

CARES Community Benefits Toolkit

Annex: Key questions for community benefit funds



Key questions to ask at an early stage if a community benefit fund is part of the package of benefits on offer:

- If more than one community will benefit, is the Fund to be split or managed as one? If it will be split, in what proportions and on what basis?
- Are payments to be index linked (Retail Price Index or Consumer Price Index)?
- When will payments most likely start?
- What formula is being used to calculate payments? For example, a fixed payment per Megawatt per year? If a different formula is being used, what is this? Are payments related to profit/ energy generation?
- Over what period will monies be paid - the life of the installation?
- What restrictions might there be on spend? Are there themes that the renewable energy business specifies funds must go to and/or other things they cannot be spent on?
- If they are offering an opportunity for the community to have a greater (financial) stake in the renewable energy project, will they offer to roll up the community benefit funds and enable them to be used as part of the community's investment?

Beyond these headline terms, the following may also be useful to consider:

- Will payments be made at the start of the year that the installation becomes operational (and the anniversary of that date in each year thereafter) or retrospectively?
- How often will payments be made – annually, quarterly, or another frequency?
- Is the renewable energy business specifying a particular model or structure for the management of the Fund? If so, what is it and what are the implications for the community? (see the module Getting the Governance Right for more information on this)
- Is the renewable energy business looking to be involved in fund disbursement? Are they leaving this entirely to the community? Or are they looking to use a third party (intermediary) to disburse funds or support the community in how it disburses funds? If so, who is that third party and what is their track record in working with communities?
- How much work will be involved in administering the Fund and how will that be paid for? Will the renewable energy business pay for this separately or must any payment come from the Fund itself?
- Will monies be lost if not spent by a certain time? Or can they be rolled over from one year to the next?
- What happens if part of the installation suffers a long-term fault or something happens to reduce the projected income?

- What happens if the development is sold on? Will the community benefit package be protected/ maintained?
- Is the renewable energy business asking for anything in return, for example publicity rights?

It is possible that the renewable energy business will not have an answer to all of these questions at the outset. On the other hand, some renewable energy businesses have a standard arrangement they offer and may have a preference for a specific model or structure for the community benefit package.

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