

# Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds



# Authors

## Strathclyde Institute for Sustainable Communities

---

- Professor Matthew Hannon
- Rebecca Gowens
- Dr Jennifer J. Roberts
- Dr Iain Cairns
- Dr Laura Major

## Hunter Centre for Entrepreneurship, Strategy and Innovation, Strathclyde Business School

---

- Professor Matthew Hannon
- Dr Iain Cairns

## Department of Civil and Environmental Engineering, University of Strathclyde

---

- Rebecca Gowens
- Dr Jennifer J. Roberts
- Dr Laura Major

## Foundation Scotland

---

- Rachel Searle

Please cite as: Hannon, M., Gowens, R., Searle, R., Roberts, J. J., Cairns, I., Major, L. (2025) *Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds*, Strathclyde Institute for Sustainable Communities, University of Strathclyde:  
<https://doi.org/10.17868/strath.00092494>

# Executive Summary



This set of **Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds** is a response to the growing number of Community Benefit Funds (CBFs) in Scotland. These Guiding Principles and Actions (GPAs) offer up-to-date and evidence-based guidance on how best to structure and govern CBFs through their lifecycles to ensure that they maximise long term, wide-ranging benefit to communities for generations to come. The GPAs are designed to be technology-agnostic, meaning they can be flexibly applied across different sectors.

A CBF is a voluntary fund that a project developer or owner(s) donate into, based on a pre-agreed package of community benefits, to be provided to one or more communities. These packages typically involve annual payments and/or in-kind community benefits, such as shared ownership, infrastructure or access to land, that are proportional to the scale and impact of the project. The fund is normally governed and distributed locally, with the aim of generating community benefits for the local community. In 2024, £30.7m of community benefit packages were provided to communities in Scotland via CBFs. This value is expected to grow over the coming years, in line with plans for low-carbon infrastructure development and land use change.

Guidance first published in the Scottish Government's *2014 Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments*, and updated in 2019, outlined Good Practice Principles (GPPs) that recommended approaches for sharing benefits from onshore renewables with local communities. The context surrounding these GPPs

has since evolved. There is now a wealth of new knowledge and experience in initiating, designing and governing CBFs as they expand beyond their traditional application to renewable power projects and are applied across other technologies and sectors, including transmission networks and nature-based carbon removal (e.g. peatland restoration, afforestation) projects. The GPAs presented here respond to these trends, offering an updated set of good practice recommendations and associated actions that reflect recently accumulated knowledge.

Through a combination of stakeholder workshops and consultation, we drew on the expertise and experience of CBF stakeholders directly involved in CBF operations to capture state-of-the-art insights on what constitutes CBF good practice. These informed the development of the GPAs, which incorporate four Guiding Principles and thirteen accompanying Actions that are associated with one or more of the four key stages of a CBF's life cycle: **Initiate**, **Design**, **Operate** and **Evaluate** (Table 1).

## Executive Summary

The GPAs framework spotlights potential barriers to the recommended Actions and associated solutions to overcome these barriers. It also outlines publicly available resources that offer further guidance on how to approach the activities that are associated with the Actions. The GPAs are expected to be most relevant to:

- Project developers, owners and investors
- Community groups
- Community benefit intermediaries
- Policy makers and influencers
- Trade and membership associations

*Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds. Green circles indicate the CBF life cycle stage(s) most relevant to each Action.*

Principle A Community Benefit Fund (CBF) should be...	Action	Stage in CBF life cycle			
		Initiate	Design	Operate	Evaluate
Grounded in a long-term, flexible funding strategy that reflects a community's context and priorities (Principle A)	<b>A1:</b> Integrate up-to-date local and community strategic plans into CBF design.	●	●	●	●
	<b>A2:</b> Develop a detailed understanding of a community's characteristics and history.	●	●	●	●
	<b>A3:</b> Adopt a long-term and flexible approach to defining CBF priorities and community benefit support.		●	●	●
	<b>A4:</b> Appoint a legally incorporated organisation to be responsible for governing and/or administering CBFs.	●	●		
Transparent, accountable, representative and professional (Principle B)	<b>B1:</b> Regularly contribute CBF data to a comprehensive and transparent registry of CBFs.		●	●	●
	<b>B2:</b> Establish formal channels for community feedback on CBF operations and impacts.		●	●	●
	<b>B3:</b> Provide training and support to CBF decision-makers.			●	
	<b>B4:</b> Ensure that the make-up of the CBF decision-making body has representation from across the community.	●	●		
	<b>B5:</b> Ensure CBF negotiations are conducted professionally	●	●		
Targeted to support community wealth building (Principle C)	<b>C1:</b> Prioritise investment in community-owned or -led revenue generation.	●	●	●	
	<b>C2:</b> Strategically coordinate CBF investment with other community-, local- and regional-level funding streams.	●	●	●	
	<b>C3:</b> Align community benefit packages with transparent and index-linked baseline valuations.	●			
Evaluated against its community impact (Principle D)	<b>D1:</b> Conduct long term monitoring and evaluation of CBF impacts.				●

# Table of Contents

## Executive Summary

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Rationale for producing the Guiding Principles and Actions for Community Benefit Funds</b>	<b>2</b>
<b>3</b>	<b>How to use the Guiding Principles and Actions</b>	<b>3</b>
<b>4</b>	<b>Who are the Guiding Principles and Actions for?</b>	<b>5</b>
<b>5</b>	<b>Guiding Principles and Actions Framework</b>	<b>6</b>

### Principle A: Grounded in a long-term, flexible funding strategy that reflects a community's context and priorities

<b>A1:</b>	Integrate up-to-date local and community strategic plans into CBF design.	8
<b>A2:</b>	Develop a detailed understanding of a community's characteristics and history.	9
<b>A3:</b>	Adopt a long-term and flexible approach to defining CBF priorities and community benefit support.	10
<b>A4:</b>	Appoint a legally incorporated organisation to be responsible for governing and/or administering CBFs.	11

### Principle B: Transparent, accountable, representative and professional

<b>B1:</b>	Regularly contribute CBF data to a comprehensive and transparent registry of CBFs.	13
<b>B2:</b>	Establish formal channels for community feedback on CBF operations and impacts.	14
<b>B3:</b>	Provide training and support to CBF decision-makers.	15
<b>B4:</b>	Ensure that the make-up of the CBF decision-making body has representation from across the community.	16
<b>B5:</b>	Ensure CBF negotiations are conducted professionally.	17

## Principle C: Targeted to support community wealth building

<b>C1:</b>	Prioritise investment in community-owned or -led revenue generation.	19
<b>C2:</b>	Strategically coordinate CBF investment with other community-, local- and regional-level funding streams.	20
<b>C3:</b>	Align community benefit packages with transparent and index-linked baseline valuations.	21

## Principle D: Evaluated against its community impact

<b>D1:</b>	Conduct long term monitoring and evaluation of CBF impacts.	23
------------	---	----

## 6 Acknowledgements

## 7 References

## 8 Appendices

8.1	Glossary of Terms	27
8.2	Acronyms	28
8.3	Methodology	29

# 1

## Introduction



This report responds to the growing number of Community Benefit Funds (CBFs) in Scotland with a set of ***Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds***. These Guiding Principles and Actions (GPAs) offer updated, evidence-based and technology-agnostic guidance on how best to structure and govern CBFs through their lifecycle, to ensure that they maximise long term, wide-ranging benefit to communities for generations to come.

As Scotland's transition to net-zero has gathered pace, the question of how this transformation can empower and enrich communities has become an increasingly prominent issue. Guidance first published in the Scottish Government's 2014 *Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments* [1], and updated in 2019 [2], outlined Good Practice Recommendations (GPPs) for sharing benefits from onshore renewables with local communities<sup>1</sup>.

Among other good practice recommendations, the GPPs recommended that project owners make contributions to the local community worth £5,000 per megawatt (MW) of installed onshore renewable power generation capacity per annum. Similar approaches are now also being adopted to share benefits with communities associated with other low-carbon energy projects beyond onshore renewable power, including offshore renewables, transmission infrastructure etc, as well as non-energy projects including natural capital.

While these community contributions can take the form of in-kind benefits, financial donations have been the most frequent form to date. CBFs have become a key mechanism for capturing and re-distributing these funds within communities. Here, the project owner typically contributes a pre-agreed proportion of annual revenue into the CBF. These amounts, and some restrictions on how these funds are to be spent, are set out in a Community Benefit Agreement (CBA). Subsequently, the local community has a significant degree of control over how these CBFs are governed, particularly how, where and to whom the funds are distributed. However, communities will often work closely with third parties, who provide them with the necessary capacity and expertise required to navigate this administratively complex process.



## 2

# Rationale for producing the Guiding Principles and Actions for Community Benefit Funds

In 2024, £30.7m of community benefit packages were paid to communities in Scotland via Community Benefit Funds across 283 projects [3]. As the provision of community benefit packages in Scotland has grown in both number and value, so too has the need to ensure these are being managed in such a way that they provide wide-ranging and sustained benefit to Scotland's communities.

Industry and government guidance on generating community benefits from CBFs already exists. The Scottish Government's GPPs [2] and the CARES Community Benefit Toolkit [4] offer valuable guidance on how best to structure and govern CBFs to generate community benefit. However, the wealth of experience accumulated in over a decade of CBF practice since the publication of the first GPPs means there is now an opportunity to review and update best practice guidance that is built on empirical evidence about 'what works'.

The need to review and update good practice guidance is even more pressing when we acknowledge that the number, scale and breadth of CBFs is likely to grow even further over the coming years. This is in response to plans for a significant increase in UK renewable power generation capacity by 2030 [5], and the emerging trend of CBFs being applied to other technologies and sectors, such as offshore wind, transmission networks<sup>2</sup> and nature-based carbon removal (e.g. peatland restoration, afforestation) as a means of sharing benefits with local communities.

---

<sup>1</sup> These were complemented by a similar set of GPPs for offshore wind in 2018 [34].

<sup>2</sup> The UK Government recently recommended its expectations for how communities living in close proximity to electricity transmission networks will benefit, with transmission network project developers expected to make one-off payments worth £200,000/km for overhead lines and £530,000 for substations [35].

# 3

## How to use the Guiding Principles and Actions





The **Guiding Principles and Actions (GPAs)** are divided into four Principles and thirteen underpinning Actions (see Table 3 in Section 5).

In Section 5 we outline the Principles and their corresponding Actions, and for each Action we present:

- Background context;
- Its relevance to different stages in the CBF lifecycle;
- Barriers to implementing the Action;
- Potential solutions to support the Action; and
- Further resources.

Each set of Actions are specific to a single Principle. The expectation is that if all Actions associated with a specific Principle are implemented and maintained, then the Principle should be fulfilled and good practice realised.

To emphasise *when* these Actions are recommended to take place, each Action is assigned to the relevant stage of the CBF lifecycle: **Initiate**, **Design**, **Operate** and **Evaluate** (Table 1). The majority are relevant to the Initiate (linked with eight Actions) and Design (linked with ten Actions) stages of the CBF lifecycle, with only slightly fewer relevant to the **Operate** (linked with eight Actions) and **Evaluate** stage (linked with six Actions).

*Table 1: The four key stages of the Community Benefit Fund lifecycle*

Initiate	Design	Operate	Evaluate
<ul style="list-style-type: none"> <li>• Project developers approach a community.</li> <li>• Project developers and/or communities may engage third-party intermediary support</li> <li>• Negotiating the Community Benefit Agreement.</li> <li>• Creating the operational structure of CBF decision-making body (e.g. Independent Organisation or Panel).</li> <li>• Signing the Community Benefit Agreement.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Governance:</b> Establishing the relationship between the community, developer and intermediaries, and ‘ways of working’ together.</li> <li>• <b>Distribution model:</b> Establishing the fund’s structure and priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting funding calls across the community.</li> <li>• Making decisions on funding allocation.</li> <li>• Administering the distribution of funds.</li> <li>• Collating and disseminating CBF award information.</li> </ul>	<ul style="list-style-type: none"> <li>• Collecting and evaluating evidence on CBF impacts and efficacy.</li> <li>• Considering the need to alter other aspects of CBF structure, which may require a review and re-structuring of an earlier stage (e.g. Design, Operate).</li> </ul>

The GPA framework also spotlights potential barriers to the Actions and potential solutions to remove or reduce these barriers. These solutions represent complementary interventions that could be taken to support the Actions. They will have relevance to one or more of the stakeholders identified in Table 2, and potentially others beyond these. Finally, further literature is cited that offers guidance on how to approach the activities associated with the Action.

# 4

## Who are the Guiding Principles and Actions for?



The GPAs aim to inform the approach of practitioners to structuring and governing CBFs across the four stages of the CBF lifecycle. The primary audience is practitioners and communities engaged in any projects with the potential for community benefit package arrangements, but a range of stakeholders will benefit from the GPAs, as shown in Table 2.

*Table 2: Expected users of the Guiding Principles and Actions*

Stakeholder type	Summary of their engagement with or role in CBFs
Project developers, owners and investors	Donate a share of project revenue to communities as community benefit packages, via a CBF. Involved in the negotiation of CBAs and interested in the wider benefits generated by the CBFs.
Community groups	Existing or future recipients of CBF investment and beneficiaries of the impacts. They are involved with the negotiation of CBAs through to establishing arrangements to manage funds, distribute awards and evaluate their impact.
Community benefit intermediaries	Organisations that support communities through the CBA and CBF process. They provide additional capacity, capability and experience to help maximise the benefits to the community.
Policy makers and influencers	Civil and public servants at varying levels of government (local, regional, national). They are involved in shaping guidance on creating and sharing community benefits through energy and other projects, and how these align with wider policy objectives and government strategy.
Trade and membership associations	Umbrella organisations representing communities or industry actors. They are responsible for collating and sharing good practice among their networks.

# 5

## Guiding Principles and Actions Framework

Table 3: Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds. Green circles indicate the CBF life cycle stage(s) most relevant to each Action.

Principle A Community Benefit Fund (CBF) should be...	Action	Stage in CBF life cycle			
		Initiate	Design	Operate	Evaluate
Grounded in a long-term, flexible funding strategy that reflects a community's context and priorities (Principle A)	A1: Integrate up-to-date local and community strategic plans into CBF design.	●	●	●	●
	A2: Develop a detailed understanding of a community's characteristics and history.	●	●	●	●
	A3: Adopt a long-term and flexible approach to defining CBF priorities and community benefit support.		●	●	●
	A4: Appoint a legally incorporated organisation to be responsible for governing and/or administering CBFs.	●	●		
Transparent, accountable, representative and professional (Principle B)	B1: Regularly contribute CBF data to a comprehensive and transparent registry of CBFs.		●	●	●
	B2: Establish formal channels for community feedback on CBF operations and impacts.		●	●	●
	B3: Provide training and support to CBF decision-makers.			●	
	B4: Ensure that the make-up of the CBF decision-making body has representation from across the community.	●	●		
	B5: Ensure CBF negotiations are conducted professionally.	●	●		
Targeted to support community wealth building (Principle C)	C1: Prioritise investment in community-owned or -led revenue generation.	●	●	●	
	C2: Strategically coordinate CBF investment with other community-, local- and regional-level funding streams.	●	●	●	
	C3: Align community benefit packages with transparent and index-linked baseline valuations.	●			
Evaluated against its community impact (Principle D)	D1: Conduct long term monitoring and evaluation of CBF impacts.				●

## Principle A:

Grounded in a long-term,  
flexible funding strategy  
that reflects a community's  
context and priorities



## A1: Integrate up-to-date local and community strategic plans into CBF design.

Stage:	● Initiate	● Design	● Operate	● Evaluate
<p><b>Background:</b></p> <p>Strategic planning is needed for communities to create a shared vision of the future and consider what types of investment are required to realise that vision. Local and community strategic plans are therefore critical to informing the most appropriate priorities and channels for allocating CBF investment. It is essential that CBFs are aligned with such planning, to ensure that they are playing a key supporting role in delivering the community's priorities.</p> <p>Strategic planning is already an established practice for some UK communities. For example, there exist many community and local planning initiatives, including Local Place Plans (LPPs), Locality Plans, Community Action Plans (CAPs) and Local Outcomes Improvement Plans. These plans can vary widely, with some voluntary, some mandatory, some resourced (e.g. by the Local Authority) and others not.</p> <p>In this context, it is important to note that some communities may not have yet gone through this planning process. Even where strategic plans do exist, they may be out-of-date and require updating. Furthermore, it is also not always clear to what extent community strategic planning is built upon good practice principles for community participation and co-creation.</p> <p>To provide CBF decision-makers with a comprehensive and representative understanding of their community's needs, it is essential that sufficient resources are made available to support local and community strategic planning that aligns with good practice community participation and co-creation.</p>				
<p><b>Action:</b> Integrate up-to-date local and community strategic plans into CBF design.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• The non-mandatory nature of some local plans (e.g. CAPs, LPPs) means that such planning may not have been prioritised by communities and/or other stakeholders.</li><li>• A lack of capacity (e.g. time, staff) and/or capability (e.g. experience, knowledge) to conduct such planning among support intermediaries and/or the local community.</li><li>• An absence or lack of functionality of key actors (e.g. Community Council, Development Trust) to lead planning.</li><li>• The geographic scope of plans (e.g. Local Place Plans) – and indeed a CBF – may cover multiple communities. These may experience contrasting challenges, priorities, values etc. Reconciling these, to identify key priorities, can be difficult.</li><li>• A lack of easy-to-access community guidance and training on local and community planning.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Policy and regulatory frameworks that require community and local planning to be built on robust, good practice guidelines for community participation.</li><li>• Support (e.g. capacity building, mediation) to ensure the establishment and functionality of actors to lead community planning (e.g. Community Council, Development Trust).</li><li>• The development and utilisation of open-access training materials to support communities to lead participatory planning.</li><li>• Developers could offer advance CBF investments, prior to the project being fully operational, to support capacity building and training for participatory approaches and the development that supports planning. Examples include employing staff responsible to undertake community planning and peer-to-peer learning exchanges between communities to adopt good practice.</li><li>• Draw in the expertise of third parties who are experienced in facilitating community-led decision-making.</li><li>• Ensure that local and community plans are compatible, aligned and regularly updated.</li><li>• Outline how community planning (e.g. CAPs) will be progressed via CBF investment, with a focus on supporting both new and pre-existing community projects.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Guidance on producing LPPs:<ul style="list-style-type: none"><li>• <a href="#">Our Place</a> [6]</li><li>• <a href="#">Scottish Community Development Centre</a> [7]</li></ul></li><li>• Guidance on producing CAPs:<ul style="list-style-type: none"><li>• <a href="#">Scottish Community Alliance</a> [8]</li></ul></li><li>• Background on the difference between a CAP and LPP:<ul style="list-style-type: none"><li>• <a href="#">Planning Aid Scotland</a> [9]</li><li>• Local Energy Scotland – <a href="#">Community Benefits Toolkit</a> [10]</li></ul></li><li>• Good practice community participation guidance and standards:<ul style="list-style-type: none"><li>• Nature Finance Certification Alliance – <a href="#">Community Inclusion Standard</a> [11]</li><li>• University of Strathclyde – <a href="#">Community Participation for Community Benefits from Natural Capital Projects</a> [12]</li><li>• Countryside &amp; Community Research Institute – <a href="#">The Nattergal Report on Stakeholder Engagement Best Practice for Landscape-scale Nature Recovery Projects</a> [13]</li><li>• The Scottish Land Commission – <a href="#">Community Engagement in Decisions Relating to Land</a> [14]</li><li>• Haggett and Mabon – <a href="#">Methods Toolkit for Participatory Engagement and Social Research</a> [15]</li><li>• The Scottish Government – <a href="#">National Standards for Community Engagement</a> [16]</li><li>• The Scottish Government – <a href="#">Participation Handbook</a> [17]</li></ul></li></ul>				

## A2: Develop a detailed understanding of a community's characteristics and history.

Stage:	● Initiate	● Design	● Operate	● Evaluate
<p><b>Background:</b></p> <div><div>No two communities are identical. They typically exhibit differences in the resources, capacities and capabilities they have at their disposal. There is therefore no ‘one size fits all’ approach to generating community benefit, meaning that any plans to do so should be grounded in a community’s characteristics and history.</div><div>To effectively distribute funding amongst a community to where it will be most valuable, it is important that CBF decision-makers become familiar with the community’s context, including its challenges, priorities, values, cultural heritage and history.</div></div> <div><div>Without this background knowledge it is likely they will lack a comprehensive picture of how a project – and its CBF – may positively or negatively impact the community.</div><div>Some valuable background knowledge can be attained through reviewing existing community-led plans such as CAPs (see A1), however tacit knowledge may only be accessed through direct engagement with community stakeholders.</div></div>				
<p><b>Action: Develop a detailed understanding of a community’s characteristics and history.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• Project owners may have an insufficiently close relationship with communities to yield these insights, for example due to a lack of trust, perceived legitimacy etc. This could be a function of a lack of experience and expertise in building relationships with communities.</li><li>• Some CBF decision-makers (e.g. trustees or Panel members that decide on funding awards) may be from outside the community’s local area and not fully understand the community and its history or cultural heritage.</li><li>• Numerous developers may carry out consultations, potentially resulting in consultation duplication and fatigue amongst the community, undermining their willingness to engage with project owners.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Raise the likelihood of community engagement by avoiding duplication of community effort and associated community engagement fatigue, by coordinating community consultations and planning (see A1).</li><li>• Establish good practice guidance on how and when external parties should engage with communities to learn about their values, characteristics and history. This guidance would usefully spotlight key opportunities for engagement across all four stages of the CBF process (i.e. Initiate, Design, Operate and Evaluate).</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• The CARES <a href="#">Community Benefits Toolkit: Understanding the community context</a> [18] provides guidance on the key factors influencing how a community typically responds to new income opportunities (e.g. CBFs), as well as the various stakeholders in a community and their roles.</li></ul>				

### A3: Adopt a long-term and flexible approach to defining CBF priorities and community benefit support.

Stage:	Initiate	Design	Operate	Evaluate
<p><b>Background:</b></p> <div><div><p>CBFs typically exist as long as the project they are associated with is operating, such as the operational lifetime of an onshore windfarm. Consequently, the underlying Community Benefit Agreement (CBA) can span multiple decades. This invites a long-term perspective on benefit creation that is responsive to change; whether these are changes in the community and so might be demographic or economic, or broader external trends such as financial crises, health trends and changes in the cost of living.</p></div><div><p>While more recent CBAs already adopt this perspective – in line with the Scottish Government’s <i>Good Practice Principles</i> [2]– this may not be the case for some older CBAs and there may be no option to update or renegotiate these. As such, the CBA may not reflect the community’s current characteristics or priorities, nor the wider market context. It is therefore important that provisions are made to update CBFs – and their underpinning CBAs – at regular junctures, so that they continue to reflect the evolving nature of the community and the broader context in which it is situated.</p></div></div>				
<p><b>Action:</b> Adopt a long-term and flexible approach to defining CBF priorities and community benefit support.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• Changes to the CBF may require a renegotiation of the underlying CBA.</li><li>• The scale of annual community benefit packages may not be sufficiently large to unlock larger, strategic projects for the community that could yield longer-term benefits.</li><li>• CBF investments constrained to a specific geographical area may limit investment into more strategic projects outside these geographic constraints that offer additional strategic value.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Ensure that CBF priorities and governance are periodically reviewed so that the CBF structure evolves with the community’s changing characteristics and needs. This can include geographical boundaries for engagement and distribution, as well as external context.</li><li>• Ensure provision is made for both:<ul style="list-style-type: none"><li>• open, responsive-mode funding calls, which allow for community-led proposals.</li><li>• strategic, targeted funding calls, which allow for CBF decision-maker led proposals.</li></ul></li><li>• Allow for CBF investment to extend beyond the local area, if there are factors such as culture/history or economic areas to consider, but ensure the decision-making remains local with any neighbouring communities or LAs having the option to state a case to the local decision-making group.</li><li>• Allow for a remodelling of the CBF investment profile, so that funding can be drawn down ahead of scheduled donations, where this can unlock strategic investments.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Scottish Government’s <i>Good Practice Principles</i> [2] call for the need to “adjust to changing priorities” (p.7), with guidance on reviewing CBF priorities and governance. Further guidance on reviewing CBFs in the CARES <i>Community Benefit Toolkit: Monitoring, reporting, evaluating</i> [19].</li></ul>				

## A4: Appoint a legally incorporated organisation to be responsible for governing and/or administering CBFs.

Stage:	● Initiate	● Design	Operate	Evaluate
<p><b>Background:</b></p> <p>Not all CBFs are held, or governed, by a legally incorporated organisation (IO), i.e. one which has a separate legal identity from the people who run it [20]. Instead, unincorporated organisations, such as Community Councils (CC), may hold and distribute these funds. Historically, a CC may have been assigned to manage the CBF because it represents the community on local issues. Importantly, for CBF governance, not all communities have a CC and where they do, the CC may not be properly functioning. In such cases, there is a legitimate risk that the CBF may not be distributed. Ensuring that a CBF sits directly with a community IO, or with a third-party IO where funds are distributed according to decisions made by a community Panel<sup>3</sup>, can help to mitigate this risk.</p> <p>In addition, IOs can perform duties that unincorporated organisations cannot, such as: a) employ paid staff, b) enter into commercial contracts, c) deliver services under contractual agreements; d) own freehold or leasehold land or other property and e) provide limited liability to its members [20]. These can be critical functions when looking to effectively invest a CBF into a community. Whether a community IO or Panel is established will be a function of the community’s preference, with both approaches offering their own merits<sup>4</sup>.</p>				
<p><b>Action: Appoint a legally incorporated organisation to be responsible for governing and/or administering CBFs.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• A lack of experience and/or expertise around establishing an IO, or a third-party IO supported Panel, within the community.</li><li>• The CBF may already sit with a CC, raising questions about if, and how, it can be reassigned if the CC is not functioning effectively, or is at risk of doing so.</li></ul>			<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Situate the CBF within a community IO or a third-party IO (with Panel).</li><li>• Draw in third-party expertise to assist in establishing an IO, or a third-party IO supported Panel, as the CBF decision-making body.</li><li>• Provide a section in the CBA that allows for the substitution of the current decision-making body with an alternative community representative anchor organisation if it ceases to function properly.</li></ul>	
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Guidance on establishing legally incorporated community organisations of various forms include:<ul style="list-style-type: none"><li>• <a href="#">Development Trust Association of Scotland</a> (guidance for establishing Development Trusts) [21]</li><li>• <a href="#">The Scottish Council for Voluntary Organisations</a> (guidance for establishing charities) [22]</li></ul></li><li>• <a href="#">Scottish Government</a> (guidance for establishing Community Interest Companies) [23]</li><li>• Cooperative Development Scotland (<a href="#">guidance for establishing Cooperatives</a>) [24]</li></ul>				

<sup>3</sup> A Panel is a CBF decision-making body that is primarily formed of decision-makers who reside within the local area to which the CBF is focused on providing benefit. Panels have no legal identity but operate according to a Terms of Reference (ToR), which outlines the Panel's composition and how Panel members are identified and appointed. These terms will have been compiled and agreed with the community during the Initiate phase. Once established, the Panel is responsible for setting a strategic direction for the fund or implementing a pre-agreed strategy established during fund negotiations. A Panel does not hold and administer the funds. Instead, those responsibilities are fulfilled by a third-party IO on their behalf.

<sup>4</sup> Further details can be found in the University of Strathclyde's case study of Foundation Scotland (forthcoming).



## Principle B:

Transparent, accountable,  
representative and  
professional



## B1: Regularly contribute CBF data to a comprehensive and transparent registry of CBFs.

Stage:	Initiate	Design	Operate	Evaluate
<p><b>Background:</b></p> <div><div>Information about CBFs associated with onshore wind, hydro and offshore wind renewable power installations<sup>5</sup> is held with Local Energy Scotland’s <i>Community Benefits Register</i><sup>6</sup> [3]. The data covers, among other information: a) where they are located, b) the projects, technologies and developers they’re associated with; and c) the value and type of community benefit packages (e.g. payments, shared ownership). However, there remain valuable opportunities to expand the number of projects covered by the register<sup>7</sup> and the variety of information that the registry captures.</div><div>This could include how CBFs are governed and the community impacts they’ve generated. The CBFs covered by the register could also be extended beyond the electricity sector to natural capital to provide a broader understanding of the scale and impact of CBFs in other sectors. Making CBF activity and impacts more visible and transparent will help to hold CBF decision-makers to account, share good practice on governance and provide a better understanding of how they are contributing to community wealth building and wellbeing.</div></div>				
<p><b>Action: Regularly contribute CBF data to a comprehensive and transparent registry of CBFs</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• Collecting and analysing relevant data, over a long period of time, is a very time-consuming and resource-intensive process that can divert resources away from community-level investment.</li><li>• The potential for CBF decision-makers to be exposed to criticism from the community.</li><li>• CBF data reporting is not mandatory across all technology types.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• A requirement on all CBFs – not just onshore wind – to report standardised data annually, to be uploaded onto a central repository.</li><li>• Expand the registry of CBF investments to incorporate a wider pool of project and technology types (e.g. natural capital), as well as more detailed information including the type of CBF governance model and community impacts.</li><li>• Guidance for project owners and communities on collecting and collating CBF data and sharing this in a standardised and user-friendly format.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Scottish Government’s <i>Good Practice Principles</i> [2] encourage transparent reporting.</li><li>• Local Energy Scotland operate a <i>Community Benefits Register</i> [3], which is being updated<sup>8</sup>.</li></ul>				

<sup>5</sup> The register also includes a single transmission infrastructure project but with no associated community benefit package value.

<sup>6</sup> Scotland's *Onshore Wind Sector Deal* [36] committed the sector to provide annual updates to the Register [3].

<sup>7</sup> "Approximately 58% of all projects (any capacity and any technology) have data attached" [37, p. 4].

<sup>8</sup> Scottish Government "are currently redesigning the Community Benefit Register to bring it into line with the commitments made in the Onshore Wind Sector Deal. The redesign will make it easier for project owners (or their nominated agents) to update project details through online dashboards. It will also allow project owners to provide an annual update, which will help to show the impact of community benefits across Scotland, including actual spend as well as commitments." [37, p. 4].

## B2: Establish formal channels for community feedback on CBF operations and impacts.

Stage:	Initiate	Design	Operate	Evaluate
<p><b>Background:</b></p> <p>Communities do not always know how best to provide feedback to the decision-makers responsible for managing their CBF. It is important that CBF decision-makers establish channels for safe, anonymous and constructive feedback on CBF performance, and make communities aware of these channels. It is also important that this feedback is acknowledged when received and acted upon where appropriate. For instance, CBF performance reviews should include feedback from the community and use this to inform any proposed changes to the fund (see D1).</p>				
<p><b>Action:</b> Establish formal channels for feedback from the community on CBF operations and impacts.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• Feedback can be continuous and unstructured, with no clear path to translate feedback into action on CBF processes.</li><li>• Analysis of feedback and conversion into actionable commitments takes capacity and capability.</li><li>• A lack of willingness by CBF decision-makers to be exposed to criticism from the community.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Feedback is invited periodically and aligned with reviews of CBF performance (see D1).</li><li>• Feedback shall be collated and disseminated via a documented system (e.g. online software), which presents a transparent dialogue between the community and CBF decision-makers such as the IO or Panel, and covers how any concerns have been managed.</li><li>• The feedback system should be adequately resourced to operate over the lifetime of the CBF.</li><li>• Where conflicts emerge, professional third-party mediation services are engaged to reconcile any issues.</li><li>• Communication channels should be inclusive, accessible and tailored to the community’s characteristics, including marginalised and vulnerable members.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Scottish Government’s <i>Good Practice Principles</i> [2] offer guidance on reviewing of CBF priorities and governance, but little direct guidance on appropriate channels for community feedback on operational CBFs.</li><li>• There is guidance on inviting feedback in the CARES <i>Community Benefit Toolkit: Monitoring, reporting, evaluating</i> [19]</li></ul>				

### B3: Provide training and support to CBF decision-makers.

Stage:	Initiate	Design	● Operate	Evaluate
<p><b>Background:</b></p> <div><div>To ensure that CBF decision-makers have the necessary expertise to govern the CBF effectively, it is important that they have access to training on topics such as community engagement, financial management, directorship, monitoring and evaluation etc. This can be a challenge, even if training is made available, because</div><div>CBF decision-makers must be able to accurately identify training and support needs, and then be able and willing to undertake the training. A key part of their ability to take advantage of training opportunities is having the time and capacity to do so.</div></div>				
<p><b>Action: Provide training and support to CBF decision-makers.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• A lack of understanding from decision makers about their training needs and available opportunities for addressing these.</li><li>• The lack of time, capacity and willingness of CBF decision makers to undertake training.</li><li>• A lack of funding to participate in training.</li><li>• The turnover of staff working for any of the IOs, or third-party support organisations, means that upskilling is an ongoing requirement for new staff.</li></ul>			<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• CBF decision-maker mentorship and good practice learning exchanges can help identify training needs and the value of putting this training into practice.</li><li>• Highlight if, and where, training is being offered. Where gaps in training provision are identified, these should be addressed with the development and provision of appropriate training programmes.</li><li>• Ensure a rotational membership of those within the decision-making group to promote a broader accrual and distribution of experience and skills.</li><li>• Provide the opportunity for the CBF decision-making body to co-opt members where appropriate to bolster knowledge and skills where lacking.</li><li>• Ensure that CBFs can provide core funding and flexibility that allows IOs to hire paid staff with prior training and experience, as well as to provide training to existing paid staff and volunteers.</li><li>• Ensure that when hiring volunteers, they fully understand the obligations within the legal agreements of the funds.</li></ul>	
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• The CARES <a href="#">Community Benefit Toolkit</a> [4] provides a wide range of written guidance that constitutes a form of online training for CBF decision-makers.</li></ul>				

## B4: Ensure that the make-up of the CBF decision-making body has representation from across the community.

Stage:	● Initiate	● Design	Operate	Evaluate
<p><b>Background:</b></p> <div>The composition of the decision-making body, or organisation, should be as representative of the diverse interests of the community as possible and avoid being populated by any single interest group. CBF decision-makers should be appointed via transparent and democratic processes, and membership should be open to all members of the community. That said, it can be challenging to form a CBF decision-making body that is truly representative of the whole community.</div>				
<p><b>Action:</b> Ensure that the CBF decision-making body has representation from across the community.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• The time, capacity and willingness of the community to help govern the CBF.</li><li>• Prospective CBF decision-makers, who possess the most time and expertise, can typically belong to older generations. Consequently, the views of younger generations can often be under-represented on CBF decision-making groups.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Ensure the decision-making group members are elected according to democratic principles wherever practicable.</li><li>• Undertake community mapping (see A2), to understand the community’s make-up in order to inform what interests may need to be represented.</li><li>• Provide open-access expert guidance on how to form a representative decision-making Panel, such as a participatory democracy toolkit.</li><li>• Put arrangements in place for marginalised and vulnerable community members who may require additional support in order to participate. This might include financial, language, audio-visual, physical accessibility, asynchronous participation support etc.</li><li>• Funding a Youth Panel, with a representative spokesperson from that Panel sitting on the main CBF decision-making group, can provide an opportunity for the community’s younger generations to be heard. This could be facilitated by:<ul style="list-style-type: none"><li>• working closely with local education institutional partners, youth groups/charities etc.; and</li><li>• the use of social media and online activities to engage younger community members about CBF opportunities, for example decision-maker vacancies and CBF funding.</li></ul></li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Guidance from Local Energy Scotland via the CARES <a href="#">Community Benefits Toolkit: Getting the Governance Right</a> [25]</li></ul>				

## B5: Ensure CBF negotiations are conducted professionally.

Stage:	● Initiate	● Design	Operate	Evaluate
<p><b>Background:</b></p> <p>To ensure that CBFs are representative of the community’s wishes, but still align with the asset owner’s requirements, the negotiation of the CBA and subsequent discussions around the CBF’s design should be sensitive to any power imbalances that may exist. Negotiations should be conducted professionally, and in a constructive and respectful manner.</p> <p>Professional, constructive and respectful dialogue should take place not just in negotiations between the community and the asset owner(s) but also within– and between– communities, especially when a CBF covers multiple communities and/or a single community is home to numerous discrete groups.</p>				
<p><b>Action:</b> Ensure CBF negotiations are conducted professionally.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• Community representatives may not possess the corporate expertise (e.g. financial, legal) to manage negotiations effectively.</li><li>• Historic tensions within and/or between communities – and external parties – might be agitated by the community benefit process.</li></ul>			<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Offer accessible and affordable support for communities from a trusted third-party to assist the CBA and CBF negotiation process. This may involve some form of third-party mediation services or training.</li></ul>	
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Guidance on the initial approach, CBA negotiations etc. in the CARES <a href="#">Community Benefits Toolkit: Securing Community Benefits</a> [26]</li></ul>				

## Principle C:

Targeted to support  
community wealth building



## C1: Prioritise investment in community-owned or -led revenue generation.

Stage:	● Initiate	● Design	● Operate	Evaluate
<p><b>Background:</b></p> <div><div><p>CBFs should prioritise investments that support Community Wealth Building (CWB) in order to create lasting revenue streams for the community that transcend the lifetime of the renewable energy project’s CBF and ensure long term impact. CWB represents a people-centred approach to local economic development that redirects wealth back into the local economy, and places control and benefits of assets and resources into the hands of local people [27]. CWB builds upon action across five principles [28]:</p><ol style="list-style-type: none"><li>1. Plural ownership of the economy;</li><li>2. Making financial power work for local places;</li><li>3. Fair employment and just labour markets;</li><li>4. Progressive procurement of goods and services; and</li><li>5. Socially productive use of land and property.</li></ol></div><div><p>CBFs are well placed to ‘make financial power work for local places’ (CWB Principle 2). They can prioritise investments in community-owned and/or led revenue-generating initiatives, such as community assets, local businesses, training/education etc. This can have the effect of increasing local employment opportunities for decent, fair and high-value work (CWB Principle 3). It can also support locally owned and socially minded enterprises (CWB Principle 1) and encourage governance structures that facilitate direct community control of common assets (CWB Principle 5).</p></div></div>				
<p><b>Action: Prioritise investment in community-owned or -led revenue generation.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• CBF funding restrictions can prohibit certain types of investment (e.g. local businesses, education etc.).</li><li>• Short-term time horizons for CBF investment can constrain longer-term investment strategies to develop community assets and enterprises that generate inter-generational revenue for the local economy.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Ensure that CBF funding restrictions are flexible and targeted enough to support CWB investments.</li><li>• Any business investment should be directed primarily – and, unless compelling reasons exist, exclusively – towards local, democratically-owned businesses, such as community-owned enterprises and cooperatives.</li><li>• Alongside community organisations and individuals, privately owned businesses that receive funding from CBFs should evidence how they have generated community benefits.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Future Economy Scotland’s <i>Rewiring Local Economies: Community Wealth Building for a Just Transition</i> [29] summarises the types of interventions and investments that can support Community Wealth Building.</li></ul>				



## C2: Strategically coordinate CBF investment with other community-, local- and regional-level funding streams.

Stage:	● Initiate	● Design	Operate	Evaluate
<p><b>Background:</b></p> <div><div>In isolation, a CBF fund may not be sufficiently large to unlock more significant, strategic projects capable of creating lasting community benefit. However, if CBFs are coordinated with other funding streams (including other CBFs), they may be able to unlock more strategic investments to achieve their defined objectives. At the same time, such an approach can help avoid duplication of funding/effort.</div><div>Co-ordinating different funding streams requires that investment decisions are strategically coordinated across different levels (e.g. community, local, regional), different actors (e.g. Community Councils, Development Trusts, Local Authorities) and different funds (e.g. multiple CBFs). In this way they can avoid being siloed.</div></div>				
<p><b>Action:</b> Strategically coordinate CBF investment with other community-, local- and regional-level funding streams.</p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• The siloed nature, and potentially contrasting objectives, of different funding bodies.</li><li>• The lack of a requirement on funders to align their investment with others.</li><li>• The lack of understanding around what constitutes a statutory responsibility for a Local Authority and what is non-statutory can mean CBF decision-makers are unclear about the legal responsibility of other bodies.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Developers, owners and other CBF stakeholders defer to community priorities as set out in community and local planning strategies including Local Place Plans, Locality Plans, Community Action Plans and Local Outcomes Improvement Plans, (see A1) and ensure these are aligned with higher-level National Planning Framework National Outcomes.</li><li>• Raise awareness of what are – and what are not – the statutory responsibilities of Local Authorities.</li><li>• Coordinate more effectively between statutory (e.g. Local Authorities, CCs) and non-statutory bodies (e.g. Development Trusts, intermediaries) and other funding streams to identify strategic investment priorities, improve coordination of investment and remove potential duplication.</li><li>• Design CBFs so that they are flexible enough to enable communities to grasp unforeseen opportunities and manage unforeseen challenges, such as releasing additional funds ahead of schedule or swiftly refocusing thematic funds.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• None identified.</li></ul>				

### C3: Align community benefit packages with transparent and index-linked baseline valuations.

Stage:	● Initiate	Design	Operate	Evaluate
<p><b>Background:</b></p> <p>As outlined in Section 1, the Scottish Government’s GPPs recommend that asset owners of onshore renewable energy projects should voluntarily<sup>9</sup> provide community benefit packages with a value equivalent<sup>10</sup> to £5,000 per MW installed per annum.</p> <p>Since the guidance was published, the guide value has been embraced by most renewable electricity CBFs, with the five-year rolling average standing at £4,725. However, the guidance recommends that these payments are index-linked<sup>11</sup>, meaning that year-on-year, the donations made into these CBFs rise with inflation against the baseline payment made in the first year. As of July 2024, most payments were index-linked (62%), however for 39% of projects the details were unknown<sup>12</sup> and 1% of projects were not index-linked.</p> <p>Importantly, Scottish Government’s guidance does not recommend that the <i>baseline</i> figure of £5,000 per MW is index-linked [2]. Consequently, most new projects are still setting an initial baseline package value of £5,000, even though the equivalent starting value would have stood at £6,695 in 2024 if it had risen in line with inflation from 2014 against the Consumer Price Index. This would equate to an additional £1,695 worth of community benefit packages per MW per annum for a given CBF versus the current recommended rate.</p> <p>Record energy prices have dramatically increased energy supplier profits since the 2021 energy crisis [30], yet the community benefit package values have also not risen in line with these companies’ profits. As a result, versus a decade ago, a greater share of surplus revenue is being retained by energy asset owners versus communities.</p> <p>It is also important to note that not all renewable energy technologies have attracted the same value of community benefit packages, with offshore wind receiving significantly less on average at £1,825, compared with onshore wind (£4,414) or hydropower (£4,164) since 2015. The rationale for these differing package values is often unclear and should be more transparent. Finally, most of the formal guidance on recommended CBF payments is limited to onshore renewable energy generation technologies. It does not yet extend to other energy technologies such as offshore wind<sup>13</sup> and electricity transmission infrastructure, or other sectors such as transport or natural capital projects, despite CBFs being increasingly used for these projects.</p>				
<p><b>Action: Align community benefit packages with transparent and index-linked baseline valuations.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• A lack of guidance recommending that the baseline community benefit package value is index-linked.</li><li>• A lack of guidance recommending minimum community benefit package values for offshore and other energy technology projects, as well as non-energy technology projects.</li><li>• A lack of guidance regarding the transparency of agreed baseline community benefit package values for different projects, both within the same – and between different – technology groups.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Raise the recommended baseline community benefit package value of £5,000 per MW per annum to a value that is index-linked to 2014 prices, i.e. when the value was first recommended. Ensure this value rises in line with inflation year-on-year.</li><li>• Provide guidance on minimum community benefit package values for offshore and other energy technology projects, as well as non-energy technology projects e.g. natural capital.</li><li>• Project owners to make transparent their rationale and underpinning calculations for setting baseline package value rates, including monetary and non-monetary benefits.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Scottish Government’s <a href="#">Good Practice Principles</a> [2] outline the recommended basic rate of payment.</li></ul>				

<sup>9</sup> We acknowledge the live debate about whether such community benefit packages should remain voluntary or become mandatory. There are a host of potentially positive and negative implications of adopting one approach over the other, including unintended consequences. We emphasise the need for further research to inform any recommendations.

<sup>10</sup> These are non-mandatory payments that should reflect the balance of monetary and non-monetary benefits provided by the project, recognising "that community benefits packages are not limited to annual monetary payments in a fund, and that alternative arrangements can also address longer term community needs by generating positive social and economic impacts which provide a lasting legacy" [2]. They can for example include in-kind benefits, such as a share of ownership of the asset instead of payments.

<sup>11</sup> Just 4 out of 177 projects that had complete information on whether the payment was index-linked or not, did not offer index-linked payments [3].

<sup>12</sup> It is necessary for further research to explore what share of these CBFs receive index-linked payments.

<sup>13</sup> In 2018, Scottish Government issued a draft version, for the purposes of public consultation, of the Scottish Government's [Good Practice Principles for Community Benefits from Offshore renewable Energy Developments](#) [34].

## Principle D:

Evaluated against its  
community impact



## D1: Conduct long term monitoring and evaluation of CBF impacts.

Stage:	Initiate	Design	Operate	● Evaluate
<p><b>Background:</b></p> <p>Scottish Government’s GPPs recommend “<i>that any review includes a review of area of benefit, impact and long-term socio-economic benefits to the community</i>” [2, p. 22]. As a result, many CBFs go through a form of annual impact review and periodic evaluations but this practice is not universal. However, the guidance stops short of outlining a comprehensive monitoring and evaluation framework that makes it possible to track the socio-economic impacts of CBFs. This means that CBF decision-makers are not able to draw on knowledge of past performance for information on what effect the CBF is having and whether it is fit for purpose against current objectives.</p> <p>It is therefore important that regular CBF impact reporting:</p> <ul style="list-style-type: none"><li>a) is a requirement;</li><li>b) mobilises standardised but flexible metrics to aid comparison of impacts across CBFs;</li><li>c) is aligned with goal-oriented frameworks to evidence CBF contributions to broader objectives;</li><li>d) is supported by relevant materials and training; and</li><li>e) examines a breadth and depth of evidence proportional to the project’s impacts.</li></ul>				
<p><b>Action: Conduct long term monitoring and evaluation of CBF impacts.</b></p>				
<p><b>Barriers to Action:</b></p> <ul style="list-style-type: none"><li>• The requirement to track the impact of a CBF is non-mandatory, meaning monitoring and evaluation may not be conducted.</li><li>• Monitoring and evaluation processes demand relevant capacity and capabilities that may not reside in the community.</li><li>• A lack of agreement around appropriate and robust methodologies to track CBF impacts. Different approaches may be taken, yielding insights that cannot be meaningfully compared.</li><li>• Communities may be in receipt of multiple funding streams – even multiple CBFs – making it difficult to causally connect any single impact to one or more funding streams.</li></ul>		<p><b>Potential solutions:</b></p> <ul style="list-style-type: none"><li>• Ensure that the underpinning CBA requires CBF decision-makers to provide annual reports on the distribution and impact of the community investments.</li><li>• Make publicly available a standardised, robust and easy-to-use set of evaluation metrics that support monitoring and evaluation of CBF investments.</li><li>• Ensure these metrics have sufficient flexibility to capture place-based and community context but still align with regional/ national/international goal-oriented frameworks such as Scotland’s National Outcomes [31] and the UN’s Sustainable Development Goals (SDGs).</li><li>• Provide accessible guidance, templates and training to support the effective use of these metrics.</li><li>• Align the threshold for impact evidence with the scale of CBF investment, so that larger investments require more extensive and longer-term monitoring and evaluation.</li></ul>		
<p><b>Guidance:</b></p> <ul style="list-style-type: none"><li>• Local Energy Scotland’s <i>Community Benefit Toolkit: Monitoring, reporting, evaluating</i> [19].</li></ul>				

# 6

## Acknowledgements

We would like to thank the University of Strathclyde for funding this research via the Strathclyde Business School Knowledge Exchange Fund. This fund promotes university staff to work alongside non-academic organisations in order to either co-produce information or exchange knowledge between them. We would like to thank the participants of our workshops and those who responded to our consultation.



# 7

## References



- [1] Scottish Government, “Scottish Government good practice principles for community benefits from onshore renewable energy developments,” 2014. Accessed: Mar. 07, 2025. [Online]. Available: <https://wisepower-project.eu/wp-content/uploads/Local-Energy-Good-Practice-Principles.pdf>
- [2] The Scottish Government, “Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments,” 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2019/05/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/documents/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/govscot%3Adocument/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments.pdf#:~:text=EXECUTIVE%20SUMMARY.%20Community%20benefits%20schemes%20are>
- [3] Local Energy Scotland, “Scottish Government’s Register of Community Benefits.” Accessed: Mar. 07, 2025. [Online]. Available: [https://localenergy.scot/projects-overview/projects-index/?project\\_type=cb\\_offered&download=1](https://localenergy.scot/projects-overview/projects-index/?project_type=cb_offered&download=1)
- [4] Local Energy Scotland, “CARES community benefits toolkit,” 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/CARES-Community-Benefits-Toolkit-overview.pdf#:~:text=This%20toolkit%20delves%20into%20the%20detail>
- [5] UK Government, “Clean Power 2030 Action Plan: A new era of clean electricity,” 2024. Accessed: Mar. 27, 2025. [Online]. Available: <https://assets.publishing.service.gov.uk/media/677bc80399c93b7286a396d6/clean-power-2030-action-plan-main-report.pdf>
- [6] Our Place, “Local Place Plans.” Accessed: Feb. 11, 2025. [Online]. Available: <https://www.ourplace.scot/home/local-place-plans>
- [7] Scottish Community Development Centre, “Local Place Plans: Challenges & Opportunities. A Framework for Draft Guidance.” Accessed: Feb. 11, 2025. [Online]. Available: <https://www.scdc.org.uk/what/local-place-plans>
- [8] Scottish Community Alliance, “Community Action Plans: An Approach to Place Based Strategic Planning,” 2020. Accessed: Feb. 11, 2025. [Online]. Available: <https://dtascommunityownership.org.uk/sites/default/files/Community-Action-Planning-a-process-CE-0920.pdf>
- [9] Planning Aid Scotland, “Community-led Plans.” Accessed: Feb. 11, 2025. [Online]. Available: <https://www.pas.org.uk/what-we-do/community-led-plans/#:~:text=Community%20Action%20Plans%20focus%20on%20articulating>
- [10] Local Energy Scotland, “CARES community benefits toolkit: Creating a lasting legacy,” 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/5-creating-a-lasting-legacy.pdf>
- [11] Nature Finance Certification Alliance, “Community Inclusion Standard Plug-In (Draft).” Accessed: Feb. 11, 2025. [Online]. Available: <https://www.natcert.earth/community-benefits-standard/>
- [12] M. Hannon, R. Gowens, J. J. Roberts, and L. Major, “Community participation for community benefits from natural capital projects,” 2024. doi: 10.17868/strath.00089185.
- [13] J. Davis, C. Hafferty, J. Ingram, and P. C. Short, “The Nattergal Report on Stakeholder Engagement Best Practice for Landscape-scale Nature Recovery Projects,” 2024. Accessed: Feb. 11, 2025. [Online]. Available: <https://static1.squarespace.com/static/62bdbafba41de5210660365f/t/67066c880f1d7260c5c72eee/1728474250091/Nattergal+Report+on+Stakeholder+Engagement+Best+Practice.pdf>
- [14] The Scottish Land Commission, “Community Engagement in Decisions Relating to Land,” Mar. 2023. Accessed: Jan. 21, 2025. [Online]. Available: [https://www.landcommission.gov.scot/downloads/628e17641fd5d\\_Comm%20Engagement%20Protocol%202021.pdf](https://www.landcommission.gov.scot/downloads/628e17641fd5d_Comm%20Engagement%20Protocol%202021.pdf)



- [15] C. Haggett and L. Mabon, "Methods Toolkit for Participatory Engagement and Social Research," 2023. Accessed: Jan. 22, 2025. [Online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2023/11/methods-toolkit-participatory-engagement-social-research/documents/methods-toolkit-participatory-engagement-social-research/govscot%3Adocument/methods-toolkit-participatory-engagement-social-research.pdf>
- [16] The Scottish Government, "National Standards for Community Engagement," 2016. Accessed: Jan. 22, 2025. [Online]. Available: [https://static1.squarespace.com/static/60b74b3ad7fb3972cfe271bo/t/612ce339dff85a247d7864fd/1630331714162/NSfCE+online\\_October.pdf](https://static1.squarespace.com/static/60b74b3ad7fb3972cfe271bo/t/612ce339dff85a247d7864fd/1630331714162/NSfCE+online_October.pdf)
- [17] The Scottish Government, "Participation Handbook," 2024. Accessed: Jan. 22, 2025. [Online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2024/03/participation-handbook/documents/participation-handbook/participation-handbook/govscot%3Adocument/participation-handbook.pdf>
- [18] Local Energy Scotland, "CARES Community Benefits Toolkit: Understanding the community context," 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/2-understanding-the-community-context.pdf>
- [19] Local Energy Scotland, "CARES Community Benefits Toolkit: Monitor, report, evaluate," 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/6-monitor-evaluate-report.pdf>
- [20] The National Council for Voluntary Organisations, "Choosing your legal structure." Accessed: Feb. 11, 2025. [Online]. Available: <https://www.ncvo.org.uk/help-and-guidance/setting-up/choosing-your-legal-structure/>
- [21] Development Trusts Association Scotland, "Setting Up." Accessed: Feb. 11, 2025. [Online]. Available: <https://dtascommunityownership.org.uk/community/community-asset-transfer/getting-ready-asset-transfer/setting-organisation>
- [22] The Scottish Council for Voluntary Organisations, "Setting up a charity." Accessed: Feb. 11, 2025. [Online]. Available: <https://scvo.scot/support/setting-up>
- [23] The Scottish Government, "Community Interest Companies Guidance." Accessed: Feb. 11, 2025. [Online]. Available: <https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic>
- [24] Cooperative Development Scotland, "Co-operatives." Accessed: Feb. 11, 2025. [Online]. Available: <https://cdsblog.co.uk/co-operatives>
- [25] Local Energy Scotland, "CARES Community Benefits Toolkit: Getting the governance right," 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/4-getting-the-governance-right.pdf>
- [26] Local Energy Scotland, "CARES Community Benefits Toolkit: Securing Community Benefits," 2019. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2021/08/3-securing-community-benefits.pdf>
- [27] Scottish Land Commission, "Community Wealth Building and Land." Accessed: Feb. 11, 2025. [Online]. Available: [file:///C:/Users/grb16125/Downloads/623c19fcb8c2d\\_Scottish%20Land%20Commission%20Community%20Wealth%20Building%20and%20Land%20Guidance.pdf](file:///C:/Users/grb16125/Downloads/623c19fcb8c2d_Scottish%20Land%20Commission%20Community%20Wealth%20Building%20and%20Land%20Guidance.pdf)
- [28] CLES, "Community wealth building: The principles of community wealth building." Accessed: Feb. 25, 2025. [Online]. Available: <https://cles.org.uk/what-is-community-wealth-building/the-principles-of-community-wealth-building/>
- [29] Future Economy Scotland, "Rewiring Local Economies: Community Wealth Building for a Just Transition," 2024. Accessed: Feb. 11, 2025. [Online]. Available: [https://www.futureeconomy.scot/rails/active\\_storage/blobs/redirect/eyJfcmFpbHMiOnsibWVzc2FnZSI6IkJBaHBBZWc9IiwiaXhwljpuclWxsLCJwdXkiOiJibG9iX2lkn19-baaf80dd9f25do463172d468b5ofe36e14b3492a/Rewiring%20Local%20Economies%20-%20-%20Community%20Wealth%20Building%20for%20a%20Just%20Transition.pdf](https://www.futureeconomy.scot/rails/active_storage/blobs/redirect/eyJfcmFpbHMiOnsibWVzc2FnZSI6IkJBaHBBZWc9IiwiaXhwljpuclWxsLCJwdXkiOiJibG9iX2lkn19-baaf80dd9f25do463172d468b5ofe36e14b3492a/Rewiring%20Local%20Economies%20-%20-%20Community%20Wealth%20Building%20for%20a%20Just%20Transition.pdf)
- [30] End Fuel Poverty Coalition, "Energy firm profits tracker." Accessed: Feb. 11, 2025. [Online]. Available: <https://www.endfuelpoverty.org.uk/news/energy-firm-profits-tracker/>
- [31] The Scottish Government, "Explore the National Outcomes." Accessed: Feb. 12, 2025. [Online]. Available: <https://nationalperformance.gov.scot/national-outcomes/explore-national-outcomes>
- [32] Local Energy Scotland, "Community Action Plans." Accessed: Mar. 10, 2025. [Online]. Available: <https://localenergy.scot/community-benefits-toolkit/community-action-plans/>
- [33] Our Place, "Community Councils." Accessed: Mar. 10, 2025. [Online]. Available: <https://www.ourplace.scot/community-councils>
- [34] The Scottish Government, "Scottish Government Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments," 2018. Accessed: Feb. 12, 2025. [Online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2018/11/consultation-scottish-government-good-practice-principles-community-benefits-offshore-renewable-energy-developments/documents/scottish-government-good-practice-principles-community-benefits-offshore-renewable-energy-developments/scottish-government-good-practice-principles-community-benefits-offshore-renewable-energy-developments/govscot%3Adocument/00543548.pdf>
- [35] UK Government, "Community funds for transmission infrastructure." Accessed: Mar. 11, 2025. [Online]. Available: <https://www.gov.uk/government/publications/electricity-transmission-network-infrastructure-community-funds/community-funds-for-transmission-infrastructure-accessible-webpage>
- [36] The Scottish Government, "Onshore Wind Sector Deal for Scotland," 2023. Accessed: Feb. 11, 2025. [Online]. Available: <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2023/09/onshore-wind-sector-deal-scotland/documents/onshore-wind-sector-deal-scotland/onshore-wind-sector-deal-scotland/govscot%3Adocument/onshore-wind-sector-deal-scotland.pdf>
- [37] Local Energy Scotland, "Scottish Government's Register of Community Benefits: Narrative Report February 2024," 2024. Accessed: Feb. 11, 2025. [Online]. Available: <https://localenergy.scot/wp-content/uploads/2024/04/CB-Register-narrative-report-Feb-24-FINAL.pdf>

# 8

## Appendices



### 8.1 Glossary of Terms

Term	Definition
<b>Community</b>	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.
<b>Community Action Plan</b>	A document that sets out a clear vision for the area with priorities supported by local people, a timeline for achieving them and options for implementing them. This helps the community to work out what their priorities are when deciding how to use Community Benefit Funds [32].
<b>Community Benefit</b>	A demonstrable uplift in the wellbeing of a community, either of place and/or practice.
<b>Community Benefit Agreement</b>	A legally binding arrangement setting out the nature and scope of the Community Benefit Fund. It can be between the project owner(s) and one or more parties, who are ordinarily a community-based organisation or intermediary acting on a community's behalf.
<b>Community Benefit Fund</b>	A voluntary fund that a project developer or owner(s) donate into, based on a pre-agreed package of community benefits, to be provided to one or more communities. Normally established as part of a Community Benefit Agreement. These packages typically involve annual payments and/or in-kind community benefits (e.g. shared ownership, infrastructure or access to land) that are proportional to the scale and impact of the project. The fund is normally governed and re-invested locally, with the aim of generating community benefits for the local community.
<b>Community Benefit Fund decision-making body</b>	The group or body responsible for making decisions about the structure and governance of CBF, especially the distribution of funding.
<b>Community Benefit Package</b>	The package of financial and/or in-kind benefits provided to communities, which are distributed via a CBF.



<b>Community Council</b>	The most local tier of statutory representation in Scotland, which bridges the gap between Local Authorities and communities. Local Authorities have statutory oversight of Community Councils and are required to consult Community Councils about planning applications and licencing matters. [33]
<b>Community Wealth Building</b>	A people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits of assets and resources in the hands of local people.
<b>Incorporated Organisation</b>	A legally incorporated CBF decision-making body that holds – and potentially administers – CBF monies, and works under its own governance structures to the local community.
<b>Local Place Plan</b>	Introduced by the Planning (Scotland) Act 2019, Local Place Plans contain the community’s proposals for the development and use of land, allowing the community to feed into the planning system [6].
<b>Panel</b>	An unincorporated CBF decision-making body formed of members who reside within the local area which does not hold or administer CBF monies to the local community.
<b>Project Developer</b>	The organisation responsible for developing, building and/or running the renewable energy project which provides the Community Benefit Funds. The project developer is more likely to be part of the discussion when first setting up Community Benefit Fund, unless it is the community developing the project itself.
<b>Project Owner(s)</b>	The organisation(s) who currently owns the renewable energy development that donates into the Community Benefit Fund. This may not be the Project Developer, if they have subsequently sold this on to another owner.

## 8.2 Acronyms

<b>CAP</b>	Community Action Plan
<b>CARES</b>	Scottish Government's Community and Renewable Energy Scheme
<b>CBA</b>	Community Benefit Agreement
<b>CBF</b>	Community Benefit Fund
<b>CC</b>	Community Council
<b>CWB</b>	Community Wealth Building
<b>GPA</b>	Guiding Principles and Actions

<b>GPP</b>	Good Practice Principles
<b>IO</b>	Incorporated Organisation
<b>LPP</b>	Local Place Plan
<b>PLCG</b>	Private Limited Company by Guarantee
<b>SCIO</b>	Scottish Charitable Incorporated Organisation
<b>SDG</b>	Sustainable Development Goals

## 8.3 Methodology

The GPAs are primarily based on the outputs of two half-day online workshops conducted in August 2024, two weeks apart. The workshops were held online to facilitate attendance by participants located across Scotland. A summary of workshop attendees is listed in Table 4. An expert facilitator was used to support the design and delivery of the workshops.

**Workshop 1:** The workshop took place on 15th August 2024 and focused on exploring the different structures of CBFs and their associated strengths and weaknesses. It began with three short presentations from stakeholders on the different CBF models they have employed. Two breakout groups followed, and explored the following questions:

- What arrangement(s) have you engaged with and why were they adopted? (e.g. funding considerations, governance issues, decision-makers).
- What works well - and what does not work well – with the CBF arrangements you have made? (e.g. justice implications, value streams, different contexts).

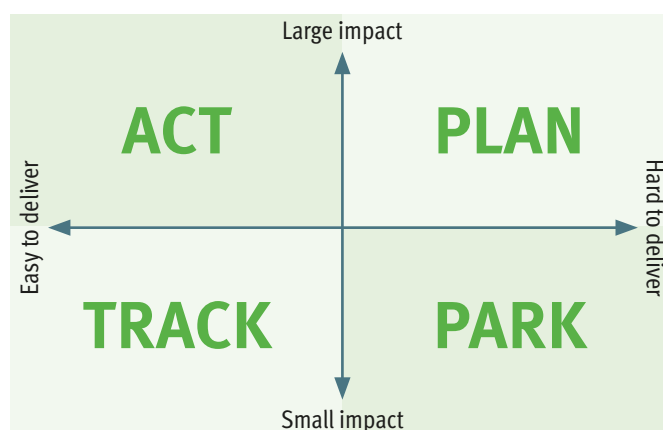
**Interim task:** Prior to the second workshop, the outputs of the first workshops were analysed to produce a set of draft good practice Principles for CBFs, with a corresponding set of Actions to support these principles herein referred to as the GPAs. These were circulated to the attendees prior to the second workshop.

**Workshop 2:** The second workshop took place on 26th August 2024 and sought to prioritise and refine the GPAs from Workshop 1, as well as explore the question:

- How can we support the GPAs identified from the first workshop?

Workshop 2 began by asking two breakout rooms to locate each action on a 2x2 matrix (Figure 1), where the y-axis covered the *potential impact* of the Action on the corresponding Principle and the x-axis covered the *difficulty of delivery*, scaling from easy to hard to deliver. They were also tagged with the relevant Principles and when the Action should occur within the life cycle of a CBF.

*Figure 1: Action matrix to support overarching principles for CBF good practice.*



The second breakout session took forward only the Actions that were in the top two quadrants of the matrix that covered Act and Plan as these were considered to possess the greatest potential impact. The session explored what barriers attendees thought might exist to undertaking these actions and what solutions might exist to overcome these barriers. Both breakout sessions began with an answer from each member in the room, before opening to a wider discussion among the group. The breakout sessions each had a facilitator, scribe and prepared Miro Board to capture the outcomes of each room.

**Workshop participant sampling:** The research involved 17 participants across two workshops. The invitation criteria for participants primarily rested on two factors:

- 1) the member of the organisation invited had a direct involvement with the administration of a CBF, or
- 2) were actively planning to be directly involved in the near future. The participants were identified primarily through Foundation Scotland's professional network.

A list of anonymised attendees is presented below in Table 4, where we note the role the participant plays with regarding to CBFs, the type of organisation they work for, their position within it and their contribution to the workshops and/or consultation.

Table 4: Attendees of the CBF good practice principles workshops

CBF role	Organisation type	Position in organisation	Attendance		Provided consultation response on draft GPAs
			W1	W2	
Third party intermediary supporting and advising on CBFs	Private Limited Company by Guarantee (PLCG) and Charity	Community and Impact	Y	Y	
Third party intermediary supporting CBFs	Scottish Charitable Incorporated Organisation (SCIO)	Director of finance	Y	Y	Y
Third party intermediary supporting CBFs	SCIO	Chief Executive	Y	Y	
Incorporated Organisation (IO) administering funds	PLCG and Charity	Operations Manager	Y	Y	
IO administering funds	SCIO	Chief Officer	Y	Y	
IO administering funds	SCIO	Chair and Trustee	Y	Y	Y
IO administering funds and community ownership	PLCG and Charity	Development Manager	Y	Y	Y
IO administering funds	SCIO	Chair and Trustee	Y	Y	
IO administering funds	PLCG and Charity	Trust Manager	Y	Y	
Developer administering funds	Renewable Energy Developer	Head of Community Investment	Y	Y	
Third party advisor of IO approach	PLCG and Charity	Community Funds Manager	Y	Y	
Advisor and administrator of funds	SCIO	Chief Operating Officer	Y	Y	Y
Decision-making group for CBF	Community Council	Community Councillor	Y	Y	
IO administering funds	PLCG and Charity	Consultant and former Director	Y	Y	
IO administering funds	PLCG and Charity	Business Development Manager	Y	Y	Y
Future administrator of funds	Renewable Energy Developer	Senior Stakeholder and Community Manager		Y	Y
Future administrator of funds	Renewable Energy Developer	Stakeholder and Community Manager	Y		

**Consultation:** A complete first draft of the GPAs was shared with the workshop attendees in Table 4 for their feedback and captured via MSForms. Against each Principle they were asked to answer the following questions, with reference to which specific Action they were referring to:

- A. Please provide your comments below on the Principle and associated Actions, including any concerns, issues, or support. If disagreeing with a recommendation, please provide suggested rephrasing/rewording that you feel would be acceptable.
- B. Are there any good practice guidance documents we are missing for this Principle and associated Actions?
- C. Who do you think should be responsible for implementing Actions and associated solutions?
- D. Do you know of any examples where the good practice is in action?

We received six written responses, which we collated thematically, before making edits in accordance with these recommendations. A second revised version was sent out to participants. Insufficient evidence was collected against question C and D for us to draw meaningful conclusions, hence they are not included in this report's findings.

### Limitations of the methodology

The research relies on an extensive body of evidence; however some limitations could be addressed via additional research in the future.

The first relates to the research sample. We note that all contributions were made by those either actively engaged in managing CBFs – either in-house or as a third-party – or in the process of establishing a CBF. The majority of these contributions were from community groups. Originally, the research team planned to take the GPAs to a broader group of stakeholders who had an active interest in the role and

structure of CBFs but were not directly involved in their management. These included many of the stakeholder actors listed in Table 2, such as the project owners who make the CBF donations and the policymakers that are tasked with setting guidance on how these funds are managed. While the research team still intend to undertake this broader consultation, the scheduling of the Scottish Government's consultation deadline for April 2025 meant there was insufficient time to conduct this last phase of research.

The research is also limited by the fact that in this current iteration the Actions are not targeted at specific stakeholders. While we did collect evidence against this as part of our consultation, many of the Actions required contributions from multiple stakeholders, with some considered more responsible than others, and their efforts being required at different times. Further research is considered necessary prior to assigning Actions to specific stakeholders.

Additionally, the vast majority of the research participants' contributions related to past and present CBFs associated with the onshore renewable sector in the UK. This is simply a function of the vast majority of CBFs being associated with onshore wind and hydro-electricity. However, there are a number of more recent CBFs – some under negotiation – that are funded by projects from other sectors (e.g. offshore wind, transmission, natural capital). Consequently, while these GPAs certainly have relevance to non-onshore energy project CBFs, they are drawn from experience largely associated with that technology-specific field.

Finally, the recommendations outlined in this report are not grounded in the broader academic or grey literature. This will be remedied as this report is prepared for submission to a peer-reviewed academic journal, where the findings from this research are compared and contrasted against extant research.

## Notes

[illegible]

## Notes

[illegible]



