

Elected Member Briefing – Analysis of Community Benefits in Shetland – Updated on Recommendations – Briefing Note

Elected Member Briefing Note Ref. No. 2025-15

About this Briefing Note

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Date: 20 November 2025

Subject: Analysis of Community Benefits in Shetland – Update on Report Recommendations

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Purpose

This briefing note provides an update on actions which relate to the recommendations in the report Analysis of Community Benefits in Shetland.

Background

In 2024, the Council developed a brief for an external consultancy to consider whether community benefit models from energy developments are currently achieving policy aims and delivering a fair share for Shetland, or whether new and locally specific approaches are required. The commission was tendered and awarded to Aquatera, in partnership with VOAR and Community Energy Scotland, and the resulting report was reported to a meeting of Shetland Islands Council on 10 February 2025.

The report outlined a suite of twelve recommendations relating to policy and strategy around community benefit as it relates to the energy sector. Members were previously asked to approve recommendation 10, relating to community benefit payment approaches and values, with work to be done on the remaining recommendations, where possible. At the Council meeting of 24 September 2025, the Executive Manager – Economic Development took away and action to update members on progress to date against these recommendations. This briefing note

- 1. Engage with the UK government on GB Energy’s Local Power Plan, to explore opportunities for Shetland and its communities to influence, co-own and benefit from renewables developments.**

The Council is at the early stages of developing a lobbying campaign targeted at UK Government (specifically GB Energy and the UK Department for Energy

Security and Net Zero). In particular, this campaign is intended to build on not only local priorities for ownership and benefit through the energy transition, but on the [stated strategic priorities for GB Energy](#), which include:

“...[driving] the sustained long-term growth of local and community energy...ensure the benefits of the clean energy transition flow back to the UK public, driving a significant increase in the deployment of clean power generation in communities, increasing their engagement in, ownership of and support for the transition.”

The proposed communications to UK Government stress that the strategic objectives for GB Energy tie in with discussions taking place in Shetland about the local Active Network Management (ANM) system queue as it relates to connections to the UK grid. In short, a transmission ANM position which aligns with GB Energy objectives would mean more generation at distribution level could connect with transmission and increase the opportunities for local and community projects. In order to achieve this, the ANM projects would need to have the security of sitting at the top of the Transmission queue. Currently, indications from SSEN are that distribution generation projects will be at the bottom of the queue and facing most constraints, a scenario which would mean an end to potential investment in local and community projects in Shetland. Our situation in Shetland will be the same in the other Scottish islands, and probably in many other places throughout the UK where ANM is in place.

Enabling a Local Power Plan which delivers on GB Energy objectives would require a policy decision to use the existing electricity infrastructure in the way suggested above. Such a scheme would not require additional investment, it would encourage more generation at small scale with better access to the market and still only use a fraction of the capacity on the interconnector, while enabling the prioritisation of locally owned developments which address not only local energy concerns but local wealth building.

The communications with UK Government stress that the current scenario as indicated by SSEN runs contrary to the strategic objectives of GB Energy, as well as the Scottish Government’s Community Wealth Building agenda, and rectifying this scenario requires a policy choice rather than further investment. This would not only help to unlock opportunities for ownership but demonstrate that the

extensive development of renewable energy and consequent impacts on local areas can feed back into communities through local wealth generation.

2. Coordinate with other local authorities and COSLA to ensure that community views are communicated to the UK and Scottish Government as effectively as the voice of industry, on the question of a fair share of value from energy developments.

The Council regularly engages with external forums and third parties to promote the principles established by A Fair Share for Shetland and the model of community benefit return subsequently established in Analysis of Community Benefit in Shetland. This has included directly promoting the community benefit thresholds as best practice in the following consultations and calls for evidence:

[Community benefits from net zero energy developments](#)

[Community Benefits and Shared Ownership for Low Carbon Energy Infrastructure](#)

[Scottish Marine Recovery Fund](#)

[Draft Updated Sectoral Marine Plan for Offshore Wind Energy](#)

The Council has presented the suite of policies in this area – including the Energy Development Principles, A Fair Share for Shetland and Analysis of Community Benefits – to the Just Transition Commission’s From Policy to Practice event, and continues to promote the principles to regional stakeholders and government through the Highlands and Islands Regional Economic Partnership.

In recent weeks the Council has also engaged in one-to-one meetings with colleagues from other local authorities in Scotland to discuss the principles, share best practice and discuss further influencing activities in relation to government policy. Feedback from other areas is that Shetland Islands Council’s policy position is now something of a leader in the field, and is helping to inform policy setting in other areas. This could be extremely useful in creating a critical mass of opinion and policy among local authorities which help to create change at national level.

3. Create a Community Wealth Building strategy for Shetland and ensure that CWB principles are included in other relevant strategies e.g. on energy and climate change.

The Community Wealth Building (Scotland) Bill was introduced to the Scottish Parliament in March 2025 and is currently in the process of becoming law. It is the first legislation of its kind in the world. The bill aims to reduce economic inequality by ensuring that more wealth is generated, circulated, and retained in local and regional economies.

Community wealth building (CWB) is predicated on five pillars designed to transform local economies:

- **Spending:** Maximize community benefits by prioritizing local procurement.
- **Workforce:** Promote fair employment practices and support local labour markets.
- **Land and property:** Ensure that land and property assets create financial and social value for local communities.
- **Finance:** Ensure local financial institutions and investment streams work for local people and businesses.
- **Inclusive ownership:** Support the growth of locally-owned enterprises like social enterprises and cooperatives.

The bill is currently progressing through the Scottish Parliament, and will require public sector bodies to promote CWB, with Scottish ministers, local authorities, and public anchor institutions (such as NHS boards and colleges) being mandated to actively incorporate CWB principles into their corporate plans and actions.

The bill will further require the development of CWB Action Plans – a CWB Partnership, made up of local authorities and other relevant public bodies, must create a joint CWB action plan. This plan will outline how these bodies intend to support local wealth creation and retention.

The legislation encourages anchor institutions to use their economic influence, including procurement, to build more inclusive supply chains and support local businesses. It also emphasizes fair work practices.

The Improvement Service (IS) has approached the Council to part of a pilot of the 'Getting Ready for the CWB (Scotland) Act'. This is designed to help councils and partners prepare for the duties under the forthcoming Community Wealth Building (Scotland) Act and to ensure everything is in place for successful CWB implementation.

The framework provides a practical structure for reflection and action, organised across three interdependent areas: Network and Movement Building, Practice, and Policy and Legislation. Each section includes prompts for reflection based on “what good looks like,” and signposts to relevant tools and resources. It is designed to be flexible and adaptable so that local authorities can shape their own CWB plans based on their unique context.

IS have asked the Council, along with local partners, to test and shape the framework so it is practical, useful, and tailored to local needs. Council officers have indicated a preference for a workshop-led approach, which will incorporate facilitated in-person workshops directly with local teams to work through the framework together, reflecting on current practice, with the results and feedback analysed to inform a follow up workshop to build a shared improvement plan.

IS support will include a “Raising Awareness of Community Wealth Building” workshop for elected members, senior officers, and staff. This session is designed to build shared understanding across the council and create momentum for embedding CWB principles in practice.

The above approach will be a useful starting point to get ahead of the statutory duties which will be imposed on the Council and other partners through the CWB legislation, and will help to create a CWB strategy and plan which can act as the strategic underpinning for wider economic activity in Shetland. The above sessions are to be scheduled for February 2026, with a CWB Plan for Shetland to be pulled together thereafter – the ultimate aspiration is that this will then form the overarching economic strategy for Shetland, with other policy relevant policy areas (e.g. Energy Strategy, Good Food Nation) plugging into and being informed by this.

It should be noted that the Council’s economic approach for decades has largely followed the tenets of community wealth building much prior to this being

adopted as the policy means of delivering inclusive growth by the Scottish Government, and the Council has consistently delivered to local communities and businesses the means to develop local assets and supply chains, generate commercial income from public procurement, deliver key local services and take control of their economic futures. The development of a community wealth building plan will aim to formalise this as local policy, and recognise the need to retain this approach, while allowing for local good practice to continue.

4. Explore opportunities for greater community ownership of energy projects, to maximise local economic value and align with NPF4 and GB Local Power Plan aims.

See response to recommendation 1.

5. Align local development and place plans with CWB principles.

The development of a local CWB plan (as above) will generate a strategic approach to CWB principles against which any other relevant local plans will be obligated to have due regard to. This will also create a framework for 'what good looks like' locally to help guide development of such plans.

6. Engage with Ofgem and the UK Government (in partnership with other local authorities and COSLA) to remove obstructions to community-owned energy projects e.g by ring-fencing grid capacity for community projects.

See response to recommendation 1.

7. Work with local development organisations and community councils to identify a portfolio of appropriately sized community solar PV, heat, BESS or onshore wind projects with broad local support that SIC could support, promote or participate in.

The Council has ongoing engagement with local community organisations on a range of energy-related projects with a variety of approaches. Council input includes:

- Professional advice, guidance and support

- Signposting to specialist agencies (Business Energy Scotland, Community Energy Scotland) or other relevant support
- Direct financial support through delegated schemes (e.g. Economic Development Grant Scheme, Coastal Communities Fund)
- Co-ordination of, or application to, external funds for direction to local projects

Notable projects which the Council contributed to recently have included:

- Generation capacity and grid upgrades to the community energy schemes in Foula and Fair Isle
- Engagement with the development of the Brae District Heating Outline Business Case
- Direct grant support for the Brae Rural Energy Hub
- Securing external funding, and direct grant support, for the Sellafirth Community Hub, which will incorporate local solar and air source energy demonstrator and EV charging points
- Renewable energy improvements for the Lerwick Abattoir
- Energy efficiency improvements for community halls, rural shops and sports clubs

8. Explore the possibility of SIC, community or local ownership of future port facilities and/or desalination plants supplying water to hydrogen developments – to replicate the success of local control of Sullom Voe Harbour operations.

There are no updates on this recommendation at this time.

9. SIC could consider a presumption against further large onshore wind developments in Shetland unless these demonstrate a significant degree of community ownership.

While the Council cannot formally declare a presumption against such developments given its statutory role as the planning authority for Shetland and the legal requirement not to prejudge future planning applications, consideration is being given as to how language can be incorporated into the Shetland Energy Strategy which reflects the undesirability of unchecked proliferation of renewable energy installations and the supporting infrastructure which is required for transmission and distribution, particularly the effects on

landscape, existing industries, human health and biodiversity, when considering the individual and cumulative effects of large scale developments.

10. Where full or partial ownership has been assessed as not viable or desirable, we recommend that the community benefit payment approaches outlined here are pursued (subject to review as these sectors and the UK funding landscape evolves)

This recommendation was adopted by the Council at the meeting of 10 February 2025.

11. Update the SIC Energy Development principles in line with the updated energy strategy, Energy Transition Task Force findings and recommendations in this report.

This work is ongoing as part of the development of the Shetland Energy Strategy, which is currently in draft form.

12. Further work is required to fully investigate whether a revised Local Action Group (LAG+) could be constituted in such a way as to provide the required democratic oversight of future funds from major energy projects.

While consideration has been given to the LAG approach in discussion with developers for individual funds, the Council has largely moved away from this model as the preferred way of receiving and distributing community benefit funds. In consultations with both UK and Scottish Governments our position has moved to considering the Council itself as the body which would be most appropriate to negotiate with developers, to receive and oversee funds, and to distribute these in a manner which is fully aligned with the need for democratic accountability, transparency and value for money commitment of funds. Our position is and remains that, in terms of vital areas for investment and commitment of funds (e.g. transport, housing, education, social care, community and economic development) the local authority is the body which can make the most difference to the day-to-day lives and ongoing wellbeing of Shetland residents, and such funds could deliver fundamental positive change through enabling or leveraging key investment into major development goals (e.g. inter-island transport connectivity, housing development, changes to care models).

Further to this, it is our stated aim to challenge the presumption in government, which is expressed either by implication or plainly in guidance, that local authorities should not take a role in the decision making and distribution of community benefit funds – it is our view that this is a fundamental misunderstanding of the role that local authorities (specifically rural and island local authorities) play as drivers of economic and community development, and draws an extremely specious and unhelpful distinction between councils and the communities they serve. For that reason, this recommendation has not been pursued in full.

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