

ARD GHAOTH COMMUNITY PARTNERING

Outline Proposal

RE/S/765/COM

1 Development with Care and Banks Approach to Community Partnering

- 1.1 The Banks Group is an established privately owned company employing approximately 360 people in surface mining, renewable energy, property development and energy from waste, with operations across England and Scotland. Banks Renewables is part of the Banks Group and is responsible for the development of the group's renewable energy projects.
- 1.2 The Banks Group was established in 1976 by our chairman, Harry Banks OBE and since the very early days of business have adopted an approach we call "development with care". This approach ensures that our developments have a positive, long term effect on the environment and on the local communities within which we are working.
- 1.3 We aim to conduct our activities in a responsible manner and our policy is to proactively engage with local people and take their feedback into account when designing our schemes. This helps us to ensure that each development we put forward is of the highest standard possible.
- 1.4 We recognise that our developments provide an opportunity to make significant changes to the environment and to society and that it is our responsibility to optimise the positive environmental, social and economic benefits and minimise any adverse impacts associated with our business. We maintain a dialogue with local communities throughout the entire life of our projects and regularly form liaison committees and steering groups to provide a forum for positive community discussions.
- 1.5 We aim to ensure that our development projects offer tangible benefits for the local community and we work in partnership with local people to identify projects that the local community needs which can be supported by funding generated from the development.
- 1.6 This support is usually funded through a community fund established for each project, where the criteria for the fund and the priorities and projects that are to be supported by the fund are agreed with the local community.

2 Ard Ghaoth Wind Farm

- 2.1 Banks Renewables intends to submit a planning application for a wind farm on open agricultural land over three kilometers east of Drymen and sited north and north east of Craigievern and Blairfad Farm steading.
- 2.2 Banks Renewables is undertaking extensive consultation with the surrounding communities as well as other interested parties. The company has also fully

scoped the Environmental Impact Assessment which has guided the assessment works on the site.

- 2.3 A met mast application was also advertised and submitted to Stirling Council for consideration in August 2011. This application was approved on the 30th November 2011 and the Mast was installed on the 10th December 2011.
- 2.4 If consented, the wind farm would have a maximum capacity of around 25MW depending on the turbines installed.
- 2.5 The purpose of a scoping exercise is to agree through consultation with key stakeholders the importance or otherwise of specific issues relating to the wind farm proposal; thereby dictating the level of detail included within the application and supporting environmental assessment.
- 2.6 In terms of public engagement we have met each community councils on at least two occasions, held 4 public exhibitions as well as a number of other community group meetings to discuss the proposal and better understand people's perceptions.
- 2.7 In addition we have carried out an independent telephone survey which coupled with information gathered at the exhibitions and community meetings has allowed us to gain a greater understanding of the views of local people and the issues facing the local communities.
- 2.8 The discussions that have taken place with the community councils have included reference to the concept of community partnering and community investment and this document, sets out in greater detail Banks Renewables' outline proposals in this regard.
- 2.9 Feedback from the local engagement undertaken already has highlighted many significant priorities and projects that are important to local people. Projects highlighted include creating more education and training opportunities to help local people into employment, tackling issues of rurality in a modern society/economy, providing facilities or services for children and young people and providing new and improved recreational facilities and regeneration of parts of their communities.

3 Ard-Ghaath Wind Farm Community Partnering Proposal

- 3.1 The concept of community partnering has come directly from our engagement with communities and their wish to directly influence what happens in their area and indeed to deliver a range of projects themselves.
- 3.2 If consented, Banks will provide direct and dedicated community funding for the specific communities around Ard Ghaath Wind Farm by gifting a fixed % of the annual wind farm revenue during its operating life.

- 3.3 Banks scoped for a wind farm of up to 20 turbines. However following full consideration of all the feedback received over the last 12 months of consultation and from the technical and environmental studies, we have finalized a design incorporating 10 turbines, with a maximum tip height of 115m.
- 3.4 We have also further considered the community partnering proposal and based on the quality of the site are able to commit 4% of the annual gross revenue generated from the windfarm to the communities surrounding the wind farm.
- 3.5 Based on current predictions and wind speed analysis the total lifecycle and annual payments would appear as follows.

Donation Totals	£		Average Payment Years 1-5 (£000)	Average Payment Years 6-10 (£000)	Average Payment Years 11-15 (£000)	Average Payment Years 16-20 (£000)	Average Payment Years 21-25 (£000)
4% Revenue	£ 7,206,000.00	Total Payment to 5	223.4	276.8	310.2	370.8	279.33
NPV	£ 2,197,000.54	Communities					

* The annual donation shown is gross of administration costs, which will vary depending on the type of fund administration. These will be deducted prior to determination of the amounts available for distribution.

- 3.6 The financial model generating the above projections uses conservative assumptions. It must however be highlighted that actual performance may be greater or lower than the above projections.
- 3.7 The offer would be underwritten by a guaranteed minimum of £4,000 per MW per annum. This sum would be paid at the beginning of every operating year and topped with an additional sum at the close of the operational year based on turnover as explained.
- 3.8 Based on the 10 turbine development proposal and the above total payments to local communities over the first 5 years would average £223,400. Total payments over the lifetime of the wind farm based on the current assumptions would reach £7,206,000.
- 3.9 This creates the opportunity for these communities to develop their capacity to create and then implement local community development plans, which would then be funded from the revenues produced by the wind farm.
- 3.10 The Community Partnering Agreement would require full agreement with Stirling Council, including as necessary inclusion in the Section 75 agreement which would be implemented as part of any planning permission.
- 3.11 Banks Renewables will provide a copy of this proposal to Stirling Council as well as the other communities and it is our wish to have tripartite discussions to agree an acceptable proposal for implementation should the wind farm application be approved, in due course.

- 3.12 It may be beneficial to the communities to reach agreement with Stirling Council to utilise or develop existing Council resources with specific remit for this proposal.
- 3.13 It is expected that community council's may wish to incorporate new, or agree to use existing, administrative bodies, to manage their revenue.
- 3.14 The proposal is that the communities, supported by Banks and Stirling Council considers all options and decide upon the most appropriate and efficient vehicle that is fit for purpose. The agreement of Stirling Council and Banks will be required. Options include:-
- a) The community could establish, or may already have a community development trust, which could be used by the community councils to manage their fund and, where appropriate directly implement projects.

Nb: The costs associated with the running of the trust (legal, auditing, management and insurance for trustees, etc.) would be paid for from the funds paid into the trust by Banks Renewables (Ard Ghaoth Wind Farm) Ltd. This trust would need to be acceptable to the Community Council, Stirling Council and Banks.
 - b) As an alternative to setting up a development trust and to reduce management costs, Banks Renewables (Ard Ghaoth Wind Farm) Ltd could establish a fund which was managed by a community foundation. This fund would be used in accordance with criteria and decisions agreed with the Community Councils, these being subject to appropriate administrative and legal checks and an appropriate level of community consultation and agreement.
 - c) The Communities could use any Renewable Energy Fund that SC have or may set up in the future, to administer the donation, with individual community allocations being ring-fenced for their benefit.

4 **Ard Ghaoth Wind Farm Community Investment**

- 4.1 Banks Renewables has made a commitment to offer the opportunity for direct individual investment in the wind farm, should consent be granted.
- 4.2 In implementing this commitment we have invited Energy4All, a not for profit organisation that supports community investment in and ownership of renewable energy schemes, to consult with the community and gauge the level of interest in this concept.
- 4.3 Initial feedback has been very positive and Energy4All has confirmed its wish to take this initiative forward with the communities.
- 4.4 There is a minimum investment level of £250 and maximum of £20,000. This therefore makes it available to a wide proportion of the population, with average annual returns expected to be around 8%.
- 4.5 Where demand outweighs available supply, priority will always be given to individuals in the local communities.

- 4.6 Banks Renewables has committed to funding E4All's due diligence and public engagement and thereafter the raising of funds through a community offering. However they are working on behalf of the communities and are not involved in the project commercially or technically.
- 4.7 The investment vehicle would be a co-operative, managed by E4All on behalf of the investors. To justify the legal and administrative costs of this it is generally accepted that an investment of upwards of £1 Million is required.
- 4.8 If following the issue of the investment prospectus there is insufficient interest then the co-operative will not progress. If, however, sufficient funds are committed, then Banks Renewables, under its agreement with E4All would be obliged to offer to sell rights to a proportion of the profits from the windfarm to deliver the returns set out in the prospectus and as agreed with E4All, on behalf of the investors.

5 Key Benefits

- 5.1 We perceive the key benefits of Community Partnering to communities are as follows:-
 1. The **local community** decides what its priorities are and sets appropriate criteria and restrictions on usage of the community fund in its area.
 2. Creates an **accessible and transparent funding** mechanism linked to the performance of the wind farm.
 3. The ability to **undertake and deliver** local, long term planning and implementation of community development programmes, which may often be constrained by current budgetary limitations.
 4. Communities secure a genuine **share in the value** created by the wind farm on a risk free basis and without the burden of ownership.
 5. It supports **community building** and active involvement as there is an inherent capability to implement community plans.
- 5.2 We believe the Ard Ghaath Community Partnering proposal offers a significant opportunity for the communities to share in the value created from their local wind farm and to use the financial benefits accruing from this to deliver far reaching and long term benefits in the area.
- 5.3 The success of the communities in generating interest and participation in the development and implementation of their community development plans will however determine the eventual success of the initiative. Having early stage, joined up discussions between the communities, the Council and the developer creates the opportunity for a successful project.
- 5.4 The Ard Ghaath Wind Farm planning application will be submitted in April 2012. The communities will have the opportunity to make representations to Stirling Council within the statutory consultation period of 28 days from notification of the application by the Council.

- 5.5 Banks can be contacted to discuss any aspect of this proposal and we would be happy to attend any further meetings as may be required by the community councils so that you can ask questions about this proposal and the details of the proposed planning application.

C Anderson
Director, Banks Renewables Limited