



Department for  
Energy Security  
& Net Zero

# Community Funds for Transmission Infrastructure: Guidance



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# 1. Introduction

## Context

The electricity grid is the backbone of our economy; keeping our power supply secure and supporting investment, growth and prosperity now and in the future. As set out in our Clean Power 2030: Action Plan<sup>1</sup>, we need to transform our electricity networks to connect clean, home-grown electricity generation to homes and businesses across the country.

The Clean Energy Superpower and Growth missions are highly dependent on new transmission infrastructure and the network needs to be transformed at a scale and pace we have not seen since the last major upgrade in the 1960s. This will help enable connection of new generation and demand.

To realise our ambition of becoming a clean energy superpower, many communities will see an increase in the amount of new energy infrastructure being built in their area. It is vital that we bring these communities with us on the journey to achieve Clean Power 2030 and we are committed to ensuring that these communities benefit from doing so.

We realise that some people have concerns about proposals to develop new electricity transmission infrastructure in their areas and we are therefore working to develop a smart, flexible energy system that will minimise the need for new infrastructure. Where network expansion is required, existing lines are upgraded first, and a mix of offshore, onshore and, in some cases, underground cables, are used.

Where new infrastructure does need to be built, impacts will be reduced and mitigated through strategic network planning and the planning system. We are committed to ensuring communities can provide their views on the design and development of a project as set out in the relevant planning system.

Alongside these measures and, as set out in our manifesto, we want to build support for developments by ensuring communities benefit. One way in which we are delivering on this commitment is through providing community benefits that are developed with communities who host network infrastructure, and that are tailored to their needs.

Community benefits are monetary and non-monetary benefits provided to enhance the economy, society and/or environment in a local area. There are a wide variety of community benefits that can be delivered, but broadly they cover funding for local projects and programmes, investments in the local area or direct benefits to individuals in the area. These are in addition to any natural benefits that accrue through development and construction (e.g. local employment opportunities).

## Purpose

Social research<sup>2</sup> was conducted in 2023 to understand community views and preferences on electricity transmission network infrastructure, as well as measures that could improve its acceptability. Findings from this research have led to this government deciding to adopt a two-pronged approach to the delivery of community benefits, which consists of both electricity bill discounts and community funds. This combined approach is expected to achieve the biggest impact on community acceptability by targeting communities in complementary yet different ways.

At the present, some developers of electricity transmission network infrastructure already offer community funds, though this is often on an ad-hoc and inconsistent basis. Given the increase in the scale and pace of the need to roll-out electricity transmission infrastructure, we consider now is the right time to provide a fairer, more ambitious and consistent approach

<sup>1</sup> <https://www.gov.uk/government/publications/clean-power-2030-action-plan>

<sup>2</sup> <https://www.gov.uk/government/publications/community-benefits-for-electricity-transmission-network-infrastructure>



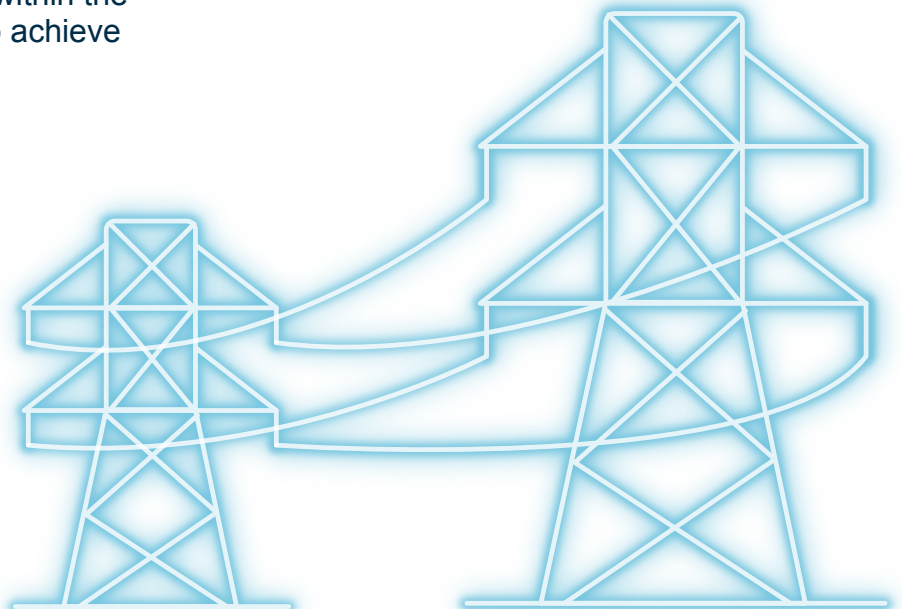
to community funds for communities living near new electricity transmission infrastructure through this guidance.

The guidance sets out the government's expectations for how communities that live near onshore electricity transmission infrastructure developments should benefit from the development of this infrastructure. The guidance includes common principles that we expect communities and developers to take on board whilst developing their own arrangements and provides them with the flexibility to deliver community funds in a way that best suits their needs and priorities. We aim to help developers and communities understand what good practice looks like in the process of planning and delivering community funds, and to set expectations to deliver high-quality community funds.

## Principles

In developing this guidance, the government was guided by the following principles:

- **Delivering what communities want.** We expect the community funds packages to be community-led; reflecting the priorities and preferences of the local communities.
- **Supporting the capacity and capability of communities.** Developing the community funds arrangements and proposals will require communities to volunteer their time, knowledge and experience. Communities should be supported so that the most diverse range of people within the community can be involved and to achieve their desired outcomes.
- **Lasting legacy.** Community funds should seek to improve the social, economic and environmental wellbeing of the community and deliver benefits that endure over the long term.
- **Flexibility to adapt to community preferences.** We recognise that each community has its own unique set of characteristics and priorities. This guidance sets out a framework around which developers and communities can develop their own arrangements to deliver what works locally and to deliver what the community wants.
- **Securing fairer and more transparent outcomes.** Flexibility also requires trust that developers are treating communities fairly. The guidance sets an expectation that developers should act transparently, explaining how decisions have been reached throughout the process, and if developers deviate from this guidance, they should explain the reasons for this to communities.



## 2. Overview

### Scope of the guidance

In developing the scope, we have sought to balance minimising additional cost on electricity bills and administrative burden on developers with prioritising projects that will have the greatest impact on achieving our overarching aims: increasing community acceptability of electricity transmission infrastructure and supporting its accelerated delivery.

### Who does this guidance apply to?

This guidance is principally aimed at transmission network project developers and communities. Transmission network project developers include:

#### Transmission Owners

Transmission Owners are responsible for owning and operating the high-voltage onshore electricity transmission networks.

#### Offshore Transmission Owners

Any onshore transmission infrastructure associated with and developed by offshore wind farms, including substations, converter stations and cabling from the foreshore. The guidance applies to the developer of this onshore transmission infrastructure, and the original developer of the transmission asset will retain responsibility for the ongoing governance and oversight of the fund.

#### Interconnectors

Interconnectors include point-to-point and offshore hybrid assets (Multi-Purpose Interconnectors and non-standard interconnectors). The guidance applies to the developer of this onshore transmission infrastructure, and the original developer

of the transmission asset will retain responsibility for the ongoing governance and oversight of the fund.

### Competitively Appointed Transmission Owner (CATO)

We expect CATOs delivering infrastructure projects to adhere to this guidance and implement community fund initiatives in parallel with their projects.

### What type of infrastructure does this guidance apply to?

This guidance only applies to onshore electricity transmission network infrastructure projects, which are defined as:

*Onshore electricity transmission network infrastructure developed by Transmission Owners and developers:*

This includes the following, non-exhaustive list of assets:

- Alternating Current (AC) Transmission lines<sup>3</sup>, usually at voltages of 275kV and 400kV in England and Wales, and of 132kV, 275kV and 400kV in Scotland;
- High Voltage Direct Current (HVDC) transmission lines; applicable only for overhead HVDC transmission;
- Substations;
- Converter stations; and
- Switching stations.

This guidance applies equally to projects delivered by developers under the competitively appointed transmission owner model.

<sup>3</sup> Distribution lines, sealing end compounds, headhouses and underground cables are not within scope of the community funds for electricity transmission infrastructure guidance

*Onshore electricity transmission network infrastructure developed by and associated with offshore wind and interconnectors<sup>4</sup>:*

- Any onshore infrastructure associated with and developed by offshore wind farms or interconnectors, including substations, converter stations and cabling from the foreshore.
- Interconnectors include point-to-point, and offshore hybrid assets (Multi-Purpose Interconnectors and non-standard interconnectors).
- The guidance applies to the developer of this onshore transmission infrastructure. The original developer of the transmission asset will retain responsibility for the ongoing governance and oversight of the fund.

**Upgrades to existing network infrastructure:**

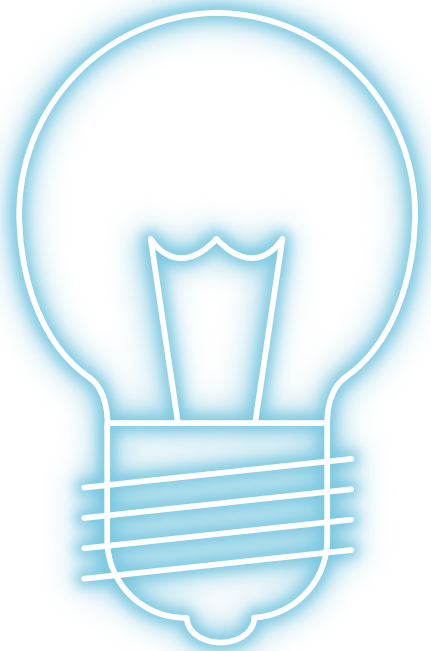
In addition to new infrastructure, the scope of this guidance includes:

- Sections of existing transmission routes that require voltage uprating<sup>5</sup> and are screened as requiring an Environmental Impact Assessment (EIA); and
- Sections of existing transmission routes that require a capacity upgrade, which include the replacement of poles with steel pylons and are screened as requiring an EIA; and
- Substation extension projects that increase the footprint of an existing operational substation footprint beyond the original boundary by at least one hectare.

**The community funds process**

An illustrative overview of the community benefit process is outlined in Figure 1 below. There is no expectation on timescales, which are likely to differ in each scenario. In summary, engagement is likely to begin at the early stages of a project's development, with funding released as a single lump-sum once a project has secured planning and financing approvals around the time that construction begins.

Developers should ensure that community funds are well run over the lifetime of the community funds package; that good working relationships are maintained; and that new proposals to deliver community funds are identified and considered as community needs and priorities change over time.



<sup>4</sup> Other forms of generation are not listed here because only the onshore transmission infrastructure, which is generally developed by Transmission Operators, is within scope rather than the generation assets themselves (e.g. solar or nuclear).

<sup>5</sup> An existing conductor is removed entirely and replaced with a new conductor to a higher voltage (e.g. 275kV to 400kV).

**Figure 1: Process for setting and delivering a community funds package**

Stages	Actions
Identify the eligible communities	<ul style="list-style-type: none"> <li>Developers use the principles outlined within the guidance document and consult key community stakeholders to identify the areas eligible for community funds.</li> </ul>
Plan engagement	<ul style="list-style-type: none"> <li>Developers consult with key community stakeholders and develop an engagement plan.</li> </ul>
Understand community preferences	<ul style="list-style-type: none"> <li>All parties consult guidance to understand good practice principles.</li> <li>Developers consult communities to understand key priorities and preferences for their areas or use an existing community plan.</li> </ul>
Establish governance and administration arrangements	<ul style="list-style-type: none"> <li>Developers set out the governance and decision-making arrangements.</li> <li>Developers agree how communities will be involved in decision-making, especially at a local level.</li> <li>The community funds arrangement is publicised to communities. This may include information about the area eligible for community funds, level of funding available, methods for distribution, start of and duration of funding, and governance arrangements.</li> </ul>
Develop the community funds	<ul style="list-style-type: none"> <li>Community funds are based on the priorities and preferences of the communities, as determined through governance arrangements.</li> </ul>
Delivery of community funds	<ul style="list-style-type: none"> <li>Ongoing delivery of the community funds.</li> <li>Identification of new proposals and opportunities (if outstanding funding available).</li> <li>Ongoing reporting on activities and impacts to evaluate effectiveness of guidance.</li> <li>Projects developed in Scotland should be added to the Scottish Government's Community Benefits Register<sup>6</sup>.</li> </ul>

## Commencement

Now that the guidance is published, we expect projects that have not yet commenced construction, which would include projects where work has not started on site for the full main works contract, to comply with this guidance.

The guidance and community funds policy will not be applied retrospectively (for projects where construction has already commenced or the infrastructure is already built), to ensure an approach that reflects the step change in the scale and pace of transmission network development in Great Britain; and to minimise costs that would be added to electricity bills to fund community funds.

<sup>6</sup> [https://localenergy.scot/projects-overview/map/?project\\_type=cb\\_offered](https://localenergy.scot/projects-overview/map/?project_type=cb_offered)

## Duration of the community funds package

We want to enable as much flexibility as possible for the duration of the community funds, to accommodate the preferences of the community and the benefits that will be delivered. However, to ensure that electricity bill payers' money is used appropriately, we expect all of the funding to be delivered by developers within 15 years from the start of a project's construction. We anticipate that the majority, if not all, of the funding will be spent during the construction period but want to provide some degree of flexibility.

## Level of funding

To achieve a more equitable and transparent outcome for communities across the country, this guidance sets out the government's expectation of the level of funding that developers should provide. The recommended levels of funding are set out in the below table.

**Recommended levels of benefit (provided as a total sum rather than an annual payment):**

Asset type	Unit	Value
Overhead line	Per KM	£200,000
Substation	Per substation	£530,000
Converter station	Per converter station	£530,000
Switching station	Per switching station	£530,000

Given the guidance allows flexibility on when funding is to be spent within a 15 year window from construction starting, the funding will not be index linked in order to avoid additional unintended electricity bill impacts. This decision will be kept under review.

## Rationale for the level of benefit

The previous government commissioned social research in 2023<sup>7</sup> to better understand community views towards transmission network infrastructure and community benefits. This included questions on the level of benefit that would help to improve the acceptability of new infrastructure in a community's local area. Using this data, we have sought to balance maximising acceptability amongst communities that live near infrastructure whilst minimising costs to GB electricity bill payers, who will ultimately fund community funds. Further information on the analysis used to support this can be found in the government response to the consultation on "community benefits for electricity transmission network infrastructure".

## Delivery costs

The government recognises that there will be costs associated with developing and administering the community funds package, including engagement and any capacity building required within the local community.

We expect developers to fund delivery costs separately to the community fund itself. Ofgem will scrutinise the delivery costs of Transmission Owners and developers, who will need to demonstrate to Ofgem that delivery costs have been built up from first principles, with resourcing costs itemised rather than based on fixed rates or percentages of overall project cost, and are efficient and economic in order for the costs to be recoverable.

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<sup>7</sup> <https://www.gov.uk/government/publications/community-benefits-for-electricity-transmission-network-infrastructure>



This guidance does not prescribe how much delivery costs will be as we appreciate that this will differ on a project-by-project basis. However, we expect delivery costs to be under 10% of the total cost of a community funds package. In exceptional circumstances, there may be instances when a community may require more support from a developer in developing their community fund package and, in such instances, delivery costs may be higher.

To ensure that developers are providing sufficient funding for delivery costs (in particular funding for engagement and capacity building) we will keep the guidance on delivery costs under review and expect developers to provide information on the cost of delivery costs and what they have been used for. A non-exhaustive list of potential delivery costs includes (but is not limited to):

- Capacity building
  - Feasibility work
  - Staff costs
  - Engagement
  - Marketing
  - PR costs
  - Third-party administrator costs
  - Governance costs

## Cost recovery

Transmission Owners, as regulated monopolies, require approval to recover costs by the independent regulator Ofgem. Ofgem will agree to allow community funds in line with the levels outlined within the guidance document, for projects that are within scope and in line with expectations of the guidance. The Transmission Owners must demonstrate to Ofgem that administrative costs have been built up from first principles and are efficient and economic, in order for the costs to be recoverable.

For interconnector developers, the recommended levels of community funds for onshore electricity transmission infrastructure, and associated delivery costs, as set out within this guidance, are recoverable through the interconnector cap and floor scheme, subject

to Ofgem's cost assessment process which ensures that only economic and efficient costs are recovered.

For offshore wind developers, the recommended levels of community funds for onshore electricity transmission infrastructure, and associated delivery costs, as set out within the guidance, are recoverable through the OFTO regime, subject to Ofgem's cost assessment process which ensures that only economic and efficient costs are recovered.

## Guidance expectations

The government has a strong expectation that developers and communities comply with the points below. If developers depart from this guidance, we expect them to explain why to communities.

### Expectations of transmission project developers

Area eligible to receive community funds:

- **Follow the good practice principles listed in the guidance when determining the area(s) eligible for community funds.**

Community engagement:

- **Allow all eligible communities to have the opportunity to engage.**
- Engage with a **broad range of stakeholders** within communities to understand their preferences and priorities.
- **Notify parish, community and/or town councils and the local Members of Parliament (MPs), Members of Scottish Parliament (MSPs) and/or Members of the Senedd (MSs) at the point at which they commence community engagement.**
- **Engage early, regularly, and in partnership with the community.**

- **Publish information on decisions made throughout the process** (e.g. eligible communities, community preferences and priorities, level of funding available, methods for distribution, duration of funding and governance arrangements) and **explain how plans align with communities' priorities and preferences and how they adhere to or diverge from the guidance.**
- Share with the community **case studies of other benefit packages.**

Supporting communities to participate:

- **Share this guidance with all interested stakeholders** as a first step.
- It is a key expectation of this guidance that the benefits delivered reflect the priorities and preferences of eligible communities. It is expected that **the developer publicly explains how decision-making reflects the priorities and preferences of communities.**

Monitoring and evaluation:

- We expect developers to **carry out and then publish their own monitoring and evaluation work** separate to that carried out by government.

Funding and delivery costs:

- We expect developers to use additional funding for delivery costs. Delivery costs should not come from the same “pot” as the community fund that will result from the recommended level of benefit.
- We expect developers to provide Ofgem with information on their associated delivery costs and what they have been used for. Ofgem will scrutinise the delivery costs of Transmission Owners and developers.
- The Transmission Owners must demonstrate to Ofgem that delivery costs have been built up from first principles, with resourcing costs itemised rather than based on fixed rates or percentages of overall project cost, and are efficient and economic in order for the costs to be recoverable.

## Expectations of the community

We recognise that any given community is comprised of a variety of different people, groups, bodies and organisations. The following are a series of steps that communities may wish to take when participating in the community funds process (these are not exhaustive):

Process of community engagement:

- **Engage with the developer, and provide local knowledge, preferences and insights.** Specifically, this may include participating in the development of identifying local needs and preferences, the development of engagement plans, governance arrangements (in particular at a local level) and developing community fund proposals.
- Help **identify those who represent the community** to participate in decision-making processes (where applicable). This includes providing local information on how to engage hard to reach groups and advise on an approach that will help reach a diverse local audience.
- **Work with the developer to identify capacity and capability needs and utilise support** which the developer offers or proactively seek professional and/or experienced support from local / national organisations that have experience in developing community funds.

Communication and transparency:

- **Assist in keeping the community informed**, where possible, via their preferred communication channel and promoting the developer's communication channels.

## Expectations of local government

Local authorities, including local councils<sup>8</sup>, understand the local area and will have an interest in community funds on behalf of their communities. They may play an important supporting role in **facilitating engagement and identifying local priorities**. However, they should **not be involved in the decision-**

<sup>8</sup> This includes county, district, borough, city, unitary councils, parish and community councils, as well as London and metropolitan boroughs.

**making process.** This is because community funds should reflect community preferences directly. The role and responsibilities of local government will differ from project to project, but it **may be involved in the following activities** (not an exhaustive list):

- Helping to **identify the best approach to community engagement**, including existing communication channels, relevant forums and key local stakeholders.
- Helping to **establish links** to existing initiatives and groups who are delivering local projects and services.
- Liaising with the developer to **share local needs and priorities** which might be addressed through the community funds package, and highlighting opportunities for join up between projects or ideas.
- **Promoting community participation** in developing the benefit package.

## Expectations of elected representatives

We expect elected representatives, including Members of Parliament (MPs), Members of Scottish Parliament (MSPs) and/or Members of the Senedd (MSs) and local councillors, **to promote community participation and to pragmatically engage with the developer** throughout the process.

## Relationship with the planning process

**The community funds outlined within this guidance document are separate from and not a material consideration for planning authorities in England, Wales and Scotland<sup>9</sup>.** They will not be a consideration in the planning process or in the decision to approve or reject a proposed project. Community funds are not a means of mitigating environmental or social impacts of infrastructure projects, which the project developer should address through the planning process. The community can continue to raise issues or concerns about the

project through the consultation and planning process, without fear that this will disrupt or derail community funds. However, it should be noted that, if a development does not proceed to construction, community funds will not be delivered.

## Territorial coverage

The guidance will apply in England, Wales, and Scotland only, and has been developed in consultation with the Welsh and Scottish Governments.

### Scottish Government's Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments

We are aware that the Scottish Government is reviewing its Good Practice Principles for community benefits from onshore and offshore renewable energy developments. The UK Government will work closely with the Scottish Government to understand any interactions between the two sets of guidance following the conclusion of the Scottish Government consultation on Community Benefits From Net Zero Energy Developments.

When the Scottish Government publishes its revised guidance, the UK Government will set out how it expects developers in Scotland to comply with the Community Funds for Onshore Transmission Infrastructure: Guidance and the Scottish Government's Good Practice Principles for onshore and offshore developments. As an interim measure, we expect developers in Scotland to comply with both UK and Scottish guidance.

<sup>9</sup> NPF4 sets out the vision for working towards a net zero Scotland by 2045 and influences all planning and consenting decisions in Scotland

# 3. Governance arrangements

It is important that there are effective governance arrangements in place to support the delivery of the agreed benefits. This is to ensure that the funding is used properly and effectively; providing a route for escalating any concerns with how the benefits package is being administered; and monitoring and evaluating the impact of the benefits package.

Good practice requires that there is functional separation between the administrator of the community funds and the decision-making body that decides how available funding will be disbursed. This helps to avoid any actual or perceived corporate agenda or conflict of interest. Individuals involved in decision-making should not be involved in any community funds projects funded through this process.

Ofgem, as the independent regulator of Transmission Owners, has a responsibility to ensure that energy consumers' money is spent economically and efficiently. Therefore, Ofgem will have a role in ensuring that effective governance arrangements are in place, and Transmission Owners will be required to approve governance arrangements for community funds with Ofgem.

## Decision-making structures

There are various decision-making structures, including blended approaches, that may be considered to give flexibility in providing the best solution for efficient and effective delivery of community funds.

We expect there to be a significant degree of community involvement in decision-making. Communities can bring perspectives that the developer might otherwise be unaware of. For example, they can bring local knowledge on which projects would be most successful in the local area and can identify opportunities for co-ordination with other local projects and funding streams. Transmission projects can cover hundreds of kilometres, and involve many communities. This needs to be taken into account when developing the approach

for decision-making to ensure the appropriate balance is struck between ensuring community involvement and minimising additional costs for electricity bill payers and administrative burden on developers. It is likely that the approach to community involvement (and who constitutes as the 'community') in decision-making will differ according to whether funding is allocated in a localised and/or strategic manner.

Below are examples of decision-making structures for developers and communities to consider. Please note that this list is not exhaustive.

- **Outsourcing to a third-party organisation:** Developers may outsource decision-making to experienced local charities or companies with a cost effective and proven track record. This approach is often used for the management of grant schemes.
- **Community participation in decision-making boards:** Community members participate in decision-making boards managed by developers or third parties. This is to ensure that local preferences are considered alongside broader project criteria.
- **Community polling:** Communities could be invited to vote on a select number of projects. Projects may have been pre-selected by the developer, independent assessor or community stakeholders as meeting certain criteria.
- **Community-led decision-making:** New or existing community groups, such as registered charities or dedicated bodies, community groups, or local boards are given full control to allocate funds according to local needs and preferences, with no external oversight. Further guidance on establishing a new community group can be found here:
  - **England and Wales:** [Setting up | NCVO](#)
  - **Scotland:** [Setting up a charity - SCVO](#)



# Case Study: setting up a new body to govern community funds

## Glenkens and District Trust (GDT).

Glenkens and District Trust (GDT) is a community-led fund distributing body, operating across ten communities in Dumfries and Galloway. GDT makes decisions regarding the allocation of current and future funds connected to two wind farms, Blackcraig and a portion of Windy Rig.

## Governance that empowers.

GDT wants to ensure that any community funds can be maximised for the long-term benefit of local communities, through good stewardship and partnership working. In 2020, GDT became a two tier Scottish Charitable Incorporated Organisation, retaining Community Councils at the heart of its governance, but enabling the addition of independent Trustees to ensure appropriate skills and diversity are present. Through the creation of an Associate Membership tier, GDT has democratised the Trust's activity, empowered individuals and provided a sense of ownership in shaping the community's future.

GDT is an enabler of projects rather than a delivery organisation. The Trust works in partnership with Foundation Scotland to deliver the Glenkens and District Community Fund. The community fund currently provides around £300,000 annually for distribution to local community initiatives.

In September 2020, GDT published a cross-area Community Action Plan through an enablement grant from Scottish Government's Community and Renewable Energy Scheme (CARES). This grant supported GDT to bring external consultants on board, adding community action planning expertise and advice, and an independent and broader perspective. The consultants helped find innovative ways to reach out to less active members of the community, ensuring all voices were heard. The Community Action Plan can be found [here](#).

## Turning goals into reality.

GDT fully aligned its Community Fund Strategy with the priority themes specified in their Community Action Plan. This was done to effectively embody community ambition and aspiration throughout the Fund area.

Some key projects include:

- Creation of the Glenkens Local Food Network
- Positive work on the creation of new Community Housing
- Creation of new support scheme for local childminders

A report on the Community Action Plan successes to date can be read [here](#).

## Tangible outcomes changing lives.

GDT highlights the transformative impact of community engagement, strategic planning, and effective resource allocation. Through the implementation of the Community Action Plan, GDT has provided a platform in which community aspirations can be recognised whilst also unifying the area by clearly articulating shared communal goals. GDT's drive towards an 'all for one' pooled fund approach, alongside the Community Action Plan, serves as a strategic roadmap, guiding the allocation of funds in alignment with the long-term interests of the community.

## Monitoring and evaluation by the government

Government intends to develop a robust and proportionate approach to monitoring and evaluating the impact of the community funds for transmission infrastructure scheme to ensure its key aims are realised, which include (not an exhaustive list):

- Improving communities' levels of acceptability for transmission network infrastructure projects;
- Helping to reduce delays to the delivery of transmission network infrastructure projects;
- Creating long-term positive outcomes for communities in receipt of community funds;
- Improving engagement between developers, communities and other stakeholders.

This guidance shall remain open to revision if we determine it is not having the impact we intend. Any such decision will be supported by evidence we gather during the course of our monitoring and evaluation of the scheme. We will provide an update on our monitoring and evaluation strategy in due course.

## Monitoring and evaluation by developers

We expect developers to carry out their own monitoring and evaluation work separate to that carried out by the government, as part of good business practice and to provide accountability. This could include identifying lessons learned from how their organisation is delivering the guidance and assessing the outcomes they are achieving.

## Ofgem auditing

Ofgem, as the independent regulator of Transmission Owners, has a responsibility to ensure that energy consumers' money is spent economically and efficiently. Therefore, Ofgem will have a role in ensuring that funding is being spent as expected by Transmission Owners and developers will put in place the necessary auditing arrangements.

The developer should report on what has been funded, and what progress has been achieved on previously funded commitments and their impact.

# 4. Community engagement

Community funds need to reflect the views of communities. Community engagement is therefore vital at every stage of the process and in particular is expected in the development of:

- the area eligible to receive community funds;
- plans for community engagement;
- an understanding of community preferences and objectives; and
- governance arrangements.

The approach to community engagement will need to be proportionate to the scale of the project. Given that some transmission infrastructure projects can cover hundreds of kilometres, in some circumstances it may not be possible for the developer to engage directly with all community stakeholders. However, we do expect all eligible communities to have the opportunity to engage.

Where there are parish, community and/or town councils present, they may act as a vehicle through which to conduct community engagement, in particular to understand communities' preferences and priorities. Parish/community and/or town councils are particularly well placed to act as a first point of contact and can help identify existing groups and networks within a community that can be used for engagement to help develop engagement plans. Developers should also consider engaging with local authorities, local voluntary sector organisations and other community groups. We expect the community to advise on an approach that will help reach a diverse local audience.

To achieve good practice community engagement, developers should:

- **Engage with the community and stakeholders, with a focus on those who are “hard to reach” and whom may be under-represented in wider public life.** This could include (but is not limited to) low income, disabled, migrant and ethnic minority, older and younger individuals.

**Ensure their engagement is accessible to all. This should include consideration of:**

- **Using a range of different engagement methods and channels** to ensure that the engagement exercise reaches and engages a diverse audience;
- **The timing and location of their engagement activities;** and
- **Bilingualism requirements**, particularly for projects in Wales and Scotland.

## Examples of key community stakeholders

- Local residents close to the proposed project and in adjacent settlements.
- Local government bodies, including local authorities, parish, community and/or town councils.
- Members of Parliament (MPs), Members of Scottish Parliament (MSPs) and/or Members of the Senedd (MSs).
- Voluntary sector organisations and anchor organisations such as charities, non-profits, community trusts and social enterprises.
- Housing associations, tenants' associations and local residents' associations.
- Local businesses.
- Educational and health institutions including local schools, colleges and universities, as well as NHS or community-led health services.
- Other key service providers such as village hall committees, healthcare facilities, residential facilities, care providers and community transport services.

- **Engage early, often and in partnership with communities.** We expect engagement to begin at an early stage, for example, alongside the start of any engagement on the transmission infrastructure project proposals. This is to ensure that communities have sufficient time to begin co-ordinating and developing the capacity and capability to be meaningfully involved in the process. At this point, developers should notify parish, community and/or town councils affected by proposed new infrastructure, as well as the relevant local MP(s), MSP(s) and MS(s). It is important that engagement with the community is an ongoing process with multiple opportunities to participate. We recommend that developers establish a formal community liaison role to be the main point of contact for the community.

- **Be transparent.** As noted in the principles section, transparency is key for ensuring fairness for communities under a flexible approach to the delivery of community funds. Transparency allows communities and government to have assurance of compliance with the guidance.

- Developers should be **open in their engagement with communities and provide regular updates on progress.**

We expect the developer to publish information on the area(s) eligible for community funds, communities' preferences and priorities (if not published by communities), the level of funding available, methods of funding distribution, duration of funding and governance arrangements. Developers should be clear from the outset about the estimated level of funding available, acknowledging funding will be subject to the final project design.

- Developers should be **clear in explaining how decisions have been made throughout the process and how they have complied with the guidance.** Developers should explain how engagement has been used to develop community funds in a "you said, we did" fashion. Where feedback cannot be addressed or the developer has arrived at a different view, it is still important for the developer to acknowledge this and explain why.



- Best practice for communicating outcomes of engagement activities includes (not exhaustive):
  - Establishing a means of keeping interested stakeholders updated on community benefit developments e.g. a public-facing website;
  - Allowing stakeholders to register their interest with the developer to receive such updates;
  - Publishing the materials used during the engagement process in an accessible and public location; and
  - Publishing responses received from the community and an explanation of how they used that feedback to develop the plan (if created) and community funds package.
  - Developers should ensure that communities have access to former examples to inspire their own community benefits. We expect developers to share relevant case studies.
- **Ensure engagement on community funds and the infrastructure project itself are kept separate.** Discussions on the proposed infrastructure project should be kept separate from discussions on community funds where possible. This is to ensure communities can better understand and comment on the project's aims, scope and impact without conflating these issues with the specifics of community funding. As such, we expect developers should clarify this separation in all engagement and provide guidance for how communities can share their views on project proposals.

## Supporting communities to participate

Communities may need additional support to ensure they can fully participate in the process and to enable developers to deliver community funds with significant positive and long-lasting impacts.

The developer should share this guidance with all interested stakeholders as a first step. Developers should also conduct their own research to understand the diverse nature and needs of the community, including through engagement with local stakeholders.

We expect the developer to offer additional support to communities where needed. This may include providing funding for professional support and advice, or funding a suitably experienced professional organisation, third sector voluntary organisations or community groups in the local area to develop skills within the local community to support with the engagement process and development and delivery of community funds. Funding to support longer term resourcing for local organisations should also be considered. There are a wide range of organisations that have the expertise, experience and existing networks within communities to support with this process and can often act as a trusted intermediary.

There are toolkits available which can help guide communities through the process of developing a community benefit package. This includes the Local Partnerships Toolkit<sup>10</sup>, the Community Benefits toolkit produced by Local Energy Scotland,<sup>11</sup> and the Resource Kit that has been published together with the Community Benefits Guidance for Onshore Wind in England.

If a Community Liaison Officer is appointed by the developer, their role should include identifying the needs of the community and offering the right support to address these.

We expect the community to consider utilising any support the developer offers, or otherwise proactively seek professional and/or experienced support.

<sup>10</sup> <https://localpartnerships.gov.uk/resources/community-benefits-toolkit/>

<sup>11</sup> <https://localenergy.scot/community-benefits-toolkit/>

## Case Study – Supporting community capacity and capability, Net Zero Fund, SP Energy Networks

In 2022, SP Energy Networks launched a £5 million Net Zero Fund to support vulnerable communities and ensure no one is left behind on the country's journey to net zero. It directly supports community organisations within the SP Energy Networks Transmission areas who are looking to decarbonise their communities across Central and Southern Scotland.

Funding green projects is critical to enable local net zero ambitions, but some communities need additional support to develop those project plans. The Net Zero Fund helps local communities to develop their net zero ideas and projects through the net zero workshops and project planning and feasibility support.

The first general net zero workshop, delivered in January 2023, introduced over 70 people to net zero options that they can consider when decarbonising their homes and communities. The fund has also delivered 16 tailored community workshops since November 2022. Over 130 community representatives have attended, exploring local challenges and routes to net zero.

The second phase of the fund offers project planning and feasibility support to those who need more guidance in formalising their plans. The expert support provided to eligible communities enables them to firm up their ideas and collate formal project plans to get their projects ready for delivery.

A host of charities and organisations supporting communities across Scotland have now been awarded funding from the Net Zero Fund to introduce innovative net zero technology. The projects range from installation of solar panels and heat pumps to the purchase of electric vehicles and retrofitting listed buildings to increase energy efficiency.

*For more information please visit:*

[https://www.spenergynetworks.co.uk/pages/the\\_net\\_zero\\_fund\\_t2.aspx](https://www.spenergynetworks.co.uk/pages/the_net_zero_fund_t2.aspx)

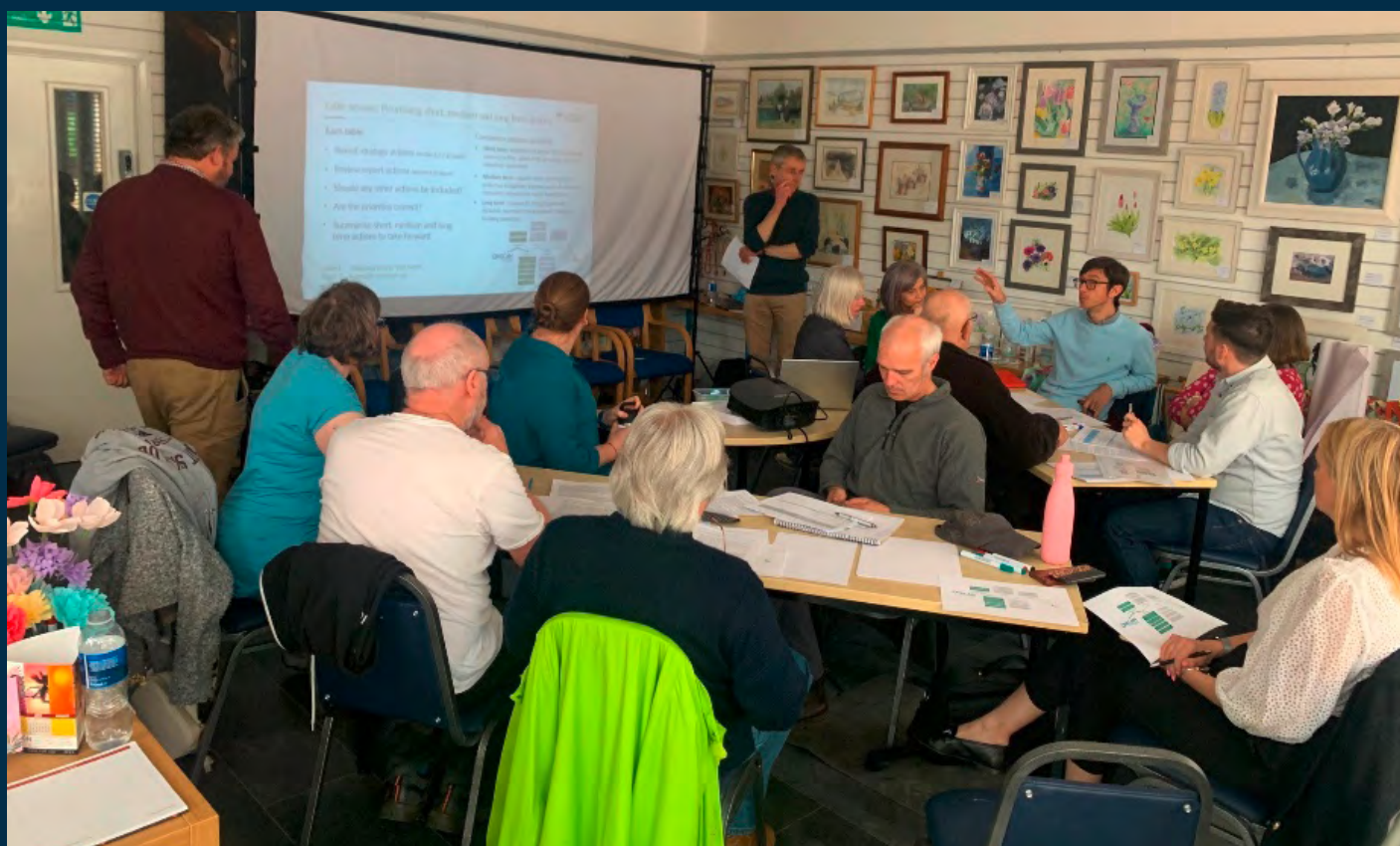


Photo: A community workshop

# 5. Identifying eligible communities

Each community is different, and some transmission projects can cover hundreds of kilometres with many communities nearby. Therefore, the area that is eligible to receive community funds will need to be defined on a case-by-case basis and a proportionate approach taken. However, we expect developers and communities to follow the principles listed below. These principles are not exhaustive and there may be other factors which are relevant in identifying eligible communities.

These include:

- **Combined strategic and local approaches.** The developer may decide to allocate some funding towards a strategic approach. This would reflect strategic priorities which could deliver social, economic and environmental benefits at a greater scale than can be achieved at a localised level. It can also reflect the interconnectedness of local places and their common priorities and needs. However, it is critical that communities closest to the network infrastructure also receive community funds that reflect their specific local priorities. Developers cannot deliver a strategic approach only. A dual approach of strategic and local benefits is encouraged.
- **Engaging with communities identified through the planning process.** Developers already have existing measures to identify the local community to engage with on project proposals. Developers should use these measures as a starting point to identify the local community that could be eligible for community funds.
- **Number of communities along the route.** Projects may cover long distances and span multiple regions. Developers should be mindful of the number of communities along the line of a route, and that the local definition of the community may

differ from one to the other. However, for individual projects, the developer is best placed to determine whether a consistent approach to distance would be fairer and easier to understand.

- **Finding the right balance.** The developer needs to consider the right balance between the size of the area of benefit and the amount of funding available in order to avoid setting the area too wide or too narrow.
- **Listening to feedback.** Developers should consult community stakeholders on their views of how the “community” is defined and this feedback should be used to inform the area eligible for benefits.
- **Using existing administrative boundaries.** These are generally well understood by local stakeholders and could form a reasonable starting point, although a range of other factors will need to be considered.
- **Considering whether there are relevant groups just outside the boundary.** In some cases, communities will straddle local administrative boundaries. Developers should avoid boundary decisions which result in part of the community feeling ‘cut off’ or arbitrarily excluded.

## Coordination with other developers and communities

It is possible that there will be other transmission projects under development in the areas identified. We encourage developers and communities to consider whether a coordinated approach to community funds, or even co-funding certain projects or investments, may be more effective or beneficial for the local area to enable greater impact.



# 6. Understanding community preferences

Community funds will be more successful if there is an agreed vision and set of priorities for communities that inform the community funds delivered. The developer is therefore expected to develop an understanding of communities' preferences and priorities and ensure the benefits delivered reflect this. This process may look different across different communities.

For example:

- **Existing community plans.** Developers should consider funding (or contributing funding) towards projects identified in existing community plans, or other plans and strategies under different titles, which set out the aspirations of the local community for their area. A community plan generally outlines what communities would like to see changed or improved in their area, setting out short-term goals and actions, as well as a long-term vision.
- **Developing a new community plan<sup>12</sup>.** Where there are parish, community and/or town councils present, they can act as a vehicle through which to develop a community plan or similar document. The developer may commission a third-party organisation to support communities in the creation of community plans. Some communities may decide to lead on developing their own community plan.
- **Different approaches to understanding communities' priorities.** The development of a community plan is not the only approach to understanding communities' priorities and we encourage developers and communities to be flexible and innovative in their approach to best capture views.
- **Co-ordination across communities.** Where a project is a transmission line that will pass through or near a number of communities, the developer will need to bring together the views of different communities and may also need to take a more strategic approach. We are keen to ensure that progress is not impeded by competing plans and aspirations. All parties should work together constructively, and the integration of multiple communities' views should not become a disproportionate exercise.

All parties should be mindful that the community will require time to develop and agree their plan. Developers must ensure that there is fair opportunity for a community plan to be developed (where none exists) and/or updated, to feed into the decision-making process.

## What could communities achieve with the funds?

This guidance does not prescribe what community funds should be spent on, as each community will have its own individual priorities. Based on research and feedback received potential uses for community funds could include the following:

- Supporting the community to **tackle fuel poverty**, for example by funding energy efficiency improvements for households on low incomes or households in fuel poverty (see the case study on page 22).
- **Direct investment** into new or improved social assets, services to the public and/or long-term economic prosperity, including (but not limited to) education, transport, tourism, environmental improvement, wellbeing and leisure facilities.

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<sup>12</sup> Examples of community plans can be found here <https://localenergy.scot/community-benefits-toolkit/community-action-plans/>



- Supporting the community with the **net zero transition**, through projects such as transitioning from oil heating and investment in local, community owned, low carbon energy generation.
- **Outreach initiatives and training opportunities**. This could include supporting local schools and colleges with insight days to foster student interest in STEM subjects<sup>13</sup> and providing opportunities for developing skills.
- **Helping to improve the local natural environment**, including priorities identified in a local nature recovery strategy<sup>14</sup>, for example by improving local parks and increasing biodiversity in community spaces, community gardens, wildlife projects for recreational or educational use and community nature trails.
- Investment to improve **local shared infrastructure** such as health centres (see the case study on page 22).
- **Building a stronger and more inclusive community** focussed on supporting more vulnerable groups, for example by supporting digital skills and inclusion projects, or investing in step-free access improvements to local facilities.
- **Supporting the local economy and skills**, for example through training opportunities.
- **Providing opportunities for future generations**, for example by building or improving facilities for young people.
- **Supporting local strengths and assets**, such as tourism, the arts, culture and local heritage.

To deliver a lasting legacy, the developer and community should consider prioritising benefits which have a lasting impact in the local area and consider whether funding is required for the ongoing management and maintenance of projects delivered.

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<sup>13</sup> Science, technology, engineering and mathematics

<sup>14</sup> <https://www.gov.uk/government/publications/local-nature-recovery-strategies/local-nature-recovery-strategies>

## Case Study – Cill Chuimein Medical Centre, SSE Renewables

Through funds associated with SSE Renewables' projects in the area, including Bhlaraidh wind farm and Glendoe hydroelectric power station, SSE Renewables was able to provide £600,000, more than half of the funds required, to build a state-of-the-art medical facility, the Cill Chuimein Medical Centre in Fort Augustus. The centre provided a much-needed local GP service to this rural area, avoiding residents having to travel to Fort William or Drumnadrochit for GP services, saving locals up to a 64-mile round trip for standard medical care. The project was driven by a group of volunteers, the Fort Augustus and Glenmoriston Community Company.

## Case Study – Supporting off-grid households with energy advice, National Grid Electricity Transmission

Through the National Grid Community Grant Programme, funding was provided to Ovesco to train energy champions to deliver energy-saving advice to consumers in isolated rural areas across the Wealdon district in East Sussex, where many households are off gas. Working through a network of local community groups, libraries and GP surgeries to extend reach, the project particularly targeted people who are vulnerable or in fuel poverty. As well as general energy advice, the energy champions would provide a package of products to help households to save energy money. These included reflectors for use behind radiators, draft-proofing strips for external doors, secondary glazing film, and energy-efficient light bulbs. The champions checked householders' energy bills to ensure that they were not overspending and guided them to any financial help they may be entitled to. The organisation has also invested in a thermal imaging camera to allow the champions to examine residents' houses and accurately locate areas of heat loss.



## How funds can be distributed

The way funding can be made available to deliver different types of community funds can vary but we anticipate that they will likely fall into one of the following categories:

- **Access to community grant schemes.** Administrators may establish a process by which community groups can apply for funding for projects. If a grant application process is used, the community and developer should remain proactive in identifying opportunities for co-funding or collaboration between organisations that may not commonly be identified through a grant application process.
- **Direct investment.** Community funds could be delivered in the form of providing funding directly to community groups to decide how funding is spent in the local area.

Where community funds will be delivered in the form of training and skills development, the developer is required to explain how those benefits are additional to what they would have delivered in the ordinary course of business. For Transmission Owners, and the developers of OFTO<sup>15</sup> assets, Ofgem will keep under review whether the proposals constitute community funds or if there are concerns about additionality.

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<sup>15</sup> Offshore Transmission Owners

# 7. Key terms

## Community

In the context of this guidance, the community typically refers to groups of people who share in common the place where they reside, work, visit or otherwise spend a considerable proportion of their time. However, it is acknowledged that the definition of community can be interpreted differently when applied in a strategic context.

## Competitively Owned Transmission Owner (CATO)

A CATO is a competitively appointed transmission owner. Under Ofgem's proposed competitive regime, the CATO will be granted a licence to own and operate onshore transmission assets on the basis of competitive tendering.

## Converter station

A converter station is a key component of an electricity transmission network. It is responsible for the conversion of alternating current (AC) to direct current (DC), or vice versa, facilitating efficient long-distance transmission of electricity.

## Diversions

The rerouting of existing electrical transmission infrastructure to accommodate changes in land use, new developments, or environmental concerns.

## Expansions

The enlargement or extension of existing electrical transmission infrastructure to meet growing demand for electricity or support new connections. Expansions may include adding new substations, increasing the capacity of transmission routes, or extending overhead lines or underground cables to serve new areas or developments.

## Interconnector

Electricity interconnectors are high-voltage cables that enable the trade of electricity between connecting countries. In the UK, electricity interconnectors are an increasingly important component of the electricity system, with interconnectors helping to balance the grid by importing electricity at times of high demand or lower domestic generation and exporting surplus electricity when demand is lower. This also helps to balance periods of high or low generation from intermittent renewables sources which are particularly dependent on weather conditions, such as wind and solar generation.

## Local government

This includes county councils, district, borough or city councils, unitary authorities in shire areas, London boroughs, metropolitan boroughs, parish, community and town councils in England, as well as local authorities in Wales and Scotland. More information on the different tiers of local government across England, Wales and Scotland can be found online at:

<https://www.gov.uk/understand-how-your-council-works>

<https://www.gov.scot/policies/local-government/>

<https://www.gov.wales/find-your-local-authority>

## Offshore Transmission Owners (OFTOs)

OFTOs refers to the entities responsible for owning offshore electricity transmission systems that connect offshore wind farms to the onshore grid system.

## Replacements

The process of removing and substituting existing electrical transmission infrastructure, such as overhead lines, cables, or substations, with new, modern equipment.



## Substation

Substations convert electricity to different voltages, ramping it up so that it can be transmitted safely and efficiently across our transmission network, and stepping it down again before it is distributed into homes, businesses, and buildings. Electricity is emitted from a power station at a low voltage (approx. 10kV – 30 kV). To reduce the rate of power loss, the electricity enters a substation where it passes through a ‘step-up’ transformer that ramps up the voltage up to 400kV before it passes around the country on overhead transmission lines.

To distribute electricity to homes and businesses at a lower voltage, the power is fed through a ‘step-down’ transformer at another substation that connects the transmission line to the local electricity network.

## Switching station

A switching station connects and routes transmission or distribution lines without changing voltage levels, unlike substations. The main purpose of a switching station is to control electricity flow, isolate parts of the grid for maintenance, and protect the system from faults.

## Transmission line

A transmission line is an overhead or underground line that carries electricity from one point to another on the electricity grid over long distances across the country. Overhead lines are structurally supported by electricity transmission towers, which are sometimes referred to as pylons. A transmission line carries electricity at high voltage (up to 400kV) to reduce the rate of energy loss as the power travels around the system before it is converted to a different voltage by a substation.

## Transmission project developer

In this guidance document we use the term “developer” to refer to both the Transmission Owners who own and operate the onshore transmission networks that make up the National Transmission System in Great Britain, and to developers of onshore transmission infrastructure associated with new offshore wind farms, and interconnectors, where the new onshore transmission assets connect those projects to the National Transmission System.

The Transmission Owners are responsible for owning and operating the high-voltage electricity transmission networks which are needed to move electricity generated from wind farms and other power sources around the country.

## Upgrades

Sections of existing transmission routes that require voltage upgrading and are screened as requiring an Environmental Impact Assessment and substation extension projects that increase the footprint of an existing substation beyond the original boundary by at least one hectare are classed as eligible upgrade projects for the purposes of this guidance.

