

Community Benefits Framework Consultation



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Background

We’re making big changes to our electricity system, and it’s all about supporting the decarbonisation efforts across the country and helping homes and businesses adopt low-carbon energy solutions. This will require a huge investment and upgrades to our Transmission network. But it isn’t just about infrastructure; it’s about people too.

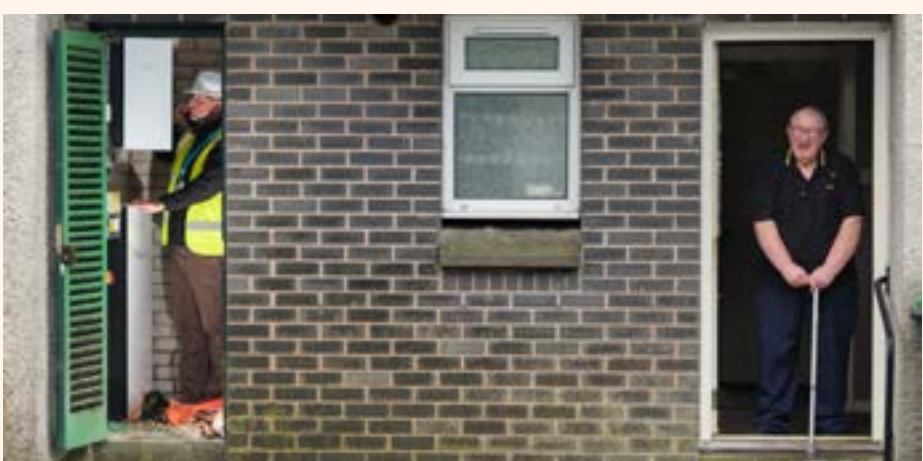
Every improvement we make to future-proof our network unlocks long-term benefits for both people and planet. The aim is to remove our reliance on fossil fuels, deliver lower bills, and provide more secure and clean energy for everyone. Still, we know that construction of the infrastructure can be a hassle for the people living nearby, and sometimes it changes our landscape. While we will try to minimise the impact, it cannot be removed entirely. That is why we want to develop a Community Benefit scheme that will deliver lasting social, economic and environmental benefits, leaving a positive legacy within our host communities.

Our track record

We have a great deal of experience and are recognised as industry leaders in delivering ‘Community Benefits’, having already dispersed almost £25m of funding to our communities through our Transmission Net Zero Fund and Green Economy Fund:

- Our award winning [Green Economy Fund \(GEF\)](#) which closed in 2021, supported 35 projects across Central and Southern Scotland, enabling decarbonisation of transport and heat, small-scale renewable energy solutions, creating 58 full time jobs and supporting over 600 more. You can find out more about the impact of the GEF in the [final report](#).
- Our [Transmission Net Zero Fund](#), has been established as part of our RIIO-T2 business plan, to support communities at risk of being left behind in the country’s transition to Net Zero. It provides capacity building support and funding for community initiatives to enable local communities to turn their Net Zero ambitions into reality. Information about the Net Zero Fund can be found on our [website](#).

↓ A cross-section of the activities and projects funded to date.



We need your input

The investment in our energy system needs to increase substantially in coming years, to support the energy transition and meet our Net Zero targets.

This means that our work within our communities will also significantly increase. We want to see Community Benefit being introduced in order to support those impacted and ensure that they are able to realise the benefits that Net Zero can bring.

We are excited by the opportunity that the introduction of Community Benefit represents for our communities. We want to share our delivery plans, building upon our proven track record and experience in this area.

We will continue to respond to stakeholder feedback and evolve our Community Benefit approach appropriately in order to deliver a genuine and lasting difference.

This consultation is an important step in planning and structuring our Community Benefits Framework and we need your input.

How to respond to this consultation



Please submit your response via the form linked below: [Community Benefit Consultation](#)

More information on our community benefit funding can be found on our [Community Benefit website page](#).

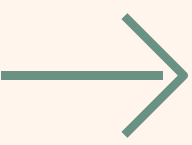
Community Benefit Proposal

Our Community Benefit Funding proposal builds upon our award-winning Green Economy Fund and the Net Zero Fund, utilising the knowledge and experience gained. It will focus on the following objectives:

- Targeting communities impacted by new transmission infrastructure projects, including those impacted by construction works
- Creating a positive long-lasting impact through socio-economic and environmental benefits
- Understanding local priorities and helping communities make the most of available funding opportunities
- Tailoring our approach to address local requirements by ensuring that communities have the structures in place and the capacity to fully participate. Support will include but not limited to workshops and project planning assistance focused on helping communities to develop or enhance their skills and knowledge to address their local priorities.



Lessons learned from our Green Economy Fund and Net Zero Fund



Our Green Economy Fund and the Net Zero Fund have been designed to respond to the needs of our communities, create a positive impact and deliver an enduring legacy. We have learned and continue to learn many lessons through the running of these funds, many of which will be applicable when considering the design of our future Community Benefit Funding.



Robust governance

Robust governance is key to fair and transparent funding. We appoint an Independent Fund Administrator and an Independent External Expert Panel to remove any potential conflict of interest, ensure that all applications are subject to the same scrutiny and reach unbiased agreement on which projects should be funded. We also perform thorough checks on all parties involved before and after granting funds, to ensure proper use.

1.

Supporting communities

Supporting communities to realise their ambitions is crucial. Great ideas don't always materialise into projects and this can lead to a lack of suitable applications. By understanding local needs and providing customised support, such as workshops and project planning assistance, we can help communities bring their ideas to life.

2.

Creating a lasting legacy

Creating a lasting legacy is essential. Projects that are embraced by the community create a positive social impact and leave a lasting legacy. Through continuous monitoring and impact assessment, we can ensure that each project delivers value for the local community.

3.

Engaging with the Local Community

We will follow several principles in our approach to engagement:

Logical Engagement
Engagement regarding community benefits and the project itself will be separate, however the teams will work in parallel. The level of engagement will be proportional and inherently linked to the project size, scale, and impact.

Early Engagement
Often it can take some time through the planning and consenting process to agree the exact route that any new transmission infrastructure will be located. Once the project route is defined, we will initiate early engagement. We will start this engagement 2 years prior to any construction works beginning.

Identifying the Community and Boundary
Engagement will be initially with communities identified during planning process and those who can be identified as closest in proximity to new infrastructure.

- We will consider factors including:
- Visual impact of new infrastructure
 - Local community impact during construction
 - Number of communities in vicinity of project.

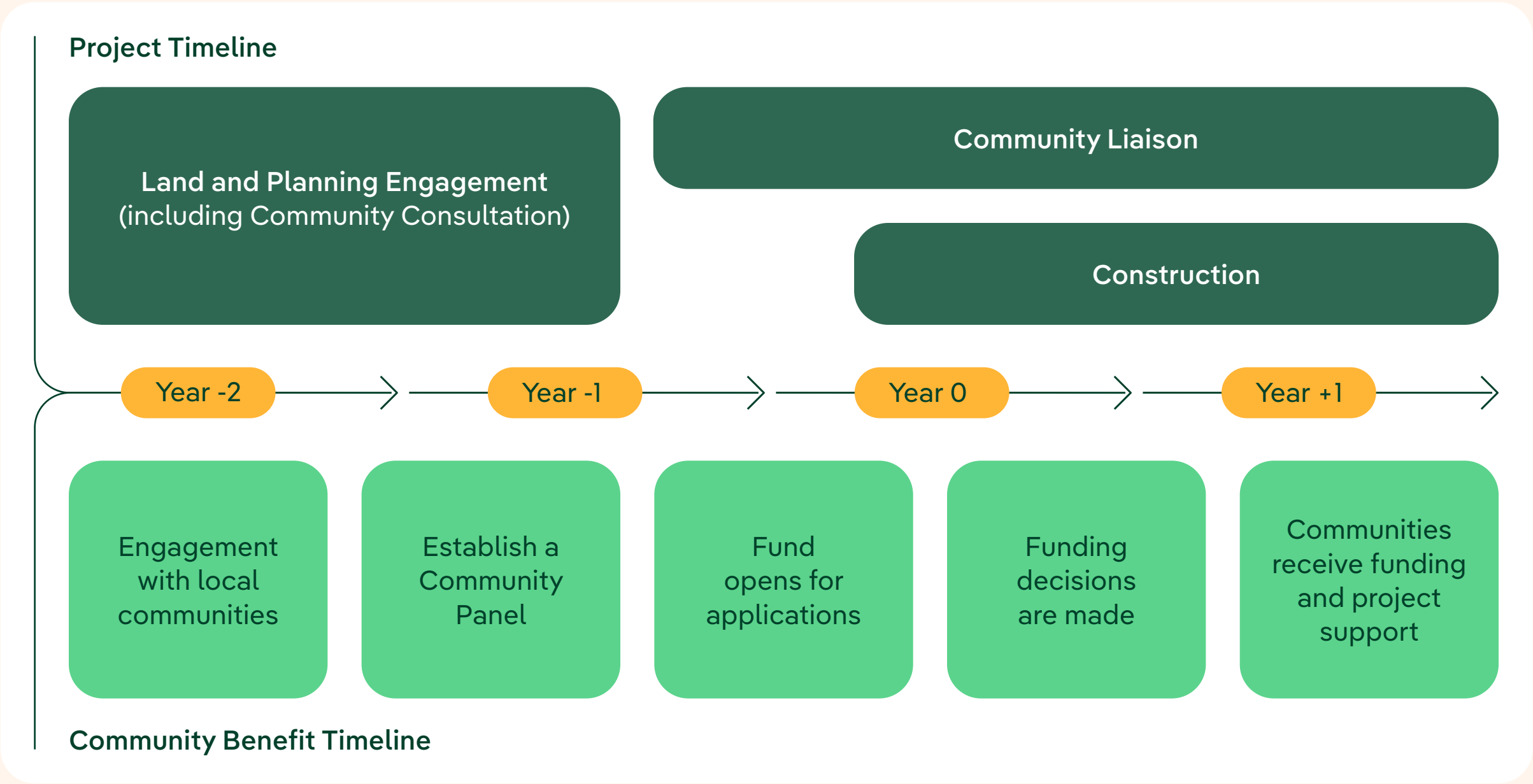
We will listen to community feedback to ensure that we define the impacted communities appropriately and will be flexible in our approach to ensure that we are as inclusive as possible.

Broad Engagement
We will engage with a wide range of community organisations to ensure that we are engaging with the right people and particularly targeting those who are hardest to reach.

Community Panels
We will establish a community panel consisting of community members for any projects that this is deemed necessary according to size, scale, and community impact. We anticipate that this will be for projects attracting a large amount of Community Benefit funding, however we will review this as each new project comes forward. The panel will be responsible for ensuring that the community views are represented, defining priorities for the local area and observing the independent decision making for project awards.

Capacity Building
We will work with communities to understand their existing capabilities and provide any additional support or training needed to ensure that communities can fully participate in the Community Benefits process.

Community Led Decision Making
We will engage with communities to support the creation of community action plans or to develop a better understanding of their existing plans. This will help communities to plan strategically for the priorities of their local area, ensuring any funding opportunities which do emerge are community-led and aligned with local ambitions.



Question 1:

What is your opinion on our approach to community engagement?

Can you share your thoughts on the proposed timeline, do you think this is the right stage to start engagement?

Question 2:

How do we ensure that a community panel, if established, is a fair representation of the community it is representing?

Are there any particular stakeholders / community representative groups that should form part of the community panel?

Enabling Local Community Plans

It is essential that we ensure that any Community Benefits being delivered meet the needs, aims and ambitions of the local or wider community. We anticipate that for some communities these plans might already be in place and for others we will ensure that they are able to access the expertise needed to develop their plans. We want to ensure that communities feel empowered to make the decisions on what their priorities are, and any Community Benefits delivered reflect these priorities.

Our experience has shown that local workshops with community groups are invaluable for both parties.



Turning community ambitions into actions

By offering tailored support to communities, we will enable them to actively participate in shaping local priorities and turn these into actions. We plan to offer this support by using the following methods:

Community Workshops

These sessions will enable community members to explore different routes that can address their community priorities and develop project ideas.

Project Planning & Feasibility Assistance

We will provide project planning and feasibility support to enable communities to take their project plans forward. Our experts will help guide the eligible communities through the feasibility assessment process to help them gather data, assess viability, and develop formal project plans.

Funding Support

It's anticipated that the majority of community projects will fall into the project categories shown opposite, however this is not an exhaustive list and each project seeking funding will be considered through the application process on its own merits, against the eligibility criteria and being able to demonstrate alignment to local community priorities / local community action plans.

Suggested Project Categories

Decarbonisation and energy efficiency projects

- Energy efficiency improvements in buildings, with a focus on domestic or community owned buildings
- Low and zero emission renewable heating systems
- Micro- to small-scale renewable power generation (where that power is predominantly designed for use on site)
- Electric vehicle and e-bike transport and infrastructure

Social projects

- Skills development, training and employability
- Support provided to those in fuel poverty
- Improving wellbeing and quality of life
- Public participation in science, arts, sport

Environmental projects

- Community open space, gardens, ponds, and woodland
- Local biodiversity initiatives
- Footpath, path, bridleway and cycle-path improvements
- Projects that improve public access to land
- Nature reserves and habitat creation or conservation

Question 3:



What are your views on the support that we will offer communities to understand their local priorities and help them develop their projects ideas?

Question 4:



Do you think that the proposed project categories address key community priorities?



How is the Fund structured?

With the record-level investment our Transmission network will see over the RII0-T3 period, we’re expecting our community benefit funding to increase. We are working with Government and Ofgem to determine how much funding we can make available for local communities over this period, but we expect that this will be many times more than the £25m of funding already delivered under previous schemes. This funding will enable impacted communities to significantly benefit, but the substantial growth will bring new administrative challenges.

We want to ensure that the full funding amount is available for our communities, therefore we anticipate that administrative costs for operating our Community Benefit pot will be funded separately. We will work with our regulator to ensure that these costs are as efficient as possible but still effective in allowing us to deliver an impactful scheme.

To ensure we are delivering best value for our communities, we have considered lessons learned from our existing and previous funds. Establishing a fund takes a significant amount of time and resources, which is why we are keen to design a structure that will be applicable and replicable across our upcoming Transmission infrastructure projects eligible for community benefit funding.

We propose evenly distributing funding through the following two mechanisms:

Local Funds

Our local funds will address the priorities of local communities impacted by our new transmission infrastructure projects. We anticipate that we will need to create separate governance arrangements for some of our transmission projects that may attract a substantial amount of community benefit funding and where we have established Community Panels.

Area of Eligibility

Targeting local communities within our SP Transmission licence area that are hosting and impacted by new transmission infrastructure projects.

Funding Amounts

Projects would be able to request funding of £10k and above.

Strategic Funding

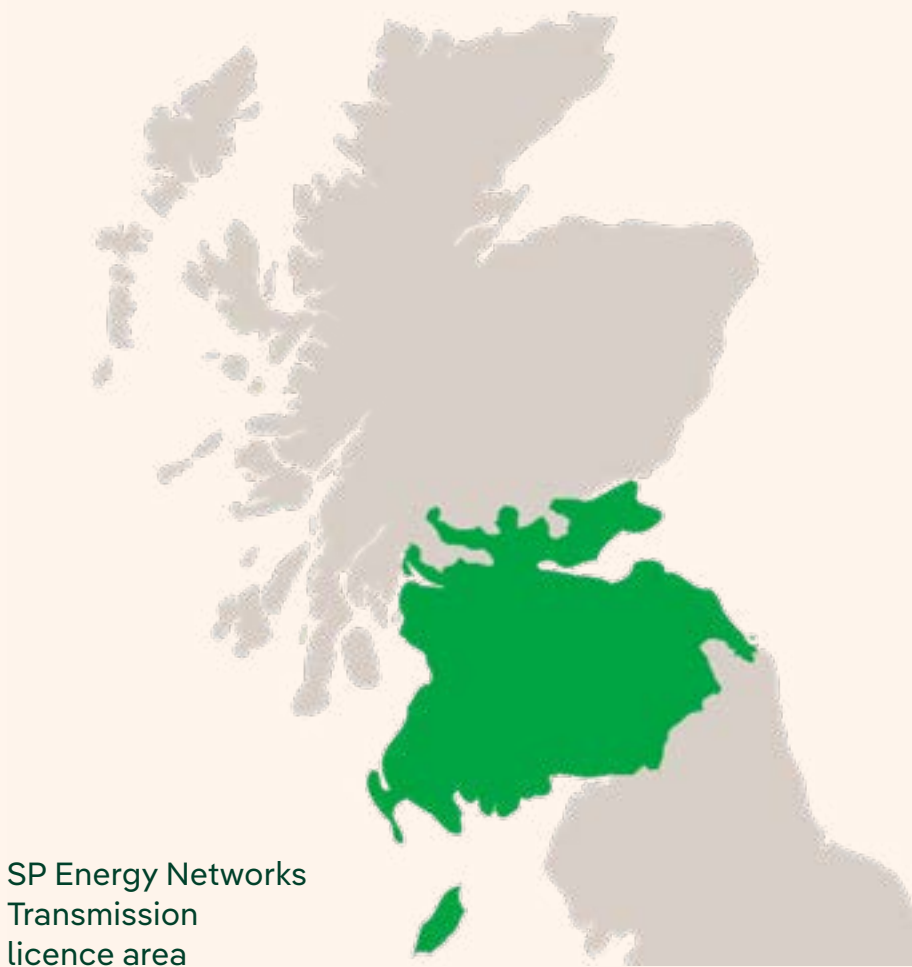
We will provide access to funding that can be utilised for larger community projects that can be applied to a wider geographical area. This Community Benefit Funding will look to support projects that are aligned to Local Authority, Scottish Government, or regional priorities.

Area of Eligibility

Open to all communities across our SP Transmission licence area across Central and Southern Scotland however projects must be able to demonstrate the benefit to communities impacted by new transmission infrastructure projects.

Funding Amounts

Projects would be able to request funding of £500k and above.



SP Energy Networks
Transmission
licence area

Eligibility

Who would be able to apply?

Organisations, and the activities supported through the fund, must be based, or operate within the SP Energy Networks Transmission licence area of central and southern Scotland.

Constituted non-profit-distributing community focused organisations will be eligible to apply. This includes organisations with charitable status and other not-for-profit status.

Local authorities would also be able to apply for funding as long as the services being provided have a strong community benefit, meet the project criteria, cannot be funded from existing resources and do not fall under their statutory responsibilities.

Eligible groups include:

- Community Interest Companies
- Community Benefit Societies
- Cooperative Societies
- Development Trusts
- OSCR Registered Charities
- Community Transport Organisations
- Other constituted not-for-profit organisations

Question 5:



What are your views on our proposed structure and funding mechanisms?

Do you agree with the levels of funding amounts suggested for Local Funds and Strategic Funding?

Question 6:



What are your views on the types of organisations that are eligible to apply?

Do you think that local authorities should be allowed to apply the circumstances specified in the framework?

Governance

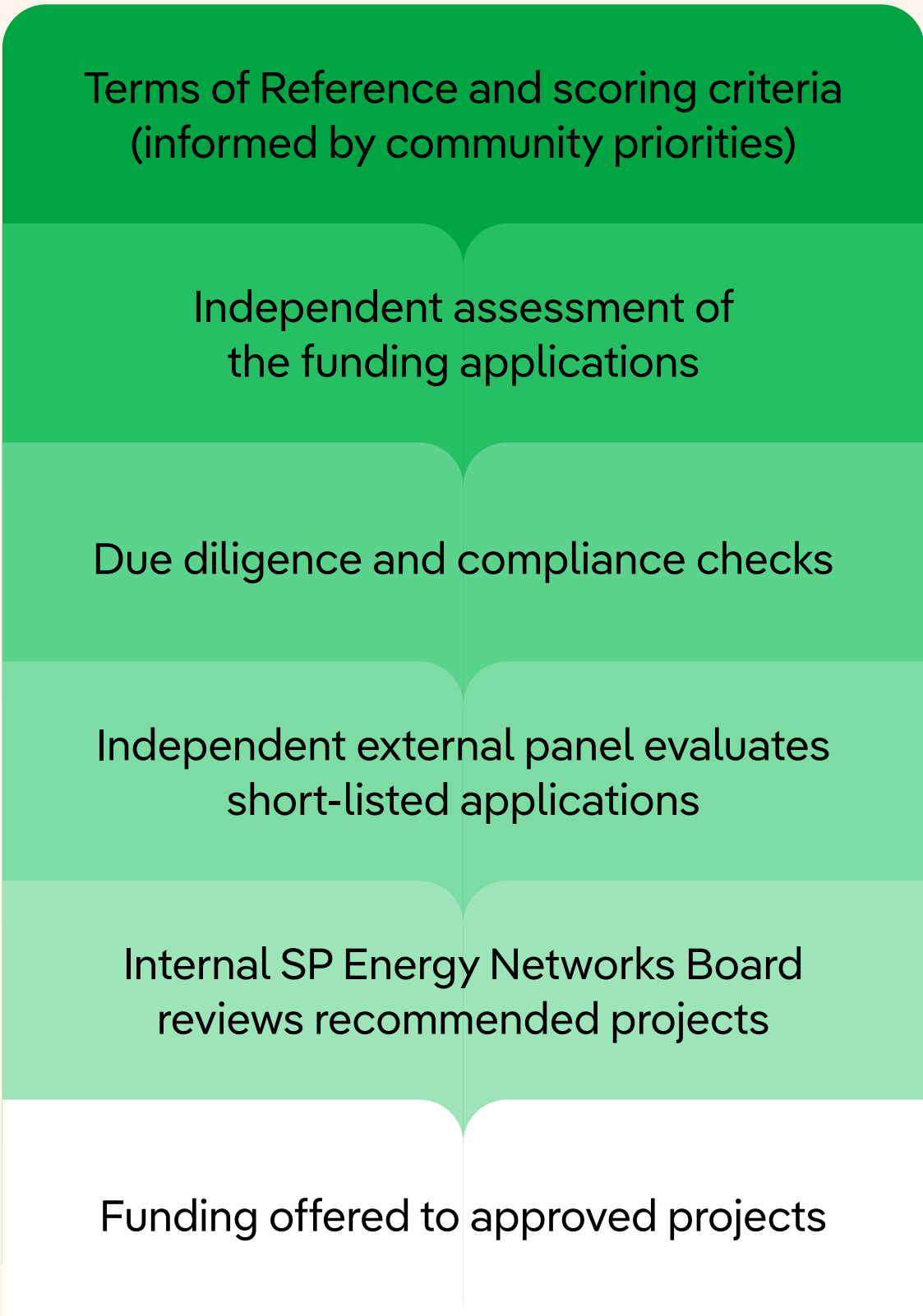
To ensure funding is allocated fairly and delivering best value for the local communities, we have established a robust governance process based on our previous experience with the Green Economy Fund and Net Zero Fund.

Each funding application will be subject to independent reviews to avoid conflict of interest and ensure that awarded funding delivers value for the local communities. The diagram opposite illustrates the governance process.

Both the Green Economy Fund and Net Zero Fund have been managed by an Independent Administrator, providing independent scrutiny, and ensuring quality outputs. We intend to maintain an independent and impartial administration and assessment approach to ensure maximum transparency and fairness in the outcomes of all applications.

The Administrator is charged with:

- Compliance checking every applicant and completing the financial and technical viability assessment of projects
- Monitoring and supporting projects during the delivery phase to ensure successful project completion
- Ensuring consistent project reporting to capture the delivery of social and economic value.



Question 7:

Can you share your thoughts on our approach to governance and independent application assessments?



Monitoring and Evaluation

Monitoring and evaluation of our Community Benefit Funding will play a key part in ensuring its effectiveness.

To achieve this, we will employ a social return on investment (SROI) model to comprehensively report on the social value generated. This approach will allow us to capture and assess the social, economic, and environmental benefits enabled by the funded projects at various stages. Starting from the application stage, throughout the project delivery, and even after its completion, we will liaise with projects to track and evaluate the outcomes.

By employing the SROI model, we aim to provide a holistic assessment of the community benefits, enabling us to understand and communicate the tangible and intangible value created by the scheme.

What is SROI?

Social Return on Investment (SROI) is a method that evaluates the social, environmental, and economic outcomes from an organisation's actions. It assesses costs and benefits to measure the social value of those actions. It offers a holistic perspective on the impact achieved per unit of investment, allowing stakeholders to measure project effectiveness and societal benefits. (*Sopact; Office of the Third Sector*)



Delivering Measurable Community Impacts

Projects funded through our community benefit funding must demonstrate tangible benefits for their community and align with local community priorities or local community action plans. These benefits should enhance the social, economic, and environmental wellbeing of the community and provide long-term advantages. We expect projects to focus on specific objectives aligned to community priorities (though this list is not exhaustive):

- Reduction in households' or community's energy costs
- Achieving Net Zero
- Improvement of the local environment
- Job Creation
- Developing the local economy and skills improvement
- Supporting consumers and communities in vulnerable circumstances

We will remain flexible in our approach, recognising that each community has a unique set of needs and priorities.

The list of project categories on page 6 is not exhaustive, and each project will be considered on its own merits, provided it creates social value and addresses the needs of the local community.

Question 8:

What are your views on the impacts that projects funded must deliver?

What are your views on how we intend to measure and monitor the effectiveness of Community Benefit?



Have your say! Respond to our consultation

We want to hear your thoughts on our Community Benefit plans.

We're looking for views of stakeholders and communities on our proposal. Your insights will shape our Community Benefits Framework, ensuring it's effective and fair for everyone. If you have any supporting evidence, please share it with us.



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Question 9:

Do you have any additional feedback on our Community Benefits proposal?

