A Review of Foundation Scotland's Approach to Community Benefit Funds

University of Strathclyde Glasgow

Foundation Scotland

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Executive Summary

Background and introduction

A Community Benefit Fund (CBF) is a voluntary fund that is capitalised by a project developer or owner(s), based on a pre-agreed package of community benefits for one or more communities as outlined in a Community Benefit Agreement (CBA). These packages typically involve annual payments and/or in-kind community benefits that are proportional to the scale of the project. The fund is normally governed and re-invested locally, with the aim of generating community benefits through sharing project revenue with communities to invest in local priorities.

In 2024, £30.7m in community benefit packages were invested into communities in Scotland via CBFs (Local Energy Scotland, 2024a). The scale and breadth of investment is expected to accelerate, linked with growth in renewable energy projects as well as other types of developments such electricity transmission networks and nature-based carbon projects which increasingly have associated community funds.

Despite the current scale and future growth trajectory of CBFs, there has to date been relatively little research exploring the different types of fund designs that exist, how these differ in terms of their operation and governance, and the relative merits and drawbacks of these different approaches from the perspective of different stakeholders. In addition, there is also very little research documenting innovation in CBF design and governance. As such there is a critical need for evidence on how best to structure and govern CBFs to ensure that investments contribute towards sustainable thriving places and thus communities reap long-term benefits.

2024

£30.7m of community benefit packages were invested

About this work

Foundation Scotland commissioned the University of Strathclyde's Institute for Sustainable Communities to examine its approach to CBFs and how strongly this aligned with good practice.

Foundation Scotland represents an important case for research, with over 20 years of experience working with communities, developers and wider stakeholders to establish and operate CBFs. As of 2023, Foundation Scotland supports up to 100 CBFs that together account for almost 30% of community benefit investment across Scotland, worth approximately £11m per annum (Foundation Scotland, 2023e); a value that is consistently growing.

The aim of the research was to establish a detailed picture of the approach Foundation Scotland has taken towards supporting communities during the CBF lifecycle and undertake a critical analysis of how strongly this aligns with good practice.

The research objectives (RO) were to:

- **RO-1**: (a) Outline Foundation Scotland's approach to the establishment, design, operation, and review of CBFs and (b) examine the value this provides to project developers, communities and other stakeholders.
- **RO-2**: Evaluate how strongly Foundation Scotland's approach to CBFs aligns with the Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds (GPAs) (Hannon et al., 2025) through comprehensive comparative analysis.
- **RO-3**: Identify opportunities for Foundation Scotland – and other CBF operators – to retain and enhance good practice.

The work was designed to provide valuable insights into how both Foundation Scotland and other practitioners (in)directly involved with CBFs create lasting benefit for communities through the design, operation and governance of such funds.

100 CBFs

supported by Foundation Scotland

Research approach

The research involved:

1. Extensive documentary analysis relating to the processes, systems and approaches Foundation Scotland has developed over the years, as well as impact reports, case studies and fund reviews of existing funds that Foundation Scotland administers.
2. Analysis of interviews with ten participants: three from Foundation Scotland, three from Incorporated Organisations directly responsible for holding and governing CBFs and four members of Community Panels that make decisions on funding awards. The seven participants that do not work for Foundation Scotland each represented communities that had delegated some degree of responsibility of their funds to Foundation Scotland and thus were able to speak to the role Foundation Scotland has played in supporting them to deliver community benefit.

Key findings

Summary: We find that Foundation Scotland follows a rigorous CBF process that has been reflexively and actively honed through over 20 years of experience. Foundation Scotland plays a critical role in directly supporting communities and project developers as a 'one stop shop' to initiate, design, operate and evaluate CBFs. The value propositions that Foundation Scotland offers both to project owners and community organisations are numerous and distinct. Importantly, we also find that Foundation Scotland offers value to the sector a whole, as it is highly active in terms of sectoral leadership and advocacy, playing a key role in developing and disseminating sectoral guidance on CBF good practice. Foundation Scotland adopts a coproduction approach to CBFs, working in partnership with community/ies.

The approach aligns very strongly with the GPAs and Foundation Scotland's practice offers an exemplary case for other intermediaries. Opportunities for Foundation Scotland to further enhance its good practice include reflecting on employee capacity, increasing awareness of its value proposition, and supporting consistent and transparent reporting and evaluation of Foundation Scotland's fund portfolio.

Foundation Scotland

plays a critical role in directly supporting communities and project developers

Foundation Scotland's roles across different stages of the Community Benefit Fund lifecycle (RO-1a)

There are four key stages of the CBF lifecycle (Hannon et al., 2025):

1. **Initiate**: developing, negotiating and establishing a Community Benefit Fund.
2. **Design**: establishing the fund design and its funding distribution model.
3. **Operate**: the 'day-to-day' operation of the fund, including funding allocation, administration and monitoring.
4. **Evaluate**: understanding the impacts of the fund, how the governance is functioning and highlighting any need for changes to the strategies and practices in place.

There is no standard timeline or period for each lifecycle stage; this is project and fund specific, though there are some commonalities across different funds (Hannon et al., 2025).

Foundation Scotland plays different roles at a project/CBF scale within and across each stage of the CBF lifecycle, and also sector wide roles, as outlined in the table below (Table 1). The role might be a distinct one-off arrangement at a single or multiple points along the CBF lifecycle, or the role might be longitudinal across the CBF lifecycle.

Summary of the roles that Foundation Scotland plays across the four stages of the Community Benefit Funds lifecycle

	1 Initiate	2 Design	3 Operate	4 Evaluate
For a given project or CBF, work in partnership with community organisations, to:	Advise on CBA negotiation.	Advise on CBF design, incl. fund governance and distribution.	Manage, promote, and distribute funds.	Monitor and evaluate fund impacts.
	Advise on appropriate operational structures to govern the CBF.	Work in partnership with community organisation(s) to support capacity building and strategic planning.	Collate data on funding awards.	Monitor and review fund arrangements.
Sector-wide	Catalogue and disseminate data on CBF arrangements and impacts.			
	Share experience and advocate for good practice CBF arrangements.			
	Undertake or commission consultancy and research on CBF arrangements, governance and guidance.			

Foundation Scotland's value proposition and business model (RO-1b)

Foundation Scotland delivers CBF services to two different customer bases: (1) project developers and/or owners and (2) communities. The former are typically those which donate funds into the CBF and may be commercial private businesses or a community organisation that owns an energy project. The latter are those which receive the funds.

Foundation Scotland's value proposition to its customers centres around four key offerings:

1. To establish, operate and/or govern the CBF across different stages of its lifecycle (at the request of the community and/or project owner and in partnership with the community).
2. To provide expert knowledge and advice of CBF operation and arrangements.
3. To facilitate and maintain long lasting relationships between communities and project developers/owners.
4. To mitigate tensions within – and between – these parties as a trusted third-party.

While there are similarities in the value provided to both customer bases (such as providing additional capacity, assuming responsibility, drawing-in experience etc) there are subtle differences in the value that Foundation Scotland offers to each. For example, project developers/owners may look to Foundation Scotland to provide added value through trusted relationship with a given community and a legitimate voice during fund negotiations. By contrast, communities may recognise added value in in Foundation Scotland taking on responsibility for the administration of the funds allowing the community to focus their limited time and capacity on how best to invest CBFs.

Foundation Scotland's alignment with good practice (RO-2)

Our research finds that Foundation Scotland's approach to Community Benefit Funds is strongly aligned with the GPAs (Hannon et al., 2025). Foundation Scotland adopts a model that:

- Adopts a community-led approach to realising community benefit
- Prioritises and evaluates community impact
- Embraces innovation to evolve good practice
- Shares and advocates good practice

Opportunities for Foundation Scotland to further enhance good practice (RO-3)

We identify opportunities for Foundation Scotland to potentially further enhance its existing good practice. These include:

1. **Build organisational capacity and competency to support the anticipated influx of new projects**: Foundation Scotland should prepare to increase its capacity in response to potential influx of new interest so as to continue to exhibit good practice.
2. **Greater promotion of its value proposition amongst communities and stakeholders**: While many community members understood the value that Foundation Scotland could offer them regarding the CBF process, there are indications that this understanding was gained through their experience with Foundation Scotland and was not always fully appreciated from the outset. It is important that stakeholders are supported to understand and clearly articulate the value of intermediary support for communities at different stages of the CBF lifecycle. Most importantly, there is a need to spotlight community testimony about the value that Foundation Scotland has provided to them, and the importance of connecting these insights with other communities who may need such services.
3. **Planning and evaluating the impact from Foundation Scotland's fund portfolio**: Foundation Scotland could expand the application of their sustainable development and outcome-oriented impact framework to help design their fund portfolio and the types of awards these funds make. Other opportunities to capture and evaluate impact could include:
   a) Outlining or specifying the preferred forms of data inputs to allow ease of analysis or comparison.
   b) Signalling where impact indicators are aligned with wider local or regional strategies.
   c) Establishing a consolidated and user-friendly registry of Foundation Scotland managed community benefit packages and associated publicly available reports.
   d) Mapping fund impact metrics onto the four tenets of justice (i.e. distributional, recognition, procedural and restorative) to understand if and how CBFs align with Just Transition principles.

...there is a need to spotlight community testimony about the value that Foundation Scotland has provided to them, and the importance of connecting these insights with other communities...

Contents

List of Figures

List of Tables

List of Boxes

Glossary of Terms

Term	Definition
Area of Benefit	The geographical area that any community benefits packages target (Scottish Government, 2019).
Board Member	Member of the board of an Incorporated Organisation that is the decision-making body for the CBF arrangement.
Community	"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" (Hannon et al., 2024, pg3).
Community Action Plan (CAP)	A process 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. The document can be used to guide CBF spending priorities.
Community Benefit	An uplift in the wellbeing of a community – either a community of place and/or practice (Hannon et al., 2024).
Community Benefit Agreement (CBA)	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, which are ordinarily a community-based organisation or intermediary acting on a community's behalf.
Community Benefit Fund (CBF)	A voluntary fund that is capitalised by a project developer or owner(s), based on a pre-agreed package of community benefits for one or more communities, normally as part of a Community Benefit Agreement. CBFs typically involve annual payments and/or in-kind community benefits (e.g. infrastructure, access to land) that are proportional to the scale and impact of the project and/or. A CBF is normally governed and re-invested locally, with the aim of generating community benefits for the local community.
Community Council	The most local tier of statutory representation in Scotland, complementing the role of the local authority but are not part of the local government. Local Authorities have statutory oversight of Community Councils and are required to consult Community Councils about planning applications and licencing matters.
Community Fund	A Community Fund is a fund made up of multiple different CBFs and potentially other funding streams.
Community Wealth Building	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 into the hands of people who live within the local area (Macfarlane et al., 2022).
Devolved Fund	Multiple communities benefit from a CBF but: i. the communities do not want to operate the fund as a single shared resource across the area; ii. each community has its own mechanism for local distribution; and iii. the project owner requires a single agreement with a singular third party administrator like Foundation Scotland, which is also able to provide support to the local administrators when they need it, convene learning between the communities and also provide reporting to the project owner (Searle, 2023).

Term	Definition
Fund Strategy or Framework	A document setting out priority themes, application criteria and options for CBF distribution, alongside how to ensure the CBF has a strong profile in the area and how its impact will be determined (Foundation Scotland, 2024g).
Incorporated Organisation (IO)	A legally Incorporated Organisation, also referred to as an Independent Fund, may govern or administer CBFs through their own governance structures.
Local Place Plan (LPP)	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. LPPs can develop local connections and capacity, improve social capital and collaborations (Scottish Government, 2022).
Memorandum of Understanding (MoU)	An agreement that states each parties actions within the partnership, including any terms and conditions (Foundation Scotland, 2023f).
Multiple CBFs – Single Community	Where one or more CBFs are made available to a single community.
Multiple CBFs – Multiple Communities	Where multiple CBFs are made available to multiple communities via a single decision-making mechanism.
Panel	The decision-making body for a CBF arrangement working under Foundation Scotland's governance.
Parent Fund	A fund that is subsequently split - or divided - into sub-fund.
Project Developer	The organisation responsible for developing, building and/or running the project which sponsors the Community Benefit Fund.
Project Owner	The organisation that owns the development which sponsors the Community Benefit Fund. The Project Developer may subsequently sell a project, in which case the Owner and Developer are different.
Single Joint Fund	Foundation Scotland's term for a single CBF that benefits multiple communities who want to work together under a single fund arrangement (as opposed to a Devolved Fund).
Sub-funds	Foundation Scotland's term for a distinct allocation of a larger Community Benefit Fund (see Parent Fund), ringfenced for a specific community or geographic area.
Thematic Fund	A specific fund within a CBF that provides financial support to develop, test, implement or scale up activities that contribute specific value streams, such as tackling inequality or education and training (Foundation Scotland, 2023h).
Terms of Reference (ToR)	A formal document that sets out the remit of the Panel and defines its purpose, scope, objectives and guidelines.

1 Introduction

1.1 Community benefit packages in Scotland

Community Benefit Funds (CBFs) are an increasingly common vehicle for capturing and re-distributing benefits generated from low-carbon projects amongst local communities. In 2024, Scotland saw £30.7m of community benefit packages paid to communities from across 283 projects (Local Energy Scotland, 2024f); a substantial increase from £0.5m in 2004 and £9.8m in 2014.

Community benefit packages can take the form of financial payments and/or in-kind benefits. The type and scale of benefits to be transferred to the local community, and the time horizon for providing these, is typically decided following the negotiation of Community Benefit Agreement (CBA), signed between communities and developers.

CBFs are normally governed by members of a local community who are responsible for deciding how, where and to whom the funds are distributed. Under this arrangement it is common for a community to be supported by a third-party organisation to navigate the CBF process, which can be administratively complex.

Looking forward, the number, scale and coverage of CBFs are likely to continue to grow significantly. CBFs are extending into new technologies and sectors, including offshore wind, transmission networks and nature-based carbon removal (e.g. peatland restoration, afforestation). Indeed, the UK Government has provided expectations for how communities living in close proximity to electricity transmission networks will financially benefit, with transmission network project developers expected to make one-off payments worth £200,000/km for overhead lines and £530,000 for substations (UK Government, 2025).

1.2 About this work

Despite the past and forecast growth of CBFs, there has to date been relatively little research exploring the different types of CBF designs that exist, how these differ in terms of their operation and governance, and their relative merits and drawbacks for different actors and stakeholders – and particularly for the community beneficiaries. In addition, there is little research documenting innovation in CBF design and governance. As such there is a critical need for evidence on how best to structure and govern CBFs to ensure they do benefit communities and support community wealth building.

To this end Foundation Scotland has commissioned the University of Strathclyde to review how Foundation Scotland designs, operates and governs community benefit funds. In so doing, Foundation Scotland sought to help both themselves and other practitioners better understand how it can work with communities and project developers and owners to create lasting benefit for communities through CBFs.

As of 2023, Foundation Scotland supports almost 100 community benefit funds that accounted for almost 30% of CBF investment across Scotland, worth approximately £11m per annum (Foundation Scotland, 2023e); a value that is consistently growing. Foundation Scotland's work with CBFs began in 2005, and thus 2025 marks 20 years of valuable and evolving experience and expertise to draw from and offers a milestone to reflect and look to the future.

In this report we combine the organisational insights offered via a detailed case study of Foundation Scotland alongside sectoral level insights about what constitutes good practice for generating benefits through CBFs, to:

1. Outline Foundation Scotland's approach to the establishment, design, operation, and evaluation of CBFs and the value this provides to project developers, communities and other stakeholders.
2. Evaluate how strongly Foundation Scotland's approach to CBFs aligns with the Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds (GPAs) (Hannon et al., 2025).
3. Identify opportunities for Foundation Scotland – and other CBF operators – to retain and enhance good practice.

The report is set out as follows: the methodology is outlined in Section 2. Section 3 outlines a history of Foundation Scotland's engagement with CBFs to date, and how it creates value to communities and project developers through the CBF support it offers. Section 4 applies Strathclyde's Guiding Principles and Actions for CBFs (Hannon et al., 2025) to examine the extent to which Foundation Scotland's operations align with these. Section 5 concludes the work, highlighting where Foundation Scotland is employing good practice and where opportunities to enhance good practice and for further research exist.

2 Methodology

In this section we outline the research methodology we use to examine Foundation Scotland's approach to CBFs, the value it provides and how well this aligns with sectoral good practice guidelines.

2.1 Data Collection

The research's data collection focused on document analysis and stakeholder interviews.

Document analysis: We worked with Foundation Scotland to access and collate a blend of public and internal documentation to analyse. Approximately 40 documents were synthesised. Examples include previous presentations, smaller case studies that were already published, timelines, and legal agreement guidelines. We cite and reference specific documents where these are used as data.

Stakeholder interviews: Ten stakeholder semi-structured interviews were conducted via Microsoft Teams in March 2024 to explore: a) questions of governance and decision-making of CBFs, the intended value streams and actual values delivered; and b) recommendations for good practice CBF design and governance, for both Foundation Scotland and the broader sector.

The interviews focused on the following questions, which were tailored according to the interviewee category:

- What is your understanding of a CBF model and its core components?
- What was the rationale behind deciding on the model in your area?
- Do you feel the model is structured to be inclusive, democratic and equitable?
- What are the values and benefits delivered through the model?
- Are there discussions about whether the value steams and fund strategies resonate with regional/national priorities or stay hyper local?
- What value has Foundation Scotland brought to the model?
- What does Foundation Scotland need to do to ensure delivery of CBF advise and administration are future proofed?
- How do you think CBF best practice could be improved?

Interviewees were selected from three stakeholder categories:

1. **Foundation Scotland** employees with knowledge and experience with Foundation Scotland's governance and administration.
2. **Incorporated Organisation employees or**, i.e. those working on behalf of an organisation with its own legal structure and governance and use Foundation Scotland for fund advice, grant making and fund development.
3. **CBF Panel** members, i.e. those who review applications for CBF spending but work within the Foundation Scotland charitable governance structure.

Eight interviewees were identified through discussions with Foundation Scotland, who provided details of individuals involved in their CBFs and subsequently connected the researchers to the participants. Two additional participants were identified through snowball sampling, i.e. were suggested by interviewees.

Table 1 presents anonymised and categorised interviewee details. Three interviewees were Foundation Scotland employees, four were Panel members, and three were IO employees or trustees. Each interviewee is assigned a reference code, which is cited to in the following sections whenever their testimony is referenced.

Table 1: Anonymised summary of interviewees, including their category, and role with regards to CBF.

Interviewee reference[1]	Role	Organisation	Organisation Relation to CBF
FS#1	CBF Manager	Foundation Scotland	Advise, govern, administer
FS#2	CBF Manager	Foundation Scotland	Advise, govern, administer
FS#3	Communities and Impact	Foundation Scotland	Advise, govern, administer
IO#1	Chair/Trustee	Scottish Charitable Incorporated Organisation (SCIO)	Govern
IO#2	Director/Chair	Community Benefit Company	Govern
IO#3	Development Manager	Development Trust	Govern
P#1	Development Manager	Scottish Charitable Incorporated Organisation (SCIO)	Govern
P#2	Member	Community Association	Govern
P#3	Director/Member	Community Benefit Company	Govern
P#4	Director/Member	Community Benefit Society/ Development Trust	Govern

1 *Categories include: Foundation Scotland – Foundation Scotland employee, IO – Incorporated Organisation employee or trustee, P – Panel member.*

2.2 Evaluating Foundation Scotland's approach

To articulate the alignment of Foundation Scotland's work with the Guiding Principles, we use a simple evaluation meter to represent the strength of alignment, determined from the evidence available that Foundation Scotland is performing the actions to support the guiding principle. The meter ranges from Limited (L) to Moderate (M) to Strong (S), with a red arrow constituting a qualitative judgement of the strength of evidence that has been collected through our research. evidence

Our initial analysis of the evidence was presented to a senior member of Foundation Scotland staff (FS#3) to verify our results. If missing evidence or factual errors were identified, the staff member provided oral testimony (i.e. additional interview data) and/or additional documentary evidence.

3 Foundation Scotland's CBFs roles

This section presents Foundation Scotland's history of CBF engagement and how Foundation Scotland creates value through the support it offers communities and developers throughout the CBF lifecycle. We begin by offering an overview of Foundation Scotland in Section 3.1, covering its historical background and mission statement, before unpacking its CBF-focused value proposition and business model in Section 3.2. We then expand upon Foundation Scotland's approach towards establishing, designing, operating and reviewing CBFs in Section 3.3.

3.1 An overview of Foundation Scotland

3.1.1 Foundation Scotland's background

A detailed history of Foundation Scotland's engagement with CBFs is found in Appendix A - History of Foundation Scotland's CBF engagement. Here we offer a very high-level summary of its development.

Foundation Scotland was established in 1992 with one employee and a large volunteer base, set up to provide small-scale 'donor-advised' funds and grants across Scotland. A donor-advised fund allows the donor to manage and distribute their donated funds to chosen charities and causes. As shown in Figure 1, it was originally named Caledonian Foundation (Reg Charity No. SC022910), renamed the Scottish Community Foundation in 1996, and becoming Foundation Scotland in 2013 (Foundation Scotland, 2023b, Foundation Scotland, 2022b). As of the 1st December 2024 Foundation Scotland employed 45.3 FTE staff, with 14 Trustees and five Board sub-committees (FS#3).

Figure 1: A schematic timeline showing the evolution of Foundation Scotland's names since it was established in 1992.

Foundation Scotland's vision is of:

> *"Confident, thriving, resilient communities across Scotland. For every community to thrive, they should be resourced to support their needs and aspirations. Our purpose is to provide that support, to help communities shape their own future."* (Foundation Scotland, 2022a)

A critical part of its strategy to deliver on this vision is to provide support to communities through governing, advising and managing Community Benefit Funds (CBFs).

3.1.2 Foundation Scotland's work with Community Benefit Funds

Foundation Scotland has distributed over £200m since its inception in 1992 through grants, social investment, donations and, in the past two decades, CBFs. Foundation Scotland's work with energy companies and communities began in 2005. Renewable energy developers wanted to provide an annual fund, now known as a CBF, and many communities lacked the infrastructure and capacity to manage that directly or had opted not to do so. In other instances, the developer preferred to use a third party to reduce in house administration and have legal reassurance. Foundation Scotland was well placed to undertake this work, having already gained experience in distributing grants, by designing and implementing both place-based and thematic funds (see Glossary of Terms), on behalf of companies, philanthropists and other trusts and foundations.

Foundation Scotland's early work with CBFs tested different models and approaches. For example, between 2010 and 2016, the first models of 'distributing differently' and more 'complex' funds were developed and introduced, with activities such as the Burnfoot Panel for the fund in Clackmannanshire commissioning a youth research project (Foundation Scotland, 2011) and the Clashindarroch Panel, in Aberdeenshire making a repayable grant to a local development trust (Foundation Scotland, 2016a).

Foundation Scotland currently advises, governs or administers up to 100 CBFs across Scotland with most of these funds having their own decision-making groups comprised of community representatives from the area of benefit. Approximately a third of the 100 CBFs operate devolved arrangements (see Glossary of Terms), so the total number of CBF arrangements Foundation Scotland supports is nearer to 150 (FS#3).

Foundation Scotland has undertaken activities to share their experiences and supports CBF good practice across the sector. For example:

- Foundation Scotland coordinated a series of roundtables with community representatives from across Scotland with experience of CBF opportunities to inform a community benefit charter, Firm Foundations, published in 2014 (Foundation Scotland, 2014). The charter aimed to promote best practices in the design and delivery of CBFs, to support their good governance, structure and administration to effectively to maximise their positive impact on local communities.
- Foundation Scotland was a key contributor to the Scottish Government's *Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments*, both the first published in 2014 (Scottish Government, 2014) and the 2019 update (Scottish Government, 2019).
- Between 2017 and 2020, Foundation Scotland worked closely with the Scottish Government's Community and Renewable Energy Scheme (CARES) to disseminate its community benefit expertise, ultimately leading to the publication of the publicly available Community Benefit Toolkit in 2020 (Local Energy Scotland, 2020).
- In 2023, through the commissioning of this work, Foundation Scotland aims to spotlight and share good practice approaches for enhancing community benefits via CBFs.

3.2 Foundation Scotland's Community Benefit Fund business model and value proposition

To allow us to assess how Foundation Scotland's business model creates, delivers and captures value through its establishment and facilitation of CBFs, we mobilise Osterwalder's Business Model Canvas (Osterwalder et al., 2010) (Table 2) to illustrate what value Foundation Scotland offers its customers through its CBF work and how it realises this (Figure 2).

The Business Model Canvas presents eight building blocks to describe a business model, grouped across three different business model dimensions: Operations, Customers and Finances (Table 2). Together these building blocks show the value proposition, which is what a company or organisation does to create value for the customer (Osterwalder et al., 2010).

Table 2: The key components of Osterwalder's Business Model Canvas, including the three categories in each building block. Together the building blocks show the value proposition of an organisation (adapted by (Hannon et al., 2023)).

Business Model Dimensions	Business Model Building Block
Operations	***Key Partners***: relationships and collaborations the business has with other external partners.
	Key Activities: the activities the business must perform to deliver its value proposition and operate successfully.
	Key Resources: the key resources the business requires to operate.
Customers	***Customer Relationships***: the business relationship and interactions with customers.
	Customer Segments: the customers the business targets with its services.
	Channels: the channels the business uses to reach and interact with customers (physical and digital).
Finances	***Cost Structure***: the costs the business incurs to operate.
	Revenue Streams: sources of revenue the business generates from its customers.

Figure 2 presents the framework applied to Foundation Scotland's business model, with an explicit focus on Foundation Scotland's work with CBFs.

In broad terms, the value Foundation Scotland creates for its customers is helping them to navigate the complex process of establishing, designing, operating and evaluating their CBFs:

> *"I think that is valued by a lot of communities and it's valued by a lot of community benefit fund donors, not least because it's quite a difficult, complex process [and] you're dealing with personalities. So, there's value in having an organisation like Foundation Scotland and others potentially to help navigate all of those things"* (FS#1).

As another participant explained:

> *"[Foundation Scotland] provide a really strong and reliable administrative function. But I don't see them just as administrators. I think they bring much more to the table than that. They bring a sort of a depth of knowledge, an understanding and a wider perspective on CBFs and how they function and how other boards are functioning"* (IO#2).

Foundation Scotland's value proposition can be outlined as follows (Figure 2):

1. Assume the responsibility for establishing, operating and/or governing the CBF across different stages of its lifecycle
2. Provide expert knowledge and advice of CBF operation and arrangements
3. Facilitate and maintain long lasting relationships between communities and project developers/owners
4. Mitigate tensions within – and between – these parties as a trusted third-party

However, because Foundation Scotland acts as an intermediary between communities and project owners, value is being created for both parties. We therefore unpack in more detail the value proposition Foundation Scotland extends to project owners (Section 3.2.1) and the value proposition it extends to communities (Section 3.2.2).

Figure 2: The business model for Foundation Scotland's Community Benefit Funds, following the Osterwalder approach (Osterwalder et al., 2010).

Operations

Key Partners

- Community groups (including Development Trusts)
- Intermediaries
- Project developers
- Project owners
- Other local stakeholders
- Government (provision of policy advice)

Key Activities

- Advise on CBF design
- CBF management and administration
- Convene CBF decision-makers
- Evaluate CBF impacts
- Review and monitor CBF arrangements
- Advocacy for good practice within CBF arrangements
- Consultancy and research on CBF arrangements, governance and guidance

Key Resources

- The organisation's collective community engagement, fund distribution and grant making skills and knowledge
- A national team based across Scotland
- The approximately 670 Panel members/Board directors who are the volunteer, community-based decision-makers for the CBFs that Foundation Scotland administer.
- A robust Board of Trustees: developing and approaching strategic ambitions, guiding decision-making, and ensuring effective growth of the organisation

Value Proposition

- Assume the responsibility for establishing, operating and/or governing the CBF across different stages of its lifecycle
- Provide expert knowledge and advice of CBF operation and arrangements
- Facilitate and maintain long lasting relationships between communities and project developers/owners
- Mitigate tensions within – and between – these parties as a trusted third-party

Customers

Customer Relationships

- Advisor on CBF establishment, design, operation and review
- Administrator of CBFs
- Facilitator of stakeholder engagement and meetings
- Representatives of stakeholders where necessary

Customer Segments

- Community groups (including Development Trusts)
- Community Councils
- Project developers
- Project owners
- Other intermediaries linked with CBFs in different ways

Channels

- Conferences
- Workshops
- Website
- Social media
- Word of mouth
- Weekly/monthly/annual meetings
- Publications
- Partnerships

Finances

Cost Structure

- Administration of funds, including holding and distributing and as a core part of Foundation Scotland's charitable work

Revenue Streams

- Donor contributions for managing a CBF, provided by project owner or IO[1].
- Consultancy services for guidance, specialist support on fund development, research outputs, fund reviews etc.
- Donor contributions to instruct Foundation Scotland to manage community investments (e.g. endowed funds) (Foundation Scotland, 2024h)

1 *Contributions from a project owner to manage a CBF are provided for in one of three ways (FS#3): a) the project owners pay for this, over and above the value of the CBF itself; b) it is a shared contribution between the project owner and the CBF, by agreement with the communities; c) it is provided wholly from the CBF, by agreement with the communities.*

3.2.1 Value proposition for project owners

Project owners (see Glossary of Terms) may include a project developer, energy utility, institutional investors etc., and in some instances may be a community organisation if they own the development. Project owners typically engage Foundation Scotland for services to help set up and administer the CBF. Foundation Scotland has also supported a project developer to take the management of their fund portfolio 'in house,' advising the developer on the set-up and administration processes of CBFs.

Foundation Scotland's value proposition for project owners includes:

A. Intermediation between the project owner and the communities: To establish the best arrangements for a fund, Foundation Scotland acts as an intermediary between the developer and communities. Foundation Scotland staff suggest that a comprehensive approach to CBF arrangements which is tailored to communities is often beyond the remit of developers. Such work demands a strong working relationship between the project owners and the community. Foundation Scotland facilitates that relationship by providing the primary point of contact for both parties, acting as honest broker and trusted third party between stakeholders (FS#1, FS#2, IO#1, P#4, FS#3).

B. Understanding community context: Foundation Scotland can leverage its extensive network across Scotland and its experience of working across numerous communities over decades to provide project owners with a detailed understanding of communities' values, history, challenges etc. that the project owner is likely to otherwise lack:

> *"Some of these [project owners] just have no clue how to go about this. And I think with [Foundation Scotland's] track record established; they're a safe pair of hands"* (FS#3)

In some cases, Foundation Scotland's staff are based in very close proximity to, or within the CBF area of benefit. Staff will therefore possess valuable knowledge or understanding of the local area, and the social fabric of the community ecosystem (FS#2, FS#3) both from a personal and professional capacity.

C. Streamlining CBF management: Foundation Scotland can take care of the CBF process on behalf of project owners. By doing so they offer a single point of contact for managing the CBF process and take responsibility for reaching a fair and reasonable community benefit fund arrangement between the project owner and the communities. This streamlining function is particularly valuable for project owners that are committed to providing a CBF but without in-house capacity and/or capabilities to lead the process.

D. Navigating communities' varied characteristics and priorities: Foundation Scotland can support project owners to make sense of communities' different characteristics and priorities, where they may otherwise not have the capacity and/or capabilities in-house to manage such complexity.

E. Collating and providing information: Foundation Scotland provides project owners with annual reports that update on CBF activity. These provide project owners with insights upon which they can draw to provide updates to their own stakeholders and shareholders (Foundation Scotland, 2024a). The information typically includes the following:

- The work of the decision-making group.
- Evidence from funded groups about how funding is making a difference and where any issues have arisen.
- A compilation of press and promotional activity.
- Financial information about the fund.

In 2022, Foundation Scotland launched an online portal that enabled project owners to login in at any time to view 'their' fund. It enables them to access real time financial information, as well reports on grants awarded and impact.

3.2.2 Value proposition for communities and community organisations

Foundation Scotland work with community organisations – who act on behalf of communities – to establish, design and/or administer CBFs. In instances where the developer has signed an agreement with a community organisation directly, Foundation Scotland may still be engaged by that community organisation.

Foundation Scotland's value proposition for communities include:

A: Independent expert advice: Interviewees felt that a core value for communities is that Foundation Scotland's is able to leverage is independence, expertise and experience to offer "independent support" and act as a "critical friend" (FS#3):

> *"Communities particularly value the insights, advice and support they get from an independent body like ourselves. This helps them navigate some of the stresses and strains of self-managing CBFs."* (FS#3)

> *"The benefit you get from Foundation Scotland isn't simply the service they provide, but [it] is also how they go and develop their offering, based on best practice…So, I'm not just buying an application process, I'm buying their experience…I think we're getting an awful lot more from Foundation Scotland than people who don't use Foundation Scotland realise…I think that's best practice award processes, managing the money flows, making sure conditions are properly signed on to and making sure proper board assessments are done."* (IO#1)

B. Releasing capacity for communities to focus on key objectives: Often communities approach Foundation Scotland to take care of CBF administration. Participants express that this is usually because the community organisation's priority is to be the primary decision-maker, rather than doing the 'back office' work involved in administering the funding. As one participant explained:

> *"Another [route] is where a community might approach us and say we're getting a CBF, [so] "can you help us?". [An example of this is] a community [having a] Community Action Plan. It's really ambitious. They don't want anything to do with administering money. They want to get on and deliver the projects and make their community a better place to live…They want to put their energy and focus into delivering projects not administering money"* (FS#3).

Administrative responsibilities may include work to promote the fund, deal with enquiries, signpost to sources of support for developing different types of projects, setting up and operating assessment procedures, liaising with fund applicants, preparing papers for decision-makers, setting up and operating financial systems to track single or multi-year payments, as well as monitoring and evaluation activity, not only of awards but also of the fund over time. Foundation Scotland undertakes this 'back office' administrative role for different types of CBF arrangements.

C. Community advocacy: Foundation Scotland can act as a proxy for the community during engagement with projects owners, acting as a representative voice of the community. Communities typically call on Foundation Scotland to take this role because they do not have the capacity to navigate or sustain relationships with developers (FS#2, IO#1, IO#2, P#2).

D. Relationship building: Foundation Scotland help to tailor CBF arrangements by working in partnership with the local community to co-design appropriate governance structures and put appropriate policies and processes in place (FS#1, IO#1, FS#3). Intermediation between the communities and the developer will consider several key dimensions, including:

- **Outcomes**: what a fund could achieve, ideally informed by existing Community Action Plans (CAPs) or, more recently, Local Place Plans (LPPs).
- **Structure**: in cases where more than one community is involved, there may be some consideration about whether it makes sense to retain the fund as a single resource for the whole area or if it might be apportioned across multiple smaller theme- and/or area-specific pots, and if so, what makes best sense to the communities.
- **Distribution**: questions of how the fund can be best made available for that community/those communities, given their specific characteristics and needs. For example, do they need a rolling open grant making programme or are there one or two major capital projects where funds should be targeted for the first couple of years?
- **Decision-making**: questions of what approach or structure would work best for the community that is transparent and fair, as well as considerations of whether there is already a working system in place or a foundation to build from.

E: Mediation: Communication via a third-party can serve to ameliorate tensions within communities that can emerge during sensitive conversations about fund set up and spend. This is particularly prevalent where there may be internal issues or disagreements within and between communities regarding spend decisions. In such cases Foundation Scotland offer a neutral external party that is called upon to diffuse complaints (FS#2, IO#1, IO#2, P#2, P#3, P#4, FS#3).

Thus, Foundation Scotland offer multiple forms of value to different CBF stakeholders, depending on the role they occupy. This can range from very light touch input to full administration, but whatever their role interviewees felt Foundation Scotland aim to maintain a consistent and fair relationship between the stakeholders and themselves.

3.3 Foundation Scotland's approach to CBFs

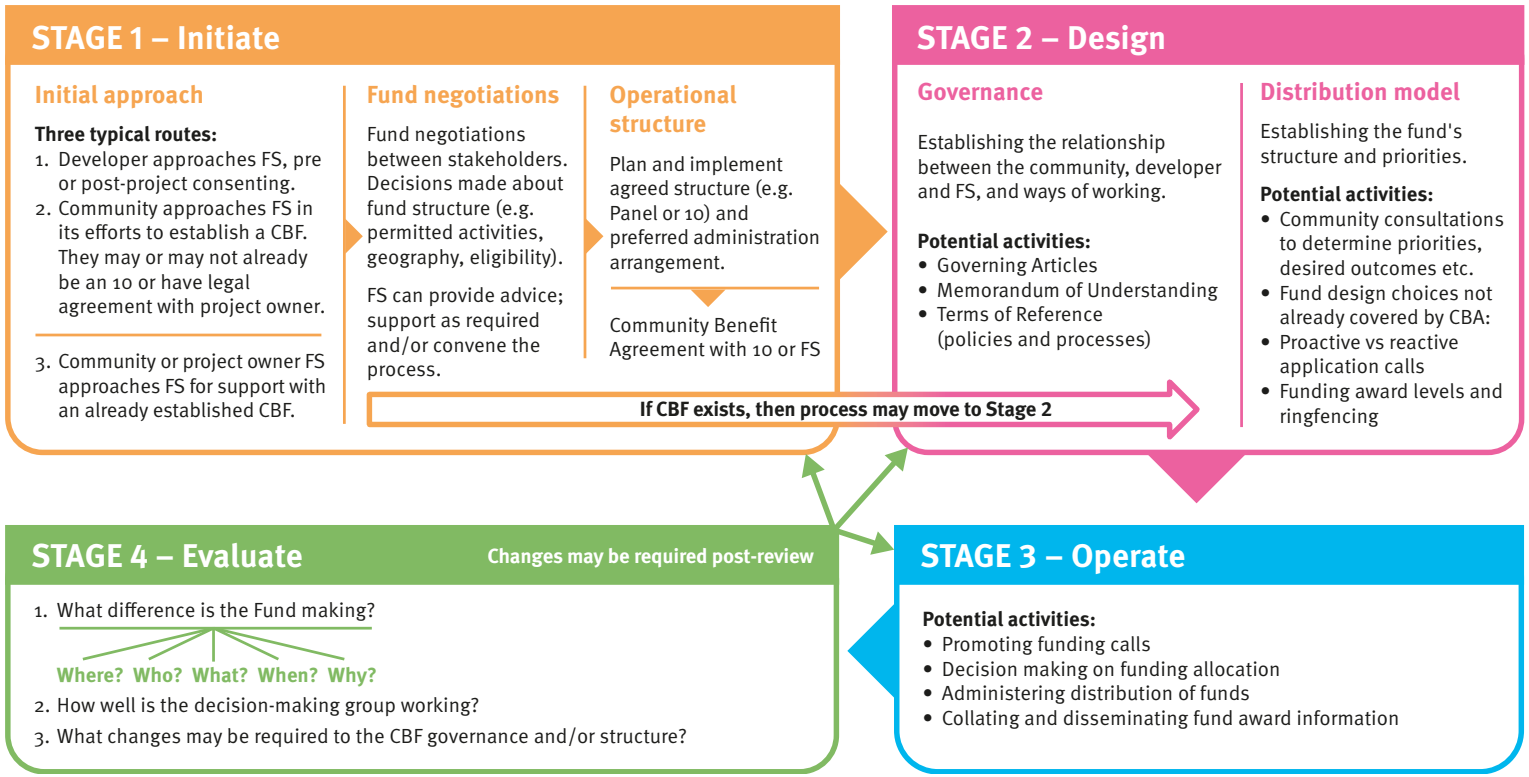
Here we outline the typical process Foundation Scotland follows when supporting the establishment and operation of a CBF. It is important to note that CBF development is a complicated and multi-layered process, and thus much scope for variation even in a 'typical' case. This could be due to CBFs not being restricted to the more familiar top-down approach to funding, or that CBFs are happening in 'real-time' while collaborating with communities which can be complex and unpredictable (FS#3).

We use the CBF lifecycle steps (Hannon et al., 2025) as illustrated in Figure 3 to frame our analysis of Foundation Scotland's approach. These steps are:

1. **Initiate**: developing, negotiating and establishing a CBF (Section 3.3.1).
2. **Design**: establishing the fund design and its funding distribution model (Section 3.3.2).
3. **Operate**: the 'day-to-day' operation of the CBF, including funding allocation, administration and monitoring (Section 3.3.3).
4. **Evaluate**: understanding the impacts of the CBF, how the governance is functioning and highlighting any need for changes to the strategies and practices in place (Section 3.3.4).

The four steps are a lifecycle, and therefore are not strictly linear; Step 4 can flow back into earlier stage. For example, once Step 4 (Evaluate) is complete, it may be that Step 1 (Initiate) or Step 2 (Design) need to be re-evaluated, which then feeds into changes at Stage 3 (Operate) and therefore different outcomes at Step 4 (Evaluate). A final fifth step would be the closure of the CBF arrangement (see Section 5.3 for Future Research).

Figure 3: A schematic of Foundation Scotland's approach to CBFs, illustrating the four lifecycle stages: initiate, design, operate and evaluate.



3.3.1 Step 1: Initiate

3.3.1.1 Initial approach

There are three main ways that stakeholders may approach Foundation Scotland regarding a CBF:

A A *developer* approaches Foundation Scotland; pre- or post-project being granted planning consent.

B A *community* approaches Foundation Scotland in its efforts to establish a CBF. They may or may not already be an IO or have a legal agreement with a project owner.

C A *community* or *project owner* approaches Foundation Scotland for support with an already established CBF.

A. Developer approaches Foundation Scotland regarding new CBF

It is not uncommon for project owners to approach Foundation Scotland for support establishing relationships with communities local to a prospective development. In some cases, such requests may arise because Foundation Scotland already has an established presence within the community because of its support for other existing CBFs or other wider grant making activity from Foundation Scotland's wider portfolio. Alternatively, the community may advocate for Foundation Scotland involvement, prompting the developer to approach Foundation Scotland.

Foundation Scotland's first step in this arrangement is to meet with the community to understand their needs and the extent to which a third-party may support proceedings.

> *"A developer has come to us and said … we're …doing project X, Y or Z, [and] there's one or a number of communities that know a bit about you. They might want some help, they might not. Could you come and meet [the community] and talk with them a bit?"* (FS#3).

B. Community approaches Foundation Scotland regarding a new CBF

A community might approach Foundation Scotland directly. In such instances, the community may be represented through an Incorporated Organisation (IO) (see Section 3.3.1.3), or community members that have a CBF on the horizon, have been approached by the developer and may need to form a Panel or an IO. Foundation Scotland may then provide advice on and/or support the establishment process.

C: Community or project owner approach Foundation Scotland regarding an established CBF

A community or project owner may approach Foundation Scotland for support with delivering an established CBF. There may be several reasons why Foundation Scotland is approached, such as uncertainty around policies and procedures, difficulties emerging in the community in relation to CBF activity or concerns that such difficulties might arise. For example:

> *"The developer told the community how they wanted the funds [to be] set up. The community … did that and then the community contracted [Foundation Scotland] to help them run their fund. [Foundation Scotland] were there to deliver what the community has agreed, with owner of the [project]"* (FS#3).

For this option, the CBF process bypasses the remaining Initiate (Stage 1) steps, such as negotiation, and moves directly on to CBF Design (Stage 2) (Figure 3).

3.3.1.2 Fund negotiations

The process of negotiating a CBF will usually involve the project developer and community representatives. The key items usually covered at this point are:

- Confirming the value of the fund.
- The geographical area of benefit distribution.
- Any conditions and criteria the developer/owner imposes on the fund (e.g. award eligibility, fund reporting).
- The options for both fund governance and administration.

Foundation Scotland is not usually involved in negotiating the value of the community benefit packages being provided to the community. This is due to the current Scottish Government guidance recommending a minimum rate of £5,000 per installed MW per annum (Scottish Government, 2019), thus removing the need for communities or third parties to negotiate a value of the CBF from scratch.

Depending on what stage of the negotiations Foundation Scotland is approached, it may get involved in negotiating the area of benefit (FS#3). The area of benefit will often be determined by where the project is located and then expand to the surrounding community council areas (FS#3). Interviewee FS#1 explained that it may be common "*to include one or more Community Council areas*" that are local to the energy project. The geographical reach may also be informed by some community consultation undertaken by the developer. Although previously quite common, now, a far less common approach is where CBFs are provided to communities within a "*radius of the geographical distance from the wind farm*" (FS#1).

Foundation Scotland will often have a role in supporting communities to consider their vision for the CBF and the difference it could make, resulting in the formation of a Fund Strategy or Fund Framework (see Glossary of Terms).

A Fund Strategy seeks to (Dorenell Community Benefit Fund Panel et al., 2024):

- Enable those making decisions on award to prioritise proposals for funding.
- Ensure decisions are fair and consistent.
- Ensure the fund achieves measurable impact against its priorities.
- Provide clear messages to applicants and wider community about what the fund support.
- Ensure the funds is accessible to those who are well placed to deliver impact in the fund area.

These documents will be important for helping communities determine the most suitable governance structure to underpin a Fund (Section 3.3.1.3).

3.3.1.3 Operational structure

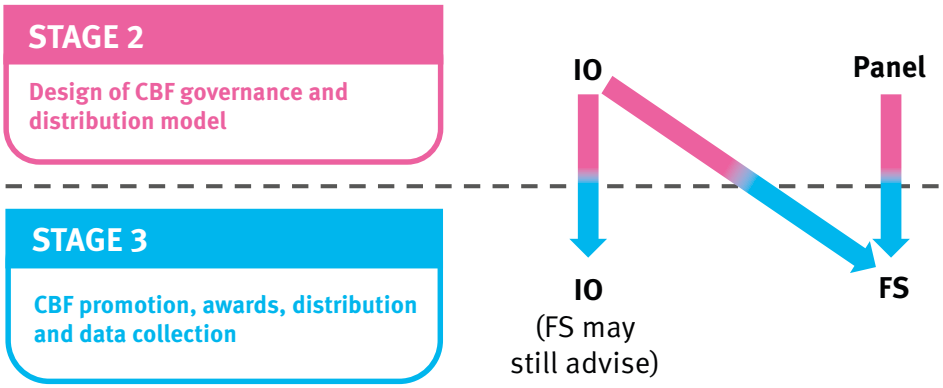
How a CBF is governed and administrated will be informed by the outcomes it is established to achieve and the operational structure it adopts. Foundation Scotland can provide advice and practical support for communities about the most appropriate operational structure. The two common operational structures adopted are:

A Panel: sits under Foundation Scotland's governance, and only exists when it is in session. It makes decisions in relation to funding distribution. Unlike an IO, Foundation Scotland holds and administers the funds on behalf of the community.

Independent organisation (IO): An IO constitutes its own legal entity. It holds the funds which it receives from the project owner, calling on Foundation Scotland as expert advisors and administrators. 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 (NCVO, 2025, SCVO, 2025).

The IO or Panel may pre-exist the CBF or be established for the purposes of distributing the CBF. In both cases, they are the primary decision-maker for the following stages of the CBF's life cycle, especially in terms of funding distribution. We summarise where responsibility may lie with Foundation Scotland versus the community, across different Panel and IO governance arrangements in Figure 4.

Figure 4: Mapping actor responsibilities against CBF lifecycle stage 2 and 3 activities



The similarities and differences between a Panel or IO approach to CBF governance are outlined in more detail below.

Panel arrangement

A Panel is primarily formed of decision-makers who reside within the local area to which the CBF is focused on providing benefit[2]. Panels have no legal identity but operate according to a Terms of Reference (ToR) (see Appendix B – An example of a Panel's Terms of Reference), which outlines the Panel's composition and how Panel members are identified and appointed. Panel members will also have a Code of Conduct, and a Conflicts of Interest Policy. These terms will have been compiled and agreed with the community during the Initiate phase and may also be formalised in a Memorandum of Understanding between Foundation Scotland and the Community Councils or other representative community organisation in the area.

Once established, the Panel is responsible for setting and implementing the agreed Fund Strategy. Although Panel members may also be members of other community bodies, as a Panel member they are operating for the best interest of the community:

> *"The Panel would have [its own] Terms of Reference typically, which says this is your function, this is how you will work and probably a code of conduct to help with a positive environment and good decision-making. And in that scenario, Foundation Scotland essentially acts as the secretariat to that panel."* (FS#1)

2 *Decision-makers will always live, work or volunteer in the area of benefit targeted by the CBF. However, some Panels may bring in 'experts' when required to help inform decision-making. Alternatively, Foundation Scotland will consult with 'experts' in relation to specific proposals being assessed and then report back to the Panel and/or reference the expert's view in their assessment.*

Some common arrangements are outlined below (Searle, 2023):

- **Multiple CBFs – Single Community**: A single community benefits from one or more CBFs, overseen by a Panel supported by Foundation Scotland. Foundation Scotland is contracted by the project owner to deliver this support.
- **Multiple CBFs – Multiple Communities**: Multiple communities benefit from one or more funds, overseen by a Panel. Foundation Scotland is contracted by the project owners to administer the fund(s). The defining feature of this model is that multiple communities share a single decision-making mechanism to oversee fund strategy and distribution, and each community has representation on the decision-making mechanism. The funding may be proportioned between the communities or retained as a single pot.
- **Single Joint Fund**: One CBF that funds multiple communities, which share a single decision-making mechanism.
- **Devolved funds**: Multiple communities benefit from a CBF but do not want to share the fund across the area. Instead, they wish to have it devolved to each community. Foundation Scotland holds the legal agreement with the project owner and coordinates payments and reporting arrangements with each community. Foundation Scotland provides tailored support and advice to each community organisations that is operating as the local administrator within each community.

Incorporated Organisation arrangement

Incorporated organisations (IO) can be pre-existing or formed specifically to manage the CBF. The formation of an IO may be based on demand from within the community, Foundation Scotland's recommendation or the developer's requirement for a particular type of legal entity to receive the funds.

IOs are independent and legally recognised organisations that may exist in a variety of legal forms, such as a Scottish Charitable Incorporated Organisation (SCIO), Company Limited by Guarantee, Community Benefit Society etc., each with their own unique governance structures (e.g. membership, voting rights, asset locks, shares etc.). IOs must have a constitution that sets out the rules of governance. They may be single tier organisations whereby the same individuals operate as both the members and the Directors/Trustees or two-tier organisations with a membership who elect the Directors/Trustees.

Board members of an IO must serve the interests of the IO. In interview, a Director of an IO whose membership comprises the Community Councils across the area the IO represents stated that:

> *"Neutrality requires you to leave whoever you're representing [at] the door and to make decisions collectively on a totally neutral basis, regardless of what the applications are"* (IO#1).

Like a Panel, the IO is responsible for setting a strategic direction for the fund. Unlike the Panel model however, IOs, as separate legal entities and can also hold their own funds if their governing document permits this. This means that the IO will need to have the capacity and expertise to manage and distribute funds.

IOs have taken different approaches to managing and distributing funds. Some do this directly; however, some have contracted Foundation Scotland to operate as their 'back office' fund administrator, with the IO Board still retaining responsibility for making decisions on fund strategy and spend, alongside ensuring the reporting and regulatory functions of the IO are fulfilled.

Alternative arrangements

While is uncommon for an arrangement to exist whereby an IO or Panel does not manage the CBF, other alternative arrangements do exist. This may be either by choice - for example, a community does not want to adopt the responsibility of decision-making - or due to conflict or differences within a community, making either the IO or Panel option inoperable. In such cases, Foundation Scotland may become responsible for making decisions about funding awards. However, Foundation Scotland is normally reluctant to pursue this route and will only do so as a matter of last resort. One community representative reflected on their decision to invite Foundation Scotland to make distributional decisions on their behalf:

> *"Our decision in my area was that we didn't want to have the nuts and bolts in our hands. We did not want to be the people that made those sorts of lordly decisions about who got and who didn't and which project was better than what project. It just leads to distress.*
>
> *So, we did something very unpopular with Foundation Scotland. We said, "You do it. You're distant. You've got all the rules." So, they take the applications for projects under what we call the main funds, the local funds or area funds…Applications go straight to Foundation Scotland [and they] review them according to the criteria. They then grant them and pay them out and we as local people just hear about the wonderful success stories afterwards"* (P#2).

Another arrangement is where the project owner manages the CBF in-house. Here, it both provides advice and administers the funds across its target communities based on the community priorities identified. A small number of developers/project owners do this and may have a dedicated Community Investment Team within the organisation to support this work.

Finally, there may be arrangements where Community Councils administer the funds. Foundation Scotland has some with cases where "*the Community Council effectively acts as the Panel*" (FS#1), alongside existing in their own right and granted statutory rights on consultation (Glasgow City Council, 2025). These arrangements tend to be more historic, and in most instances that Foundation Scotland is familiar with, Community Councils generally do not want to be the exclusive decision-maker on a CBF.

Ultimately, whether the IO or Panel model is adopted is about what the community wants, what the developer's preferences might be and what arrangements might already exist with other CBFs in the area, if there are any.

Community Benefit Agreement

Once an agreement has been reached on the scope and structure of the CBF, as well as the governance model that will be employed (i.e. Panel, IO, or other), this might be the point at which a Community Benefit Agreement (CBA) will be signed with either the IO or Foundation Scotland, operating on behalf of the community. However, it may also be that the further work is first done on the Fund Design.

A CBA constitutes a legally binding arrangement setting out the nature and scope of the CBF (see Glossary of Terms). A CBA can be between the project owner(s) and one or more parties that could be community-based organisations, and intermediary organisations and/or a local authority (Gross, 2008, U. S. Department of Energy, 2017, Aitken et al., 2015, McHarg, 2016, Local Energy Scotland, 2020).

CBAs differ depending on who they are between and the level of detail they outline, however they are an important part of the CBF arrangements. Even though the CBF itself is entered into voluntarily, the main benefit of a CBA is that it is legally binding and secures the funding for the lifetime of the energy project.

3.3.2 Step 2: Design

Once the CBA is signed, the operational structure established and the role of Foundation Scotland formalised, the more detailed CBF design phase commences. CBFs are secured through legal agreements that are either:

a) between the project owner and Foundation Scotland on behalf of the community or communities within the area of benefit; or

b) held between the project owner and a community organisation that may then contract Foundation Scotland as its fund administrator.

We begin by exploring design decisions in relation to the CBF's governance arrangements (Section 3.3.2.1), before turning to CBF distribution model (Section 3.3.2.2).

3.3.2.1 CBF Governance

Foundation Scotland approaches the CBF governance structure design by establishing clear policies and processes that codify the governance processes or 'ways of working', through thorough governing documens, such as Memorandum of Understanding (MoU), Terms of Reference (ToR) etc., which make clear all parties' roles both now and throughout the lifetime of the development. Having such documents and guidelines in place maintains a level of transparency and provides written protocols that can be referred to throughout the years the fund is active.

In instances where the project owner has engaged Foundation Scotland to manage the CBF, there will usually be an MoU between Foundation Scotland and the local community council or another anchor organisation, which sets out their respective roles and responsibilities. The MoU also addresses how decisions about the fund strategy and spend are to be made and by whom (Box 1).

Box 1: Memorandum of Understanding (Foundation Scotland, 2023f)

Memorandum of Understanding (MoU)

The purpose of the MoU is to outline the roles and responsibilities of Foundation Scotland and the local organisation they are partnered with, which represents the community. It sets out how they will work together to ensure the best possible outcomes and positive impacts from the fund arrangements towards the communities in the area of benefit. This document can be shared with other community stakeholders, in order to provide clarity around the governance arrangements in place between the parties.

It is important to note that the MoU is not a legally enforceable or binding document. Instead, it seeks to provide a written record of fund administration, purpose, distribution and reviews. Alongside describing the roles and responsibilities of parties, the document covers what can and cannot be done with the fund, and what should happen if the MoU was to be modified or terminated, or either organisation ceased to operate.

3.3.2.2 CBF Distribution Model

Foundation Scotland's approach to the design of a CBF's distribution model pays close attention to the following (Foundation Scotland, 2022a):

- Understanding the key priorities and intended outcomes of the CBF.
- Establishing the funding distribution methods, such as open grant making and the related funding award levels, frequency and eligibility criteria etc., thematic funds or targeted awards.

Understanding key priorities

Either subsequent to or in parallel with negotiations, Foundation Scotland will work with the community to explore how it would like to utilise the funding. As one interviewee explained, there are several core components to any CBF:

> *"Money, an area, a structure through which the funding…can flow, [as well as] a decision-making arrangement [and] a strategy linked to that fund. So, it doesn't just exist in isolation and can be spent on anything…ideally linked to the ambitions and aspirations of whatever that community is"* (FS#3).

Often the community will already have undergone some kind of community planning process. However, where this has not happened, Foundation Scotland will encourage and support the community to undertake this process. A community plan can serve to inform a fund strategy by identifying clear priorities or projects that the community want realised.

CAPs are non-mandatory and community-led, with the primary aim of articulating a common vision for a community detailing the steps that are needed to achieve it. They can also serve as the basis for coordinating collaboration between local groups, as well as helping to guide investment and funding applications (PAS, 2024, Scottish Community Alliance, 2020). In short, CAPs or LPPs are a valuable tool in enabling the community to think carefully about where CBF investment could be best spent to serve the needs of the community. This then provides the basis for evaluating whether the potential outcomes of a CBF have helped to meet these needs.

> *"Some of [the communities] are starting to evolve how they distribute money to look slightly differently because they're trying to create impact…they're recognising that open grant making is not always the best way to do that because you're literally just responding to what comes through the door… [instead you can use] Community Action Plans for strategic commissioning and grant making"* (FS#2).

One example of a CAP that Foundation Scotland supported, was the Cairnryan CAP in 2022. This is a five-year plan, showing what it is like to live in Cairnryan, South West Scotland today and how it could change in the future, as well as what the priorities of the community are (Creetown Initiative Limited, 2022). The plan highlighted four key themes identified by community consultation; Cairnryan Hall, Community Life, Environment and Outdoor Pursuits and Facilities and Heritage; their estimated costs, who could achieve the tasks, the estimated time frame and potential funding sources, which included the local CBFs. Producing a CAP provides useful evidence for where lobbying is required, using the CAP and as leverage to demonstrate evidence of community opinions and requirements (Creetown Initiative Limited, 2022).

A detailed example of how Foundation Scotland worked with communities in Dorenell, North East Scotland, to align a CBF with a CAP is outlined in Box 2.

Box 2: Dorenell Community Action Plan summary (Jefferson, 2023a)

Dorenell and District Community Association developed a CAP for 2021 to 2026. This incorporated much of the Dorenell Community Development plan and both plans are live documents that are reviewed periodically to ensure both plans are consistent.

The CAP identified a number of priorities through a consultation process that involved interviews, public events and meetings with stakeholders. These priorities included:

- **Environment and heritage**: walking and cycling routes, arts and creative activities, derelict or underused sites and the development of the Clocktower in Dufftown.
- **Community and recreational facilities, groups and activities**: community hall renovations, a multi-use games area, activities for children and young people, the potential employment of a Development Officer and community events.
- **Local economy**: social enterprise and community led economic activity, internet access, tourist accommodation and information, education and training and partnership work between communities and estates.
- **Housing and sustainable development**: affordable housing, low carbon initiatives,
- **Transport and access to services**: public transport, and improvement to childcare.

Furthermore, fund strategies and distribution were highlighted and a CAP provided an alternative document to align fund awards with when reviewing and monitoring the fund in the coming years.

CBFs can also inform the commissioning of specific projects where there is a clear need to be more proactive or directive about fund spend. For example, in 2016, Foundation Scotland piloted another means of fund distribution when the Panel of the Burnfoot Wind Farm Community Fund raised questions about the limited support from the CBF going towards activity for young people in their communities. Through Foundation Scotland, the Panel commissioned research into issues facing young people in their villages and which led to the establishment of an organisation, dedicated to helping young people flourish. The organisation received some initial core funding from the CBF and has since established itself as a youth focused charity supporting young people across Clackmannanshire (Local Energy Scotland, 2024c).

Open versus targeted opportunities for funding

CBFs will ordinarily employ either **open calls** or **targeted calls** for funding, or a blend of the two.

Open calls are open to all funding proposals that meet the broader eligibility requirements (e.g. locality). For example, as with the case of the Cairnryan Community Fund, it has posed very few constraints in terms of the focus of the funding proposals, other than they are driven by community need and reflective of the aspirations of the CAP. As such, the funding proposals are almost entirely community-led and reflect how they think the funding would be best spent.

In contrast, **targeted calls** will normally target a very specific thematic area (e.g. education, sustainability). For example, in 2016, Foundation Scotland worked with EDF Renewables and a group of communities in Falkirk and West Lothian, to explore how to shape a sub-fund focused on supporting local members of the community of any age to take up more education and training opportunities. The aim was to find ways to increase people's confidence and agency and also improve their employment opportunities (Foundation Scotland, 2011). Eight years later, over a quarter of the CBFs that Foundation Scotland supports have a dedicated education and training fund and which includes some long-standing or more recently established funds (see Glossary of Terms) with sufficient income and capacity to do so. Examples of such funds include the Burnhead Moss Education and Training Fund, derived from the discussions between EDF Renewables and communities within Falkirk and West Lothian, and the more recently established Glenkens and District Education and Training Fund (Foundation Scotland, 2024c). These education and training funds specifically award funds for the development of skills and knowledge, such as training programmes, tuition fees for attendance at college and university etc., where that funding is not provided through other means (Foundation Scotland et al., 2023). Often these awards will also include costs for childcare, travel or equipment, which may also be barriers to people being able to take up education and training opportunities.

Direct commissioning

Foundation Scotland encourages communities to directly commission activity if there is a clear community need for it. Such activities could include:

Establishing or supporting development officers and other salaried staff

Communities benefit significantly when their organisations have paid staff to support delivery of the Community Action Plan and/or a wide range of other key community development activity. CBFs can be a critical source of funding these posts.

Foundation Scotland will help identify host organisations which may be in the community or the wider area and where the post may be a salaried (employed) position or arranged on a freelance, contracted basis. Even with the latter however, an organisation needs to be identified to be the contractor with the Foundation Scotland on behalf of the Panel or IO then approving for funds to be paid to that organisation to support and manage that contract on behalf of the community.

In one example, Foundation Scotland liaised with a local Third Sector Interface (TSI)[3] which was already employing Development Officers but whose remit did not include the cluster of communities within the area of benefit of a CBF Foundation Scotland was supporting. The Panel were very aware of the benefits a Development Officer could bring but had no means of arranging or operationalising this support. They committed the funds to enable Foundation Scotland to draw up an agreement with the TSI on their behalf, and whereby the TSI would recruit, appoint and support a Development Officer to work in those communities. The arrangement continues to operate successfully and is now extending into a second three-year cycle.

In another arrangement, the decision-makers agreed to ringfence a portion of the CBF for paid support, initially on a four-year basis, enabling those communities to commit to longer term contracts for the professional Development Officers they engage. Where the CBF is of a sufficient scale, Foundation Scotland will encourage decision-makers to consider multi-year awards which provides more time, assurance and likely better impact for both the employee, the employer and the wider community.

3 TSIs are funded by Scottish Government, and aid the development of voluntary and community organisations, social enterprises and volunteering.

Funding specialist professional support and expertise

On a commissioned basis or through an open grant-making approach, Foundation Scotland has also encouraged Panels or IOs to look at where specific needs identified in CAPs may need specialist professional support or capacity to be addressed. This could include awards to a non-local intermediary organisation, to provide targeted support. For example, an arrangement Foundation Scotland has brokered at different times with Panels and IOs in Highland, Argyll & Bute and Dumfries & Galloway is to support an area-based Citizens Advice Bureau to extend their services to help those in fuel poverty or suffering the cost-of-living crisis (Foundation Scotland, 2023b).

Budgeting for flagship projects

An extension of the commissioning approach is proactively budgeting for larger scale, transformative projects that will help realise significant social, economic or environmental impact.

Under Foundation Scotland's stewardship this approach is being piloted with the South Kyle Wind Farm Community Fund which provides benefit to Dalmellington, Patna and New Cumnock in East Ayrshire and Carsphairn in Dumfries & Galloway (Foundation Scotland, 2023i). After an extensive process of community discussion, a model was agreed whereby an element of this multi-community CBF would be ringfenced for higher value projects in line with the communities respective CAPs. Under a routine 'open funding' approach these projects would be competing against each other. Instead, the communities identified specific 'flagship' projects they wanted to complete within the first four years and agreed to provide substantive funding towards these desired projects on a pre-agreed cyclical basis. This provided the security of assured funds to the organisations behind those flagship projects who could then proceed in confidence with raising the outstanding funds and/or actually delivering the project, and not have to re-apply for funding on an annual basis as per other CBF arrangements such as themed or targeted funds (Foundation Scotland, 2023i).

The approach meant funding could also be available for these projects at the scale and time required because the communities understood and accepted they did not all need the same amount of funding at the same time. This is in contrast with a more traditional multi-community CBF approach where funding is more crudely proportioned on standard external variables, such as distance from a project, visibility or deprivation but does not necessarily consider the capacity of the community at the time or the timeline of planned projects. Examples of Flagship Change Project funding from the South Kyle CBF are outlined in Table 3.

Table 3: Selected flagship projects and associated investments from the South Kyle Wind Farm Community Benefit Fund (Foundation Scotland, 2023i)

Investment	Project
£594,000	To support plans to redevelop the Castle Hotel and Trotters Building in New Cumnock, transforming them into sustainable community assets which will contribute to building a more vibrant local economy.
£120,000	To enable the purchase of the Kirk O' the Covenant Church building in Dalmellington that will be transformed into a museum and observatory providing a new tourism destination and community venue.
£65,000	To purchase Dunaskin Bowling Club, ensuring it is retained as a community asset, providing recreational and social opportunities.
£40,000	To develop the playpark in Patna, reviving a neglected facility for children and families.

Geographic distribution of funding

The geographic scope of the CBF is ordinarily outlined in the Initiation phase (Section 3.3.1.2), where the CBA will outline the broad geographical boundaries of the CBF. Importantly, these areas of benefit may change over time, and become reflected in any updated CBA. However, there may still be scope for the Panel or IO to decide the distributional balance of funding across that given area.

3.3.3 Step 3: Operate

Step 3 relates to the day-to-day operation of the CBF. Typical activities for an open grant making programme will include:

- Promoting funding calls
- Decision-making on funding allocation
- Administering distribution of funding
- Collating fund distribution data
- Disseminating information about funding awards.

3.3.3.1 Promoting funding calls

To raise awareness of the CBF's latest funding calls, and to encourage an inclusive approach for funding applications, it is essential that funding calls are clearly advertised amongst the community, with information on how to apply and what any criteria are. The available funding and relevant application information is available on Foundation Scotland's website and shared throughout the involved communities through various communication channels such as social media, local newsletters and other printed media, and local websites (Foundation Scotland, 2025b). At this stage, Foundation Scotland will also respond to enquiries and may also run 'surgeries' in person or online (Foundation Scotland, 2024d). Funding rounds will operate on a rolling basis or have closing dates. Foundation Scotland will undertake basic eligibility checks and assess applications against the fund's priorities and criteria. Some CBFs also invite enquiries but as these are not full applications, they are not assessed against criteria in this form. Instead, they go straight to the decision-making group who decide whether to invite a full application or not and which will then be assessed (Foundation Scotland, 2024e).

3.3.3.2 Decision-making on funding allocation

Decision-making responsibility sits with either an IO Board or Panel. In either case, if involved in supporting that arrangement, Foundation Scotland - provides an assessment report in which the applications are reviewed - and funding recommendations made - on the basis of (Foundation Scotland, 2024e):

- Whether the proposal complies with fund's purpose and key criteria.
- The organisation's competence, such as its governance, skills, experience and financial position.
- The need or opportunity for the project and a grant.
- The robustness of the project planning and feasibility of the budget.
- The likely impact of the project.

This tried and tested assessment methodology is applied proportionally to applications. Some groups may be serial applicants and the funds involved modest. At other times the organisation may be new and/or the sums larger or the project higher risk. The basic premise of the assessment is to provide an objective appraisal, which will often bring up points, issues or considerations that the local decision-makers may not be aware of. Equally, they as local decision-makers will bring knowledge and richness to the discussion based on their local awareness and which an assessor may have missed.

3.3.3.3 Administering and distributing the funding

As a charitable fund administrator Foundation Scotland operates the Fund as a 'restricted fund', safeguarding it for the public benefit of the communities within the area of benefit and providing an end-to-end grant making service that delivers against the Fund Strategy, taking account of the Fund purpose, priorities and any other criteria described in the CBA.

Administration also includes supporting and convening the decision-making forum. For an IO this may also include providing some level of secretariat services to that IO to support its effective legal functioning. Undertaking fund reviews and reporting are further functions of Foundation Scotland's routine fund administration.

The whole grant administration demands a high degree of fiduciary capability and is one of the key reasons that developers may choose Foundation Scotland to manage this on their behalf. For example, the process demands robust and efficient administrative and financial processes to be in place to operate effectively and legitimately.

3.3.3.4 Collating and disseminating fund award information

Awards are monitored and information and data collated and disseminated across the community and beyond. Collating this information is an essential part of reporting but also is key to Step 4, the monitoring and evaluation of a CBF's impact (Foundation Scotland, 2024a).

Alongside the day-to-day work of administering open grant making programmes, Foundation Scotland will also be preparing and issuing a range of different types of communication material for different purposes, managing and implementing any other types of distribution activity, and leading on any wider public relations work regarding the fund within the area or region (Foundation Scotland, 2024a).

3.3.4 Step 4: Evaluate

Feedback between the community and those responsible for governing and administering the CBF is essential to understanding the extent to which it is delivering benefit to the community. Again, Foundation Scotland facilitates this process on an ongoing and annual basis with the IO or Panel, with a view to answer three main questions:

A **What difference is the fund making?** i.e. what impacts the fund is having, where these are being felt, by whom and when?

B **How well is the decision-making group and structure working?** i.e. how coherent and efficacious the fund's processes are?

C **What changes may be required to the CBF governance and/or structure?** i.e. how might the performance of the CBF might be improved in the future?

To help aggregate impact across all funds it distributes, including CBFs, Foundation Scotland has developed an impact framework (Appendix E - Foundation Scotland's impact framework). As described by Foundation Scotland the framework (Foundation Scotland, 2024b, p.1):

- Ensures that our work is aligned with our Purpose and 'How We Make a Difference'.
- Provides a systematic way to capture and evaluate the impact of our activities by helping us collect relevant data, set objectives, and assess progress over time.
- Enhances accountability and transparency by providing a clear and structured way to report on impact.
- Enables us to communicate our achievements, challenges, and lessons learned.
- Encourages a culture of learning and continuous improvement.
- Supports us to engage more purposefully with funded organisations, partners, donors and the broader community.
- Provides an evidence base to inform policy and practice, locally and nationally.

The Impact Framework is organised across three commitments, each with their own sub-themes that are associated with the UN Sustainable Development Goals and performance metrics (Foundation Scotland, 2024b, pg2):

- **THRIVING: Supporting people and places to thrive** – Influence and enable local conditions for communities to flourish.
- **FAIR: Acting fairly** – Help ensure that no-one is left behind, and that systems and opportunities can benefit those who are marginalised or experience discrimination and disadvantage.
- **GREEN: Protecting our planet** – Deliver sustainably and support others to do likewise - so the planet and future generations can thrive.

Foundation Scotland publish annual CBF reports that summarise the type of CBF arrangement, the application and governance process involved and the quantitative/qualitative impacts the CBF arrangement's investments have had. Some of these reports also contain a review of the CBF's model performance and associated recommendations for change, such as how the funding is distributed and/or administered (FS#3).

For example, Foundation Scotland produced a report on the Vattenfall funded Unlock Our Future Fund, which draws down approximately £150,000 per annum from an offshore wind farm and distributes this across both Aberdeen city and Aberdeenshire more broadly (McDonald, 2024). Over five years between 2019-2023 the fund made 68 awards worth £662,526, including "supporting energy improvements, electric vehicles and active travel, outdoor space, equipment and lighting, capacity building and feasibility and research work" (McDonald, 2024). Based on the fund's performance review, few structural changes to the CBF were made, however several recommendations were forthcoming from Foundation Scotland that were implemented by the CBF panel and Vattenfall. These included (McDonald, 2024):

- Increasing the level of award to £20,000, for a single year.
- Focusing promotion of the fund in the north to address the lack of projects funded there.
- Including young people in decision-making going forward, perhaps through targeted panel recruitment.

Evaluation and review process can lead to a change in the architecture of previous stages of the CBF life cycle. For example, the underpinning CBA (Step 1) may require updating due to technical, legislative changes, such as GDPR, anti-slavery or anti-bribery legislation. Another driver may be in response to material changes to the CBF arrangement, such as the need to extend the area of benefit (Step 2). This cyclical process continues over the course of the CBF's lifetime.

3.3.5 Summary of Foundation Scotland's roles in CBFs

We find Foundation Scotland can play several different roles within and across each stage of the CBF lifecycle, as outlined in Table 4. These roles may be project or CBF specific and may be a distinct one-off arrangement at either a single point in a CBF lifecycle or at multiple points, or the role might be longitudinal across the CBF lifecycle. Foundation Scotland also offers important sector-wide roles.

Importantly, we find that Foundation Scotland works to benefit the sector, including informing and supporting policy and practitioner stakeholders and shaping best practice.

Table 4: Summary of different roles that Foundation Scotland plays across the four stages of the CBF lifecycle and for different stakeholders.

<table>
<tr><th>Step</th><th colspan="2">Project Owner</th><th>Community</th><th colspan="3">Sector-wide</th></tr>
<tr><td rowspan="4">1. Initiate</td><td colspan="2">Understand community context, and advise on appropriate engagement methods.</td><td>Advise on appropriate operational structures to govern the CBF.</td><td rowspan="11">Catalogue and disseminate data on CBF arrangements and impacts.</td><td rowspan="11">Share experience and advocate for good practice of CBF arrangements.</td><td rowspan="11">Undertake or commission consultancy and research on CBF arrangements, governance and guidance.</td></tr>
<tr><td colspan="3">Provide capacity and strategic planning support.</td></tr>
<tr><td colspan="3">Advise on CBA negotiation.</td></tr>
<tr><td colspan="3">Facilitate relationships between the project owner and community.</td></tr>
<tr><td rowspan="2">2. Design</td><td colspan="3">Advise on CBF design, including fund governance and distribution.</td></tr>
<tr><td colspan="3">Provide mediation support to relieve tensions between project owner and community, or within community.</td></tr>
<tr><td rowspan="4">3. Operate</td><td colspan="3">Provide a single point of contact throughout the CBF operation.</td></tr>
<tr><td colspan="3">Maintain relationships between the project owner and community.</td></tr>
<tr><td colspan="3">Manage, promote, and distribute funds.</td></tr>
<tr><td colspan="3">Collate data on funding awards.</td></tr>
<tr><td>4. Evaluate</td><td colspan="2">Monitor, evaluate and report on fund impacts.</td><td>Review and monitor fund arrangements.</td></tr>
</table>

NOTE: Importantly, Foundation Scotland adopts a coproduction approach, working in partnership with community/ies to deliver on these roles, for example through community mechanisms such as forums or stakeholder groups.

4 Mapping Foundation Scotland's approach to CBFs against good practice

In this section we map Foundation Scotland's approach to CBFs against Strathclyde's Institute for Sustainable Communities' recent Guiding Principles and Actions for CBF initiation, design, operation and evaluation (Hannon et al., 2025). For each guiding principle we first provide a short summary of its relevance and associated actions, followed by evidence of Foundation Scotland's alignment with the action. Concluding each principle, we summarise how strongly aligned Foundation Scotland's approach to CBFs is against these good practice recommendations.

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

Principle A has four associated actions:

- 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.

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

4.1.1.1 Background

Strategic planning is important for communities to create a shared vision of the future and consider what types of investments 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 on the community's priorities.

Such strategic planning is already an established practice for some UK communities. For example, there exist many community and local planning initiatives (e.g. Local Place Plans, LPPs; Locality Plans; Community Action Plans, CAPs; Local Outcomes Improvement Plans). Some of these plans are voluntary, while others are mandatory, and some are resourced (e.g. by the Local Authority) and others not.

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 still be out-of-date and require updating. Furthermore, it is also not always clear the extent to which such community strategic planning has followed good practice guidelines on community participation and co-creation, and by extension, how representative of the community's wishes it is.

To provide CBF decision-makers with a clear sense of their community's needs, it is important that local and community strategic planning is a) adequately supported and b) founded upon good practice principles for community participation and co-creation. This will help to ensure these plans offer a comprehensive and representative vision of the community's priorities that CBFs can respond to and support.

4.1.1.2 Foundation Scotland's aligned activities

Support for strategic planning

Foundation Scotland strongly encourages connectivity between a CAP and any CBF planning. For some communities, such plans may exist, such as a CAP and LPP. However, other communities may not have formulated a CAP or similar, often due to a lack of capacity. In such situations, Foundation Scotland *"try and support communities to forward plan … [however]…that assumes a certain level of capacity and a certain level of … ability and agency in the community that isn't always there"* (FS#3).

Foundation Scotland actively encourages and supports the development of CAPs so as to understand and identify key priorities for the community and with the aim of ensuring that CBF investments are allocated to support these. For example, Foundation Scotland provides the opportunity to hire a consultant or development officer (see Section 3.3.2.1) to liaise with the communities (Foundation Scotland, 2021b). The dedicated CAP consultant helps to ensure that time and effort is committed towards the community engagement and participation underpinning the plan, which may not have been fulfilled otherwise.

Foundation Scotland doesn't fund the CAP process directly but it does encourage decision-makers to provide the funding from CBFs when they are able to do so (see Section 3.3.2.2 for the Cairnryan CAP). Foundation Scotland also encourage communities to seek external funding if required, so they can commission a CAP and have this developed with support from another third party (FS#3). Historically, they have assisted communities with these external funding applications.

Foundation Scotland were also instrumental in encouraging the CARES programme to widen its grant programme to include support for CAPs for communities with pipeline CBFs, which resulted in targeted funding for CAPs (Local Energy Scotland, 2024d, FS#3). Foundation Scotland then signposts community organisations - usually CCs or other anchor organisations - to apply to CARES for that funding. As above, if these communities needed further support, Foundation Scotland would also help them to recruit consultants by supporting the community to write and advertise tenders.

Good practice principles for community engagement

Providing support for funding applications and helping in recruitment are examples of ways Foundation Scotland promotes good practice principles for community engagement and participation, in the development of CAPs and subsequent CBF planning. For example, they are aligned with Institute for Voluntary Action Research[4] (IVAR)'s eight commitments (Table 5), which outline the need to be open, transparent and communicate with purpose. Foundation Scotland is one of 100 organisations that have signed up to the IVAR eight commitments that ensure they are an 'open, trusting and flexible funder' (Foundation Scotland, 2025d, IVAR, 2025). Foundation Scotland operates an internal IVAR commitment tracker that outlines the actions needed to meet these commitments, and then the actions it has taken to do so.

4 TSIs are funded by Scottish Government, and aid the development of voluntary and community organisations, social enterprises and volunteering.

Table 5: Institute for Voluntary Action Research (IVAR) eight commitments to Open and Trusting Grant-making (IVAR, 2025)

Commitment	Description
Don't waste time	Provide clear explanation of funding priorities; openness and transparency about requirements and exclusions.
Ask relevant questions	Only collect the relevant information for the funding decisions, with clear, concise and distinguished questions on the application forms.
Accept risk	Be realistic about how much assurance applicants can reasonably give; clear explanation of how risks are assessed when the funding decisions are made.
Act with urgency	Seek to work at the pace of the needs of the applicants; publish and stick to timetables; decisions made as quickly as possible.
Be open	Provide feedback, including analysing and publishing success rates and reasons for rejections; share data.
Be flexible	Enable funded organisations to respond flexibly to changing priorities and needs; where possible give unrestricted funding, if not make the funding as flexible as possible.
Communicate with purpose	Clear understanding of the relationship from the start; realistic about time commitments; positive and purposeful contact.
Be proportionate	Commitment to light-touch reporting; any formal reporting is well understood, proportionate and meaningful.

At a sectoral level, Foundation Scotland has helped to inform good practice through authoring the Scottish Government's Community Benefits Toolkit (Local Energy Scotland, 2020). This includes a specific module on Understanding Community Context (Local Energy Scotland, 2020), which "sets out key factors influencing how a community responds to a new income opportunity" and "describes the various stakeholders in a community and their roles".

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

4.1.2.1 Background

No two communities are identical. Consequently, they typically exhibit differences in terms of the resources, capacities and capabilities they have at their disposal. These characteristic differences mean that different communities may face different challenges and opportunities. They may also hold different perceptions of what constitutes a benefit and what is considered fair, for example in terms of how these are distributed (distributional justice), who makes the decisions about how these are distribution (procedural justice), etc. This perspective can vary dramatically not just between communities but also within them (FS#2, FS#3). There is therefore no 'one size fits all' approach to realising community benefit, meaning that any plans to do so should be grounded in a community's characteristics and history:

> *"Communities are such sensitive places… [and] we're all representing different communities… We're not all the same. We all want different things because … our history … comes from a different strain"* (P#3 - Community Benefit Company Director).

To distribute funding amongst a community, to where it will be most effective and valuable, it is important that CBF decision-makers become familiar with the community's context, including its challenges, priorities, values, cultural heritage and so on. 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. Some valuable background knowledge may be attained through reviewing existing community-led plans (see Action A1), however tacit knowledge may only be accessed through direct engagement with community stakeholders.

4.1.2.2 Foundation Scotland's aligned activities

Support in CAP development and use

Much of the community's characteristics and historical context will be captured as part of the CAP process. For example, the examples of CARES funded CAPs typically include a section that outlines the community's context, both past and present (Local Energy Scotland, 2021). As is evident from Foundation Scotland's template for CAP tenders, a CAP is expected to cover the following (Foundation Scotland, 2019a):

- A profile of the community, highlighting key socio-economic information.
- An audit of current activity and services provided by community groups/ organisations, public authorities or others for the benefit of community members.
- A community vision for the area and associated underpinning values or principles to guide implementation of the plan.
- Identification of key themes or outcomes and related (realistic) priority activity over the short (1-3 years), medium (3-10 years) and longer term.
- A thorough explanation of the methodology behind the consultation including materials produced and data collected.
- An outline of how the plan can be monitored and reviewed.

However, there is no standard template used for the development of CAPs and, therefore, they can vary from one community to the next and can depend on who the community group appoints to help develop the CAP. Consequently, there is no guarantee that a CAP will provide Foundation Scotland with the necessary background information it requires to help ensure the CBF is designed in a way to best serve the community. In such cases, Foundation Scotland may draw upon insights from other plans (such as Local Place Plans and Local Outcomes Improvement Plans). If there remains a lack of information, Foundation Scotland will support the decision-making group to commission work that helps provide this information, to help calibrate forward planning. For example, Carrick Futures issued a tender to secure a contractor to help develop its understanding of the shared priorities across the seven communities in the Fund's area of benefit, with a view to inform the fund's intended legacy and outcomes (Carrick Admin, 2025).

Foundation Scotland has also generated wider sectoral guidance on *Creating a Lasting Legacy* (Local Energy Scotland, 2020), as part of the Community Benefits Toolkit. This includes guidance and templates to produce CAPs, as well as guidance on how to facilitate community participation for the co-creation of community benefit plans and to commission third-party CAP support.

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

4.1.3.1 Background

CBFs typically last for the operational life of the infrastructure project they are associated with, which for an onshore wind farm would be somewhere between 20-30 years.

Consequently, the underlying CBA can span multiple decades. As such, a long-term perspective is required of fund managers which is responsive to change; whether these are changes in the community (e.g. demographic, economic) or broader external trends (e.g. financial crises, health trends, cost of living).

As one interviewee explained:

> *"It's money for the next 30 years. But how it – and who – it benefits might change over time. It would create more complexity, but I think it would be more pragmatic. You know, because communities do change over time. And their needs do change over time and sometimes their boundaries change over time"* (FS#3).

While more recent CBAs already adopt this perspective - in line with the Scottish Government's *Good Practice Principles* (Scottish Government, 2019) - this may not be the case for some older CBAs; with fewer options to update or renegotiate these. As such, the CBA may not reflect the community's current characteristics or priorities. It is therefore important that provisions are made to update CBFs – and their underpinning CBAs – at regular junctures, so that they reflect the evolving nature of the community and the broader context it is situated within.

As the community evolves, learning is also accrued by the organisations that are responsible for governing the CBFs about 'what works' in that community; this includes both community IOs, Panels and Foundation Scotland. This learning can be fed into the Review stage of the CBF life cycle, to inform any re-negotiation (Step 1 – Establishment), re-structuring (Step 2 – Design) or changes to promotion and distribution (Step 3 - Operation) (Section 3.3).

For example, one interviewee, a chair and trustee of an IO, had renegotiated with the developer due to the evolution of the communities and changes in priorities. They agreed "[there] *will be no allocation* [of specific amounts of funds] *across - and between - the different Community Council areas. Any awards that we're going to make will be based on the merits of the application and the project*" (IO#1). This changes how the CBF is distributed between communities, especially if the initial set up involves capped amounts for certain communities. There may be occasions where this does not work for the communities as they evolve over time and this situation was an example of such. Having the capacity to renegotiate allowed for this IO to determine a set up that allowed for a more successful fund spend (IO#1).

4.1.3.2 Foundation Scotland's aligned activities

Flexible funding

Foundation Scotland has committed to being a flexible funder through IVAR (Foundation Scotland, 2025d), details on which are provided in Appendix C - Foundation Scotland's mapping to IVAR's eight commitments. The IVAR commitments mean Foundation Scotland makes every effort to adapt its funding approach to community

circumstances, such as negotiating the early release of funds, or altering forecasted fund release if necessary. This flexibility allows not only for CBFs to be tailored to a community's particular circumstances from the outset but also permits changes to the CBF's structure and objectives, in response to the community's evolution over time.

Finally, taking a flexible approach to CBF management also creates potential to ensure strategic alignment with other CBFs, as well as wider local, regional and national priorities, which like communities, will evolve over time. Strategically coordinating CBFs in this way can serve to create a critical mass of funding and political capital that can unlock opportunities not usually considered possible under most CBFs, which can address broader challenges and create value over a wider scale.

Annual Reviews

Foundation Scotland has committed to *"regularly monitor and review fund aims with donors and advisory panels and monitor long-term impact"* (Foundation Scotland, 2025d). As explained in Section 3.3.4, Foundation Scotland will ordinarily conduct an annual review with the Panel or IO managing the CBF, to discuss impacts, fund distribution and fund administration, which may result in changes to the structure of the CBF and underlying CBA to reflect the conclusions of the review. This evidences a process for identifying the need for structural changes to the CBF that reflect wider developments and learning, as well as the opportunity to implement these changes.

4.1.4 A4: Appoint a legally Incorporated Organisation to be responsible for governing and/or administering CBFs

4.1.4.1 Background

Not all CBFs are held, or governed, by a legally Incorporated Organisation. Instead, unincorporated organisations may distribute these funds, such as a Community Council (Scottish Government, 2019). Historically, a Community Council may have been assigned to manage the CBF because they should be democratically elected voluntary organisations that provide community representation on local issues. Importantly, for CBF governance, not all communities have a Community Council and not all Community Councils will be functional (e.g. disestablished, insufficient members). In such cases, there is a legitimate risk that the CBF may not be distributed if the Community Council is party to a CBF agreement. Ensuring that a CBF sits directly with a community IO or is governed by a community Panel that has been established by a third-party IO, can help to mitigate some of these issues, as they are not exposed to the same operational risk.

In addition, IOs can perform duties in their own name that unincorporated organisations are less well designed for 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 (Resource Centre, 2025, Scottish Government, 2019). These can be critical functions when looking to effectively to establish a CBF with a community.

4.1.4.2 Foundation Scotland's aligned activities

Supports or provides the IO administering CBFs

Section 3.3.1.3 outlines the two common governance and decision-making bodies - an IO or a Panel; the latter Foundation Scotland is responsible for supporting and/or managing arrangements they are involved in. Both either involve a legally Incorporated Organisation being responsible for either governing or administering the CBFs. The IO constitutes its own legal entity, working under its own governance structure. In contrast, the Panel is

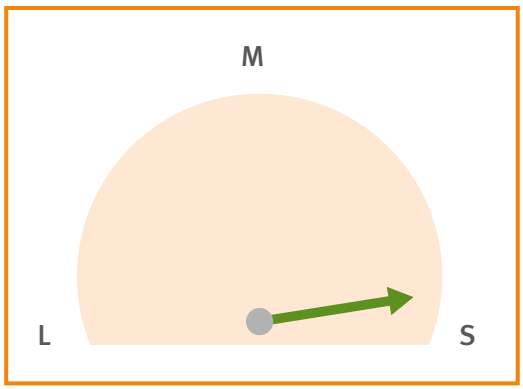
not and works under Foundation Scotland's governance. Importantly, for a successful CBF arrangement, the IO - whether that be a community organisation or an intermediary like Foundation Scotland - must have the capacity to manage the CBF.

In a few cases, unincorporated entities such as Community Councils have contracted Foundation Scotland to advise on an already established CBF (Figure 3). However, *"that's unusual because Community Councils are not actually incorporated entities, so they can't actually employ anyone. There* [are] *some grey areas about whether they can enter into contracts, but in a few cases, that's kind of what's transpired"* (FS#1 - Foundation Scotland).

Provides guidance

At a sectoral level, Foundation Scotland has provided detailed guidance with respect to CBF governance, as part of their Community Benefits Toolkit (Local Energy Scotland, 2020), which outlines *"the most common legal structures used for the governance of community benefits in Scotland, some of their main features and key considerations in using them"*.

4.1.5 Evaluation of Foundation Scotland alignment with Principle A



Overall, there is strong evidence to indicate that Foundation Scotland is strongly aligned with Principle A. Foundation Scotland promotes the development of CAPs (Action A2), a tool used to ensure community priorities are highlighted, guiding the spending of the CBF (Action A1). Alongside these being an up-to-date source of community context that Foundation Scotland can help set up and support, they can also provide guidance for negotiating CBAs with project owners (Action A2). Having Foundation Scotland - an IO - managing the CBF arrangement ensures a safety net surrounding the governance or administration of CBFs. It is a legal body, with governance structures that have withstood the test of time, providing a trustworthy honest broker (Action A4). Foundation Scotland can enter contracts and employ paid members of staff to provide the support and administration of CBFs. This ensures time and commitment is provided to the CBF arrangements, which a volunteer should not be providing. Foundation Scotland also supports community IOs, with their own governance structures, in CBF arrangements. Therefore, the most common form of governance structure for CBFs that are managed by Foundation Scotland are those run by independent IOs (see Section 3.3.1.3). Foundation Scotland also acts as a flexible fund manager, committing to a variety of conditions that align with the ever-changing community such as communicating with purpose, being open and enabling flexibility within their working and funding processes (see Section 4.1.3 for Foundation Scotland's commitment to being a flexible funder) (Action A3).

Our evidence suggests Foundation Scotland performs very strongly against this principle. Foundation Scotland is able to provide a sustainable, reliable and flexible service of supporting communities to govern and administer CBFs. Not only can Foundation Scotland help the community adapt and recognise its own priorities, through support for development of documents such as CAPs, but they can also adapt as an organisation, meaning they will fit their services to the current state of the communities they are serving.

4.2 B: Transparent, accountable, representative and professional

Principle B has five associated actions:

- 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.

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

4.2.1.1 Background

Information about CBFs, such as: 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) are available via Local Energy Scotland's *Community Benefits Register (Local Energy Scotland, 2024f)*. However, there remain valuable opportunities to expand the coverage, centralisation and standardisation of CBF data; with just 58% of all projects having data attached (Local Energy Scotland, 2024f). There is also the opportunity to extend the information that the registry captures, such as how these CBFs are governed and the community impacts they've generated, as well as extending the CBFs beyond just energy (e.g. natural capital). Making CBF activity and impacts more visible and transparent will help to hold CBF decision-makers to account, share good practice governance and provide a better understanding of how they are contributing to community wealth building and wellbeing.

4.2.1.2 Foundation Scotland's aligned activities

Grant data transparency

As part of Foundation Scotland's alignment with the IVAR commitment to being open and communicating with purpose, Foundation Scotland has committed to data transparency, and taken various steps to realise this commitment. They have made publicly available all information relating to all the CBF grants they have managed; both for IO and Panel arrangements. The grant data can be downloaded from Foundation Scotland's website as a bulk Microsoft Excel file (Foundation Scotland, 2025g), which includes information such as the date of the grant, the funder, the beneficiary and the geographic locations of these parties. It is possible from this dataset to connect the grant to specific CBFs but the dataset contains all Foundation Scotland managed grants, making it difficult to filter out non-CBF grants.

Foundation Scotland complement this numerical data with in-depth reports and Google Maps (e.g. Barrhill) on each of the CBF-specific webpages, to provide rich data on what the funds have invested in, offering a much more comprehensive perspective on the priorities and funding distribution on a fund-by-fund basis.

In a bid to make Foundation Scotland's grant data easier to navigate versus providing this as a raw data Excel file, and to offer broader insights into aggregated funding trends, Foundation Scotland has partnered with 360Giving. 360Giving is a charity that helps organisations to publish grants data in an open, standardised manner, with the vision of helping grant making in the UK to become more informed, effective and strategic (360Giving, 2025), enabling funders to share who, where and what they fund in order for others to access and use the information

for free (360Giving, 2025). Users are able to examine all grants paid by Foundation Scotland from January 2012 (Foundation Scotland, 2025g), offering a clearer summary of the funding distributed via a much more user-friendly platform versus Foundation Scotland's own website. However, echoing the issues noted earlier, the data cannot be filtered for CBFs, instead offering an organisation-wide perspective on all of Foundation Scotland's funding activities.

Foundation Scotland has also provided their CBF data to Local Energy Scotland's CBF register (https://localenergy.scot/projects-overview/) that offers a sector-level perspective on CBFs, which can be filtered by the following characteristics:

- Project type
- Technology
- Project stage
- Project location (local authority)
- Area of benefit
- Capacity
- Locally/community owned
- Project owner

Unfortunately, the interface doesn't allow users to filter by CBF administrator, meaning that it is not possible to examine just Foundation Scotland supported CBFs. As per 360Giving, these design decisions are outwith Foundation Scotland's direct control.

Foundation Scotland has made every reasonable effort to be transparent and make their CBF data publicly available. There are however opportunities to enhance the searchability of this data, which are discussed in Sections 4.2.6 and 5.2.2.

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

4.2.2.1 Background

It is important that CBF decision-makers establish channels for safe, anonymous and constructive feedback on CBF performance, and that communities are made aware of these channels. It is also important that this feedback is acknowledged and acted upon where appropriate. For instance, CBF reviews should include feedback from the community and use this to inform any proposed changes to the fund (Section 4.4.1).

4.2.2.2 Foundation Scotland's aligned activities

Foundation Scotland have established two feedback channels: feedback on their services is solicited through organisational surveys, and feedback on CBF arrangements is provided by communities via specific feedback reports.

Organisational surveys

In 2021, Foundation Scotland issued a number of surveys to capture feedback on their services, in order to understand areas for improvement. These surveys included a specific one for CBFs, sent out to donors, Panels and Board members. One of Foundation Scotland's ambitions within their 2030 strategic plan is '*achieving excellence through* [their] *people, practice and systems*' (Foundation Scotland, 2021a). They therefore contacted grant applicants, fund donors and community panel/board members to provide feedback on their current services and future improvements. With this data, Foundation Scotland produced a publicly available report highlighting the key findings, learnings and actions (Foundation Scotland, 2021a). In 2023, they carried out an updated version of this, once again with feedback from donors, applicants and Panel and Board members (Foundation Scotland, 2023j). The 2023 survey identified eight actions for Foundation Scotland to take forward to improve (Foundation Scotland, 2023j). These are to:

1. Review communication with grantees, report progress and support in producing more visual material in the reports.
2. Shape the online portal around donor, panel and board feedback.
3. Review the frequency that information on new awards is provided to donors.

Continue to develop an impact framework that will make it clear how funds and outputs align with SDGs (see Table 10).

4. Provide training for the online portal, including user guides.
5. Engage with Panels as and when Panels say it is useful to them.
6. Support Panels to be more inclusive.
7. Review training and learning opportunities available to Panel members where these members feel it would be of benefit.

At the time of writing, Foundation Scotland is at different stages of incorporating these actions into their practice or responding to these actions.

CBF arrangement feedback

During the setup of the CBF arrangements, Foundation Scotland typically agrees with the community that formal community feedback reports are to be produced by the different communities associated with their CBF arrangements. Details of these reporting requirements will be covered in the various governance documents. While there is no standard form to complete, there are review guidelines available for communities. There are three levels of review:

- **Light touch** reviews normally involve a specific meeting with the Panel with readily available information discussed, such as number of applications, geographical spread and distribution of funding across fund priorities.
- **Enhanced reviews** require additional data, for example a survey for the wider community, interviews and/or workshops.
- **In-depth reviews** require an external evaluator as requested by the community or donor, to produce an entirely independent report (Foundation Scotland, 2023c).

Feedback will be provided periodically to ensure the impacts of the CBF spend are as expected and if any changes need to be made. The feedback also serves to create a report to inform the donors. Some of these annual reports and fund reviews can be found on the Foundation Scotland website, for example the EDF Burnfoot Wind Farms Cluster Community Funds Impact Report, covering financial overviews, fund distribution, impact and spotlight projects. This includes feedback from the community through interviews and conversations on the projects themselves, such as the Midtown Gardens and The Village Kitchen, both funded from the Burnfoot Wind Farm CBF arrangement (Foundation Scotland, 2024a, Foundation Scotland, 2023d). All reviews are completed every three to five years through Foundation Scotland and will be shared with the communities they are attached to; however, they are not always publicly available (FS#3).

4.2.3 B3: Provide training and support to CBF decision-makers

4.2.3.1 Background

To ensure that CBF decision-makers have the expertise to govern the CBF effectively, it is important that they have access to the necessary training (e.g. community engagement, financial management, directorship, monitoring and evaluation, etc.). Assuming this training is made available, the remaining challenges include CBF decision-makers being able to accurately identify training and support needs, and to subsequently 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. This is particularly challenging if the CBF is targeting a very small community population.

4.2.3.2 Foundation Scotland's aligned activities

Supporting capacity building

An important part of Foundation Scotland's work is to support communities where community capacity is limited:

> *"[A focus of Foundation Scotland's work is] about developing agency. It's about developing the agency [and] the capacity of the community. Sometimes that's done through paid staff, so investing in paid staff and sometimes that is done through simply a community, over time, becoming more confident in what it's doing and how it's doing it."* (FS#3).

Foundation Scotland aims to build capacity of the community through several activities, which include (FS#3):

- Induction sessions for decision-makers which covers material like the role of the decision-maker, managing conflicts of interests, what good grant making means etc.
- An 'Inform and Inspire' learning programme, which provides sessions where a community can hear about the experiences of other communities involved in decision-making linked to community benefit funds.
- Foundation Scotland can attend IO Board or Panel decision-making meetings and may be asked for guidance or support during discussions. They will also sometimes carefully intervene or challenge when they sense that good decision-making may be at risk or a decision may be misguided if not sufficiently evidence based.
- Foundation Scotland may contract a development officer or commission a specialist's expertise. Such support may be used for the development of CAPs and other priority identifying activities or managing contracts.

Support and guidance for the succession of memberships on Panels

There is also the broader issue of retaining membership over time, to ensure that the decision-making group – whether it is a panel or an IO - is quorate and to retain both longer-term institutional memory and accrued skills/ experience within these decision-making groups:

> *"I think succession is a big, big question mark because people have moved away…work circumstances have meant that [they have] not been available"* (P#2).

One means of mitigating this risk has been to take certain precautions, such as deciding to:

> *"Hire [or] pre-train somebody in order to anticipate this other person moving on at some point. They could shadow them and step in as a kind of second stringer if they're on holiday, or if they're sick, you can do the cover"* (P#2)

With this in mind, Panel Terms of Reference (ToRs) as developed by Foundation Scotland are key (such as those outlined in Appendix B – An example of a Panel's Terms of Reference) noting the requirement for incoming members to shadow outgoing members. Foundation Scotland encourages a ToR to be completed where these may be absent, especially for Panels running under Foundation Scotland governance (Foundation Scotland, 2024e). These, then, allow a point of reference to provide support as decision-makers change over time.

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

4.2.4.1 Background

CBFs should be governed by the community for the community. Consequently, 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 therefore be appointed via democratic processes and membership should be open to all members of the community. It may also be necessary to reserve membership for a certain number of Community Council members to sit on the board, to ensure strong alignment with statutory governance. To ensure that no single interest group dominates decision-making, it is essential that CBF boards are as representative as possible of the communities they serve. It can however be challenging to form a CBF board that is representative of the whole community, however that is defined.

Issues of representation also intersect with challenges around community capacities in terms of ability and interest in volunteering in CBF governance, which can also be exacerbated when working with very small community populations:

> *"With the best will in the world, it's such a challenge to find volunteers that word of mouth tends to be very important…that's just a reality of the challenges of finding sufficient numbers of volunteers with the time available"* (FS#1).

Although articles and governance documents, such as a ToR, normally encourage balanced community representation, achieving a representational mix on CBF boards is often hard to achieve based on community members being unable and unwilling to volunteer. Consequently, through no fault of their own, the decision-making group may exhibit unconscious bias and possess conflicts of interest. For example, decision-makers

may be in receipt of CBF grants or have relationships with those that do. They may also have personal and/or professional interests in areas that may be directly impacted by the way in which a CBF is designed and governed (FS#1, FS#2, P#1):

> *"There's always somebody on the panel that either knows of [the applicants] or has worked with an applicant"* (P#1)

> *"So, there's an inbuilt, friends of friends thing that happens and that's just a reality of the challenges of finding a sufficient number of volunteers with the time available."* (FS#1)

A common theme is that those with a combination of the necessary capacity are more likely to represent their community on the decision-making boards. These *"tend to be people [who] have retired into their community... It's quite a demanding role [and] it takes up quite a lot of time."* (FS#2). Unlike those with full-time jobs, retired members can often commit more of their time to community roles. Furthermore, their extensive life and work experience is also a major asset for CBF governance and may be actively sought when recruiting. However, drawing on the same pool of volunteers not only runs the risk of volunteer fatigue but also them being over-represented in terms of the decision-making procedures versus those without more time to spare (e.g. those with young families and/or in full-time employment) (FS#1, IO#1).

The Vattenfall 'Unlock our Future' Panel has discussed directing funds towards supporting youth of the communities to be more involved in decisions about CBF spend. (Jefferson, 2023b). Ideas included funding a Youth Panel to both solicit views on proposed CBF spend and generate new proposals. A representative from the Youth Panel would sit on the CBF decision-making panel, thus allowing young people's perspectives to shape the CBF decision-making Panel activities and outcomes.

4.2.4.2 Foundation Scotland's aligned activities

Openly advertise positions on Panels and IO boards

When a position on an IO or Panel board becomes available, Foundation Scotland and/or the IO, will open applications to the wider community and advertise the position widely. There may be instances where there are more applications than there are positions. In such cases, an informal interview process takes place, where the final decision will be made by different parties depending on the preference of the community:

> *"We will try and do some sort of a process not dissimilar to a sort of interview process for a job. [There will be] some sort of basic criteria…We'll make some sort of a judgement call. [Sometimes] community stakeholders say actually we'd rather [Foundation Scotland] made a ... decision based on facts and what's said at face value not because of what you know about the individuals. Whereas in other places, we will involve groups like the Community Council to work with us on that sort of selection process"* (FS#1)

Alternatively, a vote may be called, or even names are pulled out of a hat at a Community Council or public meeting. There are however normally some restrictions placed on a board's composition, which will therefore affect aspects of the recruitment process. Restrictions are informed by the Panel ToR[5] which forms the backbone of any Panel's composition and governance. For instance, Panels will "*typically include members of the relevant*

5 *An IO would not have a TOR for its CBF, akin to a Panel, as it operates under its Articles of Association that inform its organisation-wide governance. However, they typically adopt a Code of Conduct provided by Foundation Scotland.*

Community Council (or similar local body) and members of the wider community. All Panels have a Terms of Reference setting out their operating procedures and including a clear conflict of interest policy" (Foundation Scotland, 2024e). We provide the example of Dorenell CB Fund ToR to illustrate some of the key policies around compositions of panels in Box 4.

Accommodating for specific needs

Making arrangements to accommodate specific community members in a way that enables them to participate in CBF governance is one means of enhancing broader representation. Foundation Scotland acknowledges this and seeks to make adjustments that help to ensure these decision-making groups reflect diversity across the community:

> *"[Foundation Scotland] will always seek to openly advertise the opportunity to become involved. Obviously from an inclusivity point of view, we'll make all reasonable adjustments that we can, to help folk where it's not the time issue where it's actually you know an issue around availability or it's an issue around disability or health issues or care and responsibilities etc."* (FS#1).

A good example of this is how Foundation Scotland accommodates CBF decision-makers by tailoring material to suit Panel members who are visually impaired (FS#3).

4.2.5 B5: Ensure CBF negotiations are conducted professionally

4.2.5.1 Background

To ensure that CBFs are representative of the community's wishes, but still align with the asset owner's requirements, it is necessary that the negotiation of the CBA - and any subsequent discussions around the CBF's design - minimise power imbalances. Furthermore, due to the nature of the CBF agreements and the flow of monies, there may be occasions where tensions and emotions run high, potentially impacting the productivity of discussions negatively.

In this context it is important that negotiations are conducted professionally and in a constructive and respectful manner. Such conduct refers not just to the negotiations between the community and the asset owner(s) but also at the community level, especially when a CBF covers multiple communities and/or a single community is home to numerous discrete groups.

4.2.5.2 Foundation Scotland's aligned activities

'Getting the governance right' and removing administration stress

Part of the support offered by Foundation Scotland may include the preparation of different governance documents highlighted throughout this report, which ensure consistent processes are taken throughout the CBF arrangement development and these processes are based off previous success. These include MoUs (Box 1), ToRs (Box 4) and Agreements (Foundation Scotland, 2023f). These codify and formalise the governance arrangement of the CBF, thus providing a professional and well understood route for setting up CBF arrangements, that both communities and donors may not have had otherwise.

Facilitation and mediation

Foundation Scotland may also organise formal meetings and other activities that inform how a CBF may get set up and implemented. These might include introductory meetings or online question and answer sessions to begin the discussions around CBFs and the potential benefits for the communities, especially if this is new territory. Initially they can be brought in by either the community or project developer to do this work. (FS#3). This may also involve some broader management of the negotiation processes between the community and project developer, such as representation and facilitation, helping to mitigate potential tensions, provide mediation and resolve conflict, with an emphasis on reaching a consensus. Finally, Foundation Scotland can also act as an important means of ensuring that intra-community relations remain cordial and professional, not least with respect to the distribution of funds across the community:

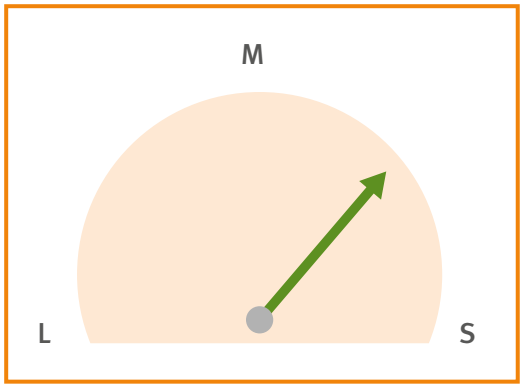
> *"If somebody puts in a [funding] application that doesn't meet some of the governance requirements, [Foundation Scotland] can give those messages out without it harming us and they can be much more dispassionate about making some of those eligibility calls. It doesn't mean that we've made the decision and then we're walking down the street and somebody's saying "why would you not give me this money?" So, I think there's a number of soft advantages that that come from using Foundation Scotland"* (IO#1).

Provide guidance

At a sectoral level, Foundation Scotland has produced guidance via the Community Benefits Toolkit on Securing Community Benefits (Local Energy Scotland, 2020), which:

- Highlights key principles to bear in mind and questions to ask when discussing community benefits.
- Sets out how to develop respectful and accountable relations between the renewable energy business and the communities involved.
- Provides information on what a written agreement between the renewable energy developer and the communities should cover.

4.2.6 Evaluation of Foundation Scotland's alignment with Principle B



The strength of evidence collated against this principle was moderate-to-strong.

Foundation Scotland has made a concerted effort to establish a comprehensive and transparent repository of its CBF data (B1). Foundation Scotland provides a detailed summary for the vast majority of the CBF arrangements they are involved with, alongside making available grant data for their entire CBF portfolio. This grant information is also hosted on external repositories (e.g. 360Giving, Local Energy Scotland) that allow users to view aggregate funding trends at a portfolio- and sector-level.

Whilst the underpinning CBF data is accessible to users, it remains distributed across various domains and formats, and some of this is not especially user-friendly to navigate, for example being unable to filter by CBFs versus other forms of Foundation Scotland grant management. There is therefore an opportunity to build upon

Foundation Scotland's excellent work thus far towards enhancing their grant data transparency by curating a single easy-to-use, 'one stop shop' data portal for all the CBFs it manages (see Section 5.2.2).

Foundation Scotland has put in place various mechanisms for stakeholder and community feedback. For example, it has issued stakeholder surveys with donors, Panel and Board members, on the effectiveness of its own services (Section 4.2.2). It also puts in place arrangements for formal community feedback reports relating to CBF performance, with pre-agreed levels of depth and breadth.

Foundation Scotland works hard to ensure the CBF decision-making body has representation from across the community. It provides the different groups within the community, including those within minority groups, to have an opportunity to influence CBF spending, for example openly advertising on numerous media sources or adapting meetings and gatherings to fit those with disabilities (Section 4.2.4.2) (Action B4). Even so, younger community members were considered to be particularly under-represented on these CBF decision-making groups, potentially creating a generational bias around fund decision-making. Foundation Scotland also provides a number of opportunities for training and development for CBF decision-making groups, which is designed to bolster the community's capability and willingness to act as decision-makers (Action B3). An example of such opportunities include Foundation Scotland's 'Inform, Inspire, Share' workshops delivered to communities with prospective CBFs; Foundation Scotland held four such workshops in early 2025 to introduce what CBFs are, how they can work, and how community members can shape how CBFs are structured and operate, and how funds are spent (Foundation Scotland, 2025a).

Foundation Scotland provides a professional service, with the capacity to ensure negotiations are conducted in a well-balanced manner, minimising potential conflict and dispute (Section 4.2.3.2) (Action B5). Having this capacity allows Foundation Scotland to ensure communities are heard within discussions, especially those where tensions may arise and/or it is easy to ignore alternative opinions that do not fit the narrative or ideas of the donors. Furthermore, Foundation Scotland provide a neutral voice to mitigate internal community tensions regarding fund spend decisions (Section 4.2.5.2).

4.3 C: Targeted to support community wealth building

Principle C has three associated actions:

- 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.

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

4.3.1.1 Background

To create lasting revenue streams for the community, which transcend the lifetime of the renewable energy project's CBF and create a long-term legacy, it is necessary that a CBF prioritises investments into initiatives capable of generating benefits long after the CBF ceases to function. To achieve this aim, it is important to ensure that CBFs are strongly aligned with the principles of Community Wealth Building (CWB). CWB is 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 into the hands of local people" (Scottish Land Commission, 2023). CWB entails action across five dimensions (CLES, 2025), which are expanded upon in Appendix D – Tenets of Community Wealth Building.

1. Plural ownership of the economy.
2. Making financial power work for local places.
3. Fair employment and just labour markets.
4. Progressive procurement of goods and services.
5. Socially productive use of land and property.

In this context, CBFs are well placed to 'make financial power work for local places' (Principle 2) if investments are prioritised into community-owned and/or led revenue-generating initiatives, such as community assets, local businesses, training/education etc. CBF impacts can have the effect of increasing local employment opportunities for decent, fair and high-value work (Principle 3) and can also support the creation of locally owned and socially minded enterprises (Principle 5) that facilitate direct community control of common assets (Principle 1).

4.3.1.2 Foundation Scotland's aligned activities

Focusing on Principles 1, 3 and 5, we outline how Foundation Scotland's activities surrounding CBFs helps align the funds with CWBs in Table 6.

Table 6: A summary of Foundation Scotland's contribution to the five core pillars of CWB

CWB tenet	Evidence
Plural ownership of the economy (Principle 1)	Foundation Scotland has a track-record of encouraging CBFs to target a share of their funding toward supporting social enterprises. This is with a view to create a meaningful social impact within communities and can typically takes the form of loans or grants (Foundation Scotland, 2025e). One example of a Foundation Scotland managed CBF that has taken this approach is the Drone Hill Fund which supported the Borders Pottery Community Interest Company (BP) in the Scottish Borders. The support helped cover the overhead and premises cost of a combined pottery studio and café. BP provides the local community with accessible therapeutic activities for those with long-term physical or mental ill health. Weekly classes allow for the participants to gradually build confidence and social connections without pressure. The BP project aligns with the three primary aims for the Drone Hill fund: • Enhancing the quality of life for local residents. • Contributing to the vibrant, healthy and sustainable communities. • Promoting community spirit and activity (Foundation Scotland, 2023a). The decision to provide communities with payments versus shared ownership is not within Foundation Scotland's gift, however they *"always ask if it's on the table and how it is being progressed"* (FS#3). Foundation Scotland have been involved with shared ownership funds and are currently supporting one community to explore the potential for shared ownership as part of early-stage CBF consultation.

CWB tenet	Evidence
Fair employment and just labour markets (Principle 3)	One important means of supporting CWB is to target CBF investments in a way that builds community capacity, skills and experience that are essential for employment. Foundation Scotland administers and advises on a number of themed funds to achieve these aims (see Section 3.3.2.2) For example, the Nadara Westfield Wind Farm Community Education and Training fund recently marked two years of supporting local residents of Kinglassie with access to education and training support. Foundation Scotland reviews these applications based on criteria set out by the community, and between 2023 and 2024, £7,000 was distributed in grants to 13 residents to help with professional qualifications, vocational training courses and career developments (Foundation Scotland, 2023g, Foundation Scotland, 2024f).
Socially just use of land and property (Principle 5)	In a relatively new initiative, Foundation Scotland has been advising and administering funds for flagship projects within some of their CBF arrangements. Flagships projects are larger priority projects in CAPs, for example within the South Kyle Wind Farm CBF has five flagship projects funded to date. These range from (Foundation Scotland, 2023i): • Purchasing a Bowling Club to ensure it is retained as a community asset for recreational and social opportunities. • Developing a playpark. • Developing an All Ability Cycling facility through the Dalmellington Parish Development Trust. • Purchasing an old church building, through the Dalmellington Parish Development Trust, to be transformed into a museum and community venue. • To redevelop two old buildings, through the New Cumnock Development Trust, transforming them to sustainable community assets for repairing and upcycling furnishing, as well as meeting spaces and hot desks, which will contribute to building a more vibrant economy.

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

4.3.2.1 Background

Traditionally, most CBFs have primarily supported those communities who are near the project that funds the CBF (e.g. onshore wind):

> *"They've got to be local, and you know at the end of the day, the wind farm has a geographic locus; it's in a place. The whole principle of the CBF is that the people associated with the place where the development is needed [can] find some way to … help them accrue benefits from the development"* (IO#2).

However, in isolation, CBF funding may not be sufficient to unlock more significant, strategic projects capable of creating lasting community benefit. Instead, if CBFs are strategically coordinated with other funding streams, they may be able both to unlock more strategic investments to achieve their defined objectives and avoid duplication of funding/effort. Operating across this broader geographical area also raises the potential to *"get things joined up with Local Place Plans, which are over a much bigger area"* (P#4). It also creates the opportunity to ensure that benefits are distributed to communities that are most critically in need of additional investment. Co-ordinating different funding streams requires that the investment decisions taken across different levels (e.g. community, local, regional), actors (e.g. Community Councils, Development Trusts, Local Authorities) and funds (e.g. multiple CBFs) are strategically coordinated and avoid being siloed.

There is potentially a tension between supporting investment into projects that communities desire most versus taking a more holistic "systems-thinking" approach to improving the wellbeing of society and nature across a broader geographical scale. This is evident from some of the testimony provided by participants:

> *"Some communities actively embed environmental value to their decision-making and their themes and priorities. Some actively don't because they say most of the time that's peripheral, [Foundation Scotland's] key focus is what's going to make the biggest socio-economic difference to the people and the residents"* (FS#1).

> *"I've had a few different people [asking] why are these wind farm [CBFs] not backing up things like biodiversity crises, climate change, all these sort of national policy drivers? And the problem is, why should they? That's not why they're there. They're there because a wind farm has been [placed] on these communities, and therefore those communities need to help determine what they want to do that they think is most beneficial to them; to help their world go around"* (IO#2)

4.3.2.2 Foundation Scotland's aligned activities

Having a portfolio of CBFs that cover more than one community

It is noteworthy that within the portfolio of CBFs that Foundation Scotland supports, there is a wide variety of geographical boundaries. As explained by one of the participants:

> *"Across the portfolio of funds that Foundation Scotland supports, areas of benefit are defined variously by community council boundaries, electoral ward areas, historic county areas and Local Authority areas… [A single CBF] could be described as acutely 'hyper local' by only benefitting three villages within a wider Community Council area … [whereas] another covers the entirety of two Local Authority areas."* (FS#3)

Overall, the CBFs that Foundation Scotland oversees are more likely to benefit multiple, rather than individual communities. This means they tend to be structured in a way that is sensitive to the needs of a broader geographical area. For instance, across the total portfolio of CBFs that Foundation Scotland currently supports (FS#3):

- 32% are restricted to one community council area.
- 38% reach two or three community council areas.
- 18% reach between three and six community council areas.
- 12% reach over six community council areas.

Foundation Scotland's involvement with CBFs that span across multiple communities allows Foundation Scotland to coordinate strategic investment across these communities as Foundation Scotland can operate at a larger scale. There are a number of examples of CBFs with a more regional (Unlock our Future) or sub-regional focus (e.g. Rosehall or Burnfoot). We spotlight the example of the Stroupster Wind Farm CBF (Box 3).

Box 3: Stroupster Wind Farm Community Benefit Fund: A more regional focus (Foundation Scotland, 2016)

When the Stroupster Fund was established in 2016 the aim was to spend up to 20% of the funding outwith the Dunnet & Canisbay area (i.e. the 'primary benefit area') and in the wider Caithness area; "provided there is clear and evidenced benefit to residents of Dunnet & Canisbay". By the end of 2023 this had increased to 43% (Foundation Scotland, 2016b). For applications outside the primary benefit area, there is a two-stage process:

- "Applications from groups or organisations based out with the fund area will be considered on a case-by-case basis and must demonstrate a clear benefit for residents within the fund area".
- "Recommendations on awards are made by a Community Panel of up to nine people who live in the Dunnet & Canisbay Community Council area" (Foundation Scotland, 2016b).

Consequently, the CBF has supported a wide range of activities outside the Dunnet & Canisbay area, such as (Local Energy Scotland, 2011):

- Resurfacing and modernising tennis courts in Thurso
- Supporting a Viking festival
- Installing floodlights at a bowls club in Wick.

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

4.3.3.1 Background

The Scottish Government's *Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments* (Scottish Government, 2019) was published in 2019 and superseded an earlier 2014 version. Both papers recommended that asset owners should voluntarily provide community benefit packages, with a value equivalent to £5,000 per MW installed per annum of onshore renewable energy technologies. Since the good practice principles were published, the guide value has been embraced by most projects. For instance, 78% of projects operational since 2015 have adopted the value of £5,000, with community benefit packages worth on

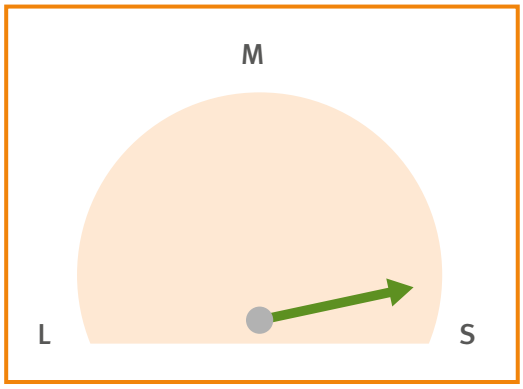
average £4,360 per MW installed per annum. Scottish Government's 2025 consultation on Community Benefits from Net Zero Energy Developments requested feedback on whether this guidance required updating (Scottish Government, 2024).

4.3.3.2 Foundation Scotland's aligned activities

Seek to ensure the developer meets minimum requirements for a CBF arrangement

Foundation Scotland has not in the past advocated for CBF payments above the guide value. However, if a developer was seeking to pay less than the recommended rate of £5k per MW per annum, Foundation Scotland would typically ask why and explain to the developer/owner why they should meet the recommended value. All funds that Foundation Scotland is currently responsible for that were consented after 2014 (and therefore after Scottish Government's *Good Practice Principles* were first published) are paying at least the recommended rate of £5K per MW (FS#3).

4.3.4 Evaluation of Foundation Scotland's alignment with Principle C



Overall, our research found that Foundation Scotland is working hard to support the three tenets of community wealth building that are most relevant to CBFs, which are:

- Plural ownership of the economy.
- Fair employment and just labour markets.
- Socially just use of land and property.

Foundation Scotland has designated funds from CBFs and other donors, and plans that support social enterprises and flagship projects, enabling the plural ownership of the economy and socially just use of land and property. Examples such as the Drone Hill fund (Section 4.3.1.2) highlight the ways in which funding one small enterprise ran by the Community Interest Company and covering the building and overhead costs, can have a multitude of effects within the community. Examples of these effects can be improving mental health and wellbeing and increasing community cohesion. Furthermore, such benefits can be enhanced by the provisions of services such as workshops and learning events (Section 4.3.1.2) that build capacity and training within the community, ensuring the community has the means to fully utilise the funds, build their own skills and sustain the benefits of the fund spends (Action C1).

Around 80% of the CBF arrangements Foundation Scotland advise, govern or administer target more than one Community Council area, some more than six (Section 4.3.2.2). In order for such a significant amount of CBF arrangements to be across Community Council areas then knowledge of the other potential funding in the areas must be up to date, accessible and transferable when advising the Panels or board members (Action C2).

Finally, although Foundation Scotland does not advocate for an increase in the guide value per MW installed for CBFs, we find they are committed to encouraging project developers to honour the provision of community benefit packages worth £5,000 per MW installed per annum, as recommended by Scottish Government (Scottish Government, 2019). Foundation Scotland will query developers who exhibit a preference to share benefits worth less than this and in doing so Foundation Scotland provide an objective, experienced and professional voice that is able to speak on behalf of communities when negotiating with developers (Section 4.3.3.2) (Action C3).

4.4 D: Evaluated against its community impacts

4.4.1 D1: Conduct long term monitoring and evaluation of CBF impacts

4.4.1.1 Background

Evaluating long term impacts of CBFs is key to ensuring they are sustainable and consistently targeting community needs and priorities. Reviewing and monitoring reports is helpful for shaping the future of the CBF spending. The reports can help the community to understand the impacts the CBF is having, the monitoring and reports can allow Foundation Scotland to understand if its services and advice is successful, and the developer/project owner to ensure the money they are providing is being spent within the terms and conditions.

Scottish Government's *Good Practice Principles* recommend "that any review includes a review of area of benefit, impact and long-term socio-economic benefits to the community" (Scottish Government, 2019, p.22). Consequently, many CBFs go through a form of impact review and periodic evaluations but this practice is not universal. The 2019 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 cannot draw on knowledge of past performance to inform what legacy the CBF is having and whether it is fit for purpose against current objectives. For organisations like Foundation Scotland, the 2019 guidance includes:

- Publishing annual reports on the distribution and impact of the community investments.
- Employing a scientifically robust methodology capable of capturing place-based and community related impacts, while also sensitive to their contribution to wider objectives (e.g. regional, national, international).

4.4.1.2 Foundation Scotland's aligned activities

Provide tailored impact and review reports

Foundation Scotland produce tailored reports for communities and donors, many of which are publicly available on their website. Examples include the impact summary, and consultation and review of the Vattenfall Unlock our Future CBF (Jefferson, 2023b) and the Burnfoot Wind Farm Cluster Impact Report (Foundation Scotland, 2023d). Prior to 2022, the CBF impact and review reports contained the following information (Foundation Scotland, 2019b, Kilgallioch Community Benefit Company, 2020):

- A summary of the CBF arrangement, including aims and priorities for the funds.
- A breakdown of spending to geographical locations and themes.
- Evaluation of each aim and priority with interviews and primary data collection from the communities involved.

In 2022, Foundation Scotland began developing an impact monitoring framework, which is now used for all Foundation Scotland CBF arrangements (Appendix E - Foundation Scotland's impact framework). This framework was developed in conjunction with UK Community Foundations and was shaped around feedback from the stakeholder survey in 2023. The framework identifies a very broad range of outcomes and impact indicators. These are aimed at capturing some measure of the wide impacts felt across a diverse range of funds. The most relevant impact indicators and outcomes are then chosen for each CBF arrangement for the grantees to report against. For example, the Vattenfall Unlock our Future Fund chose the following outcomes: improved community cohesion, increased organisational sustainability and reduced carbon footprint. Within these there are a range of indicators such as number of organisations working in collaboration, number of people reporting increased skills and knowledge and number of units of energy (kWh) saved (Jefferson, 2023b).

During the application process, groups select the most relevant outcome areas for their projects within the menu of possible outcomes specified for the fund. They are then able to select indicators to report against when submitting project monitoring reports. It is not expected that the awardee should report against all indicators, just the ones of most relevance to their project. As well as reporting against these quantitative indicators, grantees are asked for text responses on what the funded project has achieved, and lessons learned.

The impact framework aligns with 16 of the 17 UN's SDGs, with the only admission being SDG 12 Responsible Consumption and Production which is deemed less relevant to their operations. By explicitly mapping CBF project investments onto a thematic framework, the basis for a long-term monitoring and evaluation tool is provided that can generate evidence that supports claims of community benefits that are aligned with wider socio-economic goals. However, other than the above example of the Vattenfall Wind Farm, Foundation Scotland's SDG-aligned framework has mainly been employed primarily on an internal basis for *"categorising awards [and] to date we have not significantly involved communities in considering their funds through an SDG lens because of other measures in place linked to fund or local priorities"* (FS#3).

Newsletter and case study building

Another way in which Foundation Scotland captures impact in the community is through newsletters and case studies (Section 4.4.1.2). For example, one report showcases the EDF Burnhead Moss Wind Farm CBF funding for a transformation of a local park (Foundation Scotland, 2025c). Foundation Scotland highlight the benefits brought to the community supported by any useful quantitative data, future plans and testimony from those involved with the work (Foundation Scotland, 2025c). Although, not a 'formal channel', these types of publications are freely available and designed to be accessible for everyone (Foundation Scotland, 2025f). Another example of feedback through the form of a newsletter is the latest report about the Gordonstown Wind Farm CBF which highlighted the community projects it is funding, who made the decisions and the funding breakdown (Foundation Scotland, 2025h).

Provide guidance

Extending beyond their direct CBF management, Foundation Scotland wrote the Monitoring, Reporting, Evaluating module for its Community Benefits Toolkit (Local Energy Scotland, 2020). The guidance outlines how monitoring is critical to demonstrate accountability, evidencing impact and learning what works. Reporting involves gathering monitoring information and presenting it both internally and externally. Key audiences include the decision-making body, the renewable energy business and the wider community and stakeholders. Evaluation is the process of reviewing monitored information and other sources of data in order to assess the success of the community benefit package and decide on any potential changes. Trends can also be identified alongside views on the governance and administration structures (Local Energy Scotland, 2020). Foundation Scotland developed this toolkit, in line with the Scottish Government's *Good Practice Principles*, using their decades of experience to provide guidance to communities looking to secure, setup and deliver CBFs (Local Energy Scotland, 2020).

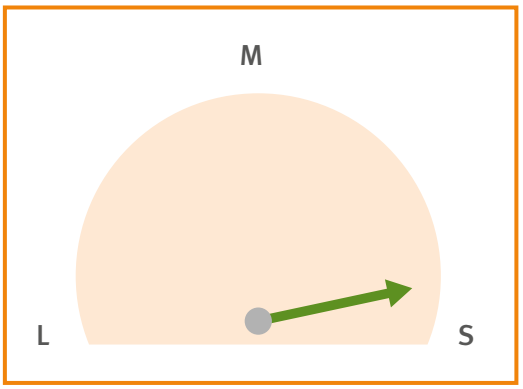
Developing CBF evaluation metrics

Currently, there is no standard approach for collecting and analysing CBF arrangements. After discussion between Foundation Scotland, developers, other intermediaries and community organisations, it was agreed the National Performance Framework outcomes (Scottish Government, 2025) were the most comprehensive and universal themes to frame the impacts. However, Foundation Scotland are currently trying to determine a small set of

measures that can be used across all CBF arrangements without posing a further burden to the communities involved in the evaluation. These measures may include (FS#3):

- Number of jobs supported and created.
- Number of community assets secured.
- Money delivered to local businesses through contracting.
- Money leverage by grantees.

4.4.2 Evaluation of Foundation Scotland's alignment with Principle D



Foundation Scotland evaluates and reports the impacts of the CBFs they manage in a number of different ways (Action D1). These include for, example, case studies and newsletters which bring together both qualitative and quantitative data, including interviews from members of the communities and community organisations (Section 4.4.1.2).

This data is then examined through Foundation Scotland's impact monitoring framework that provides a standardised way of evaluating the impacts from its funds (Appendix E - Foundation Scotland's impact framework). This framework also affords Foundation Scotland the opportunity to cross-compare impacts from across its different funding arrangements, offering insights into what arrangements might work best under different circumstances. Foundation Scotland has also aligned its impact framework with the UN's SDGs. While this aspect of the framework is mostly used internally, it allows them to map CBF arrangements onto a broader thematic impact framework that aligns with wider policy goals. Importantly, Foundation Scotland have also sought to share their experience and good practice sector-wide, via the guidance they have offered in the Community Benefits Toolkit module on Monitoring and Evaluation.

5 Reflections and future priorities

In this section, we draw upon our findings from Section 4 to provide an overview of where good practice is already being implemented by Foundation Scotland and where this should be maintained and potentially expanded going forward (Section 5.1). We then lay out opportunities that we identify for Foundation Scotland and other CBF practitioners to enhance good practice in the future (Section 5.2). Finally, we conclude with recommendations for further research that would benefit Foundation Scotland and other CBF practitioners (Section 5.3).

5.1 Foundation Scotland's alignment with CBF good practice

Overall, Foundation Scotland's approach to CBFs maps very strongly against the Guiding Principles and Actions outlined in Section 0. Below we highlight several cross-cutting strengths which we recommend Foundation Scotland should consider further supporting and potentially developing.

5.1.1 A community-led approach to realising community benefit

At the heart of Foundation Scotland's approach to CBFs is an emphasis on CBFs being led by communities for the benefit of communities. From the outset, Foundation Scotland emphasises the importance of communities being integral to each stage of the CBF lifecycle by:

- **Step 1 Initiate**: Foundation Scotland provides a voice to the community as part of CBA negotiations and advises on operational structures (i.e. Panel or IO) that might best suit the community capacity, capabilities and priorities.
- **Step 2 – Design**: Foundation Scotland maps and plans community priorities through the development of CAPs to inform fund design and priorities, as well as providing an even balance to power dynamics between the community, developer and Foundation Scotland via various agreements (e.g. Governing Articles, MoUs).
- **Step 3 – Operate**: Foundation Scotland supports community-led decision-making regarding CBF investment allocation by an IO or Panel, comprised of strong community representation.
- **Step 4 – Evaluate**: Foundation Scotland evaluates the efficacy of the current CBF arrangements and whether changes might be required to enhance community empowerment and/or enrichment. Foundation Scotland also reports on CBF activities and spend, and solicits feedback on their own operations to support continual performance.

5.1.2 Impact and evaluation oriented

We find that Foundation Scotland assumes an impact-oriented approach to CBFs, with an emphasis on demonstrable outcomes and whose impacts are aligned with supporting the UN's SDGs. Their approach offers a natural bridge beyond targeting community investments that are also clearly aligned with wider strategic objectives. Populating these impact metrics with appropriate evidence and disseminating findings via regular reports allows both communities, project developers and wider stakeholders to understand the impact of their CBF investments. The approach and activities in turn provides the basis for reviewing the efficacy of CBF investment, and broader governance, creating a platform from which to draw recommendations about how to re-structure the CBF to generate additional benefit for the community.

5.1.3 Embrace innovation to evolve good practice

It is clear from our research that Foundation Scotland has constantly innovated its approach to CBFs, with a view to strengthen its value proposition to both communities and project owners. This is evident from the timeline provided in Appendix A - History of Foundation Scotland's CBF engagement. Examples include innovations around:

- The geographic distribution of funds, e.g. combining both local and regional distribution.
- Operating a "distributing differently" model, e.g. education and training funds, commissioning specific projects, hiring development officers.
- A flexible funder, permitting a re-profiling of current and future spend to enable communities to take advantage of time-sensitive investment opportunities.
- Combining multiple project community benefit packages into single CBFs.
- Establishing CBFs for new technology projects, such as offshore wind.
- Establishing new impact evaluation and fund review protocols.

These innovations reflect Foundation Scotland's continued appetite and capacity to test new approaches to CBF initiation, design, operation and evaluation, in a bid to maximise community benefit, as well as the value to project developers.

5.1.4 Sharing and advocating good practice

Building upon their experimentation with new approaches to CBFs, and the learning this has afforded Foundation Scotland, it has subsequently sought to share lessons and advocate for good practice based upon these experiences. Foundation Scotland has spent considerable time and energy outlining and advocating for good practice CBF management at a sectoral level. Foundation Scotland has authored and informed a variety of documents and guidance surrounding sectoral good practice including the Local Energy Scotland Community Benefit Toolkit (Local Energy Scotland, 2020), the Scottish Government's *Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments* (Scottish Government, 2019) and the Local Energy Scotland and Scottish Government's Community Benefit Register (Local Energy Scotland, 2022). All of which are available online for community organisations, intermediaries and developers to use and apply throughout the CBF discussions and administration.

Furthermore, Foundation Scotland has consistently sought to share these learnings via its website and various social media pages, alongside its employees and community members appearing on various podcasts[6] in order to promote good practice.

6 Example podcasts include the Local Zero Podcast- Community Benefit Funds: What Does Success Look Like? LOCAL ZERO POD. 2024. Community benefit funds: what does success look like [Online]. Available: https://www.localzeropod.com/ [Accessed 24.03 2025]. and the Social Value Podcast: Let's Talk Community Benefits SAMTALER. 2024. Lets talk community benefits [Online]. Available: https://www.samtaler.co.uk/podcast [Accessed 24.03 2025].

5.2 Opportunities for enhancing Foundation Scotland's good practice

Although Foundation Scotland performed very strongly against the Guiding Practice and Actions (Hannon et al., 2025) there are opportunities to potentially enhance Foundation Scotland's good practice as follows:

5.2.1 Bolstering in-house capacity to satisfy a growing sector

While much of the discussion in this report has centred on bolstering community capacity for CBF design and governance, there is also the converse question as to whether Foundation Scotland has sufficient capacity to keep pace with the fast-growing number of CBFs across Scotland. There is a risk that Foundation Scotland's own capacity may become stretched and the extent of the support it can offer communities compromised. This means it could become increasingly challenging to take on new CBFs or that the current ones they are supporting are insufficiently served, leaving communities in a challenging position:

> *"I think in truth, they're too busy doing, and to a certain extent [are] under resourced, because they're very willing to do more probably than they need to do"* (IO#1)

To mitigate organisational capacity pressures, there were some suggestions from developers or project owners providing additional support to Foundation Scotland:

> *"I do think there needs to be more engagement earlier on with the developers and how they make more resource available to help organisations like Foundation Scotland help bridge the gap"* (IO#1).

Currently, the most common system to support Foundation Scotland is to direct a small portion of the CBFs to Foundation Scotland to resource their work. Increasing the proportion that goes from CBFs to intermediary organisations like Foundation Scotland may have the unintended consequence of dissuading some communities from using an intermediary's service, even if they are working to support the community (IO#1, P#2), because ultimately they are reducing the CBF value that is available to the community. Alternatively, or in tandem, there is the option of establishing targeted government support to provide additional resource to organisations like Foundation Scotland, to enhance their capacity to support communities (FS#1).

One potential solution rests at the sectoral level, and relates to the recommended baseline community benefit package value provided to communities rising in line with inflation (Hannon et al., 2025). Doing so could raise the starting community benefit package value by almost 40%, providing a greater sum of annual income to communities, from which Foundation Scotland could be compensated for its supporting work. Without this, the benefits provided to communities are - year-on-year - steadily eroded by inflation, resulting in less funding to share between the community and supporting intermediaries like Foundation Scotland. Aligning baseline community benefit package values with inflation would help to create some headroom to distribute additional funds to the management of CBFs.

5.2.2 Establishing an in-house user friendly CBF portal

As outlined in Section 4.2.6, there are opportunities for Foundation Scotland to consolidate its CBF data within a single 'one stop shop' repository that is managed by them and hosted on their website. This would enhance searchability – and by extension transparency – by consolidating all the underpinning CBF data in one place and allow users to easily search this database, to provide further information at both a project- and portfolio-level.

Crucially, this would offer an overview of all the CBFs that Foundation Scotland manages, as well as the funding these individual CBFs have distributed. By leveraging GIS skills and software, it may also be possible to curate this information within a single mapping interface that collates much of the spatial information currently presenting separately in the sector-level LES Community Benefits Registry and the CBF-specific Google Maps that Foundation Scotland has produced. This would have the added benefit of Foundation Scotland not being constrained by web-design choices taken by external organisations like 360Giving and Local Energy Scotland, providing them with a greater freedom to realise their objectives around data transparency and accessibility.

5.2.3 Promoting Foundation Scotland's value proposition

Our research found that there may be instances where the roles that Foundation Scotland plays, and the added value it offers (Section 3.2), is not always fully understood by the community:

> *"I think that the community organisations that work with them absolutely value what they do. But those who don't work with them say why are you paying some of those costs when you could do it yourself without really understanding what it is they do for us"* (IO#1).

Part of the issue may also link to limited capacity (Section 5.2.1), in that *"they don't have time to actually explain properly the value they bring to the groups they work with"* (IO#1). Consequently, capacity building within Foundation Scotland may help to resolve this issue too.

Those who are involved with CBFs as well as the governing bodies (e.g. IO, Panel, CCs), are naturally much closer to proceedings and are likely to better understand the value that Foundation Scotland offers the community and project owners. This raises a question of whether this wider awareness-raising may be targeted at stakeholders who have less formal engagement and/or knowledge of CBFs:

> *"I think also a bit of an education process in community groups that gives community groups the confidence to feel that by using organisations like Foundation Scotland and by bringing in expertise they're not losing control and they're not showing that they're weak or unable to do the work"* (IO#1).

It is therefore important that Foundation Scotland and other stakeholders are supported to be able to clearly articulate the value of intermediary support for communities throughout the CBF lifecycle. There is acknowledgement that communities' experience of the value proposition extended by Foundation Scotland must be articulated by these communities, to other communities. The community voice is likely to constitute much more legitimate testimony in the eyes of prospective customers, i.e. other communities and project developers.

While word-of-mouth continues to be important, expanding this knowledge exchange may require the establishment and resourcing of appropriate knowledge exchange platforms. Here, communities with experience of CBFs – and intermediary support services – can inform other communities about the merits of this approach to help them become informed customers. However, other 'trusted commentators', such as university researchers, non-departmental public bodies and journalists, can also play a key role in emphasising the value intermediaries like Foundation Scotland can offer.

5.2.4 Planning and evaluating CBF impact

Foundation Scotland's SDG and outcome-oriented impact framework (Appendix E - Foundation Scotland's impact framework) can offer tremendous value in tracking the type of impacts its CBFs have. However, there is potential to expand upon the excellent work it has undertaken thus far.

First, the framework is used internally by Foundation Scotland for categorising investment post-award. However, it could be a powerful planning tool in the hands of CBF decision-makers in terms of structuring the CBF, such as ring-fencing funds for specific themes or geographic coverage (Step 2 in Figure 3) but also when evaluating funding applications (Step 3 in Figure 3).

In terms of mobilising this indicator framework for evaluation, there are opportunities for amendments that could offer added value to communities. These include:

- The development of standardised CBF impact metrics (Section 4.4.1.2), for example covering jobs, community assets, local investment etc. could help to support cross-CBF comparison across Foundation Scotland's portfolio of CBFs and help inform good practice for future projects. These metrics should offer flexibility, so that communities and/or project owners'[7] priorities can be reflected in the selected indicators, while also ensuring a sufficient number of standard indicators are reported on so that different CBFs can be compared.
- Signalling where impact indicators are aligned with wider local, regional or national objectives, such as Scotland's National Outcomes (Scottish Government, 2025). This may also involve exploring how the impact indicators could be mapped onto the four tenets of justice (i.e. distributional, recognition, procedural and restorative) to understand how CBFs are – or are not – supporting a just transition (see Section 5.3).
- Outlining the preferred forms of data inputs against each impact metric and offering worked examples.

As outlined in Principle D (Section 4.4.1), there is a need for an expanded, consolidated registry of CBFs across Scotland, which also include Foundation Scotland affiliated CBFs. An improved registry would allow for easy connectivity between 1) project; 2) affiliated CBFs; and 3) the geographical and thematic distribution of CBF spend since establishment. At present, the registry does not allow for this for two key reasons.

First, While it appears to have a fairly comprehensive coverage of Scotland's CBFs, the information assigned to these is not always complete (Local Energy Scotland, 2024f). Secondly, the data that is included is split across three separate sub-registries: a Projects Index (Local Energy Scotland, 2024f), Annual Reports (Local Energy Scotland, 2024b) and Community Benefit Funds (Local Energy Scotland, 2024e). This information should be easily and publicly accessible in the future from a single source.

The primary responsibility for developing such a registry falls on Local Energy Scotland as the curator of the Community Benefit Registry, however Foundation Scotland could usefully fulfil three supporting roles. The first is to advocate for the need for a more comprehensive and user-friendly database. The second is to continue to offer its services to inform the design of a new-and-improved database, drawing upon its extensive experience of CBF data collection, curation and reporting. The third is to ensure it provides the relevant data for an expanded database, with regular annual updates.

However, if a new registry is not forthcoming in the near future, then Foundation Scotland may wish to formulate a user-friendly database that covers its portfolio. As explained in Section 4.4.1, we recognise that While Foundation Scotland has opted for full transparency of its CBFs, the information is not as easy to explore as it could be.

7 Different renewable energy businesses may have their own priorities or targeted outcomes, which are informed at a corporate level and subsequently applied to their own portfolio of CB funds (FS#3).

5.3 Priorities for future CBF research

This research begins to explore the topic of CBFs and how governance, communities, intermediaries and donors can impact the process and outcomes in various ways. There are several opportunities for future research following on from this report that have relevance for Foundation Scotland, and the wider community benefits sector.

5.3.1 CBF contribution to social justice

There is opportunity to overlay the Guiding Principles and Actions applied in Section 4 against a justice framework to better understand how Foundation Scotland's CBF work contributes to the four key tenets of justice: *1) procedural, 2) representational, 3) distributional* and *4) restorative justice*. These dimensions are expanded upon in Table 7, outlining the objectives associated with each justice tenet, as well as the types of questions they demand and how they are manifested in the context of the communities.

Table 7: Core tenets of justice in relation to CBFs (adapted from Jenkins et al. (2016), McCauley et al. (2013), Sovacool et al. (2015), Knox et al. (2022), Bray et al. (2021))

Justice Tenet	Objective	Key Questions	Manifestation of injustice
Procedural	The establishment of inclusive and fair decision-making processes that govern the distribution of costs and benefits across the community.	Who controls the decision-making process?	One or more sections of the community are excluded from key decision-making processes.
Recognition	Recognising different and diverse sections of the community, in relation to the distribution of costs and benefits, and the existing inequalities between these groups.	Who is recognised as part of the decision-making process?	One or more sections of the community are not included or are misrepresented.
Distributional	Seeks a fair distribution of the benefits and impacts across the community, regardless of income, race, gender etc., that serves to tackle inequalities.	How fairly are a costs and benefits being allocated?	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, demographic etc.
Restorative	Seeks to redress the past harm done to people, society or nature and can assist in pinpointing where prevention of future injustices needs to occur	How have past injustices been remediated and potential future injustices avoided?	Historic and potential future injustices are ignored.

5.3.2 The CBF award decision-making process

There is need to develop a deeper understanding of the conditions and decision-making criteria around CBF spending. Currently, the decisions are set around a range of criteria and have some conditions set by the developer or project owner. However, these conditions and criteria could be further explored to understand potential limitations of such criteria and how this in turn affects the benefits felt by the community. For example, it would be useful to learn how these CBF decision-makers align their decisions with the anticipated impact the proposals are expected to have and what type and/or level of impact is preferred (Appendix E - Foundation Scotland's impact framework). Ethnographic research could helpfully uncover how the grant decision-making process unfolds 'behind closed doors' to provide clarity on why some projects get funded over others and any inequalities or power imbalances that this discovers.

5.3.3 The end of the CBF lifecycle

There is need for further examination of the final stage of the CBF process (Figure 3). Given many CBFs are still relatively new and have not yet reached the end of their term, there is currently little knowledge about what happens when they reach the end of their agreed term and after decommissioning. With the trend of renewable power plants being 'repowered', and in particular for onshore wind, there is the potential for these CBF – and their underlying CBAs – to be renegotiated. The process and outcomes of this process would offer valuable insight into what the future may hold for many younger CBFs. There is also the bigger question of the legacy of CBFs once the community benefit packages conclude. For example, do different kinds of governance (e.g. IO versus Panel) and community benefit packages (e.g. payments versus in-kind benefits) yield different long-term community benefits?

5.3.4 Applicability of the GPAs across different sectors

There is need to consider how transferable the GPAs are across different sectors, particularly beyond onshore renewable power. As explained in the GPAs report (Hannon et al., 2025), *"while these GPAs certainly have relevance to non-onshore energy project CBFs, they are drawn from experience largely associated with that technology-specific field"* (p.31). There is therefore a need to stress-test the GPAs in the context of other sectors, which will help to inform Foundation Scotland and other practitioners about whether these GPAs can be applied in a standardised format across different sectors, or whether they ought to be applied more flexibly, depending on the sector in question. This is especially important to Foundation Scotland, given that it is expanding their CBF work into new sectors (e.g. offshore wind, ports, natural capital).

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Appendices

Appendix A – History of Foundation Scotland's CBF engagement

The following timeline outline Foundation Scotland's engagement with CBFs, charting the development of the different funding models and related key events:

	Project Milestones	Organisational Milestones
1994		• Caledonian Foundation founded, providing small-scale grants across Scotland. • As the foundation began to grow it changed name to the Scottish Community Foundation in 1998, building invested, philanthropic funds.
2004	• First talks with Scottish and Southern Energy (SSE) about setting up a community benefit fund associated with potential incoming wind farm developments across Scotland.	• Still operating under the previous name of Scottish Community Foundation.
2005	• Started supporting SSE funds. These were provided as one fund to one community, or one fund shared between a cluster of communities. • SSE Sandy consultation activity informed a Sanday Community Profile (predated Community Action Planning).	
2007	• First discussions with Blackford Community Council to establish the Ochil Endowment Fund following a substantial donation from a property developer. • Falck via West Coast Energy (Earlsburn) second corporate client.	• Development of concept of a Single Joint Fund model (see Glossary of Terms) applied involving a single decision-making body serving a multiple communities.
2009	• First in depth negotiated work with community stakeholders to design fund strategy informed by SSE-CBF linked Achany Profile and with priorities & cross cutting themes. • First in depth negotiations with community stakeholders to design a Fund Purpose, which are designed to highlight priorities and cross-cutting themes. • First fund agreement signed with EDF (Longpark). • Blackford fund opens.	• The design and implementation of the following guidance documents; – Key steps to establish a fund; – Developing a grant making strategy; – Draft fund framework; – Memorandum of Understanding (MOU); – Terms of Reference (TOR); – Conflicts of interest policy and, – How to select/elect Panel members.

	Project Milestones	Organisational Milestones
2011	• Agreement signed with EDF for Burnfoot Hill. Notable as area of benefit also included Blackford where Foundation Scotland also had a presence (see above) so first opportunity to pool two income strands for a single community. • Burnfoot was an early 'complex' fund where Foundation Scotland created different tailored arrangements to fit with different capacity and ambition of multiple communities. • First AES Fund Agreement signed (Drone Hill).	• Re-branded to Foundation Scotland. • First example with 'distributing differently' by setting up the Achany Apprenticeship Feasibility Study. • Foundation Scotland responds to Scottish Government's consultation on securing the benefits of Scotland's next energy revolution which instigates the first national level policy engagement.
2012	• SSE move CBFs in house Foundation Scotland helps transition 14 funds to SSE and helps set up SSE community investment team. • First RWE Fund Agreement signed (Lochelbank). • First EON Fund Agreements signed (Camster) and (Rosehall). • Negotiated agreement between EON and SSE to share the Achany Panel so it could also serve the Rosehall Fund. Notable as brokering added value to communities – single decision-making mechanism. • Consultancy commission to scope a CB fund for a planned offshore project. 13 years later Foundation Scotland was appointed to administer it.	• Delivery of regional seminars on CBFs across Scotland.
2013	• Consultancy to research appetite for maximising impact from CB pipeline for Caithness (i.e. the Caithness Conversation). • Established Old Luce Fund at the request of Glen Luce Community Council. This was the first multi-= fund - single community arrangement (see Glossary of Terms) involving eight different strands of CB income into one community.	• Made first hires in South and North of Scotland into a multi-skilled team, with grant-making/fund management, stakeholder engagement and management and partnership development expertise. • Advisor and key contributor to the Good Practice Principles for Community Benefit from Onshore Renewable Energy Projects (published 2014). • Published sectoral-facing reports: – 'Taking Stock- the current and future value of onshore wind farm CBFs in Scotland'. – Firm Foundations: A Community Benefit Charter

	Project Milestones	Organisational Milestones
2014	• Appointed administrator for Carrick Futures, FS's first Incorporated Organisation client (Independent Fund).	• Publishes series of CBF case studies.
2016	• First Education and Training Fund established through EDF's Burnhead Community Benefit Fund (BMET), including a funded post to support community members to identify training opportunities and to bid into the CBF/other funds. • Launch of Stroupster Fund, Caithness. Novelty is that the fund aims to distribute 20% of income Caithness wide (linked to outcome of Caithness Conversation – 2013/14). • The Clashindarroch Panel made a repayable grant to their local Development Trust akin to a 'bridging loan' (but on an interest free basis). It was paid back within the agreed term and meant the Trust could retain key staff during a funding gap. • The Burnfoot (Clacks) Panel commissioned a youth research project that led to the establishment of a new youth focused social enterprise in the Hillfoots that continues to operate and provide support/services to young people in the area. This was Foundation Scotland's first pilot of active commissioning in partnership with a Panel with CB monies.	• CARES starts to provide funding to support community action plans after Foundation Scotland makes the case for communities needing to be investment ready for incoming CBFs. Foundation Scotland pulls back from undertaking community profiles. Supported 10+ communities to secure CARES funding to commission CAPs.
2017		• Contracted to CARES for specialist community benefit expertise on a three-year contract, to deliver webinars, case studies, advice and write the Community Benefit Toolkit.
2018	• Appointed by three Community Councils to manage the CBFs they were receiving from project owners (client is a community organisation, not a developer).	• Advisor and key contributor to the revised Good Practice Principles (published 2020).
2019	• 'Unlock our Future' opens; the first offshore CBF that Foundation Scotland gets involved with and operating across two local authorities.	• Engaged with over 60 funds in receipt of circa £4M annually - about 30% of all CBFs in Scotland at the time – and supporting equal number of Panels/Boards involving circa 300+ volunteer residents across 16 local authority areas. • Sat as Advisory Group member for revisions to the Scottish Government's Good Practice Principles for Community Benefit from Onshore Wind.

	Project Milestones	Organisational Milestones
2020	• Development of 'distributing differently' concept, e.g. Burnfoot Panel commissioned a youth research project, Clashindarroch Panel made a repayable grant to local development trust and micro-grant schemes. • Glenkens & District Trust Community Action Plan published. This is the first area wide community action plan for a cluster of communities Foundation Scotland work with on CB arrangements via Independent Fund model.	• Developing specialist expertise about supporting community organisations that were established to hold and distribute CBFs and with various membership arrangements that took account of each fund's area of benefit. • Community Benefit Toolkit published, which Foundation Scotland authored.
2021	• First investment by a Panel proactively commissioning a Development Officer role for the community. Included brokering arrangements with potential host organisations. • Burnfoot CBF is one of the first CBFs to try and demonstrate links between a CBF and emerging Community Wealth Building thinking in Scotland. • First external review of Independent Fund model (Kilgallioch Windfarm CB Fund), which was set up with partner communities in 2017. • Appointed by Awesome Energy Dalriada as their funding partner. This was the first Community Benefit Society and owner of their own energy asset to appoint Foundation Scotland as their CBF administrator.	
2022		• Foundation Scotland sat on Scottish Government's National Strategy for Economic Transformation (NSET) Private Investment in Natural Capital (PINC) Working Group. Reflecting the growth in prospects for natural capital solutions and associated community benefit.
2023	• First Winter Fuel Payment scheme operates in response to multiple and combined impacts of fuel poverty, energy cost increases and cost of living crisis.	• By Oct 2023 Foundation Scotland was supporting 26 E&T Funds (as distinct strands within community benefit funds) which, had by early 2022, distributed over £1M in educational awards to individuals. • University of Strathclyde commissioned to review Foundation Scotland's work in the community benefit space; the first Foundation Scotland commissioned independent study of their CBF practice.

	Project Milestones	Organisational Milestones
2024	• Established the Haventus Fund, which was the first CB fund from a port that has committed to a 10 year fund for the area affected by the redevelopment of Arderseir Port.	• Involvement in a variety of advisory roles: – ScotGov Review Advisory Group member (offshore) – ScotGov Advisory Group (transmission) – ScotGov Community Deal from Transmission Roundtables.
2025		• Co-authored the Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds, with the University of Strathclyde. • Engaged with over 100 funds in receipt of circa £12M annually - about 30% of all CBFs in Scotland– and supporting equal number of Panels/Boards involving circa 650+ volunteer residents across 22 local authority areas.

Appendix B – An example of a Panel's Terms of Reference

Box 4: Dorenell Wind Farm Community Benefit Fund Panel Terms of Reference summary (Foundation Scotland, 2020a)

Terms of Reference – key items regarding panel recruitment and composition:

- Members should be:
  - aged 16 or over; and
  - normally resident, working or volunteering within the Fund Area.
- The Panel shall have up to 12 members, with up to three persons appointed to represent each of the four communities.
- Each community will be represented by three representatives:
  - Two representatives nominated by the Community Association;
  - One other eligible person appointed to represent those within the operating area served by each Community Association. Ideally, these will not be persons involved in the respective Community Associations.
- Then remaining representatives from each of the four communities are to be appointed through an open and *transparent* process to be determined by the Community Associations and subject to the approval of The Foundation.
  - By *open*, this means that it should be possible for any eligible person to find out about the opportunity and to be considered or put themselves forward for membership.
  - By *transparent*, this means it should be clear how the Panel Members are selected from amongst the candidates.
- As far as is possible, members should be selected to represent a range of interests, experiences, perspectives and sectors within the Area of Benefit.
- Each Community Association will be responsible for replacing its representative with another when its representative retires from the Panel, should they cease to be a member of the respective Community Association, or should they be removed from the Panel.
- Those Members standing down at the end of their term may put themselves forward for re-appointment, however there is a preference to appoint new members as far as possible.
- Where possible, any new Panel member will be encouraged to 'shadow' the retiring member for one meeting.

Appendix C – Foundation Scotland's mapping to IVAR's eight commitments

Table 8: Foundation Scotland's mapping against IVAR's eight commitments to Open and Trusting Grant-making (Foundation Scotland, 2025d)

Don't waste time	• Foundation Scotland provides step by step guidance and criteria on funding, previous awards and questions asked. • It provides tailored, efficient support, considering the size of the applications and whether one-to-ones are required. • Technology is utilised as efficiently as possible for all stakeholders.
Ask relevant questions	• Guidance is easily accessible and in plain English. • It provides clear, focussed, appropriate assessment reports to the decision-makers.
Accept risk	• It seeks to fully understand the context surrounding the project, developing different approaches to fit the customers. • It continues to trust grantees to deliver contracted projects. • It commits to continually reviewing the approach to risk.
Act with urgency	• It continues to provide reasonable timescales for all award decisions ensuring deadlines and expectations are met with adequate resources available. • It acts with urgency when required, e.g. emergency response funds.
Be open	• It provides clear and supportive feedback to unsuccessful applications. • The website provides, clear guidance on what to expect during the application process and decision-making and all awards granted. • It continues to explore new ways to disseminate information on grants and evidence of impacts, and how other can be involved in reviews of their practices.
Enable flexibility	• The Foundation explores opportunities for unrestricted grants, with supporting guidance and criteria. • It continues to respond to requests for flexibility, aim to take steps to guard against over-resilience on grant-funding and encourage opportunities for self-generated income. • It regularly monitors and reviews fund aims with donors and advisory panels and monitor long-term impact. • It explores alternative ways to distribute funding beyond the typical open grant making.
Communicate with purpose	• It commits to building constructive and supportive relationships, welcoming conversations with other funders about shared grant making processes. • It continues to work to align their grant and loan-making with the overall vision and mission.
Be proportionate	• It completes annual reviews of the application materials and processes, ensuring grant conditions are meaningful and achievable and information is clearly signposted.

Appendix D – Tenets of Community Wealth Building

Table 9: Five key pillars of Community Wealth Building (CLES, 2025)

CWB Tenet	Description
Plural ownership of the economy	Developing and growing small enterprises, community organisations, co-operatives and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.
Making financial power work for local places	Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds and supporting mutually owned banks.
Fair employment and just labour markets	Anchor institutions have a defining effect on the prospects of local people. Recruitment from lower income areas, paying the Living Wage and building progression routes all improve local economies.
Progressive procurement of goods and services	Develop dense local supply chains of businesses likely to support local employment and retain wealth locally. These include SMEs, employee owned businesses, social enterprises, co-operatives and community businesses.
Socially just use of land and property	Assets are owned and managed in ways which ensure that they generate wealth for local citizens, rather than enclosed by private interests. To achieve this, public landowners should develop governance and management structures where communities can take direct control of common assets.

Appendix E – Foundation Scotland's impact framework

Table 10: An excerpt from Foundation Scotland's impact framework (Foundation Scotland, 2024b)

Commitments	Themes	Sub Themes	SDG	Outcomes
THRIVING	Fostering and building places that are safe fair and support a good quality of life	Local Environment	11	Improved or expanded local environment and/or public space Increased conservation of local natural spaces and heritage Improved access to community infrastructure and resources Improved community facilities Improved perception and feeling of safety in local area Improved access to services and support
		Housing	11	
		Transport	11	
		Safety	16	
		Proximity to Services	11	
	Improving physical and mental health and wellbeing	Personal Wellbeing	3	Increased interpersonal skills Improved social networks Improved physical health and wellbeing Improved mental health and wellbeing
		Loneliness	3	
		Physical Health	3	
		Mental Health	3	
	Increasing access to education, learning and employment	Children and young people's education	4	Increased educational attainment Improved aspirations for the future Increased employability
		Adult learning and employment	4	
	Ensuring Economic Security	Income/Basic Needs	1, 2	Improved economic wellbeing Improved enterprise activity
		Local Economy	8	
	Supporting resilient, thriving and empowered communities	Cohesion and Belonging	10, 11	Improved community cohesion Increased digital literacy Increased participation in the arts, culture and heritage Increased community resilience Increased understanding of community issues and priorities Increased volunteering, social action and community leadership Increased organisational sustainability Increased organisation capacity
		Connectivity	9	
		Culture	11	
		Community Participation	16	
		Political Voice/Influence	16	
FAIR	Promoting equity and tackling inequalities	Disability	10	Reduced stigma and discrimination Increased advocacy Reduced levels of homelessness for individual people Increased support for people with specific needs to live independently Reduced food poverty
		Gender & Sexuality	5	
		Ethnicity	10	
		Social & Economic	10	
		Human Rights	16	
GREEN	Acting on climate and the natural environment	Energy, Waste & Emissions	7, 13	Reduced carbon footprint (i.e. waste, emmissions, energy) Increased responsible consumption Increased conservation Protected or enhanced biodiversity Improved or expanded local environment
		Land and Water	15, 6 14	
		Nature	15	

Appendix F – Foundation Scotland's Contribution to the UN's SDGs

Table 11: Adapted from Foundation Scotland's website, this table shows the SDGs that Foundation Scotland's work aligns with and their contribution across Scotland (Foundation Scotland, 2020).

SDG	Foundation Scotland's contribution
Overarching Goals	
10: Reducing inequalities	Foundation Scotland redistributes resources and promote, social, economic and political inclusion.
11: Sustainable cities and communities	Foundation Scotland supports activity that helps communities become more inclusive, safer, resilient and sustainable.
Primary Goals	
1: No poverty	Foundation Scotland supports tackling poverty, improving services and helping those most vulnerable.
3: Good health and wellbeing	Foundation Scotland supports activities that promote healthy lives and mental and physical wellbeing.
4: Quality education	Foundation Scotland is helping to improve people's opportunities through improving access to learning, and developing skills and knowledge.
9: Industry, innovation and infrastructure	Foundation Scotland provides support to social enterprises at all scales, helping build community infrastructure.
13: Climate action	Foundation Scotland is playing its part in tackling climate change, releasing reports on how it is committed to climate change.
Supporting Goals	
5: Gender Equality	Foundation Scotland supports opportunities, choices and services for women and girls.
8: Decent work and economic growth	Foundation Scotland assists organisations in providing meaningful jobs within their communities.
12: Responsible consumption and production	Foundation Scotland aims to avoid waste and encourage sustainable consumption and production.
16: Peace, justice and strong institutions	Foundation Scotland encourages transparency and accountability with responsive, representative and inclusive decision-making.
17: Partnership for the goals	Foundation Scotland works collaboratively and effectively with partners.

Foundation Scotland

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