

# Clashindarroch Wind Farm Community Fund

## WHAT IS IT?

The proposed windfarm being developed by AMEC in the Clashindarroch Forest could affect a number of communities, including **Huntly, Rhynie, Gartly, Kennethmont, Glass and the Cabrach**. AMEC recognises this and is offering benefits in the form of an annual fund to the communities to spend on suitable projects.

## WHO BENEFITS?

The intention is for *the Fund* to be distributed by the communities within eight kilometres of the wind farm. It is important that people in the area are happy that *the Fund* will be distributed equitably and fairly between the communities, and on projects that provide real and lasting benefits. In order to have maximum flexibility it is not intended to limit where the funds can be spent nor who can apply for them. However, subject to certain guidelines given by AMEC (see below), the decision on what projects are funded will lie with the communities.

AMEC also considers it appropriate that a portion of *the Fund* should be allocated to provide benefit on a regional (Aberdeenshire) basis. Details of this are being considered and will be announced as soon as possible. It is AMEC's intention that such regional benefit will work to the advantage of local communities.

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## WHAT ARE THE BENEFITS?

The aim of *the Fund* is to sponsor charitable, educational, community, environmental, energy efficiency and general community amenity schemes or projects, but not to be used to benefit individuals or for political or religious purposes. The consultation will ask for examples of how the funds may be used within the communities.

## HOW IS *THE FUND* TO BE MANAGED?

For *the Fund* to operate effectively in an open and accountable way, the right legal structure and guidelines have to be in place. AMEC wants to deal with a single organisation in respect of the Fund, so there will be a need for the communities to work together in the management and administration of the funds.

A key question is what this legal structure should look like? While there are a number of possibilities, we have narrowed these down to just two types of organisation that we believe offer the best ways of managing *the Fund* for the communities involved. The consultation process is the opportunity for the people from the communities to have their say about what the legal structure should be, its democracy and what the funds should be used for.

## WHAT ARE THE ALTERNATIVES?

Two legal structures appear to be most appropriate:

- 1 Co-operative, for the benefit of the community
- 2 Company limited by guarantee

Other structures include a company limited by shares, or a partnership, neither of which offer correct democracy or ownership of *the Fund*. A Community Interest Company might be a possible structure, but it does not allow *the Fund* to have charitable status and as a result opens *the Fund* to tax liabilities.

The Company Ltd by Guarantee and the Co-operative for the Benefit of the Community each have advantages and disadvantages and the appropriate structure for the management of *the Fund* is the key issue for the consultation.

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## **ARE BOTH TYPES OF ORGANISATION USED FOR MANAGING FUNDS OF THIS TYPE?**

Yes, both types of organisation are regularly used to manage Funds for communities. More are set up as companies limited by guarantee than co-ops for the benefit of the community, but that may be because legal advisers are more used to dealing with one rather than the other.

## **HOW STRAIGHTFORWARD ARE THE ORGANISATIONS TO SET UP AND RUN?**

One advantage of the co-op structure is its simplicity and transparency. There are model rules available for co-ops that generally require little amendment before they can be used. Companies limited by guarantee must have a memorandum and articles of association specifically drawn up for them, which can be an involved legal process.

## **HOW DEMOCRATIC ARE THE ORGANISATIONS?**

Co-ops have an in-built democratic structure based on one person, one vote. The voting structure in a company limited by guarantee will depend on that which is agreed and written in its articles. This may make it potentially less democratic than a co-op, but it may also be easier to restrict voting, say to people living in certain areas and not in others, which may be harder to do in a co-op.

## **HOW WELL DO THEY MEET THE COMMUNITY'S NEEDS?**

In the co-op model, community benefit is more or less guaranteed, because of the model rules and the principles of co-operation one of which is 'Concern for the Community'. A company limited by guarantee can be the same, but it depends how its articles are written.

## **HOW WELL ARE THEY REGULATED?**

Both are well regulated. Companies are regulated by Companies House, but they do not check that the articles conform to company law. Co-ops are regulated by the Financial Services Authority who check to ensure the rules conform to the governing Act and to Co-operative principles.

## **CAN BOTH TYPES HAVE CHARITABLE STATUS?**

Claiming charitable status is particularly important from a tax point of view. It enables the organisation to avoid paying tax on the money it receives, so it is important that whatever structure is adopted, it is possible to achieve charitable status. A company limited by guarantee can register as a charity with the Registrar of Charities. The co-op can apply to the Inland Revenue for exempt charity status. Both the Registrar of Charities and the Inland Revenue check to ensure that the objects of the organisations are charitable.

## **WHO ARE THE MEMBERS?**

Whatever the structure, it will be important to decide who should be members of the organisation. If it is open to everyone in the affected communities then everyone is able to vote for committee members and call a special meeting. However, if there are already strong local representative bodies, maybe membership should be restricted to them and they nominate the committee to represent their communities. This could be more efficient and easier, albeit one step removed from a direct democratic structure.

## **WHAT HAPPENS NEXT?**

**We will be delighted if you would fill in the attached response. It will be most helpful in bringing together a final decision on the best way forward**

■ Please take a few moments to provide information that will assist the consultation

# Clashindarroch Wind Farm Community Fund

## ■ CONSULTATION RESPONSE

NAME .....

HOUSE NAME .....

PARISH ..... POSTCODE .....

**Please tell us of some priorities within your community that will benefit from funding**

**We will be delighted to know of any suggestions you may have**

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If you have other priorities please continue on the back of this paper

**Please state any concerns you may have about *the Fund***

**Please indicate your preference for the type of organisation you wish to manage *the Fund* and its democracy by ticking two boxes**

Please hand your response to a SAOS representative or post to SAOS in the envelope provided to:  
**SAOS Ltd,  
Rural Centre,  
West Mains,  
Ingliston, Newbridge  
EH28 8NZ**

Membership restricted to nominating bodies (such as the Council and community associations)	<input type="checkbox"/>
An organisation in the form of a Company Limited by Guarantee	<input type="checkbox"/>
Open membership to residents in the affected communities	<input type="checkbox"/>
An organisation in the form of 'A Co-operative for the Benefit of the Community'	<input type="checkbox"/>