

**Debate Pack**

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# Debate on community benefits from renewable energy projects

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### **Summary**

A Westminster Hall debate on community benefits from renewable energy projects is scheduled for 15 October. The debate will be opened by Angus McDonald MP.

# 1

## Background

Community benefits packages are financial payments made by developers of energy infrastructure, such as wind farms or electricity lines, made to local communities that will be impacted by the development. They are paid on a voluntary basis in the UK, with guidance provided by devolved administrations.

In England, the previous government consulted on plans to take ownership of and update the Community Benefits Protocol for England, which was developed by the trade body RenewableUK, and covered onshore wind farms. The existing protocol recommended developers should offer packages or in-kind benefits of £5,000 per megawatt of installed capacity, per year, for the operational lifetime of the project. The government also carried out a consultation on community benefits for electricity transmission network infrastructure, which closed in summer 2023. This proposed a voluntary support package, underpinned by government guidance, for electricity network infrastructure projects, including any associated with offshore wind farms.

The Labour government has said, in answer to a Parliamentary question in September 2024 ([UJN 2077](#)), that it will shortly publish updated community benefits guidance for onshore wind in England.

In Scotland, the Scottish Government have good practice principles for community benefits from onshore renewable wind developments, which promote similar benefits to England of £5,000 per year for every installed megawatt of generating capacity, index linked to inflation for the lifetime of a project.

Similar voluntary arrangements for onshore wind community benefits are also in place in Wales and Northern Ireland. In addition, the Welsh Government has a policy for all new energy projects to include an element of shared ownership with the community.

# 2

## Community benefits packages for energy infrastructure

Financial support payments for communities that will host energy infrastructure, such as wind farms, solar farms or electricity networks, are known as community benefits packages.

Community benefits can take various forms, including:

- Community benefit funds: direct payments to communities that can be a fixed annual sum paid per unit of installed generating capacity, a variable annual payment linked to profit or electricity output measures, a lump-sum payment, or a blend of all three. The funds are used for community or environmental projects.
- In-kind benefits: developers directly fund local community projects or local infrastructure improvements. They can also provide electricity bill discounts to local residents affected by the development.
- Shared ownership options: a developer enters a financial partnership with a community group or local residents. Models of shared ownership include joint ventures, shared revenue and split ownership.

At present, community benefits packages are provided on a voluntary basis. There are no legal requirements in the UK for developers of energy infrastructure to provide a community benefits package. As energy policy is a reserved matter, any decision to introduce such legislation would rest with the UK Government.

Planning is a devolved matter, however, community benefits packages are not material considerations in determining planning applications. Any community benefit packages agreed by a developer are a private matter between the developer and the local community.

Further information on community benefits for onshore wind can be found in chapter 6 of the Library briefing [Planning for onshore wind](#) (February 2024).

[Community Energy England](#), which represents community energy organisations in the UK, publish a [Community Energy: State of the Sector](#) report, with the latest version providing statistics on community energy in the UK for 2023. This estimates that £12.9 million was contributed to local economies from organisational expenditure and community benefit funds in 2023.

## 2.1

# Community benefit packages for onshore wind

## England

The UK Government published guidance on [Community engagement and benefits from onshore wind developments: good practice guidance for England](#) in December 2021. This described the recommended approach to community engagement and benefits for onshore wind farm developments in England. The guidance document noted that:

The onshore wind industry maintains a community benefits protocol which commits to ensuring that these benefits schemes are realised within local host communities.<sup>1</sup>

The previous government held a consultation in summer 2023 on [Developing local partnerships for onshore wind in England](#) (updated February 2024). In its [response to this consultation](#), the previous government announced that:

...alongside seeking to work with the onshore wind industry to update the Protocol, the government intends to take ownership of the Protocol and publish it as official government guidance on GOV.UK. The government believes this would provide the whole of the onshore wind industry with clear expectations on community benefits, provide greater certainty for communities and would help align with approaches taken by the devolved administrations.<sup>2</sup>

According to the [consultation document](#), the original community benefit protocol suggested:

...developers in England commit to provide community benefits of £5,000 per megawatt of installed capacity, or equivalent benefits-in-kind, directly to host communities, per year.<sup>3</sup>

The [2021 good practice guide](#) also included further details of the types of community benefits that could be provided, including general community benefit funds, in-kind benefits and shared ownership. The guide also included examples of good practice.

The [government response to the consultation](#) announced that the government was minded to retain the value of the community benefits package but that it remained open-minded to updating the figure if appropriate.

In addition to updating and taking ownership of the community benefits protocol, the government also announced in its response to the consultation that it intended to set out the types of additional support that developers could provide to communities, along with case studies of best practice.

The government stated that it intended to publish the updated protocol by summer 2024, but it was not published before the general election in July 2024.

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<sup>1</sup> Department for Energy Security and Net Zero, [Community Engagement and Benefits from Onshore Wind Developments: Good Practice Guidance for England](#) (PDF), December 2021 p31. Note: the original protocol was published by the trade association RenewableUK but the [webpage for this protocol](#) is no longer available.

<sup>2</sup> Department for Energy Security and Net Zero, [Developing Local Partnerships for Onshore Wind in England Government response](#) (PDF), February 2024 p17

<sup>3</sup> Department for Energy Security and Net Zero, [Developing Local Partnerships for Onshore Wind in England: consultation](#) (PDF), May 2023

## Scotland

The Scottish Government has published guidance on [Community benefits from onshore renewable energy developments](#) (May 2019). The document sets out good practice principles for the development of benefit packages that “suit the needs of the local community”. As noted above, it is voluntary guidance rather than a legal requirement.

The guidance states that the Scottish Government normally expects funds to be worth £5,000 per megawatt (MW) per year, though it is not a requirement:

We will continue at a national level to promote community benefits of the value equivalent to £5,000 per installed megawatt per annum, index linked for the operational lifetime of the project. We recognise that some renewable energy businesses will seek to offer communities a more flexible package of benefits, and that package might not necessarily be based on our recommended national rate of £5,000 per installed MW per year. It may, for example, include a different rate or include scope for the direct funding of projects identified by the community.<sup>4</sup>

The £5,000 figure is repeated in the [Onshore wind policy statement](#) (December 2022, Chapter 4). The Scottish Government’s guidance notes that £5,000 is an indicative value and there is scope for flexibility in terms of how community benefits are delivered. It recommends that the design and scope of the fund should depend on discussions between the developer and the community, and that benefit arrangements are formalised in a Community Benefits Agreement (a legal agreement between the developer and the local community). How a fund is administered will depend on the terms of the legal agreement.

The guidance sets out a range of commonly-used governance structures that includes a community council, a community body established specifically for the purpose, an existing community body or a specialist third-party organisation.

Local Energy Scotland provides a [Community Benefits Map](#) (accessed 7 October 2024), which is an online tool that gives details of all renewable energy projects in Scotland with community energy packages. It can be filtered for technology type, areas of spend and developers.

The issue of community benefits has been raised by the Scottish Government with the previous UK Government. For example, in a [letter from Gillian Martin, Scottish Minister for Energy & Environment to Claire Coutinho](#), then the UK Secretary of State for Energy Security & Net Zero in December 2023, Ms Martin wrote:

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<sup>4</sup> Scottish Government, [Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments](#) (PDF), May 2019 p6

The Cabinet Secretary and I have consistently called on the UK Government to explore mandating community benefits for onshore energy developments. I am writing to reiterate that call.<sup>5</sup>

Angus MacDonald, in his maiden speech to Parliament during the [second reading of the Great British Energy Bill](#) (5 September 2024), raise the issue of community benefits. He noted that despite Scotland producing significantly more electricity from wind and hydro energy than it consumes, Scottish consumers pay relatively more for their electricity. As a solution, he proposed that:

5% of revenue from all newly consented renewable energy generated both onshore and offshore should be paid to community benefit funds. For onshore projects, two thirds of that should be paid to the affected council ward, with one third paid to a council infrastructure fund; for offshore projects, all of that 5% of gross revenue should go to council infrastructure funds. Existing renewable projects over 1 MW should pay 2%, as per the split already outlined.<sup>6</sup>

## Wales

The Welsh Government published guidance for developers, local communities and decision makers on [Local and shared ownership of energy projects in Wales](#) (PDF) in June 2022. This notes that Welsh Government support for community benefits is set out in its planning policy (see, for example, [Future Wales: The National Plan 2040](#), February 2021).

The Welsh Government also published a policy statement on [Local ownership of energy generation in Wales – benefitting Wales today and for future generations](#) (February 2020), which stated that:

[The Welsh Government] expect all new energy projects in Wales to include at least an element of local ownership, in order to retain wealth within Wales and provide real benefit to communities across Wales.<sup>7</sup>

The Renewable UK Cymru report [Onshore Wind in Wales: How our sector works with communities](#) (November 2023) estimates that over £6.5 million of invested has been made available per year through community benefit funds related to onshore wind projects in Wales. The report gives details of community benefit funds, local electricity discount schemes and shared ownership, including case studies.

## Northern Ireland

[Community Energy NI](#) notes in an article on [Community benefit is often associated with large scale renewable energy developments and in particular](#)

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<sup>5</sup> Scottish Government, [Community benefits: letter to UK Government](#), December 2023

<sup>6</sup> [HC Deb 5 September 2024](#), c510

<sup>7</sup> Welsh Government, [Local ownership of energy generation in Wales – benefitting Wales today and for future generations](#) (PDF), February 2020 p4

[wind farms](#) (accessed 11 October 2024) that arrangements similar to in the rest of the UK were common in Northern Ireland. This included funding in the form of local contracting and jobs, benefits in kind, community benefit funds, and community ownership worth £5,000 per megawatt for the lifetime of the project.

A research paper on [Wind Farm Community Benefits](#) (PDF) was published by the Northern Ireland Assembly in April 2014. It does not appear that the Assembly has not published any guidance more recently on community benefits for energy infrastructure.

### 3 Community benefits for network infrastructure

Community benefit packages can also be paid to communities affected by new grid infrastructure, which is needed to transport power from sources of generation to areas of demand. This is particularly the case with new offshore wind farms off the coast of Scotland and East Anglia that need to be connected to the onshore electricity network and the power transferred to centres of demand such as the south east of England.

Major grid upgrades are currently planned and underway in the UK's electricity transmission system<sup>8</sup>, such as National Grid Electricity Transmission's [Great Grid Upgrade](#), which it describes as “the largest overhaul of the electricity grid in generations”.<sup>9</sup> Scottish and Southern Electricity Networks (SSEN) are also planning to [invest over £20 billion upgrading the electricity transmission network in the north of Scotland](#) and SP Energy Networks are planning a range of [investments in Central and Southern Scotland](#).

The previous government consulted on [Community benefits for electricity transmission network infrastructure](#) between March and June 2023. This proposed a voluntary support package underpinned by government guidance for network infrastructure projects, including any associated with offshore wind farms.

The [government response to the consultation](#) in November 2023 recommended electricity bill discounts of up to £10,000 per property over 10 years for properties closest to the proposed infrastructure and wider benefits

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<sup>8</sup> The transmission grid is the high voltage network that transports power from generators to the lower voltage distribution grid, which in turn transports power to end customers. Transmission network owners are monopolies, operating in specific regions of the UK. These are National Grid Electricity Transmission, Scottish & Southern Electricity Networks (SSEN), SP Energy Networks and Northern Ireland Electricity Networks.

<sup>9</sup> National Grid, [The Great Grid Upgrade](#) (accessed 10 October 2024)



for the local community, the amount varying depending on the type of infrastructure.

The scheme was under development, with voluntary guidance expected in 2024 along with options on developing a mandatory approach. [Further research was published in March 2024](#) and the scheme was not implemented before the general election in July 2024.

## 3.1 Other renewable energy technologies

The Scottish Government consulted on [Offshore renewable energy developments - good practice principles for community benefits](#) in November 2018. The consultation included general principles for identifying affected communities and maximising impact, along with options and case studies. The consultation closed in January 2019 but there is currently no guidance from the Scottish Government on community benefits for offshore renewables.

For solar power, the trade body Solar Energy UK has a document on [11 Commitments on Solar Farms](#) (PDF, 2022) which solar developers who are members of the trade body commit to. On community benefits it states: “We will engage and provide detailed information to the local community and listen to their views and suggestions, including the provision of specific community benefit schemes, or use of the site as an educational opportunity, where appropriate.”

## 3.2 Examples of offshore wind community benefits

Some offshore wind farm developers have provided community benefit packages. The trade body Energy UK published [Energy in Action: Community benefits from local infrastructure](#) (July 2024), which gives case studies of renewable energy company community support packages, such as:

- [Community Windpower](#), which has invested more than £100,000 in the North Ayrshire Foodbank
- [The Dogger Bank Wind Farm](#) has invested £1 million during its construction in STEM educational projects from early years to university for young people, in three north-east local authority areas
- RWE has invested £10,000 from its [Rampion Offshore Wind Farm Fund](#) in East Sussex

## 4

# International examples

### 4.1

## Ireland

The Irish Government's [Programme for Government and the Climate Action Plan 2021](#) includes a Renewable Electricity Support Scheme (RESS) which contains requirements for community benefit funds. More information is set out on the [Sustainable Energy Authority of Ireland \(SEAI's\) webpage](#) which states:

A key feature of the Renewable Electricity Support Scheme (RESS) is that all renewable electricity generation projects must establish a Community Benefit Fund to be used for the wider economic, environmental, social and cultural well-being of the local community. The contribution is to be set at €2 per Megawatt hour of generation of the RESS Project. This means there are real and quantifiable funds being made available annually for the benefit of the local community. The Fund will be aligned to incentivise investment in local renewable energy, energy efficiency measures and climate action initiatives. The community benefit funds under RESS-1 will deliver approximately €4.5million a year to sustainable community initiatives targeted at those communities living in close proximity to the RESS-1 Projects.<sup>10</sup>

### 4.2

## Denmark

In Denmark the focus is on community ownership of assets. The [2008 Promotion of Renewable Energy Act](#) created a rule that new renewable projects must offer at least 20% ownership of the overall venture to local residents. [Analysis from 2016](#) found that 52% of the total installed wind capacity in Denmark were citizen owned, which rose to 67% when removing the largest offshore windfarms. More recent figures are not available. For more information, see the Nordic Policy Centre's fact sheet on [Community-owned wind: Lessons from Denmark](#) (2023).

The legislation also established schemes to provide payments for any loss of value to properties due to the erection of wind turbines, a green scheme to enhance local scenic and recreational activities, and a guarantee fund to support financing of preliminary investigations by local wind turbine owners associations. More information is available from the International Energy Agencies webpage on the [Promotion of Renewable Energy Act](#).

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<sup>10</sup> Sustainable Energy Authority of Ireland, [Community benefit funds](#), (accessed 10 October 2024)

## 5 Parliamentary material

### 5.1 PQs

#### Renewable Energy

Asked by: Dixon, Anna

To ask the Secretary of State for Energy Security and Net Zero, what steps his Department is taking to ensure that all new green-energy infrastructure is (a) built in suitable locations and (b) benefits nearby communities.

Answering member: Michael Shanks | Department: Department for Energy Security and Net Zero

The Government is committed to the Strategic Spatial Energy Plan (SSEP). The SSEP will support a more actively planned approach to energy infrastructure across England, Scotland and Wales, across land and sea. The Secretary of State and Head of Mission Control also wrote to the ESO on 23rd August to formally commission advice regarding the key requirements for the Government to meet its clean power commitment by 2030.

<https://assets.publishing.service.gov.uk/media/66cda5c1e39a8536eac0532e/sos-chris-stark-letter-clean-power-2030.pdf>

It is the Government's priority to build support for developments by ensuring communities directly benefit. We are reviewing how to most effectively deliver community benefits for communities living near new energy infrastructure.

HC Deb 13 September 2024 | PQ 4314

#### Wind Power

Asked by: Shannon, Jim

To ask the Secretary of State for Energy Security and Net Zero, whether his Department plans to take steps to provide incentives to local communities for support for onshore wind projects in their areas.

Answering member: Michael Shanks | Department: Department for Energy Security and Net Zero

Communities should benefit from hosting local renewable energy infrastructure and the Government will shortly publish updated community benefits guidance for onshore wind in England. The devolved administrations have their own policies regarding community benefits.

HC Deb 05 September 2024 | PQ 2077

[Renewable Energy: Infrastructure](#)

Asked by: Goldsborough, Ben

To ask the Secretary of State for Energy Security and Net Zero, what steps he is taking to encourage communities to support renewable energy network connection infrastructure in their localities.

Answering member: Michael Shanks | Department: Department for Energy Security and Net Zero

It is important for this Government that where communities host clean energy infrastructure, they should directly benefit from it. We are currently considering ways that ensure communities benefit from living near new onshore electricity transmission infrastructure.

Strategic network planning will reduce the overall impact of infrastructure through coordination where appropriate. Networks plans take account of environmental and community impacts, alongside deliverability and economic cost, at every stage of network planning.

National Grid Electricity System Operator is developing the Electricity Transmission Design Principles.

HC Deb 26 July 2024 | PQ 502

[Electric Cables: Infrastructure](#)

Asked by: Goldsborough, Ben

To ask the Secretary of State for Energy Security and Net Zero, what assessment his Department has made of the potential merits of providing long-term financial compensation to communities which host the installation of pylons to improve the transmission of renewable energy.

Answering member: Michael Shanks | Department: Department for Energy Security and Net Zero

The heart of the Government's agenda is to make Britain a clean energy superpower, boost energy independence and reduce bills through clean power by 2030, and our electricity network is key to this success. It is important for this Government that where communities host clean energy infrastructure, they should directly benefit from it. We are currently considering ways that ensure communities benefit from living near new

onshore electricity transmission infrastructure and are committed to ensuring fair and beneficial outcomes in alignment with our overall mission.

HC Deb 26 July 2024 | PQ 294

## 5.2

## Debate

[Making Britain a Clean Energy Superpower](#)

HC Deb 26 July 2024 | Vol 752 c937-1004

## 6

### News items

Herald

25 September 2024

[Shetland: Lessons from the 'sharp end' of energy transition](#)

Northern Times

12 September 2024

[Highlands must benefit from our renewables, says Inverness, Skye and West Ross-shire Liberal Democrat MP Angus MacDonald](#)

Stornoway Gazette

11 September 2024

[Community benefit needs to be renewables priority](#)

Scottish Business Insider

6 September 2024

[Are wind farm communities actually getting any benefit?](#)

The National

22 August 2024

[Community group secures millions in benefit funding from offshore wind farm](#)

The Conversation

14 August 2024

[If we want more solar and wind farms, we need to get locals on board by ensuring they all benefit too](#)

Energy UK

30 July 2024

[Energy in Action: Community benefits from local infrastructure](#)

The Herald

28 July 2024

[How rebel groups are taking control of windfarm windfalls](#)

Guardian

26 July 2024

[Ed Miliband: people must be persuaded of need for pylons near homes](#)

Somerset County Gazette

18 July 2024

[Sarah Dyke demanding community benefits from solar farms](#)

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