



Economic Development and Infrastructure Services Committee

Tuesday, 05 September 2023

SUPPLEMENTARY AGENDA

The undernoted reports have been added to the Agenda for the meeting of the **Economic Development and Infrastructure Services Committee** to be held at **Council Chambers, Council Office, High Street, Elgin, IV30 1BX** on **Tuesday, 05 September 2023** at **09:30**.

BUSINESS

10a. **SSEN Transmission - Community Benefit Fund** **3 - 10**

Consultation

Report by Depute Chief Executive (Economy, Environment and Finance)



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 5 SEPTEMBER 2023

SUBJECT: SSEN TRANSMISSION- COMMUNITY BENEFIT FUND CONSULTATION

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To consider an officer response to a SSEN (Scottish and Southern Electricity Networks) Transmission Community Benefit Fund Consultation and update members on work being commissioned to explore the potential to establish a new model for a strategic Socio- Economic Benefit Fund.
- 1.2 This report is submitted to Committee in terms of Section III F (29) of the Council's Scheme of Administration relating to overseeing the application for, co-ordination and monitoring of funding from external programmes.

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee;**
 - (i) **Consider the officer response set out in Appendix 1; and**
 - (ii) **Note the study being commissioned into establishing a Socio-Economic Benefit Fund.**

3. BACKGROUND

- 3.1 SSEN Transmission has published plans for its first ever Community Benefit Fund which will see the company working with communities across the north of Scotland to channel funds in to local projects.
- 3.2 National Planning Framework 4 (NPF4) was published on 13 February 2023, seeking to bring a nationally consistent policy approach across Scotland's planning authorities. There are a number of policy references in NPF4 which support a new approach being taken to community benefit, including Policy 11 Energy and Policy 25 on Community Wealth Building which together seek to maximise opportunities for local economic benefits.

- 3.3 Community benefit from wind energy proposals is a long established principle as a voluntary scheme outwith planning control and has had limited application beyond onshore wind leaving other significant development such as grid infrastructure, offshore wind, solar, hydroelectric and major developments with no equivalent guidelines.
- 3.4 The current approach to secure and deliver direct community benefit funding for community led initiatives is at a level of £5,000 per MW which has been in place since 2012 and has been retained in the updated Scottish Government community benefit guidance. However this figure has never been reviewed to reflect inflation, or address the significant social, economic and environmental challenges facing the country in a period of significant public funding constraints. The Council is working in partnership with Highland Council to commission a study to develop a new strategic approach to a Socio-Economic Benefit Fund.
- 3.5 The deadline for responses to the SSEN consultation was 13th August 2023 and Committee is asked to consider the officer response set out in **Appendix 1**.

4. SSEN Proposals and Council Response

- 4.1 SSEN has used early feedback to identify two key themes which will provide a guide to the types of project the fund will aim to support;
- People, focusing on skills, training and employability
 - Place, emphasising the community and culture of the North of Scotland
- 4.2 SSEN Transmission proposes a distribution model to maximise the fund's impact and legacy. The model proposes an allocation of 50% of the funds to be spent locally for communities hosting new Transmission projects. The remaining 50% of the fund value would go to a new regional fund covering all of the north of Scotland. This regional fund will allow for wider impact projects to be supported.
- 4.3 SSEN Transmission is committed to the fund being led by stakeholders and communities. The proposal is to establish local decision making bodies to evaluate and decide upon applications to the local project funds. For the regional north of Scotland fund, it is proposed that one independently chaired panel will make decisions. SSEN transmission would have input to this panel.
- 4.4 A report will be produced once the consultation period has ended and all feedback collated and analysed.
- 4.5 The Council's response is set out in **Appendix 1**. The response reflects discussions to date with SSEN regarding Community Benefit for the Beauly to Huntly transmission line. The discussions have generally been positive and progressive, with a recognition of the need for a more regional fund to be introduced and for it to be additional to any local community benefit fund.

5. Socio- Economic Benefit Study

- 5.1 The SSEN Transmission proposal has come at a time when officers have been progressing a procurement exercise in partnership with Highland Council to consider a new, more strategic approach to securing socio-economic benefits from energy infrastructure and possibly other major developments.
- 5.2 The study will review the local socio economic benefits which have arisen during construction and operation of energy and other major developments in Moray and Highland, consider the energy costs to consumers and funding/ viability issues for developers and to assess whether the benefits being secured are achieving the aims of NPF4 and the Onshore Wind Policy Statement or whether a new strategic approach/ model is required in addition to the traditional, direct community benefit arrangement and if so, to make recommendations for a new model.
- 5.3 Policy 11 C of NPF4 means that it is now possible to condition the community benefit in order to maximise net economic benefit from the development.
- 5.4 A new approach developed through this study should consider how best to deliver long running strategic economic issues including;
- A job creation/ apprenticeship/ skills development programme to retain and attract young people into the area and develop skills/ knowledge
 - Greater use of local supply chain in construction projects including Supplier Development.
 - Demand for affordable housing vastly exceeds supply
 - Address barriers to employment through targeted projects such as investment in support schemes, childcare facilities/ training, digital training and rural transport.
 - Address fuel poverty through targeted projects emerging from the Local Heat and Energy Efficiency Strategies (LHEES) including opportunities for reduced energy bills and shared ownership/ revenue models.
 - Investment in strategic tourism infrastructure, including visitor facilities, path development, marketing, job creation
 - Town centre regeneration including bringing empty and derelict properties back into use to create employment
 - Investing in renewable energy projects to support the transition to net zero
- 5.5 The report will be complete by the end of 2023 and the findings reported to this Committee.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

A more strategic approach to community benefit would provide funding to support key socio-economic and environmental objectives within the Corporate Plan.

(b) Policy and Legal

None.

(c) Financial implications

There are no direct financial implications arising from this report. The study which has been commissioned in partnership with Highland Council will cost Moray Council a maximum of £20,000 which will be met from existing Local Development Plan revenue budget.

(d) Risk Implications

There is a risk that without a fundamental change in the approach to community benefit, that regional socio- economic and environmental issues will not be funded. However, there is a significant opportunity for a strategic community benefit approach to fund projects under the themes of People and Place.

(e) Staffing Implications

Implications are not known at this time until the role of the Council in the proposed Fund is clarified, however staffing resource is likely to be required to develop projects, assess submissions, monitor and report on spend and where the Council is a lead applicant, to deliver the projects.

(f) Property

None.

(g) Equalities/Socio Economic Impact

None at this stage, however, addressing socio-economic disadvantage is likely to be a key element of the Fund.

(h) Climate Change and Biodiversity Impacts

None at this stage, however, funding towards carbon reduction, climate adaptation and biodiversity enhancement are likely to be key elements of the Fund.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Legal Services Manager, the Head of Financial Services, Lindsey Robinson, Committee Services Officer, the Principal Climate Change Officer, the Consultancy Manager, the Senior Engineer (Transportation) and the Equalities Officer have been consulted and comments received have been incorporated into the report.

7. CONCLUSION

- 7.1 SSEN Transmission has published a consultation seeking views on a new approach to community benefit. Officers have responded to the consultation, reflecting recent discussions with SSEN and also reflecting work being commissioned to explore the potential for a new strategic socio-economic benefit fund.**

Author of Report: Gary Templeton, Strategic Planning and Development
Manager

Background Papers:
Ref: SPMAN-813460984-411
SPMAN-813460984-420

Funding themes

Q1 Do you agree with SSEN Transmission's identified themes?

A- Agree

Q2 Do you have any comments about what else we should consider?

Further information is required on what is defined under the two themes to ensure these cover long running economic issues, including;

- A job creation/ apprenticeship/ skills development programme to retain and attract young people into the area and develop skills/ knowledge
- Greater use of local supply chain in construction projects including Supplier Development.
- Demand for affordable housing vastly exceeds supply
- Address barriers to employment through targeted projects such as investment in support schemes, childcare facilities/ training, digital training and rural transport.
- Address fuel poverty through targeted projects emerging from the Local Heat and Energy Efficiency Strategies (LHEES) including opportunities for reduced energy bills and shared ownership/ revenue models.
- Investment in strategic tourism infrastructure, including visitor facilities, path development, marketing, job creation
- Town centre regeneration including bringing empty and derelict properties back into use to create employment
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Distribution model

Q1 Do you agree with the SSEN Transmission's proposed distribution model?

A- Strongly disagree

Q2 Do you have any comments about what else we should consider?

The split of 50/50 between local and regional is supported, if the level of funding is at the correct level to be truly transformational and is significantly increased from current levels of community benefit. Details of the level of funding need to be made available for further consideration by all stakeholders.

The proposal that the regional fund cover all of the north of Scotland is not supported. This should be split proportionately between the local authority areas which will deliver a more streamlined approach which delivers greater benefit.

Decision- making

Q1 Do you agree with the proposed decision-making approach

Strongly disagree

Q2 Do you have any comments about what else we should consider?

To achieve the desired outcomes from the Fund requires the local authority to be in control of the strategic/ regional element of the Fund to direct investment to meet priorities under the Fund and meet the needs of the area. A panel of key stakeholders and SSEN representation would be appropriate, but the group should be chaired, advised and co-ordinated by the local authority.

Other feedback

Q1 What other factors should be considered in the development of a Community Benefit Fund?

Moray Council and Highland Council are currently commissioning a study into establishing a strategic Socio-Economic Benefit Fund and this will be of interest to SSEN.

Details of the level of funding being considered should be released by SSEN as soon as possible.

Under NPF4 Policy 11C Community benefit and the need to maximise net economic benefit is a material consideration and the levels and processes for community benefit will be controlled through the planning process and by the application of conditions.

The consultation by SSEN is premature and in advance of the UK Government findings, as such it perhaps gives a false impression of what forms and level of community benefit may that may be agreeable to OFGEM and the UK Government and could mislead the community on the potential for such funds.

Community Benefit funds should provide long term annual funding to offset the impact of grid infrastructure on local and regional areas. Funding that simply provides funding at the point of construction does not provide a sustainable model of intervention needed to address socio economic disadvantage in these areas.