

# SR Socio-Economic Benefits in Planning Applications CPD Seminar

Glasgow, 30 August 2018



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# Socio-Economic Benefits – Legal Framework

Neil Collar  
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## Socio-Economic Benefits

- Planning application – determine in accordance with the provisions of the development plan unless material considerations indicate otherwise
- What is a “material consideration”?
- Section 36 application – 50+MW – deemed planning permission and section 36 consent – so wider scope

## Socio-Economic Benefits

“...Considerations will vary relative to the scale of the proposal and area characteristics but are likely to include:

- net economic impact, including local and community socio-economic benefits such as employment, associated business and supply chain opportunities;”

(SPP para 169)

## Socio-Economic Benefits

“Whilst it is difficult to precisely quantify overall net economic benefits, given direct and indirect effects and timescales, Ministers are satisfied the development has the potential for a **substantial positive net economic benefit**”

Creag Riabhach wind farm decision letter 17 October 2016

## Socio-Economic Benefits

“In reaching this view Ministers do not agree with the reporter’s conclusions in relation to the weight to be given to some of the material considerations, and **have attached weight to the economic value** of the proposed development and the regional and national importance of the sports facility.”

Tennis + Golf Centre, Park of Keir (ref: PPA-390-2042, 30 August 2017)



## Socio-Economic Benefits

“They consider that the contribution of the development to sustainable development, particularly through enabling modal shift of freight transport from road to rail, is a material consideration and taking into account the contribution it will make to carbon savings and the **positive impact on the local economy**, the benefits of the application outweigh the conflict with the development plan.”

Mossend Freight Terminal, Aug 2015

# Community Benefits + Shared Ownership

“A shared ownership scheme and a community benefit fund are proposed, but these are **not** material considerations in the planning process.”

Pines Burn wind farm planning appeal (ref PPA-140-2069, 17 Aug 2018)

# Community Benefits

- £1 million per month paid to communities (Dec 2016-Nov 2017)
- “Our expectation remains that developers should continue to offer meaningful community benefits in line with our Good Practice Principles.”

Scottish Government On Shore Wind Policy Statement (Dec 2017)

# Community Benefits

- “the question here is not whether the proffered benefits in question were desirable: it is whether (in planning terms) they were material.”
- "an untargeted contribution of off-site community benefits which is not designed to address a planning purpose"

Forest of Dean District Council, Resilient Energy Serverndale Limited v The Queen on the Application of Peter Wright - Court of Appeal, 4 December 2017

# Community Benefits

“Community benefits are an opportunity for communities to share in the rewards from their local energy resource... the provision of which is a voluntary undertaking and is **not a material consideration** in the planning process”

Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (2015)

# Shared Ownership

“Our ambition remains to ensure that, by 2020, at least half of newly consented renewable energy projects will have an element of shared ownership. The Scottish Government continues to encourage all developers to engage with local communities early in the process, and to offer – as standard, in any new or repowered development – the opportunity for shared ownership.”

Scottish Government On Shore Wind Policy Statement (Dec 2017)

# Shared Ownership

“The Chief Planner clarified, in 2015 that **ownership itself is not a material consideration** in determining the acceptability of development proposals in planning terms. However, this also clarified that the net economic impact, including the community socio-economic benefits such as employment, associated businesses and supply chain opportunities **are relevant considerations** and these are aspects that Ministers are keen to see strengthened in future projects.”

Scottish Government On Shore Wind Policy Statement (Dec 2017)

# Shared Ownership

- Community investment scheme to be established within six months of First Generation
- The connection between the benefit and the development was remote and uncertain - the lack of any specific details, combined with uncertainty about the scheme's commencement and long-term future
- The scheme plainly was not necessary to make the development acceptable in planning terms - it was merely a potential investment opportunity

GOOD ENERGY GENERATION LIMITED v SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT [2018] EWHC 1270 (Admin)



# Conclusions

- Socio-economic benefits can be a determining factor
- Doubts about (legal) relevance of community benefits and shared ownership – but does that matter?



**Jean Curran**  
Managing Director  
Atmos Consulting

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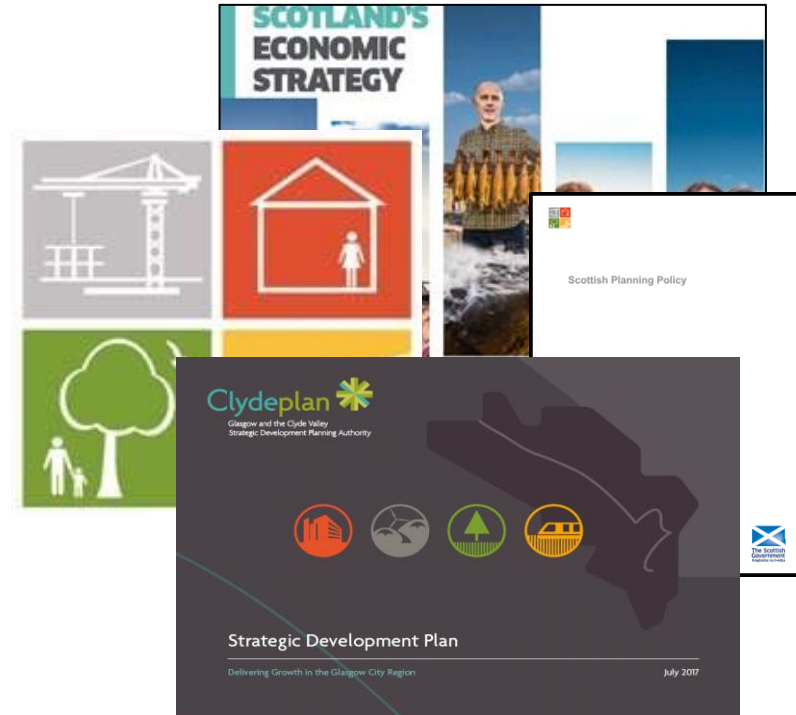
Bringing the environmental and planning expertise  
to maximise the value of your investment

# Socio-Economic Benefits: Planning & EIA

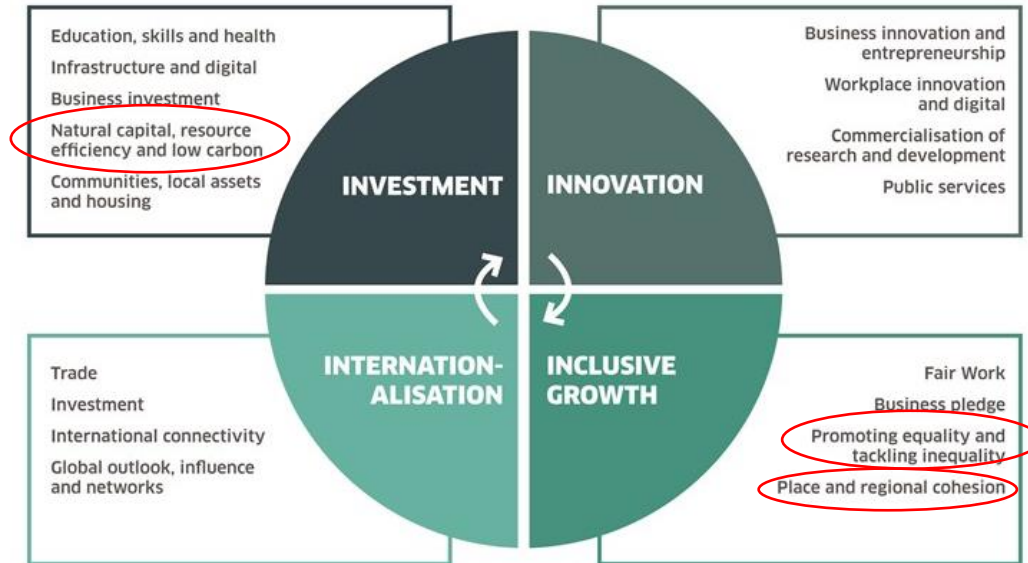
- Why? – the planning context
- The Challenge
- Recent Changes
- Making the Case

# The Planning Context

- Economic Strategy
- NPF3
- SPP
- Development Plans
- etc.....



# The Planning Context



# Socio-Economic assessment in EIA: the approach to date

- Historically the poor relation in EIA
- Using standardised techniques and parameters
- Sometimes lacking in confidence
- Lacking in ambition – focus on adverse effects?

# The Challenge

- Lack of guidance
- Demonstrating the impacts
- Measuring the intangibles
- Where do we make the case?
- What can we learn from?

your project : our expertise



# Socio-Economic assessment in EIA: Recent changes

- 2017 EIA Regulations (Directive 2014/52/EU)
- Significant effects on “*population and human health*”
- Proportionality vs ‘making the case’
- Opportunities to report positive effects
- Lack of guidance

# Socio-Economic assessment in EIA: Making the case

## Definition of HH and Population Impact:

- WHO - physical, mental and social wellbeing
- SG – National Performance Framework

## What is significant:

- scale and geography
- Community specific

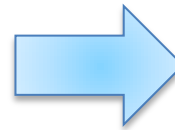
## Evidence base:

- Case Studies
- Use of experts



# Socio-Economic assessment in EIA: Making the case

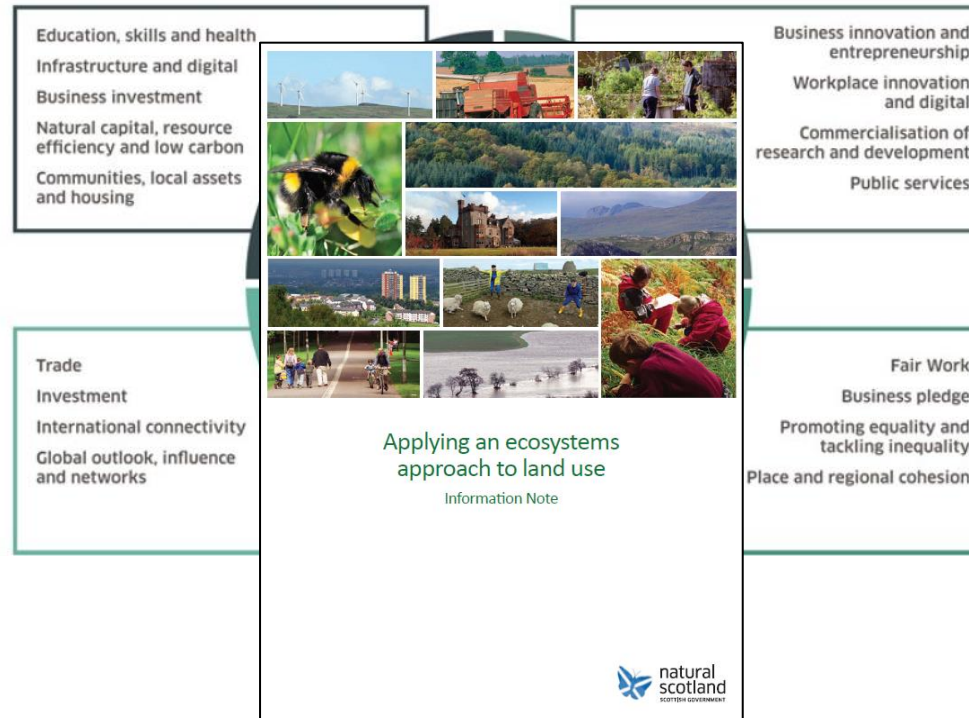
Consequence				
Receptor Sensitivity	Magnitude of Impact			
	Substantial	Medium	Low	Negligible/ No Change
High	Major	Major	Moderate	Minor
Medium	Major	Moderate	Minor	Negligible
Low	Moderate	Minor	Negligible	Negligible
Negligible/ No importance	Minor	Negligible	Negligible	Negligible



Significance of Effect				
Consequence	Likelihood/ Probability			
	Likely	Possible	Unlikely	Remote
Major	Major	Major	Moderate	Minor
Moderate	Major	Moderate	Minor	Negligible
Minor	Moderate	Minor	Negligible	Negligible
Negligible	Minor	Negligible	Negligible	Negligible

your project : our expertise

# Socio-Economic assessment and Natural Capital.....



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Bringing the environmental and planning expertise  
to maximise the value of your investment



**Graeme Blackett**  
Director  
BiGGAR Economics

# Assessing socio-economic benefits of renewable energy developments

*Graeme Blackett*

30<sup>th</sup> August 2018

**BiGGAR Economics**

# Contents

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- Introduction
- Socio-economic benefits
  - socio-economic context
  - direct & supply chain effects
  - wider economic impacts
  - effects on other sectors (tourism)
  - community benefit & shared ownership
  - maximising socio-economic benefits
- Case studies
  - Scotland wide analysis
  - Local authority area analysis



# Introduction

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- **BiGGAR Economics**

- Founded 2002
- Edinburgh based, work throughout Europe
- Renewable energy
- Worked for most renewable energy developers (also public sector)

- **Graeme Blakett**

- Director
- Applied economist, 30 years experience
- Expert witness at public inquiries

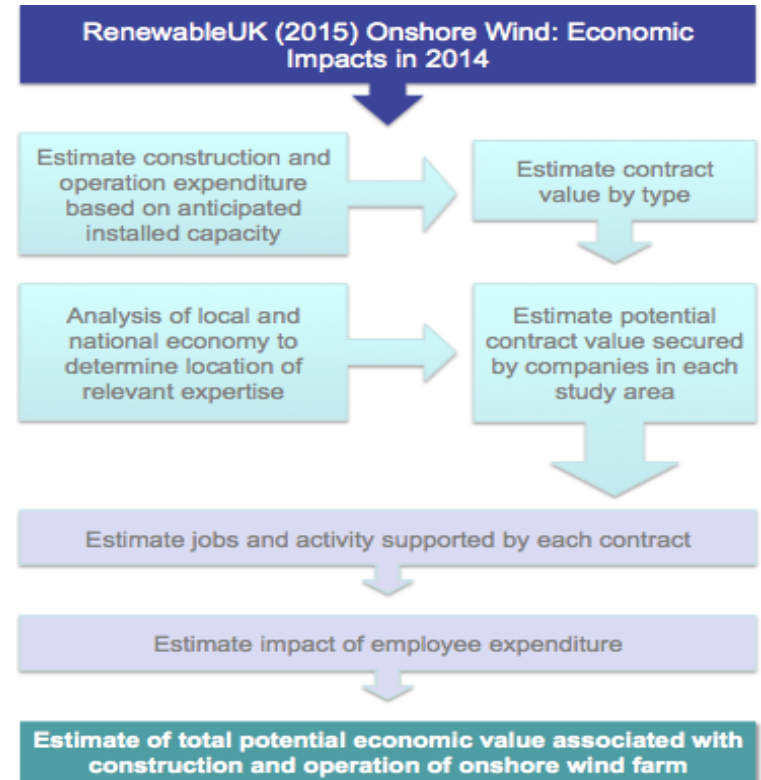
# Socio-economic context

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- **Baseline analysis**
  - Need to choose appropriate study area(s) – not too local or too large an area
  - Extensive data available from Office for National Statistics, Scottish Government and local authorities
    - Focus on what is most relevant
    - Go beyond general description of socio-economic baseline conditions
- **Key questions**
  - What are the (baseline) socio-economic conditions?
  - Does the local area ‘need’ the socio-economic benefits
  - Is the local economic structure a good fit with the economic opportunities (e.g. skills available and potential local suppliers)?
  - Is there any reason to be concerned about negative impacts on other sectors?
  - What might be appropriate measures of ‘sensitivity’ in EIA terms?

# Direct & supply chain effects

- Economic impact of proposed development
  - Development phase
  - Construction
  - Operation
  - (Decommissioning)
- Sources
  - Sector reports (e.g. RenewableUK)
  - Project financial models
  - Previous projects
  - Office of National Statistics
- Method
  - Value of contracts (main & supply chain)
  - Proportion that could be secured in each study area
  - Associated economic impact



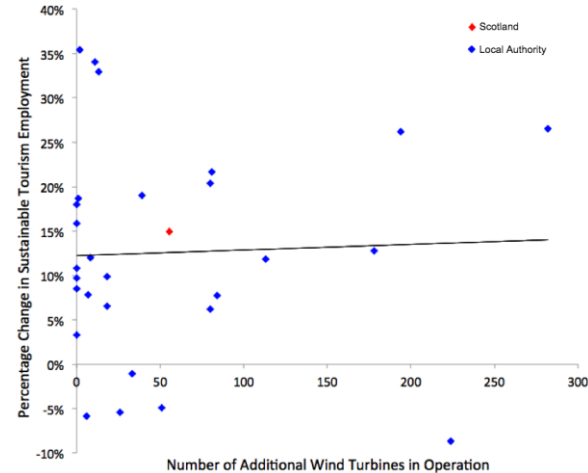
# Wider economic impacts

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- Economic development opportunities
  - Skills development
  - Employment opportunities
  - Supply chain development (including market entry opportunities)
- Community benefit
- Shared ownership
- Non-domestic rates
- Any other benefits that can be delivered
  - e.g. broadband or electric bills
- Indirect benefits
  - e.g. Tourism & leisure development

# Effects on tourism

- Negative impact on tourism almost always an issue raised (on-shore wind)
- Potential impact on tourism is extensively researched topic
- No evidence of link between trends in tourism & wind farms
  - Scotland
  - Local authority level
  - Locality of wind farms developed
- VisitScotland
  - Supportive of wind energy (reflecting Scottish Government policy)
  - But, site-specific tourism assessment should be undertaken



# Community benefit & shared ownership

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- Community benefit payments not a planning consideration
  - But... they do/can deliver socio-economic benefits
  - Can be quantified (e.g. social economy benefits)
- Shared ownership
  - Shared ownership not a material planning consideration
  - But, the socio-economic benefits can be
  - Need to demonstrate
    - Model that can be delivered
    - Reasonable progress on developing model
    - Scale of revenues that are possible
    - Potential use of revenues (e.g. local development plan)
    - Associated socio-economic impacts

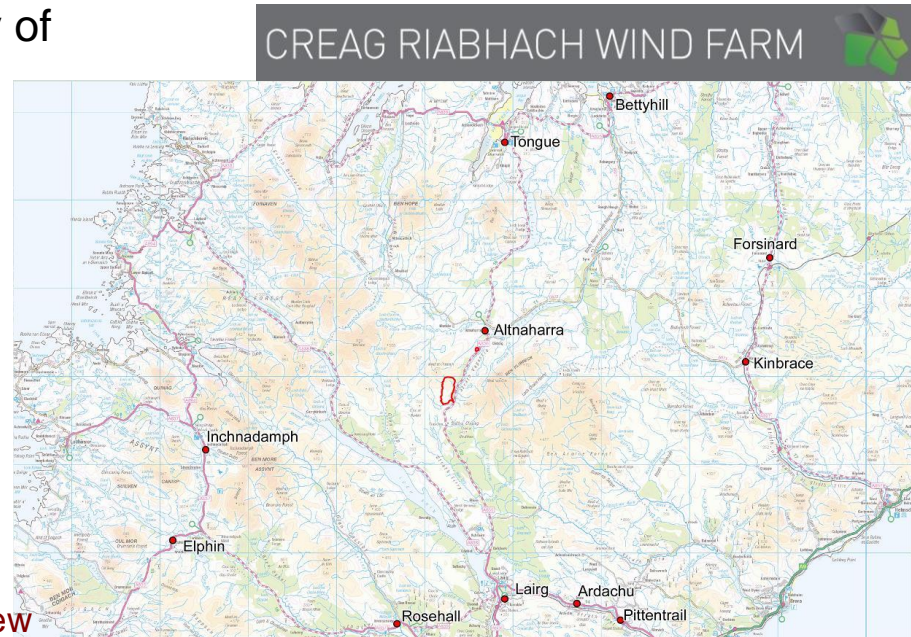
# Maximising socio-economic benefits

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- Local/regional socio-economic benefits not automatic
- Actual (local/regional) socio-economic benefits depend on
  - Nature & scale of the opportunity
  - Response of local companies, people & agencies to the opportunity
- So, what can be done to maximise the local/regional benefits
  - Early engagement with economic development, business and skills agencies
  - Local support chain engagement and development
  - Link community benefit and shared ownership to social and economic needs and opportunities
  - Consider any wider or indirect benefits that could be delivered

# Creag Riabhach

- Review of long term sustainability of Altnaharra Estate
- Desire for socio-economic development legacy
- Referenced in decision
- Socio-economic benefits
  - Supply chain opportunities from wind farm development
  - Community benefit (£5k/MW) & associated social economy benefits
  - Local employment grant scheme
  - Altnaharra Estate jobs sustained & new jobs from investment (& associated local tourism sector benefits)
  - Business rates





# Upper Nithsdale

- Glenmuckloch Wind Farm, Glenmuckloch Pumped Storage & North Lowther Energy Initiative
  - Buccleuch & Forsa Energy
  - c.£1½billion investment
  - but..... will Upper Nithsdale benefit?
- Commissioned study to identify & quantify opportunity and develop Action Plan
  - 1: Delivery of Energy Generation Investments
  - 2: Awareness Raising
  - 3: Employment and Training
  - 4: Local Supply Chain Development
  - 5: Upper Nithsdale as a Competitive Business Location
  - 6: Community and Social Development
- 'Pilot' project for South of Scotland Economic Partnership

**BiGGAR Economics**

Realising the Economic Opportunity for  
Upper Nithsdale: Action Plan

Version 3.0  
3<sup>rd</sup> July 2018

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# Thank you

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