

EAST AYRSHIRE COUNCIL

CABINET – 5th December 2007

WINDFARM POLICY

Report by the Depute Chief Executive/Executive Director of Corporate Support

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval for a Council wide windfarm policy to be included within the Finalised Alteration to the East Ayrshire Local Plan and for the establishment of a Renewable Energy Fund.
- 1.2 Members will recall that a report proposing a revised Windfarm Policy was considered and approved by Cabinet on 24th October 2007. Following Cabinet, the report was 'called in' for further consideration by the Governance and Scrutiny Committee and this consideration took place on 23rd November 2007.

2. BACKGROUND

- 2.1 The Consultative Draft of the Alteration to the East Ayrshire Local Plan, approved by the former Development Services Committee in August 2006 includes a policy on windfarms (Policy CS16), which states:

The Council will, if mindful to grant planning permission for a commercial windfarm development, expect applicants to contribute by agreement to a dedicated Trust Fund which will be used to finance community improvements. 70% of all contributions received will be directed to improvement projects within 10 kilometres of the boundary of the windfarm, with 30% being reserved for use in the wider East Ayrshire area. Contributions will be payable annually and be set at a standard rate of £2500 per megawatt of energy produced per annum, index linked to prices as of 01 January 2005. Contributions to the Trust Fund will not be treated as material considerations in the Council's assessment of the application to which they relate.

- 2.2 A number of representations from the development industry, former elected member and members of the community have been made to this draft policy, specifically with regards to the dispersal of funds and, therefore, it is considered prudent to carry out a review and, if appropriate, amend the policy.
- 2.3 Cabinet will also recall a recent report on Whitelee Windfarm (22 August 2007) which approved the dispersal of contributions from that windfarm for the first 31 months to the Whitelee Forest Access Action Plan. No approvals for longer term dispersal of contributions are in place beyond this period pending a consistent consideration of a corporate approach to all windfarms in East Ayrshire being formulated and adopted.

2. POLICY REVIEW

Dispersal Ratio

- 3.1 The draft policy states that financial contributions received from windfarms will be dispersed 70% to the local area and 30% for use in the wider East Ayrshire area. Representations from some local communities have suggested that contributions from windfarms should be targeted to those residents/communities most affected by the windfarm in terms of visual impact, construction works etc. Indeed, it has been suggested that all of the financial contribution should be targeted at the local area. However, given the level of windfarm contributions which could be forthcoming, it is considered that this latter approach would not necessarily secure maximum benefits of the monies nor secure added value.
- 3.2 In reviewing the policy, considering the representations received and the recommendation from Governance and Scrutiny Committee, it is proposed that the overall dispersal ratio, over the life of the windfarm, should remain at 70/30. Deliberation, however, should be given to frontloading 100% of the contributions to the local area for an initial period of time. Frontloading the contributions would allow for significant projects to be developed and delivered within the local area more quickly and contributions to be maximised more effectively in terms of match funding. It would also ensure that those communities most affected by windfarms are given priority on contribution spending. After an initial period of time, contributions could then be dispersed between the local area and the wider East Ayrshire area on an agreed ratio.
- 3.3 The table below provides options for the dispersal of the funds which give an overall dispersal ratio of 70/30.

Dispersal Formula	Ratio over 25 year period
70/30 for the life of the windfarm (no frontloading)	70/30
10 years frontloading to the local area then 50/50 ratio	70/30

- 3.4 It is recommended that the dispersal formula is 10 years frontloading to the local area following which a split of 50/50 between the local and wider areas.

Definition of Local Area

- 3.5 The consultative draft windfarm contributions policy, defines the local community as being the area within a 10km radius of a windfarm. However, because of the very nature of windfarms, residents living in excess of 10km could also have their visual amenity affected while residents in closer proximity may not be able to see the turbines but may be adversely affected by construction traffic etc. In recognition of this it is important to allow an extension beyond 10km in exceptional circumstances where, for

example, there is no local community within the 10km radius that could benefit from projects. Nonetheless, it is considered important to identify a radius for the local community and it is felt that the existing 10km radius is appropriate and reasonable. Maps of the 10km radii of current/proposed windfarms are provided in Appendix 1, 2 and 3.

Rate of Contribution

- 3.6 Having undertaken consultation with other Councils and windfarm operators, it is considered that a standard rate of £2500 per megawatt of energy produced per annum is deemed an appropriate level of contribution. It is suggested that contributions should be index linked to 1st January 2008 to ensure the value of the contributions are relative in 25 years time. (The index linked date has been revised from 1st January 2007 to 1st January 2008 to reflect the statutory consultation period of the Finalised Draft Local Plan which is likely to commence in January 2008).

Renewable Energy Fund

- 3.7 The Consultative Draft Local Plan also states that a dedicated Trust Fund will be established to finance community improvements. Having considered this further and in the light of growing experience, it is suggested that establishing an East Ayrshire wide Renewable Energy Fund would be more appropriate if formally controlled by the Council, while ensuring community consultation in the decision making process. The establishment of a Renewable Energy Fund could operate similarly to a trust although control and decision making powers would be retained within the Council, thus ensuring maximum benefit and additional financial leverage for the contributions from other external and internal partners and ensuring democratic accountability. It is recommended that a single Renewable Energy Fund be established for the whole of the East Ayrshire area.

Revised Policy

- 3.8 In light of the foregoing, it is recommended that consideration should be given to amending the wording of the windfarm policy in the Finalised Alteration to the East Ayrshire Local Plan to reflect the above approach. In this regard, it is recommended that Cabinet agrees that the following policy wording be incorporated into the finalised version of the Alteration to the East Ayrshire Local Plan:

The Council will, if mindful to grant planning permission for a commercial windfarm development, require applicants to contribute to a dedicated Renewable Energy Fund which will be used to finance sustainable community environmental projects, particularly those designed to help reduce carbon emissions and counteract global warming. For a period of 10 years from the commencement of construction work on the windfarm, all contributions will be directed exclusively to local projects within 10 kilometres of the boundary of the windfarm. Thereafter, 50% of the contributions received will be directed towards local projects with 50% being reserved for use in the wider East Ayrshire area. Contributions will be payable annually and be set at a

standard rate of £2500 per megawatt of energy produced per annum, index linked to 1 January 2008.

4. DISPERSAL OF WINDFARM MONIES IN PRACTICE

- 4.1 It is proposed that the Council will administer all windfarm contributions in East Ayrshire. The Council will ensure the dispersal of windfarm contributions within the appropriate local area for the first 10 years and, thereafter, administer the dispersal of contributions between the local area and the wider area.
- 4.2 Procedures for the operation of the Fund are currently being considered and will be presented to Cabinet for approval in due course. Consideration is, however, being given to establishing a two tier awards scheme for small and larger projects, with a 'call' for applications being made 3/4 times a year. A grant assessment process including a scoring matrix and community and Elected Member's consultation will also be built into the process.
- 4.3 It is recommended that projects eligible for grant assistance should be sustainable community environmental projects e.g.
- Environmental improvements
 - Environmental educational projects for schools
 - Improvements to local service provision, such as rural community transport

With priority given to

- Community environmental projects related directly to use of renewable energy and reduction of carbon footprints e.g. installation of micro-renewables including wind turbines, solar panels, bio fuels, community recycling initiatives
- 4.4 It should be noted that revenue funding for community environmental projects is often difficult to secure from external and internal funding sources and this can jeopardise worthwhile projects. As such, it is proposed that the Renewable Energy Fund should be used to provide both capital and revenue funding, where appropriate, for the types of projects set out in paragraph 4.3 above.

5. WHITELEE WINDFARM

- 5.1 As intimated in paragraph 2.3 above, approval has been given for the dispersal of the first 31 months of Whitelee Windfarm contributions to the Whitelee Access Action Plan. In order to ensure a consistent approach for all windfarms in East Ayrshire, it is recommended that the remainder of the first 10 year period (89 months) contributions will be dispersed in the local area (within 10km of the boundary of the windfarm) and thereafter dispersed 50/50 within the local/wider area. This dispersal does not preclude future funding being directed towards access works. However, any access

proposals would require to compete in the bidding process with funding requests for all other eligible projects. For the avoidance of doubt, all Whitelee contributions will be administered by the Renewable Energy Fund.

6. LEGAL IMPLICATIONS

- 6.1 It is anticipated that Section 75 Agreements will be required to be drafted for any future windfarms.

7. COMMUNITY PLANNING ISSUES

- 7.1 The distribution of windfarm contributions will assist in delivering a range of projects identified within the theme of Improving the Environment in the Community Plan.

8 RECOMMENDATIONS

- 8.1 It is recommended that Cabinet:
- i) agrees that the revised policy relating to windfarm contributions as detailed in paragraph 3.8 above, be incorporated in the Finalised Draft of the Alteration to the East Ayrshire Local Plan;
 - ii) agrees the establishment of a Renewable Energy Fund to be dispersed by Cabinet in accordance with criteria set out in para 4.3;
 - iii) notes that procedures for the operation of the Renewable Energy Fund will be presented to a future meeting of Cabinet for approval; and
 - iii) agrees the dispersal of Whitelee Windfarm contributions beyond the initial 31 month period.

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29 November 2007 (AB/EM)

BACKGROUND PAPERS

- Windfarm Policy - Governance & Scrutiny Committee – 23rd November 2007
- Windfarm Policy – Cabinet Report - 24th October 2007
- Whitelee Windfarm – Cabinet Report - 22nd August 2007
- Consultative Draft Alteration to East Ayrshire Local Plan - Development Service Committee - August 2006.

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