



## **Shetland Community Benefit Fund Ltd**

*Sustaining and Developing Shetland's communities*

### **Viking agreement will bring important funding opportunities for Shetland**

The prospect of major investment opportunities in Shetland's communities has taken a step forward with the signing of an agreement between the Viking Energy Wind Farm (VEWF) and Shetland Community Benefit Fund Ltd (SCBF)

The signing of the Heads of Terms commits VEWF to agreeing a formal legal agreement with SCBF receiving about £2.2 million a year index-linked for the expected 25 year lifespan of the windfarm. The payments will start when electricity first flows through the interconnector cable to the Scottish mainland.

VEWF expects construction to start in August and to take about four years. During construction SCBF will receive an additional £400,000 a year to develop its business plans and to operate an Advanced Grant Scheme (AGS) open to projects proposed by Shetland's community councils.

The Advance Grant Scheme will operate three tiers of grants - Tier One will provide grants between £50-£500, Tier Two between £500-£5,000, and Tier Three will provide grants over £5,000. Applications for Tier One will be kept as simple as possible, with more detail and information needed for larger projects.

The AGS funding will be divided on a simple share basis - a community council with at least one Viking turbine within its boundary will receive five shares and community councils with no turbines will receive one share. There are four community councils qualifying for five shares: Nesting and Lunnasting; Tingwall Whiteness and Weisdale; Delting; and Sandsting and Aithsting.

SCBF chair Chris Bunyan said the agreement with VEWF opened up tremendous opportunities to help sustain and develop local communities.

"It has always been the intention of both SCBF and VEFW that the whole of Shetland should have access to these funds – with the four community council areas within the windfarm boundary getting a bigger share of available funds. The funds will be available for potential projects from Fair Isle to Unst, and from Foula to Skerries."

Mr Bunyan said SCBF hoped developers of other commercial renewable energy projects, whether onshore, offshore, or tidal, took a similar view about sharing community benefits throughout the islands.

"SCBF has a tremendous amount of work ahead of it", Mr Bunyan said. "While we have done some preparatory work we could only go so far until we knew whether or not the Viking development was going to happen. We will be explaining our plans as widely as possible to the public but we ask for some patience as SCBF has to ensure it moves forward carefully and diligently."

"Finally I would like to thank the directors of SCBF for their work over the past decade and also recognise the effort of VEFW and SSE Renewables staff to help SCBF achieve its aims through this agreement."

ENDS

29th July 2020

Note to Editors:

1. Shetland Community Benefit Fund was formed about 10 years ago by the islands community councils as an independent co-operative regulated by the Financial Conduct Authority.

SCBF takes no view on any development but exists to negotiate and administer the community benefit funds from commercial renewable energy projects that do go-ahead.

Each of the 18 community councils in Shetland can nominate someone as a director of SCBF.

SCBF is not a charity and will, therefore, have fewer restrictions on using its funds than the Shetland Charitable Trust, for example. Further details about SCBF are available at [www.scbf.org.uk](http://www.scbf.org.uk)

2. The signing of the Heads of Terms, while not legally binding, commit VEFW and SCBF to agreeing two legally binding Minutes of Agreement. Discussions have already started on the first Minute of Agreement covering the Advanced Grant Scheme. It is hoped this will be signed in September.

The second Minute of Agreement will cover the main community benefit scheme, for about £2.2m a year index-linked, and will be signed prior to the wind farm generating electricity via the interconnector cable.

3. There are two funding streams – the Advanced Grant Scheme and the main community benefit scheme which will start once the wind farm is operational.

- The Advanced Grant Scheme - During the construction of the windfarm SCBF will receive £400,000 a year to develop its business plans, for legal and financial advice, and to operate the AGS. This scheme will only be open to projects proposed by a community council. It is estimated that the four areas with 5 shares may have about £45-50,000 a year available and the 14 community councils with a single share an estimated £9-10,000 a year
- The Main Community Benefit Scheme - This main fund starts after the wind farm starts operation and 10% of the annual income will be available to community councils utilising a similar share basis to the AGS. The majority of the funding will be available to help sustain and develop Shetland's communities through grants, loans or investments. SCBF will develop its aims and objectives, with strategic targets, into a full Business Plan, with consultation throughout the islands and its administration costs are limited to a maximum of 10% of the fund.

Further information from Chris Bunyan, Chair, SCBF (07880590331 or 01595820336)