

Meeting:	NuLeAF Steering Group, 13 April 2011
Agenda Item:	7
Subject:	Community Benefits and Radioactive Waste Management
Author:	Fred Barker
Purpose:	To report on representations to Government about the need for a strategic approach to community benefits

Introduction

This report provides:

- an update on the representations that have been made to Government about the need for a strategic approach to community benefits;
- a preliminary review of the Community Benefits Protocol developed by Renewable UK for onshore wind farms;
- an outline of the potential relevance of business rate reform.

Recommendation

That the Steering Group:

- 1 endorse the preparation of a discussion paper exploring the case for a Community Benefits Protocol for radioactive waste management developments; and
- 2 authorise the Executive Director to enter into further discussion with DECC about a potential Protocol.

Contribution to Achieving Strategic Objectives

This report is intended to contribute to the achievement of the following NuLeAF objective:

- to seek to ensure that a consistent, proportionate and transparent approach can be taken to the establishment of Community Funds associated with key radioactive waste management facilities.

1 Representations to Government

At its meeting on 25 January, the NuLeAF Steering Group agreed to make representations to Government about the need for a strategic approach to community benefits associated with radioactive waste management developments.

As a result, the letter in Annex A was sent to DECC by the Chair and Vice Chair. The letter sets out the range of developments that underpin the case for a strategic approach, and suggests that:

Under these circumstances, we think it entirely appropriate that the Government should make it clear to those responsible for developing or seeking agreement to wider use of certain radioactive waste management facilities, that they are expected, as developers, to contribute fair and proportionate funding for benefits that go beyond those that would arise solely from a section 106 agreement or a CIL scheme.

The letter was followed up by a meeting between DECC officials and the Executive Director, which took place on 28th February.

The main points from the meeting are that:

- DECC remain to be convinced about the case for an approach that goes ‘beyond S106’, but there is a willingness to discuss the issues further.
- DECC consider that there is still scope in S106 arrangements to deliver meaningful benefit packages. For example, the recent increase in EDF’s offer for a Hinkley C Community Fund (from £1m to £20m) is being discussed in the context of a S106 agreement. However, there are other examples where the legislative tightening (see Annex B) on S106 agreements is likely to constrain the scale and application of community funds.
- There are good examples of ‘beyond S106’ benefits associated with wind farm developments.
- DECC highlighted the potential significance of business rate reform and pointed to the imminent publication of the terms of a further review.
- DECC would be willing to have further discussions in the summer.

Note also that on 17 March, the Energy Minister, Charles Hendry, stated in a Written Answer to the House of Commons that:

Support for communities affected by major infrastructure projects can be provided in a number of ways. Within the planning system, planning obligations and the Community Infrastructure Levy can be used to provide for site specific mitigation and for general infrastructure contributions. Developers may also work with communities outside these mechanisms to review benefits for the local area. An example is the recent community benefit protocol published by RenewableUK.

In addition, Government are creating a framework of incentives for local authorities to deliver sustainable economic development. This includes consideration of proposals to deliver better incentives, through the business rates system, for local authorities to promote growth. The Local Government Resource Review will deliver proposals on this by July this summer.

2 The Community Benefits Protocol for Wind Farm Developments

The Protocol sets out the commitment by the members of the trade association, Renewable UK, to deliver real and tangible benefits to those communities that live near onshore wind farms of 5MW and above (installed capacity). It is available at <http://www.bwea.com/pdf/publications/CommunityBenefits.pdf>.

Renewable UK explains that the Protocol refers specifically to benefits that are focused directly upon, and are clearly tangible to, the local community living near a wind farm. It claims to bring together the greatest strengths of existing best practice into a formalised and coherent approach. The aim is to provide a flexible framework within which local communities can be more closely engaged in discussion of the opportunities available, including community funds, community facilities or environmental improvements, and profit-sharing arrangements.

The Protocol contains the following criteria:

- a community benefit scheme will receive support equivalent to a minimum value of £1000 per megawatt of installed capacity per annum and will be index-linked with the RPI for the lifetime of the project;
- The community/ies with an interest will be identified through engagement involving the applicant, the LPA and relevant stakeholder as defined in any Statement of Community Involvement or similar requirement.
- The applicant commits to undertaking early and transparent community consultation in line with, as a minimum, the relevant LPAs or Major Infrastructure Planning Unit's requirements.
- Payments or benefits will commence not later than 12 months from the date of commissioning of the wind farm and will be provided on or before each anniversary date of the first payment.
- Payments shall be provided for the duration of the commercial operation of the wind farm.

An interesting feature of the Protocol is that it establishes a Community Benefits Certificate for developers in order to ensure a transparent and consistent approach. Non-compliance with the Protocol would lead to public revocation of a developer's Certificate.

The Protocol also sets out arrangements for auditing, which include:

- The applicant submitting a 'Statement of Community Benefit' to the LPA at the time of submission of a planning application or in advance. The aim is to ensure an open and transparent understanding of the minimum level of benefits that will accompany the project.
- Within 6 months of receipt of planning permission, the applicant submitting a 'Registration Form' to Renewable UK identifying the proposed future community benefit.

- After commissioning, the applicant submitting annual Audit Forms to Renewable UK setting out the level of benefits provided to date and the proposed level in the future.
- An ‘audit body’ will be established by Renewable UK.

Renewable UK also intends to publish an Annual Report on community benefits, which will commend those developers that have been awarded a Community Benefits Certificate.

3 Preliminary Comments on the Protocol

The following points should be taken into account when considering whether a case can be made for development of a similar ‘protocol-based’ approach to the community benefits that could be associated with radioactive waste management developments:

- In the introduction to the Community Benefit Protocol for wind farms, the Energy Minister, Charles Hendry MP, “warmly welcomes” the initiative. It appears therefore that the Government has in effect endorsed this example of a ‘beyond S106’ approach to community benefits.
- The community benefits arising from the Protocol are considered to be separate and different from those actions and contributions from a developer which are necessary to make a proposed development acceptable in planning terms. As these benefits go ‘beyond S106’, local authorities involved in discussions about potential benefits should ensure that the officers or councillors directly involved are not also in a position to influence the planning decision about a proposed wind farm.
- It is not immediately obvious what criterion could be adopted to define the minimum value of community benefits that should be associated with a radioactive waste management facility. Relevant factors might include: the actual or perceived impacts of the facility and its proposed use on public health, well-being, the environment and the local economy (taking into account impacts on transport, tourism, industry and the ability to attract investment); the number of generations across which the facility and associated institutional controls would be present within a community; the extent to which the facility contributes to the optimisation of the use of national facilities and the achievement of national costs savings; and the role that the facility is planned to have in taking wastes from other sites, customers or sectors.
- There is also the question of which organisation should adopt a radioactive waste management related Community Benefits Protocol. The broadly equivalent trade organisation to Renewable UK is the Nuclear Industry Association. Another option might be for the NDA to adopt a protocol, with a corresponding Community Benefits Certificate for developers, whether Site Licensee Companies, or in the wider supply chain.
- The West Cumbria MRWS Partnership is developing a set of principles for the Community Benefits that may be associated with a Geological Disposal Facility (GDF). Although it is not intended that a Community Benefits Protocol should apply to the unique case of a GDF, the Partnership’s principles may nonetheless be relevant to the development of such a Protocol.

It is clear that more thought needs to be put into whether a Community Benefits Protocol is an appropriate way forward for radioactive waste management developments.

Members' initial views are invited. These could then help inform preparation of a discussion paper exploring the case for such a Community Benefits Protocol.

4 Proposals for Business Rates Reform

DECC have suggested that consideration of a strategic approach to community benefits could in effect be overtaken by proposals for business rates reform.

The terms of the review of business rates were announced on 17 March (see [Review could end council dependence on Whitehall grant](#)). Extracts from the CLG press release include:

A vision of 'self-funded' councils that keep their local business taxes with central grant dependence scaled back except where it is needed to protect the interest of taxpayers is being put forward today by Local Government Secretary Eric Pickles.

The first phase of a review of council resources is being launched today to consider ways to establish a new system for Business Rates and Government grant, which protects the interests of taxpayers, rewards local growth and job creation, and delivers a more self-sufficient income for councils.

At the moment, £20 billion of business rates collected by councils is pooled by central government and redistributed across all local authorities through an extremely complex grant system. As a result the cash return for economically successful councils is curtailed.

Ministers believe that allowing councils to repatriate their business rates could help introduce genuine local growth incentives for councils, which have a vital economic leadership role in new local enterprise partnerships, to support growth in the private sector and regeneration. Councils would have a direct stake in the future of their area with access to money and growth rewards.

The Review will conclude in July followed by the necessary steps to implement the conclusions.

The Terms of Reference for phase one are published today setting out what will be considered by Ministers. They include:

- the best way to allow local authorities to retain their business rates to incentivise growth, whilst ensuring that all have adequate resources to meet the needs of their communities;
- the extent to which these proposals can set councils free from dependency on central funding, along with further financial freedoms, whilst protecting the interests of local taxpayers;
- to ensure the right safeguards are in place: including how to fund those who collect insufficient business rates and keep control of council tax levels;
- the position of councils that collect more than current spending levels; and
- ensure protections for business.

There will also be a second phase that focuses on the important role of Community Budgets. It will be taken forward in parallel with the continued roll out of these Budgets. Detailed Terms of Reference will be published in due course.

The outcome of the review will be reported to future meetings of the Steering Group.

Final Comment and Recommendations

Although it may be the case that the business rates review will lead to changes that see local authorities rewarded for local economic growth, it seems unlikely that this will remove the need to consider a strategic approach to community benefits for radioactive waste management developments. As such, it is recommended that the Steering Group:

- endorse the preparation of a discussion paper exploring the case for a Community Benefits Protocol for radioactive waste management developments; and
- authorise the Executive Director to enter into further discussion with DECC about a potential Protocol.