



**iea wind**

**Task 28**

**Social Science  
of Wind Energy  
Acceptance**

## Community Benefit Schemes

The global offshore wind industry is at a critical stage in its development. The industry's focus is on ensuring the deployment of offshore renewable energy projects and the creation of a strong, diverse supply chain, which will deliver sustainable benefits through the creation of jobs and inward investment. Complementary to the delivery of supply chain benefits, developers are encouraged to consider a community benefit package.

The challenges in delivering community benefits from offshore projects require heightened transparency regarding the discussions and governance of distributive justice. Developers should consult widely and discuss openly what is achievable from an early stage. The host can be any location geographically linked to a renewable energy development, and those living in the area. In this context, there is no set formula to identify a host community, although, self-identification and collaborative discussion may help. Developers should not have a blanket policy, which is rolled out on all projects. Scheme or package is often used to describe community benefit provision. There is no single delivery mechanism which can, or should, be employed with every offshore wind farm. A successful scheme or package is designed on a case-by-case basis and has several components. For example, a community benefit scheme may include funds to assist coastal communities to experience regeneration and economic growth through projects that directly or indirectly create sustainable jobs and safeguard existing jobs.

In designing a new community benefit scheme, the developer should examine offshore wind farm schemes already in operation. In addition, the developer should review schemes designed for other types of infrastructure projects, such as landfill and waste management, sports stadia, urban development, oil and gas offshore platforms, onshore pipelines and processing facilities, power plants, and overhead high-voltage electricity transmission lines.

Community benefit schemes are now a feature of international infrastructure development. In the context of wind farm projects, developers provide funds to communities living in close proximity to their project and local benefits can be in the form of new community facilities or environmental enhancement. An important feature of community benefit schemes is that they are viewed and administered as distinct from traditional economic benefits (e.g., local supply chain, employment), though, there are complementary synergies.

One UK fund prioritised the following criteria within their community benefit schemes:

- Small and medium size coastal communities with a population of 60,000 or less, which are facing economic challenges
- Promote sustainable economic growth and jobs through economic diversification activities in coastal communities that enable the growth of local businesses
- Complement strategic regeneration initiatives within coastal communities

Another project funded a part-time business and marketing manager, a new workshop with equipment, and promotional materials. The award helped support the business to create a range of products, establish a customer base quickly, and employ people locally.

Other examples of project contributions within community benefit schemes are:<sup>2</sup>

- Water sports facilities
- Apprenticeship schemes
- Renovations to a sailing club's boathouse
- Developing a coastal walkway
- Creating slipways and moorings
- Sea rescue boats and equipment
- Support for coastal area voluntary rescue teams
- University bursary schemes
- Local nature, conservation, and heritage enhancements
- Promoting and safeguarding jobs in tourism

The community benefits described and discussed in this document are not compensation for any perceived negative impacts. Community benefit provisions should not be confused with any compensatory payments or provisions to specific stakeholder groups. Where developers consider it appropriate to provide individual compensation for a development, this arrangement should be agreed between the relevant parties and is separate from any community benefit proposals.

As there are many challenges in delivering community benefits from offshore projects, there is a prerequisite for transparency in all discussions between local stakeholders and the project promoter. Flexibility is a key component of community benefits. There is no single approach and design which is suitable for every project. Community benefit schemes should be tailored to the needs of the local context and characteristics of the site and project.

The scale of a community benefit fund depends on the project variables and should be discussed openly with the community. Communities should understand that projects may be financially limited and should not expect transfer of fund arrangements from one project to another.

Table 10 suggests possible starting points in discussing a fund.

<sup>2</sup> See *London Array and Beatrice Offshore Wind Farms for examples of community benefit schemes.*

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Fund Focus	Comments
Local Fund	<ul style="list-style-type: none"> <li>A local community benefit fund administered by a new or existing local organisation</li> </ul>
Regional Fund	<ul style="list-style-type: none"> <li>A new regional fund to deliver the community benefit across a wider region than the immediate hosts</li> <li>This approach can facilitate a more geographically equitable distribution of benefits</li> </ul>
Specific Purpose	<ul style="list-style-type: none"> <li>Funds designated for a specific purpose (e.g., tourism, environment) are allocated to certain projects by a board of trustees or local authorities</li> </ul>
Collaborative Scheme	<ul style="list-style-type: none"> <li>Developers within the region collaborate to deliver a package, which contributes to existing regional funds</li> </ul>

Table 10: Suggested Starting Points in Fund Discussions

Other measures may be delivered alongside a fund to create a package of benefits. These benefits should be identified by the developer on a site-specific basis and in consultation with the community. Developers may also support communities in accessing expertise to maximise the impact of a community benefit fund.

## Common Features of Offshore Community Benefit Funds

Feature	Comments
Fund Structure	<ul style="list-style-type: none"> <li>Binding agreements between developers and local authorities or communities to deliver benefits</li> <li>Fund mechanisms are established in consultation with affected and benefiting communities</li> <li>Fund is index linked with the annual retail price index</li> <li>Developers pay into a particular fund arranged for an offshore development</li> <li>Contributions are made on voluntary basis and provide constant flow of revenues</li> <li>Annual payments are made corresponding with the capacity of the offshore wind farm</li> <li>Electricity discount schemes from offshore renewables should be a consideration</li> </ul>
Fund Administration	<ul style="list-style-type: none"> <li>Distribution is usually centrally managed by one authority</li> <li>Community funds may be administered by developers, authorities, or communities</li> <li>Tax income from offshore wind is levied by federal states in some countries (e.g., Germany, as offshore area is not municipalised)</li> </ul>
Developer Fund Investment	<ul style="list-style-type: none"> <li>Pay into existing funds, not specifically set-up for funds from offshore renewables</li> <li>Direct investments or donations to local projects and initiatives</li> <li>One-off investments to boost areas of the local economy, e.g., tourism</li> <li>Investment in existing programmes structures, with a focus on employment, training, apprenticeships, or any other area local stakeholders deem to be appropriate</li> </ul>
Access to Funds	<ul style="list-style-type: none"> <li>Access to funds can be regulated</li> <li>Funds are allocated to affected communities and regions, or to communities in which developers operate</li> <li>Developers work in partnership with local government authorities for access to wider funding options through a simple application form</li> <li>Local charities, community, and voluntary groups apply for funding packages</li> <li>Scheme funds are used for capital and/or revenue projects</li> </ul>
Beneficiaries of Funds	<ul style="list-style-type: none"> <li>Investment in nature preservation, wildlife reserves, and wildlife trusts</li> <li>Develop exhibitions, community centres, and visitor centres,</li> <li>Funding for skills training, bursary schemes, studentships, and local education programmes</li> </ul>
Job Creation	<ul style="list-style-type: none"> <li>Job creation through regional supply chain involving local businesses and using local infrastructures</li> <li>Sponsorship of a pre-apprenticeship programme for wind turbine technician training in partnership with a local technical college</li> </ul>
Communication Programmes	<ul style="list-style-type: none"> <li>Highlight local supply indirect benefits in addition to community benefit arrangements</li> <li>Presentations and workshops in schools and colleges to increase awareness of climate change, sustainability, environment, and renewables</li> <li>Providing specific skills and knowledge for careers in the renewable energy sector</li> <li>Innovative technology encourages wind farms to become tourist attractions</li> </ul>

Table 11: Features Common to Offshore Community Benefit Funds

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Wind farm development can deliver direct and indirect benefits to the local community. These benefits may garner community support for the proposal and reduce opposition. Benefit schemes help address perceived social and environmental disruptions to the landscape and local amenities. Their emphasis, structure and administration may differ depending on the jurisdiction, for example differences in approach between USA and Europe.

## Governance and Administration

It is vital that a governance and administration structure is selected on a site-by-site basis. Table 12 identifies questions, which could be a starting point for discussion. It will be prudent for communities to seek professional advice to ensure funds are administered correctly and accountably. Developers may wish to support this process.

Fund Governance	Comments
Community Capacity and Resource	<ul style="list-style-type: none"> <li>Is the recipient group adequately resourced to deliver the scheme</li> </ul>
Fund Scale	<ul style="list-style-type: none"> <li>Where large sums will be paid annually, does the recipient group have the confidence and experience to manage and distribute funds effectively?</li> </ul>
Fund Structure	<ul style="list-style-type: none"> <li>Will regular meetings be required?</li> <li>Is there an open application process which will require detailed assessment from a panel?</li> <li>Are there set criteria which will require minimal input?</li> <li>Have any potential conflicts of interest been identified?</li> <li>Will a portion of the fund be ring-fenced for particular stakeholders such as the local commercial fishing fleet or tourism association?</li> </ul>

Table 12: Key Questions Regarding Fund Governance and Administration

## Designing a Community Benefit Package

Before engaging in discussions on a community benefit scheme, it is recommended local communities and other stakeholders understand the project details and have a basic understanding of the offshore renewable energy industry. Each scheme will vary depending on the developer, the local communities, and the project itself. To achieve the most effective impact, schemes should reflect and respond to local needs. Each scheme should be tailored to reflect the characteristics of the development and the local social and economic environment.

Factors to consider in designing a community benefit scheme are the:

- Scale of project
- Technology
- Distance of project from shore
- Proximity to local port and coastal communities
- Nature of project (i.e., trial or actual site for an offshore wind farm)

Community benefits are intended as a tool to share the benefits of a natural resource in recognition of project impacts. They are applicable to commercial sites where there is an economic benefit to the developer. Although community benefits from research sites may not be a requirement of good practice, developers may wish to consider or discuss possible provision of benefits from such sites on a case-by-case basis.

Prior to a full public consultation, the developer is recommended to undertake an initial study to determine a proposal for:

- What might be the geographical area to benefit (e.g., communities, towns, villages within 1km, 3km, 5km from shore)
- Whether a concentric hierarchy approach be a consideration in the community fund award criteria?
- Within that area, who could be the appropriate contacts and communities of interest for consultation?
- Do impacts differ depending on community locations i.e. those close to substation or where cable coming onshore, or impacted visually by turbines offshore
- This process should be undertaken at an early stage to allow communities the opportunity to contribute to discussions.

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Local opinions should be sought on the most appropriate beneficiary structure, and existing users of the marine, port and coastal area should be engaged. As the project progresses, there should be scope for identified communities to be involved in the process, contributing to the identification of additional stakeholders and shaping the consultation process. Ongoing collaborative consultation and dialogue should be designed and tailored for each project.

Contributing to community benefit discussions does not affect an individual's right to express a view on the development proposals. Supporting or objecting to the development does not affect an individual's right to discuss the community benefit proposals. Efforts should be taken to avoid potential or perceived conflicts of interest. Designing and developing a community benefit package can be a lengthy and laborious process for all stakeholders.

Community councils should be open to dialogue with developers and should suggest any relevant groups and individuals to engage in discussions. Community groups can be supported to engage in community benefit discussions by contacting local government agencies, mayoral offices, chambers of commerce, and public participation networks. Communities are encouraged to consider the scope for strategic spending in their area. Communities should be aware there may be limitations to the scope of community benefits, or how many communities can be fairly represented. Such limitations should be discussed with the developer and understood at an early stage.

Local authorities, municipalities, and local government offices should aim to be involved in identifying appropriate communities by suggesting contacts and facilitating discussions. Where appropriate, local authorities may consider administering funds. Stakeholders should be aware that where funds are administered by a local authority, any awards made to community groups are likely to be classed as state aid and are treated accordingly. It is also important community groups are mindful of other local government funded projects and that the offshore wind community benefit scheme is ring-fenced for new projects and should not be used to subsidise or replace spending previously planned.

In considering effective implementation, the focus of community benefits and the delivering mechanism should be optimised. The composition, delivery, and structure of the package should be designed through dialogue with local stakeholders.

Community groups may be existing groups or created for the purpose of designing and/or administering the fund. Typically, these groups are identified as the host communities. In identifying host communities, it is worth considering the proximity of the community to the project, including onshore substation, cable landing points, cable routes, as well as other infrastructure construction sites and compounds.

There are likely to be local or regional structures or organisations which are already engaged with a geographical area and could be

supported to provide further benefits. A new mechanism could be established to deliver benefits over a local authority region(s). This approach would complement local authority provision by supporting non-statutory projects in one or more local authority regions. Some local authorities will have issued guidance on the expected benefits from offshore renewable energy, which is a helpful starting point for discussion. Where local authorities have issued policies or guidelines relating to community benefits from offshore developments, it should be noted these policies represent one possible route, and developers and communities are not obliged to adhere to them. Developers and communities should discuss the relevant local authority approach, and arrive at a mutual agreement on whether it is the most suitable pathway to follow.

Depending on the jurisdiction, developers may not be required, or wish to have ongoing input throughout the lifetime of the scheme. Developers may aim to ensure the package is structured appropriately and to provide support where necessary. Any delivery mechanism or topic can be considered; communities and developers should work together to devise a site-specific solution.

The focus of a community benefit package should be driven by the local community, who should play an active role in determining how funds are spent. Starting points for such discussions may include building, developing, or supporting local initiatives, such as:

- Apprenticeship schemes (e.g., steel fabrication, turbine pre-assembly)
- Skills and upskilling development programmes
- Extra-curricular engagement with schools, colleges, and universities
- Capacity in the community
- Charitable causes
- Cultural assets
- Natural capital (e.g., upgrades to areas of cultural or environmental interest)
- Infrastructure upgrades (e.g., harbour maintenance)
- Electricity discounts
- Facilities or services to complement statutory provisions
- Tourism and facilities e.g., museums or visitor centres
- Marine management
- Commercial fishing community
- Environmental communities
- Women's empowerment networks

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