

Caerphilly County Borough Council

**Community Benefit Contributions Guidance- for projects and developments
with the potential for significant community impact**

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AIMS

Caerphilly County Borough Council welcomes major projects and developments that have the potential to deliver positive economic, societal, and environmental change.

The Council is committed to supporting and enabling Community Benefit Contributions (CBCs) for the county borough from all major developments to improve the well-being of local communities, improve quality of life and provide long term, sustainable community investment.

CBCs are not taken into account when determining any application for planning consent and the Council has no power to compel developers to provide voluntary CBCs, however, we will be proactive, consistent, and transparent in our approach to working with private and public sector partners, in partnership with our local communities, to encourage and secure meaningful and sustainable benefits.

This guidance is aimed at developers and communities and sets out the Council's expectations in relation to CBCs. It serves as a source of advice to both sides of the CBC equation, the developer, and the local community in which the development is situated.

INTRODUCTION

The county borough area provides numerous opportunities for major projects and developments, including, **but not limited to**, low carbon energy developments; wind, solar, hydro-electric and hydrogen projects. Other non-renewable energy projects have provided community benefit contributions to local communities; for example the development of waste sites could provide community funding, or remediation of contaminated land where the community are inconvenienced for the period of the remediation works. This guidance is intended for use by developers seeking to harness and utilise the resources of the county borough, to ensure that communities derive the maximum benefit from hosting such developments in their locality through the provision of direct voluntary community benefits.

The scale and significance of projects has a direct impact on communities. The Council will seek to ensure that social capital can be derived from these developments to the benefit of those most impacted by them and to provide a lasting and sustainable legacy for future generations.

Community Benefit Contributions have the potential to support and contribute to the wellbeing of communities and the people living within them. They can be used to improve quality of life, alleviate poor socio-economic situations, improve multiple deprivation factors, improve local biodiversity, empower resilient communities and support community participation and engagement. This could be via direct support for projects in the community, or monetary contributions to recognised and constituted community groups. Statutory land use and the planning system seeks to ensure that adverse impacts on communities are avoided, minimised or mitigated wherever possible.

Under S106 of the Town and Country Planning Act 1990, as amended, contributions can be sought from developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place. This funding is commonly known as 'Section 106'. Community Benefit Contributions are separate, different and unrelated to the Town and Country Planning Act; however they are increasingly voluntarily offered by developers to recognise that the location of some projects has the potential for adverse impact on communities, and by way of mitigation they provide benefits direct to the community concerned. As CBCs are unrelated to the Town and Country Planning Act, they may be associated

with developments that sit outside the Council's remit as a planning authority – like Developments of National Significance (DNS), for which applications are made to Planning and Environment Decisions Wales (PEDW).

It is important to emphasise that CBCs cannot and are not taken into account when determining any application for planning consent. The impacts a community may experience could include; accommodating disruption from construction, changes in the landscape, changes in the way land is used and accessed, and intangible but important aspects such as changes in the sense of place and qualities such as tranquillity and nature amenity.

The Council is committed to enabling this process and will offer its data, assessments, and its linkages into local communities to facilitate it.

The Council recognises that renewable energy developments can contribute towards both the UK and Welsh Governments' targets that have been set for the generation of energy, which are a key part of their commitment to decarbonisation and tackling the climate emergency. Community Benefit Contributions are widely adopted in the renewable energy sector. Building a more resilient and equitable low-carbon economy and helping to meet carbon reduction targets are equally important to the Council, are part of its **Corporate Plan (2023-2028)** commitments and contribute to our own well-being objectives for the area and the national well-being goals for Wales. Our well-being objective- **Enabling Our Environment to be Greener** includes an outcome to promote and explore green energy opportunities for the council, communities and local businesses.

However, this guidance is intended to be equally applicable to other projects and developments that have the potential to impact on the community in which they are located.

WHAT ARE COMMUNITY BENEFIT CONTRIBUTIONS?

Community Benefit Contributions (CBCs) is the term used for 'goodwill' voluntary financial contributions provided by a developer for the benefit of communities hosting a development. They can be monetary, with a payment made to a Community Interest Company, a Charitable Trust, or existing governance structures like Community and Town Councils, and administered appropriately. Alternatively they can support the direct delivery of projects and activities to improve the social, environmental, economic and cultural well-being of the area. CBCs can contribute to a range of national and local objectives. They are often offered by developers of projects where the potential adverse impacts to communities are recognised, but suitable mitigation is not always possible, or national or local policy outweighs the potential effects on local communities. For example, green energy infrastructure can have landscape and visual impacts – but the need for increasing the amount of green energy generated in Wales is clearly set out in Welsh Government Policy.

For developers, CBCs offer the potential to make targeted and impactful investments in communities closest to their proposals, making sure both direct and broader

benefits are delivered. In the past, green energy developments in the south Wales area have seen a Community Fund, which local charities can bid for funding from, to support their services; and broader investment, for example apprenticeships, green skills, and local businesses.

CBCs provide an opportunity to recognise the objectives in the Well-being of Future Generations Act and the socio-economic aims of public bodies, including the Council. The Council's role is to support CBCs recognising that they are an arrangement between the developer and the community. These agreements sit entirely outside the statutory planning role of the Council as the Local Planning Authority and should not be confused with social value and community benefit clauses which form part of procurement of contracts by the Council.

Social Capital

Social capital is any value added to the activities and economic outputs of an organisation by human relationships, partnerships and co-operation. Social capital concerns the institutions that help us maintain and develop relationships and a sense of place e.g., communities, businesses, trade unions, schools, voluntary organisations and constituted community groups. Features to ensure that social capital exists include;

- Communities and society at large share key positive values and a sense of purpose.
- The structures and institutions of society promote stewardship of natural resources and development of people.

CBCs should not be considered as the only way to deliver social capital and developers are encouraged to consider this in all elements of their project, including, for example, designing in environmental improvements such as habitat provision, or landscaping provision beyond screening out potential nuisance. The Council will seek to ensure that CBCs reflect social capital objectives by:

- Asking that they align with Welsh Government social value objectives.
- Engaging effectively with the affected communities.
- Asking that they seek to alleviate any particular socio-economic context of the community in question.
- Measuring and reporting on social capital outcomes as part of CBC monitoring.

Local Ownership

There are several examples of local ownership offerings that developers could explore, including the opportunity to buy shares or make an investment in developments. This opportunity can be for individuals or communities. By taking a share in projects, local communities can directly benefit from the profits of a project.

If local ownership forms part of a CBC proposal, the Council's view is that this would be more equitably offered to the community, rather than individuals living within the area, as the most socio-economically disadvantaged will likely lack the purchasing power to avail themselves of the offer.

Industry Standard

As of December 2023 Welsh Government's current Community Benefit Fund assumptions for wind (£5k/MW) matches the level suggested by Scottish Government and RenewableUK. A lower level for solar (£2.5k/MW) is suggested due to the lower yield per MW associated with solar, as a starting point for discussions between developers and communities.

Role of Caerphilly County Borough Council

CBCs are NOT a mechanism to make a development more acceptable in planning terms and they are not taken into account when determining any application for planning consent. No Councillor or Officer will be permitted to be involved in any discussions or negotiations in respect of a CBC, and then also participate in a land use planning (decision-making) process that corresponds to the development.

The Council holds a wealth of data and information about its communities including the current local assessment of well-being that divides the county borough into five geographical areas for community planning processes.

[Gwent Well-being Assessment \(gwentpsb.org\)](http://gwentpsb.org)

Teams within the Council work regularly and closely with local community groups and the formalised third sector and have a wealth of insight and community intelligence that will be available to support the development of CBCs.

The Council has a well-being power under local government legislation (Local Government Act 2000) to do anything it considers will improve the well-being of the area and for this reason it will take an active role in the development of CBCs in its area.

The Council will encourage developers to use this guidance and communicate directly with us at the earliest opportunity to secure the greatest level of benefits possible for local communities. The Council has a longstanding and supportive relationship with the community and voluntary sector through the Third Sector Partnership Agreement. Its partners include the Gwent Association of Voluntary Organisations, Gwent Police and Aneurin Bevan University Health Board, Natural Resources Wales, Public Health Wales and South Wales Fire and Rescue Service.

Council officers that facilitate or assist in the data, assessments and community engagement to support CBCs will hold roles entirely outside of the statutory planning process.

ESTABLISHING THE COMMUNITY BENEFIT SCHEME

Community Benefit Contributions should seek to support place-shaping initiatives which improve and increase access to community assets, including public spaces and anything that collectively improves community well-being. (CBCs) should be informed by the socio-economic context of the communities nearest to projects and by community engagement. They should also have reference to broader Welsh Government Policy – for example, the Well-being of Future Generations Act.

CBCs could support place-shaping initiatives which improve and increase access to community assets, including public spaces and anything that collectively improves community well-being, while being aligned to local needs. For example, in an area with high levels of youth unemployment, or a lack of suitable skills for employment opportunities that are available, it may be appropriate to explore how CBCs could fill that gap alongside existing provision.

Data and Assessment

The Council and its public sector partners hold a wealth of data, both quantitative and qualitative around local communities. Developers will find this data on the Gwent Public Services Board's website as hyperlinked above and further insight can be obtained from teamcaerphilly@caerphilly.gov.uk.

CBCs should set out how their contributions have been developed to meet the particular needs of the local community, by referencing its unique position and building on the existing assets of the community.

Community Engagement

Effectively involving the full breadth of a local community in developing a CBC is vitally important in ensuring that a few groups, or voices, do not hold undue influence over the decisions that will be taken as part of the CBC process.

The Council has a key role in ensuring that as wide as possible representation is heard, especially from groups in the community whose voices are less well heard. Insights, intelligence and the community voice are key aspects of the Council's delivery and again, the Council has a broad base of contacts and local community groups which should be used in developing CBCs. Advice should be sought at the earliest opportunity to ensure effective engagement and involvement. An engagement plan should be developed at the outset of a CBC and shared with the Council for comment and advice.

The Third Sector

The community and voluntary sector in the county borough are vibrant, effective and hard-working. Local voluntary groups are key to ensuring the resilience of local communities and offer a representative voice for the people living in the area.

The formalised local Community Voluntary Council - the Gwent Association of Voluntary Organisations (GAVO) works well with the Council and its other partners through the local Third Sector Partnership Agreement. CBCs should seek to support the sector and these arrangements in the county borough.

Local Representatives

Many areas of the county borough are served by Town and Community Councils. As the tier of democracy closest to communities they will have a vested interest in the development of CBCs where any are proposed in their areas. Noting that not all of the county borough area has this tier of democracy.

The Council's own 69 elected members cover 30 wards across the county borough and these members are the democratically elected representatives of the residents in the area. Their role means they have a range of insight and views on the development of their local communities that should be factored into the development of CBCs. However, like the separation role of officers of the Council, they are unconnected to planning decisions in their local areas.

Proximity Principle

The proximity principle simply provides that benefits should be directed to geographic areas with regards to the level of impact they experience; the level of any impact expected in a community should be reflected in the proportion of benefits provided to that community. The cumulative impact and concentration of other projects should be considered when developing the CBC. The most affected communities should receive a proportional benefit and the CBC should not be averaged over a wider area.

The Council advises a transparent, equitable and well-publicised approach to decisions around proximity and acknowledges that developers will seek to ensure that the distribution of CBCs reflects localised impacts. Openness and the ability to influence proximity decisions should be part of the engagement process when developing CBCs.

Amount and Timing of Contributions

The amount of benefit provided by the CBC will vary with each project or development. The time at which benefits become available may also depend on the nature of the project. However, the Council will seek to ensure that benefits become available to communities at the earliest point possible in the project lifecycle. CBCs are expected to be provided for the whole of the operational life of the project. The amount, type and scheduling of CBCs should be set out at the beginning of their development and be part of engagement with communities.

The approach to community benefits has been widely adopted for renewable energy projects. The Council will expect developers to commit to provide

community benefits equivalent to the current industry standard per MW of installed capacity, or equivalent benefits-in-kind, directly to host communities.

For other projects and developments, the industry standards are less well developed and understood, although they are evolving. The Council will, again, seek to ensure that a fair and representative amount is offered to local affected communities with an equitable proximity calculation built in.

Decommissioning

Community Benefit schemes should cover the whole of the lifecycle of a project or development and recognise the stages in its lifecycle.

Some projects, in particular but not only renewable energy projects, include a decommissioning phase. Decommissioning of a project and the restoration of the land involved has the potential to have as adverse effect on communities as commissioning and build. Recognition of this phase of a project should be built into the amount, type and scheduling of the CBCs offered.

However, for the avoidance of doubt, CBCs that cover the decommissioning or deconstruction phase of a development is not in lieu, or in place, of the appropriate decommissioning plan and planning conditions related to the decommissioning of the site.

USE AND PURPOSE OF THE COMMUNITY BENEFIT SCHEME

The Council's role is to achieve the best CBC outcome for local communities and to ensure that local data and community engagement is used in determining the use and purpose of CBCs. It may be appropriate for the Council to administer the funds allocated to the CBC, which has happened for renewable energy schemes in the past. GAVO also administers CBC schemes on behalf of communities. However, this is not intended to be the standard approach and the best administration mechanism will be determined as part of the CBC development. This could include the use of a Community Interest Company (CIC) or a Charitable Trust. Charitable Incorporated Organisations (CIOs) are structured to represent the interests of the community. They typically have local members and a governance structure that ensures decisions about fund allocation are made with community input.

Social, Economic, Environmental and Cultural purposes

The unique data, intelligence and engagement with communities will determine the most appropriate criteria for each CBC. However, the long-term sustainability of communities will be the focus of development and the Council will seek agreement that long-term projects will be developed using contributions. Projects that support the long-term well-being of future generations, thriving, prosperous and resilient communities, with good infrastructure, facilities and local nature amenity will be preferred. Indicative areas would be:

- Investing in young people by promoting skills development and apprenticeship opportunities.
- Supporting the local economy through targeted training and recruitment of local labour, sourcing materials, contractors and services locally etc. reducing the need to travel and improving sustainability.
- Providing means of alleviating disadvantageous circumstances and raising aspirations amongst individuals and groups, for example, through scholarships to local universities and colleges, work placements and visits to operational facilities.
- Supporting services which improve community cohesion and quality of life for example, youth engagement and participation projects.
- Making investments which contribute to sustainable long-term projects in communities.
- Supporting the sustainability of community owned/managed assets i.e. community buildings, allotments.
- Promoting and enhancing local identity, distinctiveness and culture recognising the desire to support the Welsh language.
- Providing enhanced support and recognition of the needs of residents with protected characteristics.
- Making contributions to electric vehicle charging infrastructure and the collective imperative of targeting net zero.
- Providing resources for citizens to pursue the low carbon agenda through community-based energy efficiency measures, or community-based energy clubs.
- Providing open space improvements, biodiversity net gain projects, providing or supporting landscape reinstatement or enhancement schemes.
- Providing communities with the opportunities to invest in the proposed development and with the tools to enable them to make better use of their local energy assets; and
- Adding value to existing community projects.

DELIVERY MECHANISMS

The partners in a CBC are the developer and the affected community, or communities. CBCs are not an agreement between the Council and the developer and the Council's role is to guide the development of CBCs and advocate on behalf of communities. However, for the reasons set out above, the Council has a key role to play in ensuring the maximum possible monetary and well-being benefit. The Council will work with developers to support any proposed mechanism for delivery but will seek to ensure that key principles are followed, and that openness, transparency and accountability are embedded in the CBC.

Key principles

1. The proposal must deliver a defined benefit to local communities, taking into account the proximity principle and with clear objectives around the outcomes to be achieved.
2. The administration of the fund must involve local people in decision making; while the developer can set the parameters of what the CBC can be used for, they should involve local people in this decision and involve local people in decisions on precise projects and schemes.
3. Funding should be provided to properly constituted community groups rather than individuals, unless an element of the scheme is devoted to educational purposes such as bursaries, or apprenticeships. Funding bodies should ensure due diligence when determining which groups and projects to support.
4. All processes should be publicised and transparent, the existence of funding and how it will be used and has been used must be easily publicly available. Dedicated websites and social media platforms should be used. However, recognised digital exclusion should be an important part of openness and transparency, options for face-to-face events in communities should be taken to ensure that people with protected characteristics are equally able to contribute.
5. The use of funds should be reported on. An annual report setting out how funds have been used, what projects or schemes have been supported and what outcomes this has resulted in, should be produced and made available to local communities.
6. The holding of CBC funds should be properly managed and audited. Accounts showing the application of funds, including deductions for administrative costs, should be made publicly available at the end of each year of operation to assist the understanding of communities, partners and their representative.

Delivery support

- **Caerphilly Cares** The 'Caerphilly Cares' team, a team of established Caerphilly County Borough Council staff, offers a centralised coordination and response triage service for those county borough residents in need of support for issues such as food poverty, debt or rent arrears, isolation or loneliness. 'Caerphilly Cares' aims to offer the individual a single point of contact with the team, who will assist that individual in getting to the root cause of their issue, meaning they will only need to explain their situation once. The team links up with existing services, both within Caerphilly County Borough Council and with partners, including the voluntary sector and local community groups, supporting that individual through their journey with those various services, from end to end. The team plays a key role in community development and works with local community groups to maximise community and individual well-being.

- **GAVO** Gwent Association of Voluntary Organisations (GAVO) is the county voluntary council in Caerphilly. GAVO is one of 19 intermediary bodies in Wales and is an umbrella organisation providing support, advice and information to the voluntary and community sector, with over 800 members in the county borough. GAVO is an invited member representing the voice of the voluntary sector at the Caerphilly Public Services Board, and at a strategic level across the county borough. GAVO supports joint working through the Caerphilly Well-being Plan, the Voluntary Sector Liaison Committee and forums and networks.
- **GAVO Community Development and Volunteering Officers** provide governance, sustainable funding and volunteering, support and advice to the Third Sector in Gwent, including community and voluntary groups as well as individuals who are interested in helping and supporting their community.

CONTACT

To discuss the development of CBCs with the Council please contact:

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CASE STUDIES

Oakdale Community Benefit Fund

Community Benefit Contributions have already made an impact on local communities across Caerphilly County Borough. Several constituted groups have accessed grants from the Oakdale Community Benefit Fund. Oakdale Business Park Wind Energy Project is a 4MW project located on a brownfield site that was formerly a coal mine. Partnerships for Renewables will pay rent to the council for use of the site, which will provide additional income for the benefit of the local community. In addition, a community benefit package of £10,000 per year, index linked for the lifetime of the wind farm, will be provided as part of the development, to be spent on projects that will have positive impacts locally. Recipients include Markham Miners Welfare Club in Blackwood. The club accessed £3000 of funding which was used towards replacing the existing boiler which supplies heating to the building, replacing this helped with efficiency decreasing running costs for the building. The centre houses a local playgroup, Senedd Surgeries, health visiting clinics and a Food bank and Warm Hub over the winter months. The funding targeted projects that contribute to local and national goals including the well-being goals of the Well-being of Future Generations (Wales) Act 2015 and the aims of the Corporate Plan. Other recipients of grants in 2023 include:

- Mynyddislwyn Choir
- Heartwise groups in Argoed and Crumlin

Brechfa Forest Wind Farm Fund

Further afield community benefit contributions have made an impact on communities across Wales. Brechfa Forest Wind Farm is a 57.4MW project in Carmarthenshire and was commissioned in 2018. The RWE Brechfa Forest Wind Farm Fund was launched in 2018 by RWE and is worth £11 million over the lifetime of the wind farm. The fund aims to support the communities that neighbour the wind farm for the duration of the 25-year lifetime of the site. Over the past three years, as well as generating match funding, the fund panel has:

- Helped to create a new lunch club, cinema club and IT hub.
- Engaged community development specialists to help projects develop, build capacity, and come up with new solutions to challenge.
- Given grants to much-needed community facilities, including community centres, church halls, provide long term funding for public toilets.
- Reduced carbon emissions and running by funding for electric vehicles for community transport schemes as well as solar panels and charging points on community buildings.
- Led the delivery of a strategic approach to supporting all the schools in their area.
- Responded to emergencies such as floods and the pandemic.

- Funded innovative projects like the purchase of a bunk house by their local hospice, which is creating a long-term income stream for the hospice as well as boosting tourism opportunities in the area.

Octopus

Octopus Energy Group is a British renewable energy group specialising in sustainable energy. Octopus own the singular 400kW wind turbine in Cefn Bach Farm, Deri. Octopus customers in this area (CF81 & NP24) can benefit from up to 50% off their electric energy bill when their 'Fan' is spinning and therefore providing renewable energy to local homes. Octopus refer to this scheme as their 'Fan Club'.

The Fan Club also invests in local community groups and schools. For example, Octopus held a community event in celebration of the men's Welsh International football team reaching the football world cup.

Bute Energy

Cardiff-based developer Bute Energy's Community Benefits Vision is informed and underpinned by detailed mapping work. The company uses primary and secondary research to map the needs of communities close to their proposed Energy Parks to allow them to identify hyper-local investment priorities for each community. The mapping work undertaken by Bute helps to identify key strategic themes for positive impact including social mobility and education; which help target Bute Energy's Community Investment.

Mapping of communities and detailed engagement with local people and stakeholder groups has helped identify five key strategic themes for positive impact:

- Social Mobility: maximising local employment and training opportunities, inspiring future generations.
- Education: encouraging an interest in STEM subjects and climate change
- Recreation and Health: Enhancing access to recreational and health activities.
- Environment and Culture: Promoting local Welsh culture, heritage, and environmental enhancement.
- Cost of Living: Collaborating to address the cost-of-living crisis, with a focus on energy efficiency.

The five themes now form the basis for the Bute Energy Community Investment strategy, and alongside ongoing research and community engagement, will help target local Community Benefit Contributions.