

Carraig Gheal Wind Farm

Community Benefit Fund

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Contents

Introduction	4
Fund Overview	4
Fund Value	4
Fund Administration	5
Financial Management	5
Steering Group	6
Funding Criteria	8
Funding Process	8
Appendix 1: Steering Group Code of Conduct	
Appendix 2: GreenPower Community Benefit Principles	
Appendix 3: Charitable Purposes	

Introduction

The Carraig Gheal Wind Farm in Argyll is owned and operated by GreenPower (Carraig Gheal) Limited (hereafter referred to as “GreenPower”).

Prior to submitting the application for the Wind Farm in 2004 and during the pre-application community consultations, GreenPower made a commitment to the local community to put in place a community benefit fund, which would receive £1,000 per megawatt (MW) of generating capacity per annum. The installed generating capacity being 46MW, GreenPower is therefore committed to making an annual contribution of £46,000.

Following further consultation with the local community in 2013, GreenPower has created the Carraig Gheal Community Benefit Fund as a mechanism for delivering the community benefits arising from the operation of the Wind Farm.

This document sets out the details of how GreenPower will work with the local community to manage the funds.

Fund Overview

The Carraig Gheal Community Benefit Fund will be structured as follows:

- GreenPower will make contributions to the fund twice yearly (April and October), of equal amounts, totalling £46,000 per annum (index linked), with the commencement of funding back-dated to November 2013;
- Fund reporting will be based on a financial year starting on 1st April each year;
- The funds will be held in a dedicated bank account, held with a UK high street bank;
- A Steering Group will be formed to oversee the allocation of the funds and to set strategic goals for the use of the funds;
- The Steering Group membership will be drawn from local elected bodies and independent members of the local community;
- The Steering Group and GreenPower will agree a set of rules for the allocation of funds to ensure that their use is fair and broadly based on charitable purposes and for the public good;
- GreenPower will provide the back-office support to run the fund, including a dedicated Fund Administrator, at no cost to the fund;

The rest of this document sets out detailed matters in relation to the management of the fund.

Fund Value

The fund will receive contributions from GreenPower twice per annum, with payments on 30th April and 31st October in each year. Each contribution will be half the annual contribution, with the April contribution covering the period April – September and the October contribution covering the period October - March.

The annual contribution will be index linked once each year, according to changes in the UK Government’s Retail Price Index (RPI) as published by the Office for National Statistics. The reference month for the index linking will be November 2013. Each year’s contribution will be based on the RPI value for the preceding March.

For example:

Financial year 14/15 runs from 1st April 2014 to 31st March 2015

RPI_{ref} , the RPI for November 2013, is 252.1

RPI_{latest} , the RPI for March 2014, is 254.8

Therefore, the contribution for the financial year 2014/15 will be:

$£46,000 \times 254.8/252.1 = £46,492.66$.

For accounting ease, GreenPower will round this up to £46,500.

Contributions will commence as from November 2013. On formation in autumn 2014 the fund will receive contributions of £19,200 (being the funds from commencement up to the end of that financial year) and £46,500 (the contribution for 2014/15 as calculated above), a total initial contribution of £65,700.

Fund Administration

GreenPower will provide the back-office functions to support the fund management and this will include appointing a dedicated Fund Administrator to provide a secretariat role to deal with day-to-day administration of the Fund.

The Fund Administrator's role will include:

- Preparing agendas and papers in agreement with the Chair and circulating in advance of Steering Group meetings;
- Handling bookings of meeting venues and processing any expenses claims from Steering Group Members;
- Taking minutes of Steering Group meetings and circulating promptly after each meeting;
- Coordination of the grant application, selection and funding award processes;
- Managing and responding to correspondence;
- Monitoring the use of allocated funds to ensure they comply with any terms and conditions set on the funding and reporting on such to the Steering Group;
- Providing regular fund progress reports to the Steering Group and a public annual report;
- Preparing application forms and other standard reporting forms;
- Coordinating the promotional activities agreed by the Steering Group; and
- Ensuring the fund's pages on the Carraig Gheal wind farm website is up to date.

It is intended that the Fund Administrator will, if possible, be employed from within the local community. The Fund Administrator cannot also be a member of the Steering Group.

The costs of the Fund Administrator will be met by GreenPower.

Financial Management

The day to day financial management of the fund will be provided by GreenPower's finance team under the control of the company's Finance Director. The fund will not be charged for these costs.

Financial Year & Reporting

The fund will be treated as having a "financial year" commencing on 1st April each year for management and reporting purposes.

GreenPower will produce detailed financial reports for each meeting of the Steering Group. The reports will cover both the overall funding position and detailed reports on previously agreed allocations to specific funding Recipients.

At the end of each financial year, GreenPower will produce a final accounting report with full details of all transactions and this will be audited by GreenPower's auditors.

Fund Accruals

The policy for accruing funds from year to year should be set by the Steering Group. It is expected that there will be a requirement for accruals due to commitments made but not actually spent, such as staged payments to a project that will span over two or more financial years. The Steering Group will also need to consider whether funds should be deliberately accrued, either to build a funding pot for a specific larger project or to provide a source of funds beyond the operating life of the wind farm.

Banking

The funds will be held in a bank account held with a UK "high street" bank. Payments from the account will require two signatories and it is proposed that one is a GreenPower director and one Steering Group member. It is proposed that the norm would be dual signing by the GreenPower Finance Director and the Steering Group chairman, with alternates available to deal with holidays and other absences.

Steering Group

The use and allocation of the Community Benefit funds will be managed by the GreenPower Carraig Gheal Community Benefit Steering Group (the "Steering Group").

Members

The Steering Group will be composed of a total of eight (minimum) to ten (maximum) Members, comprising:

- Five Community Council Members, being one elected member from each of the following community councils (listed in alphabetical order):
 - Avich and Kilchrenan Community Council;
 - Glenorchy and Innishail Community Council;
 - Kilmore Community Council;
 - Kilniver and Kilmelford Community Council; and
 - Taynuilt Community Council.
- Between three and five Public Members, who are representative members of the local public.

All members of the Steering Group shall have their normal permanent residence within the vicinity of the Wind Farm and shall be over the age of 16.

Each community council listed above shall be responsible for appointing their Community Council Member and for appointing a new Member if their current nominated Member leaves the Steering Group.

Where more nominations are received than spaces available for the Public Members, the current Members and a representative from GreenPower will meet to agree an open, transparent selection process to review and select the Public Members to join the Steering Group. Public Members may be self-nominated or nominated by others but any nominations should normally only be accepted from residents within the vicinity of the Wind Farm.

It is proposed that each Steering Group Member will be appointed for a period of three years and a third of the Members will retire each year. Members may be re-elected or re-appointed.

The Steering Group will elect a chair from amongst its membership and will set out the term over which they will serve.

Terms of Reference

The role of the Steering Group is to:

- a) Set the criteria for how the funds are to be allocated, including setting priorities and long term strategies to meet community needs;
- b) Advise on and approve promotional activities to raise awareness of the fund;
- c) Review and provide advice on specific applications for funding;
- d) Make decisions on individual applications for funding awards;
- e) Monitor and report back to the community and GreenPower on the use of the funds;
- f) Represent, at all times, the interests of all the local communities;

It is expected that in setting criteria, including priorities and long term strategies, that the Steering Group will take account of other sources of funds available to the local community, so that the Carraig Gheal Community Benefit provides additional benefit and does not simply replace other sources of funding. The Steering Group may, in particular circumstances, set match funding requirements and/or only make part-awards.

Steering Group Members are expected to understand, sign and adhere to the Code of Conduct (Appendix 1) to ensure high standards in delivering the fund for the benefit of the wider community.

The Steering Group can alter these Terms of Reference by agreement with GreenPower and provided it has a majority support of its members.

Meetings

The Steering Group will meet a minimum of twice per year, but may decide to meet more frequently particularly in the initial phases of establishing the Fund. The venue for the meetings will be decided by the Steering Group and can rotate if this is preferred.

GreenPower will meet the reasonable costs of venue hire.

Quorum for meetings of the Steering Group is five Members. Decision making will be by consensus where possible, or by simple majority voting. In the event of a tie the Chair will have a casting vote. Decisions on funding allocations will normally be made at quorate meetings, unless otherwise agreed by the Chair and GreenPower.

The meetings will also be attended by the Fund Administrator and may be attended by a representative of the GreenPower board.

The Fund Administrator will be responsible for circulating agendas, papers and minutes of meetings and will work closely with the Chair to ensure smooth running of each meeting.

The Fund Administrator will have no right to vote on any matter. The GreenPower director will only vote in relation to any matter that specifically requires GreenPower approval, but may exercise a right of veto in the event that any decision is being made outwith the approved Terms of Reference of the Steering Group or contrary to the GreenPower Community Benefit Principles.

Meetings will generally be held in private. The Steering Group shall agree what information from agendas, papers and minutes shall be made public, with the intention that the fund

management is as open and accountable as possible. The Steering Group may invite others to participate in the meetings, as observers or to provide specific advice or to speak in support of funding applications which they have submitted, but such participants shall not have any right to vote on any matter and will not be permitted to be present during discussion of specific funding applications, except with the approval of the Chair and subject to appropriate confidentiality provisions.

Where any Member has a conflict of interest in the matters being discussed or approved at any meeting, this must be declared and recorded at the start of each meeting and such Member will not be permitted to participate in any vote to approve any funding allocation related to that conflict of interest.

Expenses

Steering Group Members will be entitled to receive reasonable transport, subsistence and childcare expenses to be met in carrying out their duties. Members will be required to submit an expenses claim form and GreenPower will meet the cost of the expenses. Expenses will be a matter of public record.

Funding Criteria

The Steering Group will establish the detailed criteria by which funding will be allocated and that criteria may be amended from time to time based on long term strategic focus or short term priorities set by the Group.

The funding criteria should at all times be open and clear to all potential applicants. The Fund Administrator will liaise with applicants and potential applicants in order to ensure that the criteria are understood and that the spirit of the criteria is being adhered to. The Fund Administrator will provide feedback to the Steering Group where there is any lack of clarity and to enable the Group to refine and clarify the criteria as required.

GreenPower is not applying any specific boundary that limits the uses of the funds. The Steering Group will be drawn from communities immediately around the Wind Farm. The Steering Group may choose to establish their own criteria for the allocation of the funds.

Community Benefit Principles

In providing the contributions to the fund, GreenPower will require the allocation of funds to comply with their Community Benefit Principles, which are set out in Appendix 2. The purpose of that document is to set out key principles that GreenPower wish or require to be adopted in any community benefit funding.

Charitable Purposes & Public Benefit

One of GreenPower's key principles is that any community benefit funds must be used for the public benefit and for charitable purposes. Appendix 3 sets out a brief description of charitable purposes to be applied, which are based on Office of the Scottish Charity Regulator guidelines.

This approach does **not** require that the recipients are established formally as a charity. For the avoidance of doubt, a recipient of funds may carry out other activities which do not meet the public benefit or charitable purpose tests, but the Community Benefit Fund should only be used to support projects or activities which meet those criteria.

Funding Process

It is intended that a structured approach will be adopted which all funding applicants will follow and which will cover the review and approval of any awards of funding. A formal

monitoring of the spending will also take place to ensure that funds have been properly accounted for.

Funding Applications

Applications for funding will require to be made formally, including completion of a template application form that will be made available to all applicants. The Fund Administrator will be available to assist potential applicants in completing their applications and helping them assess whether their application is likely to meet the established funding criteria.

Deadlines will be set and published for funding “rounds” to tie in with the schedule of meetings of the Steering Group.

Once applications are received, the Fund Administrator will carry out an initial review to ensure that the applications are complete and all supporting information has been provided. They may contact applicants to seek clarifications and to request additional supporting information.

The Fund Administrator will pull together an evaluation report for each application, which will be prepared to a standard format to allow easy comparison between applications and assessment of whether criteria have been met.

The Fund Administrator will also, for each Steering Group meeting, prepare a summary of the applications received, covering matters such as total value of all applications, compliance with criteria, etc. They will also report on the level of interest shown and applications that do not comply with the criteria. Full records of inquiries received and applications made will be compiled by the Fund Administrator and made available to the Steering Group.

Funding Recipients

It will normally be expected that any recipient of the funds will be a formally constituted group or organisation, with a clear constitution or legal structure and the demonstrable ability to receive and manage funds. The key focus is to ensure that the funds are secure and used only for the intended purposes and that proper reporting can be given on how the funds are used.

In making any funding awards the Steering Group will set out what criteria must be achieved prior to allocation or draw-down of the funds. This might require receipts, quotations or actual invoices for work. Where funds are required in advance of a spend or commitment, the Fund Administrator will agree with the Steering Group, the criteria to be applied and what level of checks and monitoring is required.

In exceptional circumstances, where a formally constituted body is not available or not appropriate, the Steering Group may agree that the fund would provide the detailed financial management of a project and GreenPower may be the contracting party to deliver a piece of work, but only with GreenPower’s prior agreement, taking into account, for example, issue of public liability.

Funding Decisions

Funding decisions will normally be made at a Steering Group meeting, by at least a majority of the Members present.

Applicants will be promptly notified, by the Fund Administrator, of the decision regarding their application.

Where an application is not successful, feedback will be given to the applicant on the reasons for rejection. This feedback will be confidential. Queries on the decisions raised by the public

or applicants should be handled by the Fund Administrator rather than by individual Steering Group Members. There will be no right of appeal against funding decisions.

The voting decisions of individual Members will be confidential and will not be available to the applicants or the public.

Fund Management Review

It is proposed that after a period of operation of the fund, a review of the management of the fund takes place. It is proposed that, in order to allow the fund to become established, that this takes place some time after three years, but before five years. The review process will be agreed between GreenPower and the Steering Group. The purpose of the review would be to assess the effectiveness of the fund management structure and identify whether any improvements can be made to improve and if so, how best to implement those improvements. The review process should be open and accountable and should be reported back to the communities. For the avoidance of doubt, the review process does not imply that there is any uncertainty about the funding from GreenPower.

Appendix 1

Carraig Gheal Wind Farm Community Benefit

Steering Group

Code of Conduct

Code of Conduct

This Code of Conduct is based on principles applying to Community Councillors under The Ethical Standards in Public Life etc (Scotland) Act 2000. It applies to all Steering Group Members and they are expected to abide by this code both during their term of membership and afterwards.

Community Service, Objectivity and Selflessness

Steering Group Members have a duty to act in the interests of the wider community within the terms of the GreenPower Community Benefit Principles.

Steering Group Members must act objectively, making decisions based on information provided by the applicant and other information that is publicly available and shared with other Steering Group Members, while avoiding personal opinion or bias.

Steering Group members must declare any conflict of interest, prior to any meeting or discussions on a particular funding application or fund priority or strategy.

Confidentiality

Steering Group Members must keep details of the Steering Group's consideration of grant applications confidential and ensure that confidential material is not used for personal or nefarious purposes. No information regarding the voting decisions of individual members should be shared with funding applicants or anyone outwith the Steering Group.

Honesty and Integrity

Steering Group Members have a duty to declare any personal interests that relate to applications under consideration.

Members may not vote on applications which they are involved with except with the approval of the Chair.

Steering Group Members should not accept gifts or hospitality that might be seen to influence or be intended to influence their opinion or judgement.

Community Leadership

Steering Group Members have a duty to support the principles of this Code of Conduct, promote inclusion and challenge discrimination in any form that arises.

Respect

Steering Group Members should treat other Members, funding applicants and the wider community in a positive, respectful, honest and non-discriminatory manner.

Every Steering Group Member should be recognised and encouraged to contribute to the work of the Steering Group by other Members.

Appendix 2

Carraig Gheal Wind Farm Community Benefit

GreenPower

Community Benefit Principles

GreenPower Community Benefit Principles

The following principles shall apply to the community benefit flowing from individual GreenPower projects. Detailed operational arrangements will be put in place for the Community Benefit Package for each project, but in each the approach adopted will reflect these Principles.

- GreenPower wishes to establish long term partnerships with local communities to work together to deliver community benefits for the lifetime of our projects.
- GreenPower will consult with local communities on the management, purpose and delivery of community benefits.
- As operational arrangements for delivering Community Benefits may vary between projects, GreenPower will consult with the local community to establish an effective system to allocate and administer any funds.
- GreenPower will endeavour to assist host communities to understand how our Community Benefit funds can help meet their needs. This might for example, involve the production of a Community plan.
- Community Benefit funds must only be used for purposes of a charitable nature and for the public good.
- Community Benefit funds must not be used for political or religious purposes, to fund or supplant a service that is a core function of a state agency or local authority, or be used to fund any activity which is against renewables projects or would bring the project or GreenPower into disrepute.

Appendix 3

Carraig Gheal Wind Farm Community Benefit

Charitable Purposes

Guidance on Charitable Purposes

For the purpose of the GreenPower Carraig Gheal Community Benefit, charitable purposes, based on the guidance offered by the Office of the Scottish Charity Regulator and by the UK government, are defined as being for public benefit and covering one or more of the following descriptions:

- The prevention or relief of poverty;
- The advancement of education;
- The advancement of health or the saving of lives;
- The advancement of citizenship or community development;
- The advancement of the arts, culture, heritage or science;
- The advancement of public participation in sport;
- The advancement of human rights, conflict resolution, racial and religious harmony, equality and diversity;
- The advancement of environmental protection or improvement;
- The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
- The advancement of animal welfare;
- The support of emergency services, including mountain rescue;
- Any other purposes currently recognized as charitable or any new charitable purpose which is similar to another charitable purpose.