

## BOROUGH OF KETTERING

|                          |  |                                |        |
|--------------------------|--|--------------------------------|--------|
| <b>Committee</b>         | <b>EXECUTIVE</b>                             | Item<br>14                     | Page 1 |
| <b>Report Originator</b> | Alex Jelley<br>Economic Regeneration Manager | <i>Fwd Plan No:</i><br>A15/014 |        |
| <b>Wards Affected</b>    | All  | 9 <sup>th</sup> September 2015 |        |
| <b>Title</b>             | <b>A BOROUGH WIDE RENEWABLES FUND</b>        |                                |        |

**Portfolio Holder: Cllr Mark Dearing**

### 1. PURPOSE OF REPORT

- To set out three guiding principles and criteria for a borough-wide Renewables Fund Scheme and its governance
- To begin a dialogue with the relevant communities and organisations in relation to those guiding principles.

### 2 BACKGROUND

2.1 In March Executive resolved :-

- (a) the in-principle proposal of a Borough-wide Renewables Fund be endorsed; and
- (b) further information be sought on the process involved in administering it, along with proposed criteria to determine bids against.

2.2 The Committee was clear that, whilst it was determined to have a Borough-wide fund, it wanted to include a mechanism to ensure that appropriate priority be given to communities most affected by development.

2.3 This report focuses on the ideas and principles for such a fund and the importance of embedding this in Planning Policy.

2.4 In order to ensure that developers are aware of the Renewables Fund and the requirements placed upon them by the Council, it is proposed that a Supplementary Planning Document is developed setting out the approach to 'Community Benefit Funds' within the Borough of Kettering. This will ensure that all developers understand the local requirements. A similar approach has been taken elsewhere to ensure consistency and transparency.

### 3. PROPOSED GUIDING PRINCIPLES

#### **Guiding Principle 1 – Funding Held In Trust**

3.1 The first Guiding Principle confirms **that Kettering Borough Council holds the Renewable Fund in trust** and guarantees that the fund will be redistributed on a transparent and equitable basis across the Borough in line with all of the three

|                  |                  |            |        |
|------------------|------------------|------------|--------|
| <b>Committee</b> | <b>EXECUTIVE</b> | Item<br>14 | Page 2 |
|------------------|------------------|------------|--------|

of its guiding principles and criteria as set out fully in this report. There seems to be some unfortunate perception that the Borough will simply absorb the fund into its revenue budget. There is no evidence that the Council would have or have ever sought to do that. The Council has not discussed that in public or in private. Nonetheless, an explicit statement might clarify this position and help dispel the myths.

### **Guiding Principle 2 – Radius**

- 3.2 The Executive Committee previously made it clear that their preference was that local areas closest geographically to the installations would have appropriate priority to the Renewables Fund.
- 3.3 The second guiding principle therefore outlines that the priority be based on a **radius around the installation**. This is quite different to a town or parish boundary. If one relied on parish boundaries then it is quite conceivable that a scenario could arise where a household some eight miles from the installation, but within the parish boundary, would have priority access to the fund over a household within one mile of the installation but outside the parish boundary. This guiding principle ensures this could not happen.

### **Guiding Principle 3 - Prioritisation**

- 3.4 Guiding Principle 3 confirms **the prioritisation of the allocation of funding**. It confirms that any renewable installation bids from within a prescribed radius would have priority status for the allocation of funding. Should bids from within that radius fail to utilise their prioritised resources available, it could be opened up to the rest of the Borough.

### **Benefits of Guiding Principles**

- 3.5 The application of the three guiding principle has the following benefits:-
- It recognises that the number and size of renewable developments within the Borough is of a Borough scale, and should be dealt with accordingly.
  - It focuses on the radius rather than Parish/Town boundary – which means it really is those most affected that are prioritised for benefit.
  - A clear priority is given to areas closest to the installations, whilst ensuring that the fund is available to the wider communities should bids fail to add up to 100% of the resources available.
  - It recognises that after a while the law of diminishing returns will inevitably apply to a narrow geographical area, allowing funds to be distributed wider.
  - They embrace both one-off lump sum contributions and annual contributions over a defined time period.

## BOROUGH OF KETTERING

|                  |                  |            |        |
|------------------|------------------|------------|--------|
| <b>Committee</b> | <b>EXECUTIVE</b> | Item<br>14 | Page 3 |
|------------------|------------------|------------|--------|

### 4. FUND DISTRIBUTION

4.1 On the assumption that the above three guiding principles are approved, there then needs to be an agreed scale for:-

- a) the geographical radius,
- b) the allocation percentage for those households that have been identified as being in a prioritised area and,
- c) the bid criteria

#### **Geographical radius.**

4.2 In line with Guiding Principle 2 above, a radius zone will be applied around any installation. There is a case for applying this on 1, 2, 3 or even up to 5 mile radius, although from above 3 miles there is considerable overlap of the zones. Therefore, on balance, a 2 mile radius best satisfies the objectives of the guiding principles. This is illustrated at **Appendix 1**.

4.3 This shows the prioritised areas when a geographical radius of 2 miles is placed around some of our existing and potential energy installations. The application of a 2 mile radius encompasses the major settlements within the vicinity of an installation in line with guiding principle 2 above.

#### **Percentage allocation of funds to prioritised areas.**

4.4 The table below lays out the suggested funding framework for the percentage allocation, once the three guiding principles have been applied.

|                                      | <b>Exclusive to<br/>radius<br/>%</b> | <b>Available to the rest<br/>of the Borough &amp; the<br/>radius<br/>%</b> |
|--------------------------------------|--------------------------------------|--|
| 1 <sup>st</sup> payment              | 60                                   | 40   |
| 2 <sup>nd</sup> payment              | 40                                   | 60   |
| 3 <sup>rd</sup> payment              | 20                                   | 80   |
| 4 <sup>th</sup> payment &<br>ongoing | 0                                    | 100  |

#### **Bid Criteria**

The draft bid criteria for consideration is attached at **Appendix 2**

## BOROUGH OF KETTERING

|           |                  |            |        |
|-----------|------------------|------------|--------|
| Committee | <b>EXECUTIVE</b> | Item<br>14 | Page 4 |
|-----------|------------------|------------|--------|

### 5. POLICY IMPLICATIONS AND USE OF RESOURCES

- 5.1 The proposed fund would use existing staff resources. Though this ensures no additional financial burden, it does have an implication for work load and what other projects those staff can spend time on.
- 5.2 The proposed fund is in accordance with all adopted policies and strategies, and will provide a valuable additional resource for community groups and organisations.

### 6. **RECOMMENDATION**

That the Executive Committee:

- a) Approves the establishment of a Borough wide Community Fund resourced by contributions from renewable energy installations, on the basis of the three guiding principles.
- b) Approves the fund distribution to be applied to,
  - 1) a radius of 2 miles from the installation
  - 2) the percentage allocation of funds outlined in table 5.3.1 and
  - 3) the bid criteria
- c) Asks the Planning Policy Committee to take soundings , develop, and approve a Supplementary Planning Document setting out this approach to the Renewables Fund, to be applied in the Borough of Kettering.