

**Consultation Response to the Working Paper produced by Department for Energy  
Security and Net Zero in relation to Community benefits and shared ownership for low  
carbon energy infrastructure**

Introduction

The National Infrastructure Planning Association (NIPA) was established in 2010 with the aim of bringing together individuals and organisations involved in the planning and delivery of major infrastructure projects. Our principal focus is the planning regime for nationally significant infrastructure projects (NSIPs) introduced by the Planning Act 2008; however, our members work across all consenting regimes and we act as a forum and community for anyone with an interest in the challenge of driving better national infrastructure planning outcomes.

In summary, we:

- advocate and promote an effective, accountable, efficient, fair and inclusive system for the planning and authorisation of national infrastructure projects and act as a single voice for those involved in national infrastructure planning and delivery;
- participate in debate on the practice and the future of national infrastructure planning and act as a consultee on proposed changes to national infrastructure planning and authorisation regimes, and other relevant consultations; and
- develop, share and champion best practice, and improve knowledge, skills, understanding and engagement by providing opportunities for learning and debate about national infrastructure planning.

**PART 1: COMMUNITY BENEFITS**

**The proposal on community benefit funds**

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

Yes, NIPA supports the principle that developers should provide community benefit funds to recognise communities that host renewable energy projects, enabling them to see tangible benefits in addition to the energy and climate benefits which are less immediately tangible.

NIPA believes there should be a link between the level, scale and type of community benefits and the impacts felt. This could be secured by allowing community benefits to be considered as mitigation and a material consideration in decision making, though this is not within the scope of the consultation. There is a recognised gap in the ability to deliver community 'benefits' that are actually mitigation for the intangible effect of in-combination, non-additive environmental change to quality of life (or the perception of change to it). The mitigation of mental health effects is a prime example whereby providing active engagement of the delivery of community benefits, and providing some governance to the community of its direction, is mitigation against stress and anxiety caused by the developments and the planning process around them.

However, it is important to consider that community benefits do have an impact on project viability and the cost of energy paid by consumers because the costs of community benefits will need to be recovered by the renewable energy developer, or owner / operator.

NIPA believes better outcomes would be achieved if the mandatory approach still allows flexibility to provide combinations of in-kind / monetary, shared ownership. The DESNZ Community benefits guidance for onshore wind<sup>1</sup> discusses the options and recommends that community benefits can be “*delivered ‘in-cash’, ‘in-kind’ (to an equivalent value) or a mixture of both.*” NIPA proposes that a similar approach would be sensible here.

### **Scope**

#### **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.**

NIPA believes that community benefits should be provided across the range of low carbon energy technologies, recognising that all such infrastructure has an impact on host communities. NIPA also believes that the level and structure of community benefits must reflect the financial characteristics and scale of each technology. A one-size-fits-all approach would not be appropriate, and NIPA therefore supports the idea of different benefit thresholds by technology type. These thresholds should be set in collaboration with relevant developers, so that Government has the latest understanding on technological trends..

NIPA Members also made the following observations on the purpose and scope of the policy:

- the purpose of the policy seems to be compensation for communities where there aren't inherent local benefits so there needs to be a link to community impacts (e.g. it isn't obvious why the impacts of say nuclear which are primarily during the construction phase rather than operation and where the operations bring local benefits such as jobs would be similar to solar).
- these differ between different technologies (e.g. onshore and offshore wind - which the document recognises it is the onshore element of offshore that matters) and there are different policy requirements (e.g. solar has community access requirements that don't apply for other technologies).

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

No response provided.

#### **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.**

Yes, NIPA supports the principle, providing that consultation is undertaken ahead of any proposed changes.

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<sup>1</sup> [Community benefits guidance for onshore wind in England \(accessible webpage\) - GOV.UK](#)

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

NIPA supports the proposal that each infrastructure asset within a co-located site be treated individually for the purpose of determining whether it falls within the scope of the scheme. This would provide clarity for developers and consistency for communities. However, to avoid fragmented engagement processes and maximise the impact of funds, NIPA considers that community benefit funds from co-located assets should be aggregated into a single, coordinated fund for the local area., and support collaboration between local authorities and developers around community benefit funds where co-located assets exist.

**Thresholds**

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

Yes, NIPA agrees with the proposed 5MW threshold for mandatory community benefits for power generating and storage assets. A clear, nationally defined threshold provides certainty for both developers and communities. A 5MW threshold strikes an appropriate balance between ensuring that communities hosting infrastructure receive fair benefits, while not placing disproportionate administrative or financial burdens on smaller-scale projects that may not generate sufficient revenue to support a formal benefits scheme.

A base threshold that is applicable to all technologies is a good way to start, and then project/type-specific elements around land-take, construction vs operational effects etc. in addition to that e.g. where some projects would be of substantial scale but with no operational impacts (e.g. a buried interconnector).

Many community energy projects fall below the 5MW threshold and already deliver voluntary benefits by design. Their primary objective is often to generate direct local value whether through local ownership, bill savings, reinvestment of surplus into community services, or education and skills-building. Imposing a mandatory framework on these smaller initiatives risks undermining their flexibility and providing an unnecessary burden.

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

While the financial thresholds i.e. the amount paid per MW should vary by technology due to the differences in generating costs, we believe that the 5MW community benefit threshold should be the same across technologies. Introducing technology-specific thresholds for when community benefits will apply, could risk undermining the clarity, consistency, and fairness of the policy framework. A uniform threshold ensures that the process is clear for all communities.

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

Shared ownership and community benefit funds should remain separate, but complementary mechanisms. Shared ownership arrangements should be additional to, not a substitute for, mandated community benefit fund contributions. This principle is already reflected in good

practice, such as Local Energy Scotland's shared ownership guidance, and ensures that both mechanisms can work together to maximise community benefit.

The majority of the best practice examples in the consultation are on- or offshore wind and/or in Scotland or Wales. It would be useful to build up a bank of precedent examples for other forms of energy (most importantly solar) and in England. This would help to further inform the approaches to be taken around community definitions, impacts, and values of benefits, etc.

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

No response provided.

**Level of benefit**

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

No response provided.

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

There are several important considerations that must be taken into account when funding community-led projects through community benefit schemes. While flexibility is essential to allow communities to tailor projects to local needs, the effectiveness and inclusivity of these schemes depends on how they are designed and how well the community is supported. Capacity building with the local community is key.

NIPA considers that community-led projects should be subject to community benefits requirements in the same way as commercial projects, in order to ensure that the whole community benefits from the project – not only those directly funding the project (e.g. through taking up a share offer).

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

NIPA foresees challenges including:

- Community benefits will have an impact on project viability and the cost of energy paid by consumers as the costs will need to be recovered by the renewable energy developer, or owner / operator.
- Mandating community benefits is unlikely to result in increased levels of support for renewable energy projects – NIPA members are aware of projects where communities object to projects in their area and say no amount of money will change that. NIPA members are also aware of instances where some communities are objecting in principle to schemes but also engaging with the prospect that if consented, there might be a benefit of some kind to the local community.

- Communities are unlikely to prefer a mandated approach over a voluntary approach – particularly if such an approach limits flexibility in the management / spending of funds.

**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)?**

NIPA considers that there is unlikely to be a “one size fits all” solution to all projects and funds. It is possible that the introduction of regional (or sub regional) funds may be appropriate (and preferred) in areas where there are several projects of significant scale or where the project is of a scale that it crosses several local authority boundaries and communities. Applicants should identify when it would be appropriate to coordinate community benefit arrangements. Any such coordination in approach should be developed in collaboration with the relevant local authority, developer and local community.

NIPA considers it would be inappropriate for community benefits funds to be distributed nationally, nor should they be used to fund the delivery of essential core public services.

In some regards regional funds might be more appropriate option and NIPA would point to funds for skills, apprenticeships and education being made available to sub-regional bodies, for example Lincoln University. However, if such regional funds become the norm, there is the risk that the actual host community living with the infrastructure, might not get the benefit from being the host.

The fund administrator role would likely be best fit with the regional funds, rather than smaller funds where it is unlikely to be practical.

In some cases, host authorities are looking into Regional Coordination - Essex, Suffolk and Lincolnshire for example. Additionally, some areas have pro-active Community Foundations who are better placed to manage the co-ordination of community funds across various projects, sectors and locations with their knowledge and independence of administering and governing pooled funds, and supporting community groups to access and deliver against them.

**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?**

NIPA prefers installed capacity (MW) is used in the methods for calculating contributions. It is easy to measure, simple, transparent and avoids constant metering to reconcile the actual output. Installed capacity is a fixed figure, clearly recorded through the planning and consenting process, and not subject to fluctuations, unlike generation data, which would require ongoing monitoring and reporting over time. Communities can more easily understand what level of benefit to expect at the outset of a project, supporting early engagement and informed discussions.

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

See answer to question 13.

**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?**

NIPA support the outlined proposals.

**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?**

No response provided.

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

The introduction of mandatory community benefits – or shared ownership – should not affect existing community benefit schemes.

#### **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?**

Yes, NIPA agree that the government should not issue restrictive guidance on what funds can / can't be used for. One exception for consideration is that community benefit funds should not be used to fund research, legal fees or anything else to be used to oppose schemes.

Community funds should comply with the Equality Act, should not duplicate or obviate secured mitigation (e.g. via S106 Agreement) and can be monitored and reviewed in terms of their effectiveness (for the benefit of learning from future projects via the database of community projects).

Flexibility is essential to ensure that these funds can be tailored to reflect the specific priorities, needs, and ambitions of local communities.

#### **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?**

Yes, NIPA agrees with the suggested roles and responsibilities defined for the developer, fund administrator, administrative body, community representatives and community, and with the proposed governance structure. Also, see our response to Q13.

NIPA cautions that the specified fund administrator role may not work for smaller funds. Therefore, there should be flexibility to: have community leads (where capability exists), local authority personnel or energy companies pooling the role across several projects (with either



an area or an operator in common). There would also be a benefit of having elected representatives to support the fund administrator to mediate between communities and developers.

**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?**

Yes, NIPA agrees that some flexibility is needed in the governance structures which are considered suitable for the management of community benefit funds. We support the proposed approach that most schemes will follow the ‘standard’ governance model with a ‘truncated’ model available for select cases. We support the key principles outlined, particularly the importance of it being community led to ensure community representation in all decision-making processes.

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

Yes, NIPA agrees with the proposed approach to the decision-making process that enables necessary flexibility and has a focus on gathering community views, which is broadly consistent with the approach already taken.

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

Yes, NIPA agrees the deadline would be appropriate for the majority of projects where community benefits will be paid annually for the lifetime of the project. Having governance structures ready to operate one year before the first payment should provide adequate time and ensure timely fund delivery to local communities.

**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?**

No response provided.

**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?**

No response provided.

**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?**

No response provided.

**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.**

No response provided.

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

No response provided.

**Defining communities**

**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?**

Yes, NIPA considers the case-by-case approach to defining the community is appropriate. NIPA supports the principle that host communities should be at the centre of discussions on how community benefit funds are distributed, and that the views of regional bodies are secondary to the host community's views.

**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.**

Yes, NIPA agrees that capacity building will be required in communities. There are good examples of capacity building supporting marginalised or otherwise disengaged groups access funding streams - the outreach arms of Community Foundations in Somerset have been critical in making sure there is a regular drumbeat of thematic and responsive funding from the Hinkley Point C Community Fund. There is a strong capacity both in the public sector and voluntary community and social community that can support in developing business cases and evidence for community funds.

North Kesteven District Council is working with a Community Foundation to understand how they could take forward Community Benefit Agreements (CBAs) from solar NSIPs in the district over their lifetime. Whilst they already handle CBAs at a smaller scale from wind energy schemes, it is evident there is a need for assurances over governance, resilience, upskilling, and capacity building. NIPA Members are also aware that other local authorities are having similar discussions.

NIPA considers there would be tangible benefits of capacity funding to enable a collaborative examination of the issues and shared between promoters, local authorities and the possible administrators like community foundations. would be welcomed by all participants. NIPA is willing to work with DESNZ on how a capacity building support programme could work in practice, and we would be keen to follow up in due course.

**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?**



Yes, this should be part of the administrative cost. This is particularly the case in areas with multiple, long-term and significant energy projects. Some of the funds should be used to provide training to local groups / organisations in building the skills to access funds.

**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.**

On projects where there is a community fund, the fund administrator could lead on this (subject to other responses on the role of fund administrator not being appropriate for all sizes of funds).

However, there are likely two exceptions to this. Firstly, some projects may not have the requirement to provide a community benefit fund. Secondly, many projects will engage with communities prior to finalising their proposals which may likely mean that such engagement pre-dates any setting up of community funds (and thus any appointment of a fund administrator). In these cases, there will still be a need to consult with local communities and this would most likely be led by other engagement specialists and not by a fund administrator.

Also see responses to Q13 and Q20.

## **PART 2: SHARED OWNERSHIP**

### **Background**

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

There is relatively little shared ownership in the UK. In 2014, a Shared Ownership Taskforce was established and published the Shared Ownership Framework. However, the Framework – which focused on onshore wind – was not taken forward due to the moratorium placed on onshore wind in England. For this reason, there has been a very limited uptake of shared ownership projects in the UK.

The current approach of voluntary community ownership is appropriate. NIPA does not believe that mandatory shared ownership will support the delivery of a swift, cost-efficient transition to net zero.

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

No response provided.

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

NIPA expects that some communities will be unable to raise the funds required to own and operate a share of a renewable energy project. Therefore, if community ownership was to be mandated, it should be based on a requirement to *offer* shared ownership to the community, rather than for every project to be built with a specified percentage of community ownership.

Some communities may not have sufficient interest or funds to invest in a project, and this should not prevent the project from going ahead.

Structuring share ownership deals requires legal, financial and tax planning – which will be a burden on the developer and the community.

Lenders and investors will need to consider the new financial commitments and governance burden, possibly raising financing costs or affecting project returns.

### **The current shared ownership landscape in Great Britain**

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

NIPA believes that challenges to shared ownership in Great Britain include:

- Increased financial risk and cost of capital for developers.
- Reduced investor confidence.
- Increased legal complexity, administrative burden and cost.
- A lack of expertise in the local community, resulting in significant time and money to upskill and support communities in shared ownership discussions.
- The need for the community to take full responsibility for the asset – in terms of operation and maintenance.
- The challenges of raising significant funds from the community in order to buy a portion of a project, or a project outright.

Accordingly, NIPA does not believe that mandatory shared ownership will support the delivery of a swift, cost-efficient transition to net zero.

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

No response provided.

#### **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?**

No response provided. However, community benefits should help target and facilitate engagement with low income communities and those experiencing higher rates of fuel poverty.

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

Mandatory shared ownership for renewable energy projects will significantly increase the financial risks and cost of capital for developers, while undermining investor confidence. Larger companies may be better equipped to manage this, but the burden is significant regardless of company size.

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

No response provided.

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

No response provided.

**The success of a voluntary approach to shared ownership in Great Britain**

**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?**

NIPA believes the government should not change the voluntary approach. A decision to mandate community shared ownership would send a negative message to the industry and adversely impact the deliverability of projects.

**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?**

Shared ownership should not be mandated and therefore the existing provisions should not be implemented.

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

Shared ownership should not be mandated.

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

Shared ownership should not be mandated.

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

Shared ownership should not be mandated.

**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?**

See response to Question 42.