners to help people make connections with nature and biodiversity;
- Work with educational institutes to embed climate change learning;
- Facilitate meaningful climate engagement and conversations;
- Target those affected by transitions, ensuring engagement in design and delivery;
- Champion and fund community-led climate action; and
- Use arts, creativity, and heritage to inspire and empower.

These actions are underpinned by the guiding principles of being: inclusive, people-first, evidence-based, just, participative, positive and transparent. The strategy is considerate of the context in which the engagement is taking place. For example, the individual, social and material factors that influence behaviour, such as beliefs, norms, relationships, and infrastructure. It also notes the importance of the timing of participation events in ensuring participatory processes are fully inclusive, for example accounting for patterns surrounding religion, cultural beliefs or job types, which have set or common hours.

Box 15: Participation Framework (Scottish Government, 2023a)

Scottish Government Participation Framework

At the start of 2023 the Scottish Government released the Participation Framework as part of Scotland's Open Government commitments. The Participation Framework is a toolkit that offers guidance on how decision-making about participation. It explains how participation is one of the three pillars of the international Open Government movement and if done well, will:

- Deliver more effective and efficient services;
- Better meet people's needs;
- Better reflect community values;
- Support effective implementation; and
- Demonstrate accountability.

The Framework identifies that there are alternative methods of participation other than consultation that may be better suited to the needs of development. The framework covers the common factors and key features of best-practice participation (Scottish Government, 2023a):

- **Voluntary:** participation is fundamentally about free choice but can be encouraged;
- **Action:** any participation, even if passive, involves some degree of activity;
- **Collective or connected:** even on an individual mature, the contribution is to a wider cause, having a collective impact;
- **Purposeful:** the purpose of participation must be clear.

Box 16: Guidance on Engaging Communities in Decision Relating to Land (Scottish Land Commission, 2023a)

Guidance on Engaging Communities in Decision Relating to Land

In 2023 the Scottish Land Commission (SLC) published a protocol relating to the Scottish Governments *Guidance on Engaging Communities in Decision Relating to Land*, setting out practical advice on how landowners, land managers and communities can work together to make fairer and more beneficial decision about land use. The protocol contains seven expectations which should be followed by those using the protocol (Scottish Land Commission, 2023a).

1. Contact information of relevant people should always be available;
2. Communities should be able to approach the owner or manager with concerns;
3. Information requests where appropriate should be accommodated;
4. Engagement plans should be created stating expectations of 'how', 'what' and 'when' the community will be engaged;
5. Any plan changes should be made known to the community as soon as possible;
6. Those involved in events should have discussed how the information will be recorded and shared from the events; and
7. Those who make the final decisions should share how the views from the impacted community have been considered.

The guidance has formed a route map for community engagement, with regards to decisions about land-use (Scottish Land Commission, 2023b).

5 Discussion and conclusion

In the preceding sections, we have drawn on academic literature to define key terms and concepts relevant to community participation and governance. The report also identifies the opportunities, challenges, and influencing factors that are important to consider when looking to support community participation and wealth building. Here, we highlight key contributions from our review and the questions these insights raise. We also discuss the implications for defining and designing 'good practice' community participation in natural capital projects.

5.1 Framing and understanding communities and benefits

The review identifies the contested and subjective nature of the term 'community' and the importance of highlighting the type of community (or communities) in question (e.g. place or practice) and their characteristics. Even so, there is value in using the term in place-based contexts on the basis that they do present characteristically distinguishable units of analysis, which offer a helpful focus for the effective planning of participatory methods for community benefit. Drawing upon the extant literature, we offer the following definition for a community:

> "A collective of people who are connected through a shared sense of identity, which is distinctive either in terms of: a) **place**, such as a defined geographical boundary; and/or b) **practice**, such as shared interests, motivations and values."

A core focus for this review has been to unpack the concept of community benefits and explore how these are created. Traditionally, community benefits have been framed in practitioner-circles as a type of payment from project developers to a community of place. Consequently, they constitute an *input* into the generation of community benefit, rather than an *output* or *outcome*; 'in and of itself'. This review reveals how much of the academic literature conceptualises community benefit differently, as a demonstrable uplift in the wellbeing of a community – either of place and/or practice - associated with specific *outcomes* (e.g. prosperity, happiness, independence). These impacts can be (in)directly connected to specific *outputs* (e.g. education, community ownership, habitat restoration), which can, in turn, be connected to specific interventions or projects that have been driven by a range of *inputs* (e.g. investment, time, political capital) (Burdon et al., 2022).

It is essential that community benefit – like the term community - is understood as a subjective and not an objective term. Benefits are held 'in the eye of the beholder', meaning that what one community may view as a benefit, another may not. This stems largely from the fact that no two communities can be considered identical; no matter how similar they are, nor can a community be viewed as homogeneous. Every community is different, with their own sets of resources, values, priorities and histories (Panelli and Welch, 2005). Moreover, communities, and the places they inhabit, are always evolving. Consequently, even where community context and surroundings remain the same, something that a community values today, may not necessarily be held in such high regard tomorrow. Conversely, a community may hold these same preferences and values over the long-term but their surroundings and context may undergo profound change, presenting new opportunities and challenges.

Associated with the above is the notion that community benefits may flow from either the: a) *primary* impacts of the project on the community and/or its economic, social and environmental context (e.g. flood risk, jobs, land value); or b) *secondary* impacts that are a function of any additional targeted benefit creation activities (e.g. improvements made via community benefit funds). Whilst both can be shaped by *ex-ante* conciliatory negotiations, the former is distinct in that these are associated with the direct impact of the project at hand. In the context of natural capital, it is also critical that both these primary and secondary impacts are viewed holistically, to understand the wider net-value to a community. This can be supported via a ‘chain-linked’ analysis, which connects the causal effect between changes to natural capital stocks, and the associated influence on ecosystem services, benefits and finally, beneficiaries (Burdon et al., 2022).

5.2 Community benefits and broader strategic objectives

Once there is some agreement around the desired community benefits – and the *inputs* and *outputs* needed to realise these *outcomes* – there is then a critical need to consider these targeted benefits within a broader strategy and not simply a stand-alone project. In particular, these benefits ought to be stress-tested through both a: a) *community wealth building* (Section 2.3) and b) *justice* lens (Section 2.4).

- **Community Wealth Building (CWB):** this offers a helpful critique of whether or not benefits will – on balance – create the conditions for more collaborative, inclusive, sustainable, and democratically controlled local economies (Guinan Martin and Lizárraga, 2020).
- **Justice:** Benefits, and the associated costs of their creation, are not necessarily distributed fairly across all of the community; with some members benefitting more than others. Participatory mapping can help outline where these benefits stem from and to whom they flow to (Burdon et al., 2022), providing the necessary evidence to assess how *distributionally* fair the spread of these benefits and their associated costs is. A justice lens also helps us question how aligned these community benefits are with *restorative justice*, i.e. compensating or repairing the harms of the past or inequalities of the present. Equally, in the context of project development, these same *restorative justice* considerations may relate to potential harms of the future, not just the past. Finally, it is important to assess how just the decision-making processes are that have arrived at these choices, specifically how *procedurally* (i.e. who has a say) and *representationally* (i.e. who is considered as material to decision-making) just they are.

Cutting across these questions of justice is the issue of time and scale (Bray and Ford, 2021) (Section 2.4). Whilst restorative justice speaks to ‘righting the wrongs’ of the past and future, another important temporal dimension is that of: a) when will these benefits be accrued; and b) how long will they last for? Scale can also re-calibrate our assessment of how *distributionally* and *restoratively* just a project is. If we abstract our analysis beyond the hyper-local focus of a specific community, then we begin to acknowledge wider regional or national injustices that a project may serve to resolve or even entrench. Even so, diverting focus too far beyond one community can dilute the emphasis on creating benefits for those in close proximity to a project and/or impacted by it, an issue well illustrated by the boundary setting of CBFs (Section 3.3.3).

With appropriate resourcing and training, it is possible that communities can do much of the preparatory work to signal to external parties their own strategic priorities via **community action plans**, in the context of these CWB and justice principles. These can outline important information such as: a) the boundaries, characteristics and context of the community in question; b) what their broader, long-term strategic objectives, needs are; and c) their preferred approach for delivering. This can save both parties valuable time, allowing for meaningful engagement between communities and external parties from the very initial stages (Local Energy Scotland, 2021). If updated regularly, these can also capture how the community – and its wider environment – are evolving, and the implications these changes may have on its capabilities and priorities. This is predicated on the assumption that community action plans themselves are participatory in their development and upkeep, and therefore reflect community priorities.

5.3 Governing community benefits

The review spotlights how important project governance architectures are to the type and level of benefits that communities enjoy. These can have a dramatic effect on: a) *who* benefits; b) *why* they benefit; c) *when* they benefit; and d) *how* they benefit. They also set the terms for engagement between a community and external parties, and the types of participatory approaches which are likely to be used or not. Whilst the scope of opportunity for community-led governance is largely determined at present by centralised decision-making (e.g. policy, regulation), we find that in the UK and other liberalised economies there are often two common approaches governing community benefits: **governance as partnership** and **governance as ownership** (Section 3.1).

Governance as partnership focuses on establishing partnerships between communities and other stakeholders, such as the project developer, investors, intermediaries etc. These partnerships tend to revolve around the formation of a **Community Benefit Agreement (CBA)** that principally represent an arrangement between these parties in relation to an agreeable generation and distribution of benefits amongst the community; normally via Community Benefit Funds (CBFs). However, their effectiveness varies (Cowell et al., 2011), for example, they must be properly tailored to the specific context, and they may not be suitable for all community circumstances. Both practitioner and academic best practice approaches note that socially just CBAs must involve effective inclusive and participatory processes from the outset (Cowell et al., 2011). There are also ongoing uncertainties and questions around the underlying objective of CBAs, given they are typically framed as separate and additional to compensation. Instead, they represent an exercise whereby external parties seek a ‘social licence to operate’ within a given community. Furthermore, there are concerns around the power asymmetries of this process, given that there are relatively few ‘checks and balances’ on project developers to demonstrate community support. In short, developers remain in the primary position of power. This raises questions about whether this governance approach will create the conditions for in-depth and meaningful community participation in – and influence over - the design of a project.

Governance as ownership offers an alternative approach to governing community benefits. Ownership is important to community benefit because it demarcates the degree of control that different stakeholders have within a project. Should a community hold a majority-stake in a project - or complete ownership - then the power dynamic shifts versus a project wholly owned by a private developer. Here, communities are directly responsible for making decisions about which community benefits need to be prioritised, how these should be delivered and who stands to benefit. This may help to tip the balance towards a more equitable system of power sharing between community and developer (Smith and Teasdale, 2012).

The review highlights that the scope for the creation and distribution of community benefits is much greater through community ownership, where the community is able and willing to do this. This is arguably put best by Hoffman (2013):

> “*Private enterprise could easily fail to improve the general well-being of local communities. Rather than focusing narrowly on wealth creation, community ownership aims to make sure that needed services are provided; that the population is maintained; that wealth generated from the land is captured by the community; that the benefits of development are evenly spread; and that resources are managed for the long-term benefit of the community*” (p.296)

However, the justice credentials of community ownership relies heavily on the type of legal structure a community organisation adopts, with some models (e.g. cooperative, BenComs) permitting much more democratic and inclusive modes of governance versus others (e.g. charity, private limited company) (Smith and Teasdale, 2012)(Section 3.4.2). They also have important difference in terms of whether they can assume charitable status, an asset lock or capture different forms of finance. In short, not all community organisations govern and operate in the same way, meaning that different models of community ownership may yield different outcome in terms of benefits and beneficiaries for a community; all else being equal.

Given the considerable benefits of **governance as ownership** for providing greater community benefit, questions can be posed about the extent to which the prevailing processes around community benefit might better support greater ownership. In particular, how might **governance as partnership** help to facilitate **governance as ownership**? Section 3.4 outlines some of the key challenges associated with community ownership, in particular the lack of access for communities to various forms of capital, including financial, human and social. How, then, might a partnership model via CBAs and CBFs help to support the creation of relevant forms of capital locally to help reduce barriers to local ownership?

Certainly, CBFs may provide communities with financial resources and legal provision (e.g. Community Right to Buy) to enable the purchase for the community of strategic assets, such as land, buildings or enterprises. Likewise, such funds may facilitate investment in skills development, e.g. through training or hiring of high-value skills, or local events to develop social capital (Cairns et al., 2020a). Such an approach, however, involves potentially difficult discussions within communities about balancing potential future rewards with more immediate needs, exposes communities to potential uncertainty and risks and necessitates the development of strategic management capacity. This, in turn, puts greater pressure on the resources available from such sources. Here, the role of intermediary organisations in supporting communities with the development of local strategic and organisational capacity could be very important here (Cairns et al., 2020a).

5.4 Delivering best-practice community participation- conditions and constraints

The review notes how important a given community's context and characteristics are to determining what that community considers a benefit or not. What this highlights is the importance of investing significant time and effort in any participatory approach to explore and learn about the community in question; including the opportunity and appetite for community governance roles. Such investment will not only help to uncover what types of outcomes that a community may desire but also how they may need resourced to realise these. Spending time early-on to learn about the community will also yield important insights into which engagement and participatory methods might prove most appropriate and effective. One cannot assume a 'one size fits all' approach to community participation will work and it is essential that participatory approaches are tailored around the community (e.g. culture, working patterns, values, language) as well as the broader context. This initial exploratory process will also be critical to building a trusting relationship with the community; essential to both the formulation and implementation of any community benefit agreement.

Participatory approaches for community engagement are essential in order to understand a given community's *characteristics* (e.g. boundaries, connections, history, values, practices, governance etc.) and *context* (e.g. social, economic, political, environmental etc.). This affords a baseline understanding of the community's capacities, capabilities, needs and challenges, from which both communities, community organisations and external parties can make more informed decisions about the:

a) community benefits that the community might value most and how best to deliver these;
b) participatory approaches that might elicit the most effective engagement; and
c) barriers to effective participation and associated solutions to unlocking this.

Focusing on the latter, it is not always helpful to frame modes of community participation along a normative continuum of "deep-to-shallow" – with deeper engagement always being preferable. Instead, we may frame these participatory approaches as non-continuous and a function of pragmatic decision-making about what might work best. Rather than advocate a prescriptive model, then, participation might better be shaped in accordance with a set of key principles.

Our review identified the following ten key principles to guide effective community participation:

1. **Bespoke:** conscious of – and responsive to – a community's unique characteristics, capacities and capabilities when considering approaches for inclusion and participation and benefits generation. This includes activities to raise awareness of project plans and opportunities to participate.
2. **Legitimate and democratic:** able to offer equitable and consensual participation that has been co-designed with communities and is built upon a relationship of trust and power-sharing.
3. **Inclusive:** accessible to all, including reducing physical and social barriers to participation. It should also be sensitive to existing imbalances of power and resource – both present and historical.
4. **Coordinated:** developed alongside existing frameworks such as community action plans, and cognisant of other projects and initiatives requiring community input. This is particularly important to support integrated 'joined up' activity to deliver broader community benefits and to reduce engagement fatigue.
5. **Resourced:** aware that the developer and the stakeholders may need to be upskilled to ensure full understanding of the value, purpose, and importance of community benefit and participation, its principles and potential. Communities and developers may both need capability building or resourcing training, or capacity bolstering through paid staff.
6. **Lasting:** embedding routes to maximise community benefit from the conception of the project will support community needs to be reflected in the development. Participation should be conducted in partnership with trusted gatekeepers in a way that establishes a long-term presence (physical, virtual etc.) to build lasting relationships with the community.
7. **Proportionate:** the depth and scale of community participation should be commensurate with the potential for community influence or say over project outcomes, and the commitment and aspirations towards community benefits.
8. **Targeted, timely and longitudinal:** early engagement and participation pathways are important to align proceedings with community needs and priorities. Participation may not necessarily be long-term and regular - it may be appropriate at points to have short-term engagement. Timings should be responsive to coordination with other community initiatives to reduce or remove the participatory burden. Community input can take place indirectly through alignment and coordination with other initiatives.
9. **Transparent:** the methodology, rationale and purpose of participation, as well as the rationale and evidence base for final decision-making (including the scope of influence of the community) should be transparent from the outset.
10. **Accountable and reflexive:** participatory processes – and their associated outcomes – should be independently monitored and evaluated for fairness, transparency, and outcomes, to inform reflexive learning about how activities can work best and how success is defined.

Aligning with these best-practice community participation principles (e.g. inclusive, representative) may only be possible once specific barriers are identified and consequently overcome with targeted support (Section 4.5). Such support might for instance include the provision of capability building (e.g. community training) or capacity bolstering (e.g. paid staff) and support needs and requirements may be identified during the participatory processes or from initial scoping engagement with the community earlier on in the process.

Even so, not all barriers may be easily resolved, meaning a more pragmatic approach may need to be adopted. The extent to which stakeholders can do justice to all of these principles will inevitably be constrained by factors such as a community's individual preferences for certain modes of engagement or limitations surrounding resourcing, time and access to stakeholders. It may also be the case that specific participatory approaches may best fit with the 'problem at hand' that parties are trying to resolve (Bishop and Davis, 2002, p.18) (Section 4.4). Other issues arising may involve engagement with a commissioned project being far less representative than initially targeted, however the project cannot easily change direction or withdraw. In reality too, a consensus may never be reached amongst a community, meaning some degree of decision-making may be deferred elsewhere. Consequently, stakeholders may be faced with the challenge of delivering the best community participation possible, within the context of these constraints and sub-optimal conditions. This raises key requirements for participatory approaches to be purposefully flexible and adaptable, and above all pragmatic for all parties.

Ultimately then, these principles for best-practice community participation should be embedded as best they can, throughout the project life-time but likely with emphasis on project design development and delivery. The extent to which this is made possible will influence the degree of success a project has in realising lasting community benefits from natural capital investments.

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Appendix A- Categories of community benefits with Scottish Case Studies

Table 8: Categories of community benefits, contextualized with Scottish case study examples (Macdonald et al., 2017)

Categories of 'Community Benefit'	Example Benefits	Case Studies
Financial payments to local communities	• Some form of community fund, with lump-sum and/or annual payments • Reduced electricity prices • Direct sponsorship of local events	Meikle Cawere Wind Farm, Aberdeenshire- developed a local electricity discount scheme for local residents and businesses
Contributions in kind to local assets and facilities	• To landscape and ecological enhancement measures, perhaps that mitigate or compensate for any environmental costs caused by the wind farm • To tourism/visitor facilities	Aikengall Community Wind Farm (East Lothian) provides funding for the enhancement of Lammermuir Deans SSSI
Provision of other local services	• Educational visits or other educational programmes	Sneddon Law Community Wind Farm (East Ayrshire) aims to create an educational/field centre
Conventional economic benefits	• The use of local goods and services • Employment of local people • Land rental income to landowners and any royalties • Local business rates and/or taxes	Solwaybank Wind Farm (Dumfries and Galloway) aims to create short- and medium-term jobs during the construction of the wind farm
Involvement in the development process	• Various forms or engagement activity	Freasdail Wind Farm (Argyll and Bute) engages with school and young people

Appendix B- Frameworks of governance and their characteristics

Table 9: Frameworks of governance and their characteristics (Hall, 2011)

	Hierarchies	Communities	Networks	Markets
Classificatory type characteristics	Idealised model of democratic government and public administration.	Notion that communities should resolve their common problems with minimum of state involvement.	Facilitate coordination of public and private interest and resource allocation and therefore enhance efficiency of policy implementation.	Belief in the market as the most efficient and just resource allocative mechanism.
	Distinguishes between public and private policy space.	Builds on a consensual image of community and the positive involvement of its members in collective concerns.	Range from coherent policy communities/policy triangles through to single issue coalitions.	Belief in the empowerment of citizens via their role as consumers.
	Focus on public or common good.	Governance without government.	Regulate and coordinate policy areas according to the preferences of network actors than public policy considerations.	Employment of monetary criteria to measure efficiency.
	Command and control (i.e. top-down decision-making).	Fostering of civic spirit.	Mutual dependence between network and state.	Policy area for economic actors where they cooperate to resolve common problems.
	Hierarchical relations between different level of the state.			
Governance/policy themes	Hierarchy, control, compliance.	Complexity, local autonomy, devolved power, decentralised problem-solving.	Networks, multi-level governance, steering, bargaining, exchange and negotiation.	Markets, bargaining, exchange and negotiations.

Policy standpoint	Top: policymakers, legislators, central government.	Bottom: implementers, street level bureaucrats and local officials.	Where negotiation and bargaining take place.	Where bargaining take place between consumers and producers.
Underlying model of democracy	Elitist.	Participatory.	Hybrid/stakeholder, significant role given to interest groups.	Consumer-determined, citizen empowerment.
Primary focus	Effectiveness: to what extent are policy goals actually met?	What influences action in an issue area?	Bargained interplay between goals set centrally and actor (often local) innovations and constraints.	Efficiency: markets will provide the most efficient outcome.
Views or non-central (initiating) actors	Passive agents or potential impediments.	Potentially policy innovators or problem shooters.	Tries to account for the behaviour of all those who interact in the development and implementation of policy.	Market participants are best suited to 'solve' policy problems.
Distinctions between policy formulation and implementation.	Actually and conceptually distinct: policy is made by the top and implemented by the bottom.	Blurred distinction: policy is often made and then re-made by individual and institutionalised policy actors.	Policy-action continuum: policymaking and implementation seen as a series of intentions around which bargaining takes place.	Policy-action continuum.
Criterion of success.	When outputs/outcomes are consistent with a priori objectives.	Achievement of actor (often local) goals.	Difficult to assess objectively, success depends on actors' perspectives.	Market efficiency.
Implementation gaps/deficits.	Occur when outputs/outcomes fall short of a priori objectives.	'Deficits' area a sign of policy change, not failure. They are inevitable.	All policies are modified as a result of negotiation (there is no benchmark).	Occur when markets are not able to function.
Reason for implementation gaps/deficits.	Good ideas poorly executed.	Bad ideas faithfully executed.	'Deficits' are inevitable as abstract policy ideas are made more concrete.	Market failure; inappropriate indicator of selection.
Solutions to implementation gaps/deficits.	Simplify the implementation structure; apply inducements and sanctions.	'Deficits' are inevitable.	'Deficits' are inevitable.	Increase the capacity of the market.

Primary policy instruments.	Law.	Self-regulation.	Self-regulation.	Corporatisation and/or privatisation of state bodies.
	Regulation.	Public meetings/town hall meetings.	Accreditation schemes.	Use of pricing, subsidies and tax incentives to encourage desired behaviours.
	Clear allocation and transfers of power between different levels of the state.	Public participation.	Codes of practice.	Use of regulatory and legal instruments to encourage market efficiencies.
	Development of a clear set of institutional arrangements.	Non-intervention.	Industry associations.	Voluntary instruments.
	Licensing, permits, consents and standards.	Voluntary instruments.	Non-government organisations.	Non-intervention.
	Removal of property rights.	Information and education.		
		Volunteer associations.		