DESNZ Community Benefit and Shared Ownership consultation.

Introduction

[Community Energy Scotland](), [Community Energy England]() and [Community Energy Wales]() are the representative bodies and voices of the community energy sector in their respective countries together representing nearly 1,000 member organisations.

Most questions are preceded by bullets which help summarise the fuller text that follows.

We would like most strongly to emphasise that whilst community benefit is important it is in no way a replacement or adequate substitute for shared ownership which brings much more community buy-in to the roll-out of renewable energy as well as delivering significantly more community and social benefit - up to 100 times more.

We are determined to continue to campaign for both to be made mandatory in the forms described below which differ substantially from what is proposed in the 'working papers'.

Community Benefit

Consultation Questions

1. Do you agree with the principle that developers must provide community benefit funds? Please explain why/why not.

Yes. Paying out community benefit funds should be mandatory for developers for reasons you set out:

- It would guarantee that communities get to actively share in the social and economic benefits of the UK's energy transition.
- Research has shown that community benefits increase the acceptability of energy infrastructure being built close to communities.
- It is necessary for the speedy rollout of renewable technologies.
- It is important to provide a level playing field for developers and communities, transparency, monitoring and enforcement.
- Since community benefit is not a material consideration in planning, it is possible for it not to be considered at all or not to be a significant priority for developers if they think they can do without it.

Some developers are stating that reforming TNUoS charging and REMA would do more to create a level playing field for developers across the UK. However, making those changes would not address the issue of communities being directly involved in – and advocating for – the energy transition. It won't give them an ownership stake, voting rights or resources for building skills and capacity or to invest in assets to build community wealth and long-term value. Mandating community benefits (with community control over the funds) and shared ownership offers will do that, and will build support for the energy transition – in turn supporting the UK's clean power sector and enabling us to meet our climate targets.

A good example of how community benefit funding increases local acceptability of renewables comes from Shapinsay, an Orkney island. An influential older member of the community was strongly opposed to wind turbines and campaigned against the development of a community-owned turbine in 2011. However, once it was built, her grand-niece told her that every turn of the blade generated 7p for the community. This transformed the woman's perception of the turbine so much that she even asked her son to cut down her garden hedge so she could see it from her window.

This local example is borne out across the country. Galson Estate Trust recently surveyed members of the community and found unanimous support for a new community-owned turbine because local people have felt the benefit from the existing windfarm there. Their turbine has funded an ambitious programme of projects in the community to relieve poverty, improve health and wellbeing, revitalise industry and more.

We do support developers' calls for policy changes to make the UK a more attractive environment in which to operate, including reforming market arrangements and looking at increasing the floor price for Contracts for Difference at least in line with inflation. However, if these changes are made to support developers, then it is only fair to support and empower communities who are helping fund the energy transition through their energy bills and/or hosting energy infrastructure on their doorstep.

One of the problems with community benefit is that it can be perceived by communities and anti campaigners as a bribe to accept something negative. This is best solved by offering communities a genuine stake of shared ownership and the opportunity to co-produce the project. It can be mitigated to some extent if community benefit is mandated and the developer involves respected community organisations to deliver the benefit.

Deeper community involvement is necessary to create a fairer transition, instead of an adversarial situation with developers pitted against communities, which will ultimately slow down the urgent energy transformation.

Scottish Renewables' latest Supply Chain Insights report states that the biggest threat to investment is "policy changes and regulatory uncertainty". Standardising the expectations on developers operating in the UK would help address these concerns.

While some developers do follow good practice, others do not. For example: https://www.heraldscotland.com/news/25273785.skye-windfarm-inquiry-reveals-almost-no-long-term-jobs/ This can damage the reputation of the entire industry, and increase opposition to renewables, storage and transmission. To avoid this risk, a standard level of community benefits should be made mandatory.

In Scotland, the Good Practice Principles for onshore wind set a benchmark level for good practice community benefits. However, this is not universally followed: of all the onshore wind projects on the Local Energy Scotland community benefits register, only around a third of those who have (voluntarily) reported their community benefits meet the current good practice benchmark of £5000/MW/year. Many more will not have reported at all. To avoid this 'postcode lottery' for communities, the level of community benefit should be standardised with levels set for each technology.

Time and time again, we see communities using community benefit funds to leverage other funding. One example of this is the Edinbane and Communities Company which receives community benefit funds from Vattenfall, but now regularly spends in excess of the annual benefit fund as a result of leverage from other funding pots: for example, the group purchased the village shop using land fund support, have developed new active travel routes using Sustrans and Paths for All match funding, and have levered in other additional funds for affordable housing. Their small grants fund (for education, business training support, apprenticeships, etc.) regularly has an annual spend of around £30,000, but the leverage from this funding is in the region of around £150,000.

An Ørsted community benefit fund is available up to 5 miles inland along the coast of North Yorkshire and Lincolnshire. This has provided around £500,000 over 20 years into coastal communities. There is increasing policy focus on coastal communities as often experiencing deprivation.

A recent [study by Biggar Economics] looked at the Achany and Rosehall wind farms in central Sutherland. The study found that £2.8 million in community benefit funding paid out since 2010 is estimated to have generated wellbeing benefits valued at between £10.1 m and £14.5 m, supported the creation of around £11.8 million local economic value, and enabled the creation of around 18 long-term jobs. They conclude that every £1 of funding has generated between £3.56 and £5.12 in wellbeing benefits for the local area, and around £4.18 in economic value.

The evolution of the Social Value Act places new demands on public authorities in England and Wales to demonstrate measurable local benefit. In Scotland, the Community Wealth Building Bill will place requirements on all relevant public bodies to prepare community wealth building action plans, which should include support for local companies and local employment through procurement and community ownership of land and other assets. Private companies engaged in energy and infrastructure development, especially those occupying and profiting from local landscapes, should be held to comparable standards. Community benefit payments are a proportionate, transparent mechanism to ensure that infrastructure development delivers not only national gains but also meaningful local value.

Policy questions

2. Considering the policy parameters for the scope proposed above, what types of low carbon energy infrastructure should be included within the scope of the policy? Please provide your reasoning.

We agree with the proposed list, but the following technologies should also explicitly be included: run of river hydro, pumped hydro and all other forms of offshore renewable energy e.g. floating solar. Consideration should also be given as to whether low carbon heat technologies should be included (or to leave it open to add them at a later date).

3. What would be the impacts on specific low carbon energy infrastructure technologies of bringing them into the scope of this potential scheme?

- Impact on infrastructure technologies can be minimised by tailoring the community benefit funds to each technology.
- Solar energy's potential for community benefit has been underestimated, particularly when within the CfD scheme, due to its secure business model.
- Onshore solar is often located near communities, making community ownership and benefits important to avoid opposition.

The impact on specific technologies can be minimised by tailoring the level of mandatory community benefit funds to each technology and calculating it as a percentage of project revenue rather than a set sum per MW or MWh. Please see our response to Question 14 for our recommendations.

Solar has been under-assessed for its potential to contribute community benefit. Especially where it is within the CfD scheme, its business model is secure and it could have contributed significant community benefit, especially recently. As you assess the location (affecting the load factor) and the proximity to grid connection or offtaker, has more variable impact on the ability to pay a margin of community benefit than technology in many cases. Solar is mostly onshore and so is frequently adjacent to communities who can oppose it unless they feel some ownership and benefit. There is also great potential for communities to benefit from nearby solar in terms of cheaper energy and improved biodiversity on sites, as well as funds.

4. Do you agree that there needs to be provision for amending the scope of the policy in future to ensure that it can be adapted to fit future technological changes, and remains in line with the criteria set out above? Please provide your reasoning.

- We agree there is a need to retain flexibility.
- The policy should account for circumstances that affect a technology's ability to generate profit and pay benefits (e.g., drought impacting hydropower).

Yes. We agree on the need for flexibility not just over time, but also over types of installation and combinations of technologies that may be particularly profitable. There may be circumstances that must be taken into account in assessing the ability of certain technologies to deliver the margins necessary to pay benefit – e.g. a severe drought year's impact on hydropower.

5. Do you agree with the approach outlined for the provision of community benefits for co-located infrastructure? Please provide your reasoning.

- Co-located infrastructure should be assessed separately, but increased revenue generation from co-location should be factored into the value of the benefit.
- When setting minimum thresholds for community benefits, all co-located infrastructure owned by the same developer should be considered as a single project to prevent developers from circumventing the system by creating multiple small projects.

Agreed that they should be assessed separately, but with the caveat that if the co-location increases potential for revenue generation, that should be captured in assessing the value of benefit (if a revenue rather than capacity or MWh based assessment is used, this solves this), e.g. if a battery allowed solar electricity to be sold at higher prices, then the combined value is greater than they would be individually.

However, in terms of setting a minimum threshold to pay community benefits, all co-located infrastructure owned by the same developer should be considered as a single project to prevent 'gaming' of the system by installing multiple installations of just under the threshold and claiming them to be different projects.

6. Do you agree with the proposed mandatory community benefits threshold of 5MW for power generating and storage assets? Please provide your reasoning.

- The 5MW threshold for mandatory community benefits makes sense.
- Safeguards are needed to prevent developers from dividing projects into smaller than 5MW chunks to avoid the threshold, a tactic seen in housing.
- Measures must also prevent developers from favouring sub-5MW turbines when larger ones are financially more viable.
- While single turbine projects are currently rare, constraints on onshore wind in England could make them more common, potentially making this a future issue.

This threshold seems logical. Safeguards to prevent developers dividing projects into just <5MW chunks would have to be put in place, as we have seen taking advantage of incentives to enable smaller projects in housing. We also have to guard against developers continuing to use sub-5MW turbines despite the location and the rest of the financial modelling favouring >5MW turbines. (There are very few commercial single turbine projects anyway, so this is currently not an issue – but it could become one due to the extreme constraints in England on onshore wind development potentially favouring single-turbine developments).

7. Should the threshold vary by technology in order to accommodate nascent technology (such as floating offshore wind)? Please provide your reasoning.

If a proportion of revenue (or profit) model is used, then it will flex according to the financial viability, and ability to pay, of the projects as they mature.

However, we would also suggest that there should be a minimum ‘floor’ level set for each nascent technology and that this should be different for each type of technology and that this may change over time as technology evolves and becomes cheaper/more efficient.

8. How should shared ownership arrangements interact with any mandated community benefit fund contributions?

The requirement to enter into a community benefit arrangement should apply to all developer-led energy projects, including those offering shared ownership.

Developers should be required to pay community benefit on the proportion of the project that they own. They should be encouraged to channel it via the community co-owner, with the stipulation that the community organisation that owns a share of the project should help distribute the community benefit funds amongst all relevant communities.

9. Are there any project types that should be exempt from a potential mandatory community benefits scheme?

Community energy projects led and owned by a constituted community organisation and that are already reinvesting all of their profits into the community, including those that are bigger than 5MW, should be exempt from creating a separate community benefit fund. If they are already providing community benefits to their local community or communities, at the mandated level or above, they should not be required to set up a new or separate community benefit fund under this new legislation, or change the fund administrator. However, they should still be encouraged to follow good practice and should a mandatory community benefits register be created, a simple way for them to provide data should be created.

Level of benefit

10. For those developers already offering community benefits on a voluntary basis, how are these funded?

11. Recognising the need for flexibility, are there any impacts or considerations of funding community-led projects that should be taken into account?

- Communities should have full control over the community benefits that they receive, to ensure that they are spent in a way that meets the needs of the community.
- Community organisations are often more cost effective and strategic in delivering funds.

Communities should have full control over how their Community Benefit Funding is used. Good practice community benefit arrangements give communities an 'ownership-like relationship' and control over the funds. It is crucial to involve communities in the decision making process when designing the scheme and when funds are allocated, to ensure that the fund will meet the actual needs of the local community, which studies show is crucial for increasing community acceptance of the development. As stated by Scotland's Just Transition Commission, "these funds belong to local people and therefore it is for local people to decide how those resources are allocated."

Community organisations are often more effective at administering these funds than third parties or developers and generally offer greater cost effectiveness and more strategic delivery in line with the local community's priorities. Mostly, community organisations will draw on and deliver in line with democratically-created plans such as local development plans, local place plans, community action plans etc.

The priorities set out in these plans often include topics such as alleviation of poverty, energy resilience and independence (e.g. renewable energy, energy efficiency or low carbon transport and active travel), developing skills and creating job opportunities, biodiversity and climate adaptation, and community connectedness and wellbeing. In addition to meeting local needs and priorities, these also help to accelerate progress towards government aims and priorities.

Funds should be held and administered by constituted community organisations; see our response to Question 29 for detail.

12. Do you foresee any challenges for developers to fund mandatory community benefits? Does this differ between technologies?

- The argument is made that if community benefits are set too high, it could make projects financially unviable. However, there are multiple examples of developers choosing to pay over current recommended minimums, and many companies pay higher community benefits in Europe because of differing legislation.
- Setting a minimum baseline levels the playing field across the UK for developers.
- Basing community benefits on revenue can also make community benefits more affordable and flexible.

We are aware that some developers have been stating that their operating margins are currently very tight, and that if community benefits are set at too high a level, this could further deter investment or even push up prices for the consumer. However, there are a number of developments that pay well over existing good practice principles and still remain competitive - for example, Muirhall Energy commit to community benefits at £7,000/MW on all of their large projects, including their Crossdykes onshore wind farm in Dumfries and Galloway (where they also offered 5% community shared ownership), while Glen Earrach Energy have pledged 5% of gross margin revenues from their pumped storage hydro in Highland to create a local community wealth fund.

Similarly, it is worth noting that the same companies that are arguing that higher levels of community benefits are not sustainable are paying these in other countries in Europe. We recognise that developers in offshore wind in particular are facing commercial challenges when operating in the UK compared to Europe (e.g. in the UK they do not benefit from the European Green Bond, and they face uncertainty about TNUoS charges). Further, many CfDs have not been adjusted for inflation. These factors should be looked at and addressed in order to keep the offshore renewables industry competitive.

However, just as developers need a fair deal, so do communities. These challenges do not justify delaying the mandating of community benefits and shared ownership offers from low carbon energy infrastructure.

Setting the benchmark value for offshore renewables as a percentage of revenue (with a minimum floor), as we have set out in question 14, should be more affordable and flexible for developers than a fixed sum per Megawatt. It means that in years when generation and revenue is low, they do not have to provide as much in community benefit, as long as the floor is met.

Setting benchmark values for community benefits will help to level the playing field between competitors and provide more certainty and consistency for investors in the sector, by creating a clear expectation of contributions from all developers, which can be factored into project and business planning.

13. How can significantly larger community funds be best managed (requirements to use regional funds, introduction of a cap on funding, limit on cap duration)?

- Communities (and developers) should be encouraged to work together to coordinate different funds in the same area.
- Where communities do not have capacity to deliver larger funds, they should be given support to build this capacity.

Where there are larger community funds or a number of funds within a similar area, community groups should be encouraged to work together. One successful example of this is the 9CC Group, made up of nine communities in the Cumnock and Doon Valley area, who work together to deliver community benefit funding in a local, fair and equitable way and work collaboratively for the whole area. They do this by using two methods of distributing community funds - firstly, each of the individual communities receives a direct allocation to fund local projects and initiatives within their own community. This allocation is calculated based on indicators including population, distance from turbines, the Scottish index of Multiple Deprivation, and proximity of significant impact. Secondly, a strategic area fund has been created to deliver strategic legacy projects that address the five priorities and themes identified through community consultation and outlined in the group's Strategic Plan.

With support, communities can build the capacity and governance structures to deliver large community funds strategically. However, it will also be helpful to ensure that they have access to support such as:

- Template documents, processes and procedures
- Advice and support on good governance structures and processes.

Where a community does not initially have the capacity to manage their own funds, there may be a role for an external organisation to take on this role. However, this should be done alongside capacity building, with a view longer term to the community group having the skills and time to take this back 'in house'.

Communities may decide longer term that they prefer to outsource the financial administration of their community funds to another organisation and to only maintain oversight of fund priorities and allocation. This decision should be up to the group themselves and should be reviewed regularly.

14. Do you have a preference for either of the proposed methods for calculating the level of contribution payable in respect of energy generating stations (i.e. by reference to either installed capacity or generation output)? Are there any further considerations relating to either option which require exploration?

- Neither £/MW installed nor £/MWh generated are ideal for calculating community benefits; a share of revenue model is preferable.
- A revenue-based model would account for outages, curtailment payments and varying wholesale prices, ensuring flexibility and project viability.
- This model should also reflect existing land lease practices.
- The illustrative examples of mandatory minimums (£1,000/MW or £1/MWh) are too low; the majority of developers have historically not exceeded mandatory minimum levels.
- **Recommendations:** overall developers should commit 5% of their revenue to "community contributions", The Scottish Community Coalition on Energy proposes that these should be broken down in the following way (Community Energy Wales and Community Energy Scotland support that they should be divided between local and national funds but have not agreed a position on the exact split):
    - **Onshore:** 4% of overall revenue to local community funds + 1% to devolved national community wealth funds.
    - **Offshore:** 1% of overall revenue to local community funds + 4% to devolved national community wealth funds.
    - A minimum 'floor' payment level should be set for each technology.
    - The floor should be 'double-index-linked' so that it rises in line with inflation: both the starting point for the floor, and the floor within each project as the project progresses, should rise with inflation
- The requirement to enter into community benefit arrangements should apply to all developer-led energy projects.

Neither the £ per MW installed nor the £ per MWh generated method are ideal for calculating community benefits; our recommendation is that instead, community benefits should be calculated as a percentage of total revenue.

In addition to the technology and load factor impacts identified within the working document, £ per MW does not take into account impacts on revenue due to outages when the installation is not earning and may be incurring additional costs to resolve the problem. Such a requirement on the developer to continue to pay community benefits could impact on their financial model.

Conversely, with curtailment payments expected to reach £1.8 billion in 2025, community benefits funds based solely on MWh generated will fail to take into account a significant income stream for developers. It also fails to take into account guaranteed floor payments for LDES and other schemes whereby generators are paid for being on standby the majority of the time. All of these payments should also be shared with communities, as they are to shareholder profits. Requiring developers to share 5% of curtailment payments revenue alone would lead to an additional £90 million being levered into local projects and economies.

A 'share of revenue' model addresses these issues. We believe that it is better to base calculations on revenue rather than profits as this prevents creative accounting to minimise declared profit. This would also take account of the varying wholesale price. When it is high there will be more community benefit (alongside shareholder profit). When it is lower it will flex downwards to ensure continued financial viability of the project. This would also remove the disincentive to stop generating as it would be progressive and proportionate to earnings. It would also recognise that solar may be generating at times of day when electricity is cheaper. This model would also provide flexibility in the first years of project operation when teething problems are being sorted out and there may be outages.

This model would mirror existing practice for land leases ('base and ramp', or fixed and variable elements) paid by developers, and would require developers to pay lower amounts in less profitable years (usually including the first years of operation).

The mandatory minimum requirements should include a clear and precise specification of what constitutes 'revenue', how it is to be calculated, and this methodology should be subject to stress testing to identify and close any potential loopholes or avenues for inconsistent interpretation.

Whilst we recognise that £1,000/MW or £1/MWh were only used as illustrative examples within the consultation paper, it is worth stating that this is far too low. Setting any minimum too low could have a negative impact on communities across the UK. Whatever is set as a mandatory minimum will be seen to be a benchmark and it is our expectation that the majority of private developers will only meet and not go beyond this minimum. The minimum requirements should therefore be set at a level that is both affordable for developers but also gives communities a fair share.

Our recommendation is that developers should contribute a total of 5% of overall revenue as 'community contributions', with separate contributions specified to local community benefit funds as well as to a new national community wealth funds that should be set up - one for each of the devolved nations. The Scottish Community Coalition (of which Community Energy Scotland is a member) proposes that for projects onshore, developers should be mandated to contribute 4% of gross project revenue to local community benefit funds, plus they should be required to give a separate and additional contribution of 1% of overall project revenue to a Scottish, English or Welsh community wealth fund, depending on where the development is sited. For offshore technologies, developers should contribute 1% of overall revenue to local community benefits funds, as well as a separate and additional contribution of 4% of overall project revenue to a national community wealth fund. Community Energy England and

Community Energy Wales support the concept that contributions should be divided into local and (devolved) national funds, but have not come to a position on the exact split.

The Scottish Government's good practice benchmark of £5k/MW/year has not been updated in line with inflation since it was first introduced in 2010 and is currently under review. This figure updated in line with inflation (CPIH to May 2025) would correspond to around £8000/MW/year. We are aware that the economics per installed megawatt of typical renewable generators has changed significantly since that original reference point, especially in regard to scale, efficiency and market prices and other income. However, if we use a conservative estimate of between 33-40% capacity factors based on recent and current Scottish onshore wind generation technology performance, and revenue figures somewhere between the most recent Contracts for Difference figures and a moderate 2 year (2026-2028) fixed Power Purchase Agreement contract price available to secure for wind generation today (£50-70/MWh), it is reasonable to assume a total annual revenue of at least £200,000 per installed megawatt for an average installation. Our proposal of community benefits based on 4% revenue would therefore align very closely with the inflation-adjusted benchmark.

While the Scottish Government guidance covered all onshore technologies, in reality the £5,000/MW/year benchmark did not differentiate between different technologies, modes of operation (e.g. projects that do not generate the majority of the time but are paid for this) and so the benchmark was largely ignored by sectors other than onshore wind. Setting a benchmark based on revenue makes it possible to set the same benchmark across all such technologies and modes of operation.

For each technology, there should also be a ‘floor’ (minimum payment level) that payments should not fall below, for example:

- Onshore wind payments should not fall below £7,500/MW/year (this is based on the Scottish Government’s good practice benchmark of £5,000/MW/year, increased in line with inflation since it was first set in 2010 to the beginning of 2025)
- Offshore wind payments should not fall below £2,500/MW/year.
- Other technologies: the floor should be set taking into account the level of revenue from each technology.

Linking community benefits to revenue, supported by a floor, is fairest for both developers and communities. For developers, it would mean that if generation and revenue is low one year, they do not have to pay as much to communities, as long as the floor is met. For communities, the floor provides some certainty of income, but they can also enjoy higher payments in years when revenue is higher.

If a £ per MWh approach was taken instead, a floor would also be needed, to address this point articulated by the UK Government in the consultation: “fund contributions are likely to be less consistent year-on-year as generation output varies and the electricity generation mix changes.”

The floor should be ‘double-index-linked’ so that it rises in line with inflation: both the starting point for the floor, and the floor within each project as the project progresses, should rise with inflation, so that all projects are paying community benefits on the same basis.

The exception to this approach is for community benefits from transmission infrastructure, which should be calculated according to the recent UK Government Guidance, but this should also be mandatory; it should be made a legal requirement.

15. Do you agree with the principles of seeking to enable combining funds and utilising regional funds?

Yes, coordination between funds makes sense to maximise efficiency. However, local funds should remain ringfenced for local community groups.

Additionally, national community wealth funds should be established in each of the devolved nations with a focus on providing grants and loans for long term revenue generating assets, such as renewable energy projects or local shops, housing or businesses. These funds should be independently managed and open to all communities regardless of geography, thus allowing communities such as those in national parks and areas of outstanding natural beauty, or in dense urban areas, to also benefit from the energy transition.

16. Do you agree with the outline proposals for a) when payments apply, b) index-linking, c) changes to project lifespan/capacity/ownership, and d) suspension of payments?

Yes, but it is important to note that any minimum community benefit payments or floor prices that are based on MW or MWh must be 'double index linked' - ie. the payments associated with any one project should be index linked, but also the benchmarks themselves should be index linked. This means that regardless of the date that projects first start operating, the expected minimum mandatory payments will be the same.

This is to overcome an issue with the current Scottish Government good practice guidance, which sets out that projects are recommended to pay £5,000/MW/year, and that this should be index linked for the lifetime of the project. However, the reality is that if developers follow this advice, projects that started operating in 2010 would now be paying £7,500/MW/year, while those that start operation in 2025 would start again at the baseline of £5,000/MW/year. Therefore it is important that the baseline itself increases each year with inflation to ensure consistency across the industry.

17. Do you agree with the proposals to place the developer obligations for community benefits on the relevant licence-holder (e.g. a licence for generation of electricity under the Electricity Act 1989)? Are there any further considerations that should be taken into account regarding ownership and change of project ownership?

Yes, we agree that the obligations should be placed on the relevant license-holder and transferred to the new license holder where there is a change in ownership.

18. Are there any other aspects on funding that should be considered?

As outlined in Q 14, we believe that developers should be required to make two distinct contributions - firstly to local development funds for communities directly located near developments, and secondly to devolved community wealth funds, which will socialise benefits and ensure that no community in the UK is left behind in the energy transition. For a detailed proposal, see the Scottish Community Coalition on Energy's proposal for a Scottish Community Wealth Fund:
https://communityenergy.scot/wp-content/uploads/2025/06/Scottish-Community-Wealth-Fund-February-2025-version-2.pdf

Use of Funds

19. Do you agree or disagree that we should not produce prescriptive guidance on what the fund can be used for? Are there any other factors that should be considered?

- Guidance on community benefit funds would be useful and should be non-prescriptive.
- Grant-giving should address urgent community needs while also prioritising investments that create a "lasting legacy".

We agree that any guidance on use of community benefits funds should not be prescriptive. However, non-prescriptive guidance encouraging best practice inspired by community energy organisations would be useful. Such guidance can include advice on best practice community consultation to identify local needs and priorities (where this has not been done already) and alignment of spending of funds with these needs and priorities, with a balance between short-term projects that meet community need and show an impact quickly, and investments that produce a lasting legacy in the form of long-term resilience and cost savings for individuals, groups and the wider community. This will encourage strategic projects like the development of revenue generating assets, infrastructure enhancements, skills training and local enterprise support, and energy efficiency improvements in buildings. All of these offer tangible and enduring benefits and long term prosperity for communities.

Inspiration can be drawn from existing community groups that are spending community benefits funds from their own projects or private developments. For example:

- Point and Sandwick Trust on the Isle of Lewis developed and owns a 9MW windfarm. This generates around £900,000 profit each year, which is all reinvested in the community. Projects include a five year project in partnership with the Woodland Trust and the Forestry Commission to plant over 100,000 native trees, restoration of a local mill, and the establishment of an Energy Support Unit to provide grants to households in fuel poverty, as well as advice on how to insulate homes to reduce bills permanently.
- Islay Energy Trust, have used their wind turbine income to provide grants for households to improve energy efficiency and install clean heating solutions like heat pumps. This increases the decarbonising impact of the turbine, builds energy resilience and saves residents money over the long term.
- The Island of Hoy Development Trust is using the income from its 900kW wind turbine to deliver solar PV arrays and battery systems to more than 100 households on the island.

- Horshader Community Development Trust's community-owned turbine has funded numerous projects that improve quality of life and keep people living in the area, which previously struggled with depopulation. The sales of community-owned electricity have funded hardship grants to those experiencing fuel poverty, a new base for the mountain rescue service, a minibus for a community transport service, to supplement the insufficient public transport, a lunch club for over 65s and the purchase of polycrubs (durable polytunnels that can withstand Scottish island weather) to enable the community growing project.

When communities are given freedom to decide how to spend the funds, they do so in the best way to meet community need and in alignment with local, democratically developed plans.

Administration

20. Do you agree with the suggested roles and responsibilities defined for the developer, fund administrator, administrative body, community representatives and community, and with the proposed governance structure? Would you suggest any amendments?

- Funds should be managed and distributed directly by the community – not developers – to ensure long-term, secure income for community projects.
- Administration costs for community organizations managing funds are appropriate, but the 30% limit for governance spending is too high.
- A central administrative body is needed to monitor and enforce scheme compliance.
- Community representatives making funding decisions must be democratically elected and can be compensated for their time to encourage participation.

The scheme and the guidance should be co-designed with communities not just 'in collaboration with the Scottish and Welsh governments.'

The way that the **fund administrator** role is described is unclear. Funds should be governed and distributed directly by the community, not by the developer themselves. Communities should have a long term secure income from the community benefits funds, in order to invest in increasing their own capacity and to undertake longer term and more ambitious projects if they so desire.

If the fund is administered by a community organisation, then it is appropriate for their administration costs to be covered by the fund. However, 30% is too high a limit for the amount of the fund that can be spent on governance, which should be proportionate and appropriate, with focus on getting the most funds distributed out to tackle priorities within the community.

We agree that there is a need for a **central administrative body** to monitor and enforce compliance of the scheme. This should be the same body that oversees and enforces Shared Ownership.

Scotland has a good model of community-managed funds, which have the added benefit of building community skills and community cohesion. We would not want to see this undermined by a more centralised, top-down model of fund management. It would be worth consulting with community-managed funds like 9CC (community councils in Ayrshire), and with the many development trusts that manage community benefit funds from community-owned energy, to learn more about this model.

Community representatives that are chosen to make decisions about how funding is spent should be elected democratically and not simply identified by the fund administrator, to ensure that the scheme is credible and has a community mandate. There should be the option to compensate these representatives for their time to enable participation from all aspects of the community; however this should be to cover costs only. Whether a group is democratically elected and representative can be measured by whether they possess these characteristics:

• Open and accessible wide community membership across the entire relevant area
• Democratic and transparent Board elections led by the members
• Best practice community engagement and communication with all stakeholders in the community (e.g.

residents, local fishers)
• Profit used for wide community benefit and not individual gain

In some cases it may be most appropriate for the community or group of communities to establish a new community organisation which would provide governance of the fund and make decisions on spending. Community organisations could be encouraged to work with community banks, if they exist in the area, to provide fund management, as long as community members retain control over spending.

Low Carbon Hub in Oxfordshire commented to us that they are *"more focused on shared ownership than community benefit because our experience is that community benefit is being taken over (at least on our patch) by local authorities and just becoming another version of S106. So we need shared ownership to grow our own community benefit that we have control over and can focus on energy transition benefits for individual households, businesses and communities."* This easy option of entrusting community benefit funds to local authorities and/or using community benefits funds to fill black holes in public spending must be prevented. There are many examples of councils sitting on CIL and Carbon Off-set Funds because they don't know how to spend them.

21. Do you agree that some flexibility in the governance structure is needed? If yes, do you think that the suggested 'truncated' governance approach would adequately capture and reflect the needs of smaller funds or communities with less capacity?

Flexibility is needed. However even smaller funds and communities with less capacity are better administered from within the community or by an organisation with a track record of community engagement in that community. Ideally the fund will be an opportunity to build capacity in the community and even get a full-time role to handle this and other community development tasks, so building self-determination into the community and the fund administration for the long term.

22. Do you agree with the proposed approach to the decision-making process?

Democratic decision-making requires good process. It should not just be left to the fund administrator to 'consider how best to ensure the decision-making process is democratic'. Many cooperative organisations have good process built in but good guidance on governance and process should be co-produced by the Government and cooperative organisations with a track record in the field.

23. Do you agree with the deadline of one year before payment is due for having governance structures in place?

We agree that this is a good interval allowing organisations and strategies to be set up. However as long as the administering entity can show it is fully prepared this should not be allowed to delay first payments or to disallow a community from being eligible to perform this role.

24. What would be an appropriate cap on spending from the fund for administrative functions? What costs can you anticipate the fund structure would entail? What costs have you incurred in setting up voluntary schemes? Do you think we should set out a sliding scale for larger projects?

The recommended 30% is too high, especially if it could potentially all be spent on a Fund Administrator appointed by the developer.

It should be noted however that in many cases a professional community administrator/convenor can enable more long term benefit and community capacity to be developed than the same amount of money spent on capital investment in projects. This type of role should be allowed and encouraged as a spend from the Fund. The Fund Administrator and this role may be performed by the same person.

Enforcement

25. Do you agree with the suggested approach to enforcement of this potential scheme? To what extent do you think the enforcement mechanism outlined above is appropriate and proportionate for this potential scheme? What other details could be considered?

The proposals seem appropriate and proportionate..

26. Do you agree with the proposed chain for dispute resolution between communities and administrators? Is the proposed escalating chain for resolving disputes appropriate and proportionate? Do you think we should include any more specific instances or reasons for enforcement action to ensure the robustness of the scheme?

The proposals seem appropriate and proportionate. The list of instances of non-compliance is an adequate start.

27. Should consideration be given to imposing any of the proposed enforcement actions on other persons or groups under the scheme? Please provide your reasoning.

28. What do respondents think would be a practical use for any additional revenue generated from civil penalties?

Assuming the default has been recovered for the community the penalty should pay any costs and damages the community incurred from the default and in pursuing enforcement. The remainder should be divided between the local fund and the National Wealth Fund, probably on a 50/50 split.

Defining communities etc

29. Do you think a case-by-case approach to defining the community is appropriate? Are there any other bodies or groups not listed above that should be part of the engagement process for determining eligibility?

- Defining communities requires a case-by-case, democratic approach to ensure fairness and inclusion.
- Community self-definition can empower but needs careful, sensitive handling.
- Proper resourcing and transparency are essential to avoid reinforcing inequalities.
- The process must prioritise genuine community empowerment and fair access to benefits.

Communities differ widely, so a case-by-case approach is appropriate and necessary to ensure inclusion, fairness and effectiveness across diverse geographies and community contexts. This should not be a top-down approach by the fund administrator, but should be a democratic process, which should start during the pre-planning engagement to discover which communities are impacted by the development, have the most need locally, etc. From experience of Neighbourhood Plans under the

Localism Act, the process of a community self-defining and setting its boundaries can be powerful but also divisive and exhausting. So it needs to be handled sensitively and with a good process.

"Community" is not a fixed or uniform concept—what constitutes a coherent, representative community in a rural village may be very different from a densely populated urban neighbourhood or an island setting. It is important to understand that the process of community encompasses diversity of identity and opinion, inequalities of power and opportunity, and often differing views on what is in the best interests of the community.

Without sufficient resources to pay for staff time, many community organisations rely on volunteers who may tend to represent a demographic with the socio-economic, educational and time resources to take on these roles. As a result, the voices speaking on behalf of the community may not be representative, may be unaware of the different needs within the community, or may be seeking to advance a particular agenda in relation to a specific vision of the community based on personal beliefs/interests. Groups representing a community need a mandate, clear governance structures, and active mechanisms (which may include reimbursement) for participation, oversight, and accountability.

In addition to the issues of representation and personal bias, the reliance on volunteers to deliver community engagement and community benefit is unsustainable and unfair. Communities with funded Community Development Officer roles within anchor community organisations, such as Development Trusts, not only provide much-needed employment but are also able to put time and expertise into effective community engagement. This is important to ensure that community engagement is balanced and inclusive of a wide range of different perspectives, and that planning or decision-making processes are participatory, transparent and accountable, and deliver outcomes with a community mandate.

Anchor organisations that have appropriate governance structures and are actively engaged with their community understand the challenges and opportunities of the specific local context. This allows them to build trusted relationships within the community and deliver impactful actions addressing local needs.

A case-by-case approach to defining "community" is not only appropriate — it is essential if this consultation is to lead to a fair and effective model for community benefit. The risks of a top-down, one-size-fits-all approach are too great, particularly given the complexity and diversity of communities across the UK. But this must not become a tokenistic exercise: how community is defined will shape who gets access to benefits and who is left out. If this process is not well-resourced, transparent, and grounded in genuine democratic engagement, it will risk reinforcing existing inequalities, privileging the loudest or most well-connected voices over those with the greatest need. There is urgency here: communities are already being stretched by the demands of climate adaptation, rising costs, and volunteer burnout. Without investment in strong local anchor organisations, fair representation, and accountable governance, the system risks delivering benefit in name only. This consultation must seize the opportunity to set a new standard — one that recognises complexity, demands integrity, and puts real power in the hands of communities.

30. Do you agree that capacity building will be required in communities? What do you believe this should look like and who do you believe is best equipped to carry this out? Please provide reasons for your answers.

- **Capacity Building is Critical for Inclusion**: Targeted support is essential to enable communities—especially those in economically disadvantaged areas—to meaningfully participate in energy projects and shared ownership schemes.
- **Comprehensive Support Components**: Capacity building should include independent advice, seed funding, training, peer learning, and digital support, delivered by trusted local organisations and partnerships with universities or national bodies.
- **Good Governance and Funding Principles**: Community benefits and shared ownership require transparent, accountable, and flexible funding strategies aligned with community priorities, supported by expert facilitation and strategic planning.
- **Capacity Building Must Be Embedded From the Start**: To empower communities fully in the energy transition, capacity building must be integrated into project design and delivery from the outset, ensuring flexibility, local relevance, and sustained support through trusted intermediaries.

Yes, capacity building is essential. Without targeted support, many communities—particularly those in areas of economic disadvantage—will be unable to participate meaningfully in energy projects or shared ownership schemes.

Capacity building should include:

- Access to independent advice and facilitation to help communities understand technical, legal, and financial aspects of projects;
- Seed funding and early-stage development grants to support feasibility studies, community meetings, or formation of legal structures;
- Training and peer learning networks to share lessons, avoid duplication, and strengthen confidence;
- Digital and data support, particularly in underconnected areas.

The most appropriate delivery agents are those with existing community trust and track records, such as Community Energy England, Community Energy Wales, Community Energy Scotland, regional intermediaries, and local anchor organisations. Partnerships with universities and national bodies could also enhance technical and financial skill-building.

This investment in capacity is not a “nice to have”; it is a critical enabler of a just transition that empowers communities, rather than treating them as passive stakeholders.

Governance and fund management is an area where a number of communities will require support and there is a need to raise awareness of existing services, such as those provided by Development Trusts Association Scotland in Scotland.

Foundation Scotland has published its *Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds*, and the key principles for maximising community benefit (which also apply to shared ownership models) should be:

- Grounded in a long-term, flexible funding strategy that reflects a community's context and priorities
- Transparent, accountable, representative and professional
- Targeted to support community wealth building
- Evaluated against its community impact

Lack of local capacity is identified as a barrier to implementing these principles. Foundation Scotland recommends that 'sufficient resources are made available to support local and community strategic planning that aligns with good practice community participation and co-creation'. It also highlights the opportunity to 'draw in the expertise of third parties who are experienced in facilitating community-led decision-making'.

Case Study: Glasgow City Council – Community Renewable Energy Framework developed to overcome early renewable energy project hurdles

The Community Renewable Energy Framework (CREF) developed by Glasgow City Council provides early-stage support to community groups aiming to deliver local renewable energy projects. By identifying suitable sites and offering structured guidance and capacity-building through a dedicated working group, CREF helps communities overcome key barriers such as land access, planning, and finance, ensuring projects are community-led and locally relevant.

CREF demonstrates the importance of proactive, structured capacity building at the early stages of renewable energy projects, helping communities overcome planning and technical barriers.

Case Study: Carbon Neutral Islands (CNI) : Capacity Building for Community Climate Action

As the delivery partner for the Scottish Government's Carbon Neutral Islands (CNI) programme, Community Energy Scotland supported six islands—Yell, Hoy & Walls, Raasay, Barra & Vatersay, Islay, and Cumbrae—to develop Community Climate Action Plans. Each island received funding to employ a Community Development Officer (CDO) hosted by a trusted Local Anchor Organisation. Community Energy Scotland provided tailored support including training, networking, and technical assistance, while also creating opportunities for peer learning. The combination of human resource on the ground, combined with external expertise, has led to tangible impacts in these communities and the development of projects including:a 135 kW solar array on Islay, which will generate additional clean energy and generate revenue to fund local energy efficiency and community benefit projects through the Islay Energy Community Benefit Society. On Cumbrae, energy efficiency upgrades including solar PV, battery storage, insulation, and zero-carbon heating systems have been delivered in four key public buildings, reducing energy consumption and improving comfort. Meanwhile, on Raasay, a collaborative retrofit project involving 42 homes is underway, supported by local and national partners, to deliver grant-funded whole-house energy efficiency improvements that will significantly reduce emissions across the island's housing stock.

The CNI model illustrates how embedded, locally based staff combined with national technical support can effectively build capacity and deliver inclusive, community-led decarbonisation strategies.

These examples highlight that capacity building must be embedded in project design and delivery from the outset. It should be locally grounded, flexibly funded, and delivered by trusted intermediaries. Only with this foundation can communities play a meaningful role in the transition to a low-carbon economy and realise the full benefits of energy projects and shared ownership.

31. Do you agree that capacity building and engagement should be funded by the community benefit fund administration budget? What do you believe should be done in cases where the administrative cost of capacity building and engagement initiatives are too costly for smaller-scale projects?

Public engagement and capacity building must be carefully and clearly defined and delineated. Public engagement and building capacity in the community to co-design the project during early development of projects must not be allowed to be a 'future charge' on a community benefit fund. This must be at risk development expense. It will pay dividends in a more supportive, empowered community better able to administer a community benefit fund.

We believe the proportion of the fund dedicated to community engagement should be decided by the community. In the early days the community may decide that there is a need for a larger percentage to be spent building capacity, setting up a community organisation, or funding a development officer to engage the community to build democratic legitimacy and systems in order to deliver better community benefit in the long term. But this must not be imposed on the community if they wish to prioritise spending on other projects or activities.

32. Do you agree community engagement should be led by the fund administrator? Do you believe our proposals have any unfair impacts on those with protected characteristics? If yes, which groups do you expect would be specifically impacted? Please provide supporting evidence.

Community engagement should be led by someone who understands the local community, is trusted by them, and has their best interests at heart.

If the fund administrator is a person who has been chosen by the local community, such as a development officer at a local anchor organisation or a trusted organisation well known to the community, then it may be suitable for the fund administrator to also be the person who leads community engagement around how community benefits funds should be spent.

However, if the fund administrator is an employee of the private developer (which we would not recommend), then this may be inappropriate for a number of reasons:

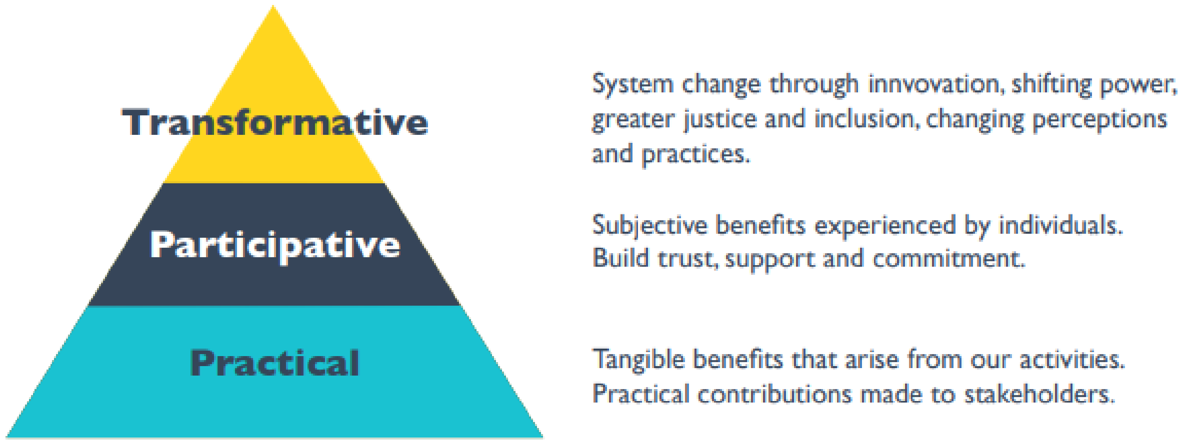
1. The fund administrator may not be seen as impartial by the community, who may suspect them of having an agenda or trying to push certain type of projects.
2. Engagement around the development itself may become confused with engagement around the actual expenditure of the funds.
3. If community engagement is funded from the benefit funds, as per the previous question, it may be perceived by the community that 'their' community benefit funds are being spent on staff salaries/overheads for the development itself.

These perceptions may lead to more suspicion, undermining the potential that community benefits have to build stronger relationships between private developers/developments and the local communities.

Shared ownership

Introduction.

Mandatory shared ownership is essential to achieving the buy-in to and participation in the energy transformation that is necessary for it to be successful. It also delivers many times more community benefit than mandatory community benefit which can be transformation for communities.



(Barnes et al 2024)

Community ownership creates additional value layers beyond those that commercial ventures typically provide. While commercial ventures can deliver practical value, community energy delivers greater quantities of practical value and is more likely to provide two qualitatively different additional layers.

<u>Practical Value</u>

Community energy projects deliver practical value many times greater than commercial schemes. This enhanced practical value encompasses measurable outcomes across social, financial, technical, and environmental dimensions, arising from community energy activities and strategic application of profits.

<u>Participatory Value</u>

Community ownership is more likely to deliver participatory value - subjective outcomes experienced by individuals involved in energy projects. Unlike measurable practical value, these benefits are personal and harder to quantify. This value layer strengthens community well-being, builds public support and trust for sustainable initiatives, and encourages long-term participation through empowerment, fairness, social capital, and sustainability.

<u>Transformative Value</u>

Community ownership is also more likely to deliver transformative value, creating systemic change by fostering innovation, redistributing power, promoting justice, and reshaping public attitudes toward the energy transition. This transformative dimension is crucial for building public acceptance necessary for successful energy transition.

It is important that all low carbon technologies including heat are mandated to offer shared ownership. It is vital that the long term assets such as heat networks are owned and controlled by communities as much as possible. A community share in an asset can create a collaborative relationship with the developer and asset majority owner. Heat networks acquired a bad reputation over recent years especially when run by faceless councils or housing providers. Large utilities are not trusted and them having exclusive control of heat assets would set back heat decarbonisation. Having control of a long term asset can also enable a community organisation to fund other complementary interventions such as retrofit, storage, solar, smart controllers.

Consultation questions

33. Are you aware of evidence which suggests that shared ownership has or has not delivered the benefits referred to above?

We have outlined below some additional evidence in support of the four benefits highlighted:

1. **Accelerate Net Zero**

Faster planning and consenting processes: Community and shared ownership increases public support for low carbon infrastructure projects. 62% of the public would support community-owned energy in their area, significantly more than for privately owned energy developments. For private developers, studies have shown that having a community group onboard as a financial partner can lead to a faster development process by improving the perception of the project, leading to less opposition and fewer legal objections, appeals and delays.

2. Provide an avenue into community ownership and promote a just transition

Whilst we recognise that many community groups do face capacity and resource issues which are addressed elsewhere in this response, it should be recognised that even where communities have the capacity and desire to fully own and control renewable energy projects, in many cases there is no opportunity for them to do so due to the fact that the grid is at capacity and all remaining space has been reserved by developers. In many areas, shared ownership in a private development (whether it is nearby or not) may represent the only opportunity for communities to take a genuine stake in the energy sector.

3. **Potential for greater benefits than privately owned projects**

Community energy ownership offers by far the greatest financial benefits to local economies from the transition to green energy and, by extension, to the national economy as well. Community-owned energy offers multiple times (between 20 - 100x) more financial income to communities than even best practice community benefits schemes alone, as well as a secure income stream that communities can use to address local priorities.

In addition, community ownership of energy - whether that is 100% owned or shared ownership - also delivers invaluable social benefits by boosting community skills, entrepreneurship and self-confidence, especially in areas suffering from historic low growth and low incomes. Where shared ownership has been successful, the impact has been significantly greater than from similar projects paying community benefits to the community - both financially but also in terms of social and economic impacts and skills development. For example, Fintry Development Trust established a commercial arm (Fintry Renewable

Energy Enterprise) to take ownership of one fifteenth of developer-led Earlsburn Wind Farm in 2007. Their £2.5m loan to finance their shared ownership was fully paid off in 2023 and they now have a considerable income from the arrangement. This has: enabled them to support the community with grants during fuel and cost of living crises; provided employment for three staff and other consultants; ensured they are not reliant on grant funding for other community projects; and given the community freedom to think outside the box and push boundaries for environmental solutions that meet local needs

4. **Utilise local skills and knowledge and developers's expertise**

There are multiple examples like the one in the working document (Huntly Development Trust) where community organisations have been able to build on the experience of community ownership of renewable assets to go on to manage and deliver a range of ambitious programmes. For example, Galson Estate Trust has gained significant technical and project management experience from installation and operation of three 900kW turbines at Baile an Truiseile which have given the team the confidence not only to deliver a wide range of local projects using the income from those turbines, but also to take on more ambitious projects. These include the establishment of West Coast Community Energy, in collaboration with two other community estate trusts. West Coast Community Energy has negotiated with a private offshore wind developer to secure an initial community benefits commitment of £4.5m per year and has also secured a firm grid connection for an ambitious 43 MW wind farm, which will be the largest community energy project in the UK when it starts operation in October 2033.

34. Are you aware of any evidence to support other benefits of shared ownership for either communities and/or developers?

In addition to the areas highlighted above, there are a number of reasons why shared ownership can deliver:

Beneficits for developers:

- **Increased public support:** As stated in the previous question, a level of community ownership increases public support for low carbon infrastructure projects 62% of the public would support community-owned energy in their area, compared to just 40% for fully privately-owned developments. Increased public support also translates into improved investor confidence and should lead to increased investment.

- **Access to new sources of finance:** Community groups often have access to alternative sources of funding and finance, which they can bring to a project. These include democratic finance models (e.g. community shares and community bonds) and support from government programmes (such as the Scottish Government CARES scheme and potentially from GBE as described in question 41). Initial conversations with lenders such as Triodos and Scottish National Investment Bank show willingness to fund community shared ownership stakes in larger projects.

- **A level playing field and increased certainty for investors.** Scottish Renewables' latest Supply Chain Insights report shows that the biggest barrier to investment is "navigating policy changes and regulatory uncertainties." Making shared ownership offers mandatory for projects above a certain threshold, and setting the level of shared ownership that must be offered, would provide long-term certainty and a level playing field across the UK.

- **Faster time in planning and higher rates of delivery.** Having a community group as a financial partner can lead to a faster development process by improving perception of the project, leading to less opposition and fewer legal objections, appeals and planning delays. This translates into higher project delivery rates. Rapid expansion of wind in Denmark was driven by mandatory shared ownership policies. Regen's Power of Places (2024) report shows locally owned renewables receiving greater public support and reducing opposition compared to commercial alternatives.

- **Incentive mechanisms for developers** – some incentives already exist to encourage shared ownership, such as non-domestic rates relief for renewable energy generation schemes in Scotland. It is our belief that more incentives should be introduced in parallel with the UK Government's proposals to make shared ownership mandatory, if it is to work for everyone.

- **Brand perception**: having a positive impact on communities is good for public perception of developers, aligns with Corporate Social Responsibility priorities and helps them to meet and/or exceed existing good practice guidelines. It also builds public trust, which is crucial for the energy transition.

Benefits for communities:

- **Enhanced civic engagement:** A survey of 4,862 adults in Great Britain (October 2024) demonstrates significant public willingness to engage in community energy through volunteering, investing, and reducing energy consumption

- **Multiplier effect:** Involvement in community energy leads to broader participation in other sustainability initiatives. Community Energy England's State of the Sector Survey (2024) shows that 76% of members and supporters become involved in other sustainability initiatives,

- **Inclusive participation:** Regen's Power of Places (2024) report emphasises that local energy projects foster inclusive participation and social cohesion

- **Increased local autonomy:** Community energy ownership boosts local resilience and income, strengthening community benefits.

- **Builds public trust:** Trust is critical for the energy transition: Community energy organisations are widely trusted for their local expertise and independent advice, unlike profit-driven companies and government.

- **Better uptake:** Initiatives like Plymouth Community Energy achieve 4.5 times higher rates of energy assessment uptake compared to commercial providers.

- **Authentic local networks**: Non-commercial projects build credibility through independent intermediaries and trusted local networks.

- **Trusted intermediaries:** With government and media trust at a ten-year low, community groups are well placed as trusted intermediaries.

Shared ownership is a form of community ownership. Community-owned energy is a powerful force making the net-zero transition faster, fairer, and more inclusive. It brings communities together, drives local action, and turns collective effort into lasting impact. Its bottom-up approach puts people at the heart of the energy system, ensuring that local voices shape the transition and can benefit from the opportunities it brings. By fostering collective ownership, democratic decision-making, and place-based action, community energy delivers significant environmental, economic, and social value.

The energy transition is not just about infrastructure and technology – it is about people, fairness, and building a future where everyone benefits. The current evidence shows community energy is one of the most effective ways to ensure that decarbonisation strengthens communities rather than leaving them behind.

By increasing participation, building trust, and delivering real local benefits, community energy enables people to engage meaningfully with net-zero goals. It ensures that the transition is not only environmentally necessary but also socially just, supporting stronger, fairer, and more resilient communities across the UK.

In order to maximise these benefits, shared ownership must include voting rights for the community organisations that own the shares. Shared ownership should be offered before the planning stage, so that the community organisations that take up shares have some influence over the size, design and location of the development. This will help counter opposition to new energy infrastructure, by genuinely involving communities in the transition.

Community and shared ownership delivers greater value - both quantitatively and qualitatively - than commercially owned energy projects, and much of that value is retained in the local area. (As argued by The Centre for Local Economic Strategies and Scottish Land Commission (2024)).

The Institute of Welsh Affairs (2024) illustrates that community ownership in renewable energy projects can redistribute income effectively, ensuring that local communities retain a greater share of economic benefits—a model successfully demonstrated in Denmark.

The 2025 Energy Learning Network report "Community energy in action: demonstrating the value of community-led solution" sets out this in more detail and summarises the supporting evidence: https://ashden.org/storage/2025/03/ELN-Community_Energy_in_Action.pdf

Case study: Communities for Renewables

Communities for Renewables CIC (CfR) manages 47MWp of split ownership solar projects across 7 community energy enterprises, all built in 2016 and 2017. Most of them are a result of the ‘split FiT’ policy which provided a significant incentive for developers to engage in shared ownership for the 2 years it lasted.

These split ownership solar projects have between them generated over £5million of community benefit income to date. They are projected to generate over £30million of surplus income (after operating and finance costs) over their 30 year lifetimes, an average of £21,000 / MWp / year. The range from the least to most profitable project is £12,500 - £31,000 / MWp / year. Profitability varies for a number of reasons including: scale of project, finance costs and the upfront acquisition and build cost.

For comparison, commercial solar farms built at a similar time typically offered community benefit payments of around £500 / MWp / year with some as high as £1,000 and many offering no community benefit payment or a one-off upfront payment.

Burnham and Weston Energy

£4million community bondholders
(raised via TriodosCrowdFunding)

BURNHAM & WESTON Energy

Surplus after operating and bank finance costs

£7.4million long-term Triodos Bank loan

Asset Locked CIC

All surplus after operating and community bond finance costs to local community purpose:

- Energy advice service employing 4 people and supporting 500 homes per year
- Small grants to local community projects (£25k/year)
- Energy audits and efficiency measures for community buildings
- Solar Soft Loans to fund solar on local schools and community buildings (>£2m by June 2026)

- 9.3MW community-owned solar farm in North Somerset
- Acquired from commercial developer (as split ownership project) and built in 2016
- Owned by asset-locked CIC with local community purpose and governance and 1 member 1 vote membership
- Projected to generate over £7million of surplus income (after operating and finance costs) over 25 years

www.burnhamandwestonenergy.co.uk

Managed by CfR CIC:

- Set up the community company and managed purchase of the solar farm from a commercial developer
- Managed acquisition/construction financing and re-financing to long-term finance structure
- Ongoing company and asset management

Supporting evidence:

- The Forum for the Future (2020) underscores that public trust is critical for the energy transition, as communities must accept new technologies and data usage to support renewable initiatives. Without this trust, resistance to projects such as wind farms may lead to inefficiencies and energy losses.
- The Energy Saving Trust and Forum for the Future for DECC (2014) report found that volunteers trained by Plymouth Community Energy achieved a 4.5 times higher uptake for home energy assessments than those trained by British Gas, illustrating the effectiveness of community-led initiatives in building trust.
- A narrative review by the UK Energy Research Centre (Warren & Foulds, 2020) highlights that local, non-commercial community energy projects enhance trustworthiness and authenticity. It advocates for using independent, local organisations as intermediaries to overcome the low trust often associated with centralised government bodies.
- Mininni et al. (2024) in Energy Research & Social Science argue that trust is influenced by advisor motives, noting that people are particularly wary of profit-driven entities.This research supports the role of community energy as trusted intermediaries.

Additional studies

- (Simcock et al., 2014; Evensen et al., 2018; Mallaburn and Eyre, 2014) confirm that community groups, local institutions, and businesses are more trusted than central government and energy companies. Researchers like Rugkåsa et al. (2007) and Reeves (2016) advocate for engaging community organisations to enhance outreach, especially with fuel-poor groups.
- Further evidence from Walker et al. (2010) and Burchell et al. (2014) demonstrates that non-commercial project characteristics and local networks boost trust in renewable energy initiatives. Fornara et al. (2016) add that trusted local networks effectively encourage individuals to adopt energy-saving measures.

- The Climate Citizens Research Group (2024) reports that low trust in government can be mitigated if leaders address public concerns with ambitious, credible policies.The Centre for Sustainable Energy on behalf of Community on Fuel Poverty (2024) recommends empowering trusted intermediaries to offer clear, independent advice.
- The Edelman Trust Barometer UK Report (2024) confirms that trust in government and media is at a ten-year low, whereas peers and scientists remain highly trusted. Jennings and Paterson (2023) find that local government, community groups, scientists, and medical professionals are among the most trusted sources for communicating the co- benefits of climate action.
- Finally, practical examples such as the Clean Heat Streets project in Rose Hill, Oxford (2024) illustrate how peer influence drives technology uptake, while the ePlace-Based Climate Action Network (2020) emphasises that authenticity and mission-driven local organisations are key to building trust in climate initiatives.

35. Are you aware of any risks arising from encouraging shared ownership schemes?

We are aware of a narrative/myth that opening up shared ownership holds up developments and decreases rates of delivery. This does not have to be the case if developers engage early enough. There is no evidence to suggest that it takes community energy groups longer than private developers to raise funds or drive renewable energy projects forward. However, if a community group is only engaged at the last minute, then in effect they are being given less time than the developer for the same processes. Therefore it is crucial that private developers engage early with community groups to build in the time for them to engage with the local community and get a mandate from them to go ahead, access financial and legal advice, agree the terms of the shared ownership agreement with the developer and raise finance - whether through share offers, grants or bank finance or a combination of these.

As noted above, there is in fact evidence that having a community group as a partner in a project can actually speed up rate of delivery by improving perception of the project, which may help it to pass more quickly through the planning process. This could enable the developer to do more projects in the same time and lead to increased business.

Case Study: Neilston Community Wind Farm, East Renfrewshire

The Neilston Community Wind Farm is a flagship example of how shared ownership can lead to successful outcomes without delaying project delivery. Developed as a 50:50 joint venture between Neilston Development Trust (NDT) and Carbon Free Developments, the four-turbine, 10 MW wind farm was commissioned in 2013.

Crucially, the partnership was established early in the development process. This gave the community enough time to build internal capacity, consult residents, raise finance (including a £950,000 investment), and negotiate on equal terms with the private developer.

The result was a project that received strong community support, helped the wind farm pass through planning with minimal opposition, and has gone on to generate over £2 million for community projects in Neilston. The community's involvement has enabled reinvestment in local regeneration, energy efficiency, and youth programmes—demonstrating the wider social and economic benefits of shared ownership. (Had it received community benefit payments at the recommended level it would have received £550,000)

This case highlights how engaging communities as equal partners from the outset can de-risk shared ownership and even enhance project delivery, rather than hinder it.

36. What are the barriers to shared ownership in Great Britain?

Currently, there are neither incentives in place to motivate developers to offer shared ownership opportunities, nor a legal requirement for them to do so. As noted in q 42, a voluntary approach to shared ownership has simply not worked.

Whilst we have heard claims of large numbers of private developments offering shared ownership, this is not the experience of our community members in practice. Where shared ownership has been offered, such offers are in the most part not genuine. In one recent example, one of our members discovered that shared ownership was an option in a local windfarm near their community 8 years after it was granted planning permission, when he took it upon himself to read a comprehensive 67 page consultation document and found the opportunity for shared ownership referenced on the final page of appendix 8.

It is therefore crucial not only that developers offer credible shared ownership, but also that they do so in a proactive and transparent way, and that all such opportunities are listed on a centralised register.

The other key barrier right now for communities is a lack of targeted financial products for shared ownership. There is a need to work in collaboration with the finance sector to develop affordable products that meet all of the stakeholders' needs.

Resistance from developers is a key barrier. Incentives and benefits from engaging in shared ownership need to be put in place so that they want to engage in shared ownership. See q 44.

37. Do certain communities face barriers to shared ownership more so than others? If so, how and/or why?

- Communities new to large infrastructure projects may lack confidence in their capacity to manage them, so capacity building and support structures will be needed to enable shared ownership.
- Communities not near major energy projects (e.g., dense urban areas, national parks) may not have the opportunity to invest in shared ownership projects.

Communities that are not located near large scale energy projects may not have the opportunity to invest in shared ownership projects. This is especially likely in dense deprived urban areas and in rural areas that are protected e.g. National Parks and National Landscapes/Areas of Outstanding Natural Beauty.

Communities that have not previously had large infrastructure projects may face doubts at their capacity to take on such a project, which is why both capacity building as well as support must be built around shared ownership to ensure that there is confidence from all parties that the community groups have, either within their own team or through bringing in external help, the relevant skills, experience and finance to take any project forward.

Communities in higher levels of multiple deprivation may face additional challenges, such as fewer contacts in relevant professions (such as engineers and lawyers) to add to the expertise of the community organisation as it moves ahead. Additionally, raising funds through local share offers may be more challenging/impossible if there are fewer local people in a position to invest. (We have recently heard this from a developer as a reason not to seek shared ownership with such a community). However, these are also the areas that stand to benefit the most from all aspects of shared ownership - increased income, skills and social impact - and therefore **support should be targeted towards such areas where possible.**

As noted in q 43, we would not encourage individuals directly investing in private developments to be considered community shared ownership. Whilst share offers are a valuable way for community groups to raise finance, raising money from individuals does not in and of itself make a community energy scheme and so-called 'investor clubs' should also not be considered to be community energy. A community energy group should only be considered as such where there is an asset lock and where the profits are spent or reinvested in a way that addresses the needs and priorities of the wider community. If shared ownership is to be made mandatory, the partner organisation that takes a share of the private development should be a legitimate community energy organisation.

38. How can government ensure that low-income communities, or those experiencing higher rates of fuel poverty, are able to engage with shared ownership offers?

- An effective system is needed to alert local communities to shared ownership opportunities early, as most are currently missed.
- The UK Government should establish a public, interactive register of energy projects, obliging developers to submit shared ownership offers.
- Nationwide campaigns to raise awareness about shared ownership and facilitate community engagement will be needed.
- Communities require centralised support, including best practice models, and free financial and legal advice.
- Training for supporting organizations and government officials on shared ownership benefits is crucial.
- Shared ownership opportunities should prioritise nearby communities, then extend to other communities nationwide, with the option for other organisations to hold them temporarily if there is no community uptake initially.

Currently, there is no effective system in place to **flag opportunities for shared ownership to local communities at an early enough stage** for them to negotiate for a credible shared ownership arrangement, and therefore almost all potential opportunities are being missed. The UK Government should commit to create a publicly available register with an up-to-date interactive map with information about all proposed and existing energy projects, including stage of development and contact details for the community liaison. Developers should be obliged to submit information on shared ownership offers and arrangements to this register at a pre-planning, pre-development stage and to update as projects progress through planning and grid connection processes.

Additionally, **nationwide campaigns to raise awareness about the benefits of shared ownership** should take place and should be supported by outreach and information events by community umbrella organisations to their members, including specific outreach to groups located in areas located near proposed developments.

Community umbrella organisations should be given resources to flag upcoming developments to nearby communities and provide facilitation and support from the earliest stage of engagement through all stages of negotiations with developers. In addition, **communities should have access to centralised support** such as:

- Funding for dedicated community development officers in the community to help build community capacity to take on a share of ownership
- Provision of standardised best practice models and frameworks for shared ownership
- Access to free accredited financial advice and support
- Access to free legal support (separate for Scotland, Northern Ireland, England and Wales)

Training should be developed and delivered for all organisations that can have a role in supporting awareness raising and development of shared ownership opportunities, including climate hubs, third sector interfaces, etc.

Specific guidance and training should be developed for government officials and local authorities to have a good grounding in the benefits of community shared ownership and should be tailored so that they understand how they can use their roles to encourage more successful uptake of shared ownership opportunities across their areas of influence.

The Government should also work alongside industry bodies to raise awareness amongst developers of the benefits of shared ownership, including improved community engagement in, and support for, projects, potential for a faster and smoother planning process, and the opportunity for e.g. Renewable Energy Generation non-domestic rates relief in Scotland.

Shared ownership opportunities should be offered first to the communities located nearby the developments, and support should be available to those communities to be able to take advantage of these offers. Where those communities between them do not choose to take up the full 20% offered, these opportunities should then be offered to communities across the rest of the country, thus giving community groups that are not located near energy developments the opportunity to invest in energy infrastructure. In the last resort, where there is no local or distant community uptake, consideration should be given as to what other organisations (e.g. GB Energy) could step in (at least temporarily) to hold the shared ownership stake and deliver strategic local, regional or national benefits.

Case Study: Sanday Development Trust and Spurness Wind Farm
A trading subsidiary of Sanday Development Trust holds a 1/12th stake in the Spurness Wind Farm in Orkney, enabling the island community to directly benefit from renewable energy generation. Income from the shared ownership model supports local initiatives, including fuel poverty alleviation, community transport, and skills development. Surveys suggest that 63% of households locally are deemed to live in fuel poverty (Orkney Fuel Poverty Strategy, Orkney Islands Council, 2022), and Sanday Development Trust has responded with innovative housing projects to improve energy efficiency and affordability. This model demonstrates how community equity in commercial renewables can drive long-term resilience and self-determination in remote, low-income areas.

39. Do certain developers and/or particular sectors face barriers to shared ownership more so than others? If so, how and/or why?

- Different renewable technologies suit different shared ownership models—e.g., split site for solar, joint ventures for wind and hydro

- Developer size and business model affect willingness and capacity for shared ownership, with large commercial developers often more cautious than smaller or community-focused ones.
- Timing matters: earlier community involvement leads to more meaningful shared ownership, while late-stage inclusion limits options.

Barriers include lack of guidance, perceived risks, timing mismatches, and limited understanding of community benefits; early engagement and tailored approaches help overcome these. Different models of shared ownership may be more suitable for different technologies. For example, split site ownership may be more appropriate on a solar farm, while joint ventures may be more suitable for wind farm developments.

Certain developers and sectors may face more pronounced barriers to shared ownership, depending on the technology involved, the stage of development, and the business model of the developer.

1. Technology-Specific Considerations

Different renewable technologies lend themselves to different models of shared ownership. For example:

- **Solar farms**: These are often well suited to *split site ownership* models, where a portion of the site is community-owned or co-located alongside a commercial array. This approach is relatively straightforward due to the modular and ground-based nature of solar developments.
- Wind farms: These typically involve higher upfront capital costs and more complex planning and grid connection processes. As a result, joint ventures are more commonly used in shared ownership models. These require a higher level of collaboration and negotiation between the community and the developer, which can be a barrier if trust or capacity is lacking. *Revenue share* has also been used, for example by Energy4All in their projects with Falck Renewables.

- **Hydro**: These projects often use the joint venture model due to site complexities.. For example, the Kinlochbervie Community Hydro Scheme in the Highlands demonstrates how a rural community can co-develop and part-own a hydro project. In this case, the local community partnered with Highland Eco-Design Ltd to deliver a 100 kW run-of-river hydro scheme. The Kinlochbervie Community Company raised funds through grants and loans, and their involvement ensured that surplus income from the scheme could be reinvested into local priorities. This model shows that with the right partnerships and support, shared ownership in hydro is both achievable and beneficial.

2. Developer Size and Business Model

- Large-scale commercial developers may be more focused on project timelines, risk minimisation, and delivering returns to investors, which can make them more cautious about engaging with community partners—particularly if shared ownership is seen as an additional layer of complexity.
- Smaller or community-focused developers may be more flexible and open to shared ownership from the outset but can lack access to capital or legal expertise to structure effective partnerships.

- Utility energy companies might face internal governance or legal constraints that make entering into joint ownership agreements more difficult, especially if those agreements deviate from standard practice.

3. Stage of Project Development

The later a community is invited to join a project, the more challenging it becomes to structure a meaningful shared ownership model. Legal, financial, and design decisions may already be locked in, and communities are then expected to “fit in” rather than co-design. This is particularly true in offshore wind or larger onshore developments with complex ownership structures.

4. Barriers Faced by Developers

Barriers developers may face include:

- Lack of clarity or guidance on structuring shared ownership agreements.
- Perceived delays or risks associated with involving communities and having to overcome these misconceptions internally
- Concerns about commercial confidentiality and risk exposure when sharing project data with non-professional partners.
- Mismatch in timescales: community fundraising or governance processes may be perceived as slower than commercial project timelines.
- Limited awareness or understanding of the long-term benefits of community partnerships—such as smoother planning processes, local goodwill, and reputational benefits.
- Developers may lack knowledge and understanding of the local context and can underestimate the risks to a project if the community feels alienated and mobilises in opposition—compared to the advantages of having the community on board and actively supportive through shared ownership, where they stand to benefit directly.

Ultimately, while some sectors and developers face more barriers to shared ownership than others, many of these challenges can be addressed through early engagement, clear policy frameworks, and access to advice and support for both developers and communities. Tailoring the shared ownership model to suit the technology, development stage, and stakeholder needs is key to unlocking wider uptake across all sectors.

40. Does a particular barrier represent more of a barrier to shared ownership than others? If so, which and how?

Financing of shared ownership is a new area and there is a need for tailored financial products to support community groups in order to be able to invest, particularly where they do not have history of taking forward large projects and/or where the shared ownership model is a revenue share and the community does not in reality own an asset that finance can be taken out against.

Public and community awareness of the possibility of shared ownership is lacking. The national awareness campaign described above will be absolutely necessary.

41. What actions can the government take to address these barriers and promote further uptake of shared ownership, particularly in England?

- GB Energy should secure a 20% community-owned stake in private developments at the earliest stage, providing upfront finance to avoid project delays.
- This model would allow GB Energy to manage risk across a portfolio and enhance the value of shared ownership returns by investing early.
- Umbrella community energy organisations would help allocate these stakes to community groups, with GB Energy's investment converting to affordable loans for repayment into a revolving fund.
- This approach would de-risk shared ownership for all parties, facilitate rapid uptake and provide insights for developers, communities, and government.

GB Energy provides the opportunity for innovative financial models to fill the current gaps in the financing landscape for community shared ownership. This may include bringing together a consortium of finance providers interested in early stage investment and/or underwriting financial products from other organisations to give them confidence in the community energy sector. Recognising that in some cases communities will take some time to be able to self-organise, engage with developers, agree a deal, and secure affordable finance, our suggestion is that in these cases, at the earliest stage of the project GB Energy (with its partners) secures 20% in the development that will eventually be community owned. GB Energy would provide the upfront finance for this stake, ensuring that negotiations between individual communities and developers do not hold up the development of the project business model. GB Energy could make these investments on a portfolio basis, managing risk in a way that is not possible on a 'one community, one project' basis. Stepping in with finance at the early stage of development will significantly raise the value of shared ownership returns, by investing at market value during the pre-construction or construction phase and thereby securing the risk premiums earned as projects progress from acquisition to operation. This would still allow GB Energy to create a sustainable financial business model while at the same time protecting communities from the risk of inflated commercial valuation of projects and investment stakes negatively impacting financial models.

Alongside this, with the support of community energy umbrella organisations such as Community Energy Scotland, Community Energy Wales and Community Energy England, separate activities can focus on capacity building of relevant community organisations and securing agreements with them to allocate the full 20% stake across a number of community groups (with priority for local groups but with the option for other qualifying community organisations to invest where there is not enough local interest. At this point, the community groups would agree governance arrangements and sign shared ownership agreements with the developer, and the investment made by GB Energy would be transformed into loan agreements with the respective community groups, who would pay back the loans at an affordable rate into a revolving GB Energy fund, to be reinvested in future projects. Where for whatever reason the full stake is not taken up at this stage, GB Energy can 'warehouse' projects until local community organisations are ready to take advantage of the opportunity.

This model derisks shared ownership for developers, communities and GB Energy whilst allowing for rapid progress to be made in increasing uptake. It also provides the opportunity for GB Energy teams and community groups to gain significant insight into project operations and business models by having a seat at the table throughout the development process, and at the same time providing support and insight to the developer from Government and local communities. Uniting the efforts of government, communities and developers will maximise the success of a just transition to the new energy system.

In addition to this solution, other ways in which financing of shared ownership can be addressed include:

- Bespoke, affordable and patient financing products created for the community shared ownership market. Large scale lenders such as Triodos, SNIB, and Better Society Capital should be approached to create bespoke products that complement other democratic finance models.
- Government loan guarantees or booster investment programmes could derisk CSO investment and bring forward cheaper investment.
- Awareness raising about democratic finance models that can be used by communities (particularly community shares and community bonds) to match any debt finance.
- Both developers and community organisations should be supported to understand that for a shared ownership investment to be commercially viable the community's return on investment must exceed its cost of funding, and therefore that the community joining a project early may ensure that the pricing of the offer makes their inclusion financially viable.
- The devolved national wealth funds referred to in other questions could also potentially be used to provide grants and affordable debt for communities exploring shared ownership.

42. How successful has a voluntary approach to shared ownership been? Should the government continue with a voluntary approach or consider expanding shared ownership, possibly via a requirement for developers to offer shared ownership to eligible communities?

- Voluntary shared ownership approaches have failed to achieve significant uptake in the UK, despite targets and guidance in England, Scotland, and Wales.
- For instance, the Scottish government's ambition for 50% shared ownership in new wind projects has not been realised. Only 0.2% of onshore wind projects in Scotland use a shared ownership model.
- In contrast, countries like Denmark and the Netherlands have seen success with mandatory shared ownership policies.

Experience over the last decade across the UK has shown that a voluntary approach to shared ownership simply does not lead to a significant uptake.

<u>England</u>

As part of the Coalition Government's Community Energy Strategy in 2014 a Shared Ownership Taskforce was established linking community energy organisations and commercial developers. The Taskforce produced a report, which recommended shared ownership of onshore renewables as a way of maximising benefit to the community, increasing energy literacy and involvement in decarbonisation and getting buy-in to the build-out of renewables. It outlines a number of different models of shared ownership, as well as the idea of wholesale transfer of a completed asset to the community. Sadly due to the block put in place on onshore wind in England by the Conservative government in 2015 very little was built and most of the report recommendations have not been acted on.

However, one of the recommendations was enacted as part of the Infrastructure Act 2015 (Section 38/39 & Schedule 6) which made provision for the 'Community Electricity Right' referred to in this consultation, which to date has not been exercised through secondary legislation.

The Government response to the Taskforce report stated that "We expect that by 2015 it will be the norm for communities to be offered the opportunity of some level of ownership of new, commercially developed onshore renewables projects. We will review progress in 2015 and if this is limited, we will consider requiring all developers to offer the opportunity of a shared ownership element to communities." To date, neither this norm nor this requirement have been realised.

Scotland

The Scottish Government has had community shared ownership of private renewable energy as part of its ambition since 2014, and in its 2017 Onshore Wind Policy Statement, set out a target that "by 2020, at least half of newly consented renewable energy projects will have an element of shared ownership." Further support include the Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments, published in 2019, the Onshore Sector Deal signed in 2023, and some support for shared ownership through the Community and Renewable Energy Scheme (CARES).

Despite this, to date only 0.2% of Scotland's current wind power is owned by communities through a shared ownership arrangement.

This experience of more than ten years of inaction by developers shows clearly that simply putting in place targets or good practice guidance will not result in significant uptake in Shared Ownership and that if we are to meet the 8 GW target the UK Government needs to act now to put the right legislation, resource and support in place to make it happen.

Wales

Welsh Government set an expectation for all new energy projects in Wales to have at least an element of local ownership from 2020 onwards. Of the 30 projects which have come into the Planning Inspectorate Wales process since 2020, 9 are considered exempt on the grounds of meeting the 'local ownership' definition in Welsh Government's guidance (published 2022), and just 8 have publicly stated (on project websites or consultation materials) that they will offer some form of shared ownership at some point. 10 of the projects have made no comment on shared ownership. Only 3 projects have signed agreements for a proportion of shared ownership with community counterparties prior to submitting planning applications.

The learning from Wales is that verbal commitments alone from the developer community to meet the shared ownership policy objective are not sufficient, and that a more robust approach will need to be taken for shared ownership to be implemented by developers.

International examples

In contrast, in Denmark, laws introduced in 2011 obliged developers to offer shares worth at least 20% of the total project to local communities – with first priority for those within a 4.5 km radius and then open to those further afield. Far from stifling development, this law has led to a green energy revolution, with developers now offering well above the minimum as standard. 52% of total installed wind capacity is now citizen-owned.

In the Netherlands since 2019, there has been legislation **requiring commercial renewable energy projects to offer 50% of the project for community investment** ("a balanced ownership division") and for this to be mandatory by 2030. The legislation needs to be first transposed into local policy first for it to be locally valid, and this has not been done everywhere yet which is why it is not yet mandatory everywhere.

There can be exemptions from the scheme. The Dutch government planned to set up community energy early stage 'at risk' funding support to be paid back on financial completion into a revolving fund. Below is an extract from the Dutch Climate Agreement legislation, June 2019

"In order to ensure the success of the projects for the construction and operation of renewable energy on land in the energy transition, the community and market parties will collaborate on the development, construction and operation in areas with opportunities for and ambitions with regard to renewable energy generation. This translates to a balanced ownership division in a region that strives to achieve 50% ownership of the production in the local community…

There are two areas that present major obstacles to their participation, the first of which is a lack of knowledge. Local initiators will be encouraged to make use of the knowledge and expertise that will be available at the Centre of Expertise yet to be set up.

In addition, pre-financing costs are a significant obstacle. The Ministry of Economic Affairs and Climate Policy has made a contribution in this regard. By July 2019 at the latest, InvestNL, ODE, the IPO and the VNG will have examined whether provinces and municipalities may be able to ensure that autonomous energy cooperatives can rely on a scheme that would allow the funding for the studies and corresponding project support required for a successful permit application. This issue expressly does not concern the funding of the required capital for the project. Upon financial close of the project, these funds will be returned, thus resulting in the creation of a revolving fund. In addition, it will be reviewed whether fees associated with the project can only be charged upon financial close of the project, or if the project is abandoned."

43. If shared ownership is expanded, should regulations be made in accordance with the existing provisions relating to the 'Community Electricity Right' in the 2015 Act? If you consider that amendments should be made to the scope of the existing provisions, what changes should be made and why?

The existing primary legislation should be amended in the following ways:

- As written, the Secretary of State can only set up to 5% as a minimum stake that private developers must *offer*. This must be amended, so that the regulations can set a higher minimum stake of 20% that should be *offered* to community energy groups. This would allow communities to take a more meaningful minority stake in a project, which in turn may make it less risky to finance. Any individual community organisation or group of organisations could in turn decide what percentage they wish to invest, collectively up to the maximum amount. Historically, where a minimum standard has been mandated, private developers have not exceeded this, so the minimum benchmark should be more ambitious than 5%.

- Currently within the legislation, shared ownership would only be available to communities that directly host or are adjacent to any energy projects. This should be amended so that any communities across the UK can have the opportunity to invest in shared ownership – including for offshore projects, for which developers could potentially try to argue that there are no 'host' or 'adjacent' communities. Whilst we would expect host or nearby communities to get priority for shared ownership offers, if they decide not to take them up, these opportunities should be open to communities across the UK to invest, to ensure that no opportunities are lost, and that all communities have access to shared ownership opportunities. This is important if we are to ensure a just transition where no community is left behind.

· The legislation defines community as a 'geographical area' – again, the definition of community should be broadened to include those that are not based solely on geography, but share a common characteristic or interest within a geographical area. This applies particularly to urban areas where communities are often not only geographically defined.

· The primary legislation has provisions both for groups and for individuals who wish to exercise the right to buy a percentage of a project. **The secondary right to buy legislation should *only* be applied to legitimate registered community organisations with an asset lock**. This legislation must not be used to facilitate private gain by wealthy individuals through direct investment in commercial renewable developments. Community share offers and other forms of democratic finance can be an excellent way to fund a community stake and deliver genuine community benefit. To ensure this, any share offer should be run by an asset-locked Community Benefit Society, where both profits and assets are ringfenced for the wider community. Importantly, Community Benefit Societies are not permitted to distribute profits or pay dividends; instead, they can offer a modest, capped rate of interest on investments to reflect a fair cost of capital. To maintain accessibility and fairness, minimum investment thresholds should be kept deliberately low, enabling broad participation from local residents and preventing exclusive or high-barrier investment models that could undermine the principles of community ownership. (NB, other non-profit cooperative structures with asset lock may be used, such as Cooperative Societies).

44. If shared ownership is expanded, how will communities and developers need to be supported for a mandatory shared ownership scheme to be successful?

- **Capacity Building and Long-Term Support**: Communities need ongoing capacity building, technical advice, and governance support to engage equally with developers and manage projects sustainably.
- **Incentives and Policy Enforcement**: Incentives should reward genuine shared ownership offers, with clear enforcement to ensure compliance and integration into planning, procurement, and grid connection processes.
- **Comprehensive Support Framework**: Effective shared ownership requires clear policies, legal frameworks, incentives, developer education, and accessible financial tools to support both communities and developers.
- **Early and Inclusive Engagement:** Shared ownership must be embedded from the start of project planning to enable meaningful community involvement and co-design.
- **Addressing Structural Barriers**: Policy must tackle systemic disadvantages to ensure all communities—regardless of location or resources—can participate fully, unlocking long-term community empowerment and benefits.

To ensure a mandatory shared ownership scheme is effective, fair and accessible, it must be developed in a way that provides the necessary support and reassurance to all key stakeholders and overcomes all relevant concerns and barriers. Both communities and developers must be supported through a comprehensive framework of policy, incentives, guidance and support, relevant tools and templates, and capacity building. Shared ownership should be viewed not as a tick box exercise but as a transformational opportunity to build resilient, empowered communities and mutually beneficial partnerships between communities and developers. This can be achieved through the introduction of:

1. Clear Policy Guidance and Legal Frameworks
A robust legal and policy framework must define shared ownership expectations, timelines, and models. Communities must be supported to select ownership structures that preserve community control and income streams. These models must also allow developers to build sustainable financial models that meet the needs of their organisations and shareholders. Developers must adhere to the legal framework not as a tick-box exercise but with the clear understanding that non-compliance will lead to enforcement action and penalties where appropriate.

2. Developer Education and Knowledge Sharing
Shared ownership remains a relatively new concept for many developers. Case studies and best practices should be widely disseminated to support industry-wide learning. Peer learning should be encouraged—particularly from wind developers already engaged in community-led shared ownership models. It is also crucial to clearly communicate to developers why community ownership is mutually beneficial. Genuine shared ownership arrangements can lead to greater local acceptance, smoother planning processes, and stronger long-term support for developments when communities see real, tangible benefits. This could actually result in developers being able to increase the number of installations.

3. Developer incentives

If only making an offer of shared ownership is mandatory, then in order to encourage developers to make genuine offers, to actively engage with communities to encourage uptake, and to maximise the amount of shared ownership offered, incentive mechanisms should be introduced to reward best practice. These incentives should also be introduced as soon as possible, in order to increase uptake of shared ownership in the interim period before secondary legislation is enacted. All of these should be weighted/tiered so that the greater the % of shared ownership offered, the greater the benefits received. These should include:

- Shared ownership offers being a condition/incentive for Government support. For example, shared ownership could be a condition of receipt for a Contract for Difference and/or the higher the % of shared ownership agreed, the higher the CfD uplift.

- The public sector should lead the way by giving community energy priority access to all suitable Crown Estate and public land or buildings. Where there is no interest from communities to take forward a 100% community owned project, tender processes should be designed in a way that makes it mandatory for all projects on public/Crown Estate land to have a minimum of 20% community shared ownership, with tenders with higher % community ownership scored higher.

- Type of ownership should be considered a material consideration within the planning process, with a hierarchy from fully community owned, through different percentages of shared ownership, and wholly privately owned developments seen least favourably.

- Additionally, consideration should be given as to how to prioritise community ownership within the grid connection process. Community energy and storage projects should be designated, initially for Clean Power 2030 and then as needed for the Strategic Spatial Energy Plan, again with a hierarchy whereby 100% community owned projects have highest priority, then those with a larger percentage of shared ownership and so on. See NESO's Project Designation Methodology (p45)

4. Dedicated Community Capacity Support
Early-stage development funding and capacity-building support are essential to enable communities to engage on an equal footing with commercial partners. Community organisations require consistent support throughout the project lifecycle—from initial scoping to long-term ownership and governance. In Scotland, despite the support offered through CARES since 2011, uptake of shared ownership schemes remains limited. This demonstrates the need for more proactive outreach to ensure communities are aware of both nearby developments and the opportunities and support available to them to get involved.

5. Accessible Financial Instruments
Lowering financial barriers is critical. Mechanisms such as community investment funds and guarantee schemes can make shared ownership more feasible. In Scotland, support is available through Local Energy Scotland (LES) and Development Trusts Association Scotland (DTAS), but awareness of this support remains low among community organisations. Improving awareness and accessibility is essential. Engagement with commercial lenders is also needed to challenge perceptions that lending to community organisations carries higher risk. For example, Santander has worked successfully with Point and Sandwick Trust, demonstrating that community-led energy projects can be financially robust and reliable partners.

6. Independent Brokering and Technical Advice
Neutral brokers and technical advisors should be made available to mediate between developers and communities, ensuring deals are fair, transparent, and in the long-term interest of all parties.

7. Engagement from Landowners and Public Bodies
Landowners and public bodies must play a proactive role in understanding community energy models and co-developing project pathways that align with local priorities and ownership aspirations. Community Land Scotland has played a key role in supporting landowners and communities to explore innovative forms of partnership, championing community-led development and promoting models that deliver long-term local benefit. Their work demonstrates the value of building trust, sharing power, and creating pathways for shared ownership that reflect the needs and ambitions of communities.

8. Long-Term Support and Governance
Support must extend beyond deal formation to include long-term governance, accountability, and reinvestment planning. Communities need help to understand risk, make informed decisions, and manage sustained participation over the life of a project.

9. Policy Must Tackle Structural Disadvantages
A successful mandatory shared ownership policy must do more than promote participation—it must dismantle structural disadvantages that prevent communities from fully engaging in energy transitions. This means not only improving access to finance and expertise but also ensuring policy is responsive and flexible enough to keep pace with the fast-evolving energy market. Only then can community organisations be ready and able to participate meaningfully.

Critically, shared ownership provides more than just a revenue stream—it builds long-term community agency. Ownership of energy assets generates sustainable income that allows communities to employ skilled staff, plan for the long term, and deliver locally tailored projects. It is therefore crucial that the opportunity is available to all communities, regardless of their geography, deprivation level etc.

The North Yell Development Council (NYDC) is a strong example of the transformative potential of having a stable income from a renewable energy project. Income from their 100% community-owned wind turbine has funded core staff and enabled a wide range of initiatives—from community resilience projects like weekly lunches, youth programmes, and prescription deliveries, to economic and climate action through a community marina, energy grant schemes, and leadership in the Carbon Neutral Islands project. NYDC has supported local housing and population growth, secured vital services through community ownership of a village shop, and awarded over £100,000 in local grants. These achievements are made possible by the capacity and stability that come with having income from a renewable energy asset through full community or shared ownership. These achievements were possible because NYDC had the capacity, funding stability, and local trust, rooted in ownership of their renewable asset.

For shared ownership policy to be effective and equitable, developers must also be provided with clear, consistent guidance on how to engage meaningfully with communities and integrate ownership models into their commercial and planning frameworks. Shared ownership must not be a tick-box add-on—it should be a route to structural transformation and community empowerment, with the potential to build mutually beneficial relationships between communities and developers.

10. Early and Inclusive Engagement is Crucial
Shared ownership must be embedded from the outset of project planning—not introduced as an afterthought once development plans are finalised.

Case Study: Cowal Community Energy – Lessons from Shared Ownership Ventures

Cowal Community Energy (CCE)'s experience in bidding for the Cruach Mhor wind farm site highlights significant challenges for communities seeking to participate in shared ownership ventures. Notably, there was no weighting in the public procurement process for the percentage of shared ownership offered or at what cost. This omission disadvantaged community bidders but also did not adequately assess overall community impact within the assessment process and underlines the urgent need for:

- Clear criteria that value and give weighting to shared ownership within any procurement processes for renewable energy projects on public land;
- Transparent cost structures for shared ownership with the potential for selling a share at cost price to the community by engaging with them and providing this offer at construction or pre-construction phase.

CCE's experience demonstrates the need for reform to ensure that a mandatory shared ownership policy can be effective, fair, and genuinely accessible to communities across the UK.

45. If shared ownership is expanded, should there be exemptions to the expansion?

Community energy projects led and owned by a constituted community organisation that is already reinvesting all of its profits into the community should be exempt from the requirement to offer a shared ownership stake to other community organisations.

46. If shared ownership is expanded, how should developers' engagement with communities take place?

- **Early and Distinct Engagement:** Developers must engage communities early in two ways—consulting on the infrastructure itself and separately offering shared ownership opportunities—to ensure communities can influence project design and have time to consider investment.
- **Partnership and Accessibility**: Engagement should be done in partnership with trusted local organisations, using accessible, multilingual, and varied communication formats to reach diverse audiences effectively.
- **Inclusive Participation:** Outreach must actively include underrepresented and marginalized groups by addressing barriers like timing, location, childcare, transport, and cultural needs to ensure broad and meaningful community involvement.
- **Transparency and Empowerment:** Developers should provide clear, honest information about decisions, options, and financial terms to empower communities to make informed choices and build genuine, long-term partnerships.

For shared ownership to be genuinely inclusive and successful, developer engagement with communities must begin early, be ongoing throughout the project lifecycle, and be founded on the principles of equity, transparency, and respect.

A distinction must be made between:

- Consultation around the low carbon infrastructure proposed
- Engagement around shared ownership opportunities

Regardless of a community's interest in taking a stake of any particular development, developers should authentically consult with the surrounding and affected communities at the earliest possible stage around any proposed developments to ensure that local concerns and considerations are taken into account in siting the technologies, planning the installation and minimising any adverse impacts on the local people, environment or economy. Engagement should start at the pre-planning stage—before decisions are locked in—so that communities have the opportunity to influence the project's design, scale, and social outcomes. Too often, community engagement is treated as a late-stage formality; a shift in approach is needed to ensure that local people are involved not just in consultation, but in shaping and co-creating projects from the outset.

Additionally and separately, developers should proactively reach out to community groups to offer the opportunity to take a stake in the development. Again, this should be done at the earliest possible stage so that the community is able to understand the terms of what is on offer, to ensure that there is a local mandate to take this stake, and to raise funds to buy it. Engaging early and authentically is the best way to ensure that all parties develop good relationships and are in a position to move forward without delay.

Developers should work in partnership with local representatives and trusted intermediaries who understand the community context and can facilitate inclusive dialogue. Relationships must be built over time, with engagement tailored to local circumstances and needs. Developers should provide information in accessible, non-technical formats, and where appropriate, offer translated materials—for example, Gaelic in the Western Isles or Welsh in Wales. Communication should be available in multiple formats (print, digital, audio/visual) to ensure everyone can understand the opportunity and contribute meaningfully.

Participation opportunities must be varied and inclusive. Engagement events should be held both online and in person, at convenient times and locations, and promoted well in advance through multiple channels, including community noticeboards, local press, social media, and through schools, health centres, and local groups. This ensures that information reaches a wide and diverse audience and does not rely solely on traditional or digital methods that may exclude some residents. Developers should also provide childcare, transport support, or interpretation services where needed to remove barriers to participation.

Targeted outreach is essential to ensure the engagement process includes underrepresented and marginalised groups, such as young people, disabled people, ethnic minorities, and those living in economic hardship. Materials and events must be designed with inclusivity in mind, considering accessibility, neurodiversity, literacy levels, and cultural relevance. Working with grassroots organisations can help to reach those who are less likely to engage in formal consultation processes.

Finally, transparency must underpin the entire engagement process. Developers should clearly explain how decisions are being made, what options are on the table, what the shared ownership offer entails, and what the financial modelling and timelines look like. Communities must be given the information and tools they need to make informed decisions and to participate in a way that is empowering—not extractive. By embedding these practices into standard procedure, developers can help ensure shared ownership delivers genuine benefits and long-term partnerships with the communities in which they operate.

Engagement must be early, ongoing, and equitable.

47. Are you aware of any risks or potential adverse impacts arising from expanding shared ownership either in line with the 2015 Act provisions or otherwise?

Any offers of Shared Ownership and advice to community groups around such offers must comply with Financial Conduct Authority (FCA) rules. There may be implications for developers and/or other stakeholders providing support to community groups if they do not comply with these. For this reason, independent financial advice from accredited providers should be built into any mandatory scheme. The Scottish Government already gives community groups access to such advice through the Shared Ownership support programme as part of the CARES scheme.

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