

Review of the West Lothian Development Trust

Summary Findings and Recommendations

Introduction

The West Lothian Development Trust (WLDT) was established by West Lothian Council in 2009 to manage and distribute community benefit funds received from local wind farm developments. It is governed by a Deed of Trust that sets out its objectives and rules of governance. Since it was established the West Lothian Development Trust has been distributing community benefit from Pateshill and Blacklaw Windfarms.

The Trust currently has 11 trustees, 4 of these are elected councillors, 4 are 'community' trustees appointed by the Council and 3 are nominated by the operator of the Blacklaw windfarm. The Council provides administrative support to the Trust and hosts a web page on the West Lothian Council website.

Following three years of operation the Trustees commissioned a review to examine the legal structure of the Trust and ensure it is still fit for purpose. The study would also review the current governance and reporting procedures and to comment on the future purpose and strategic role of the Trust.

WLDT grant making activity

The Trust distributes the funds received through a community grant programme. The overall distribution and use of funds must be in-line with the West Lothian Council Windfarm Community Benefit Policy. This requires 70% of the funds received from a wind farm operator to be distributed within 5 kilometres of the windfarm and the remaining 30% within 10 kilometres. Community and public sector bodies that operate within the eligible areas can apply for grant of up to £25,000. A range of projects for charitable and environmental activities can be funded as long as they are for the benefit of eligible communities. Between 2009 until July 2012 the Trust has received a total of £244,600 of which £217,000 has been distributed in grants.

Models for distributing community benefit funds

The review looked at how other wind farm community benefit funds are being managed and distributed. This revealed that there is not a single model in existence or emerging which is being widely adopted and which could form the basis for the future development of WLDT. WLDT sits in the mainstream of current practice in terms of the type and size of grants it makes and the causes and organisations it will fund. It is not unique in being a trust (rather than a company limited by guarantee) but is more unusual in not having charitable status. In some respects, its grant making is possibly more advanced than others (e.g. in awarding

multi-year funding) but in others (especially in transparency and accountability) it is lagging behind.

Community consultation and engagement

An important aspect of the Review has been to gather the views of the community on the structure and operation of the WLDT. This was done through a combination of public consultation evenings, focus groups, a community questionnaire and consultation with key stakeholders.

Many positive comments were made that the Trust is fulfilling its role of managing and distributing community benefit funds. Organisations that have received grants from the Trust reported that there was a good availability of information on the application process, the system is easy to use and, on the whole, there is an effective system for the payment of grants. It is clear that the CB funds are being distributed according to WLC policy and donors' requirements. Some liked the independence of the Trust and level of local involvement whilst others felt West Lothian Council had a positive role as 'guarantor'.

The main issues identified were:

- i. The lack of transparency with regard to the Trust, its finances and funding decisions and the structure and make-up of the Trust.
- ii. A lack of accountability to the community through the trust structure and system of appointing trustees.
- iii. The low profile and lack of awareness of the Trust in the local area
- iv. The problems associated with establishing a fair and consistent distribution policy for communities throughout West Lothian.

Options

In defining the future purpose of the Trust three main options have been identified:

- i. The WLDT could remain as essentially an agent for the Council to distribute current and future wind farm community benefit funds with improvements to address transparency and accountability issues.
- ii. A local community panel is responsible for all decision making on the distribution of wind farm community benefit funds but fund management and administration is outsourced to Foundation Scotland. This would give autonomy of decision making without the burden of running and supporting the grant administration.
- iii. An independent charitable company is established, in time this would develop as an autonomous local community foundation. This body would continue to distribute wind farm funds by agreement with West Lothian Council and new developers but

could also act as a conduit for other funding. A more pro-active role can be taken towards providing developmental support to local organisations and negotiating with developers.

The third and most radical of these options will require leadership and resources to realise; further scoping work will help to make a decision on timing and potential viability of establishing a new autonomous organisation. This should include defining strategic objectives, business planning and discussion with both the WLC and existing windfarm operators.

Conclusions

The WLDT has fulfilled its role in managing and distributing CB funds received from windfarms in West Lothian. By July 2012 88% of funds received had been distributed in grants to eligible community organisations.

WLDT is in the mainstream of current practice in terms of the type and size of grants it makes and the causes and organisations it will fund. It is unusual in its ability to provide multi-year funding but also in relation to the lack of transparency and accountability.

Changes could be made to the current structure and operation of the trust to address transparency and accountability issues.

A restructuring of WLDT as an autonomous charitable company would facilitate greater community involvement and control. This option could develop to become an autonomous community foundation with the facility to attract a broader range of charitable donations and take a more proactive role in supporting client groups.

The decision on an appropriate future legal structure for WLDT needs to be seen within a strategic context. Improvements can be achieved by making changes within the current trust structure. The motivation for a more radical change to a company structure must be based upon a clear set of strategic aims supported by a sound business case. Any proposals for a new legal structure will require the agreement of the current wind farm operators and West Lothian Council.

As income to the Trust increases there will be scope to consider additional grant strands for area-wide projects, strategic initiatives and the allocation of funds to eligible community development trusts to support the implementation of their local development plan.

Recommendations

Quick win tasks

i. Address transparency issues by

- Publishing a report on activity to date
- Preparing a schedule for future reporting on Trust decisions and accounts
- Publish details of the Trust including a list of the current Trustees, a copy of the Deed of Trust and procedures for appointing trustees.

ii. Publicise WLDT more widely and pro-actively

- Copies of guidance, application forms and progress reports to be available at libraries and Council Information Services centres
- Ensure that voluntary sector advisory organisations have accurate information on WLDT and the funding available.

iii. Make changes to trustee appointments and term of office

- Introduce a 3-year fixed term of office for community trustees
- Community and councillor trustees can be re-elected or appointed to post for up to two consecutive terms
- A non-voting observer post in the Trust is created for a representative of the windfarm operators.
- Increase the number of community trustee positions to two thirds of the total.
- Introduce annual re-appointment of the Chair by the Trustees.

iv. Review grant making with respect to:

- A maximum intervention rate of 75% of total project costs
- The process of supporting smaller organisations and small communities
- Clarify the extent of 5 and 10 km zones from operational windfarms.

Medium term actions – to plan and develop longer-term changes

i. Consolidate changes to board of Trustees including:

- Procedures for recruiting and appointing new trustees
- Support and information for prospective and new trustees such as an induction pack, induction process and a code of conduct.

ii. Implement a reporting schedule

- Following each meeting publish a list of grants awarded
- Produce an annual report and newsletter covering activities and finance.

iii. Increase the public profile of the Trust

- Establish an independent website for WLDT
- Prepare a mail shot for voluntary sector organisations and community based

groups.

- Arrange a series of open information sessions.

iv. Examine the viability of organisational change

- Define the aims and strategic direction of the Trust
- Develop a business and financial plan for a stand-alone company identifying future income and expenditure.
- Clarify the future relationship with West Lothian Council.

v. A strategic funding strategy

- Develop a targeted funding strategy covering strategic projects, an area-wide fund and support to local community development plans in the context of income growth identified in the business plan.
- Aim to maximise funding income to the area by focusing grants on projects or types of activity that are difficult to fund obtain elsewhere e.g. core organisational cost and core staff posts.

vi. Ratify proposals with the community.

vii. Establish a new company structure with charitable status (SCIO).

Longer term actions

- i. Develop WLDT as a more autonomous local community foundation with the ability to take a more pro-active role in developing a range of funding sources and supporting potential applicants.
- ii. The new body will take a more proactive role in the negotiation of future community benefit funds and the associated distribution policy.