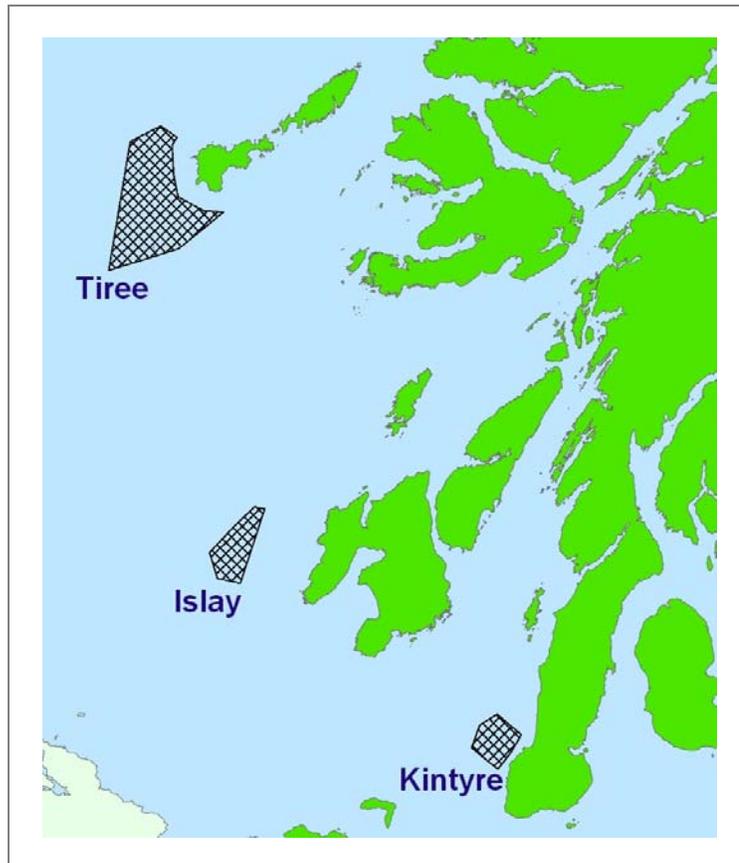


Socio-economic Impact Assessment Scoping Study

Proposed Argyll Offshore Wind Farms Argyll Renewables Communities (ARC)

5th February 2010



Source: The Crown Estate



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



SQWenergy SQWconsulting

Foreword

The ARC Consortium (“Argyll Renewables Communities”) - founded by the community owned Islay Energy Trust and Kintyre Energy Trust, and the Tiree Community Development Trust - has commissioned this study by SQW Energy in order to define the scope for a detailed socio-economic impact assessment (SIA) of the three communities most affected by the development and operation of the proposed Argyll offshore wind farms. The main objectives of this report are to set the context for the SIA by establishing baseline data and identifying the main areas of concern to the communities, and to make recommendations for the communities’ ongoing engagement with stakeholders.

In March 2009, the Crown Estate announced plans for large-scale offshore wind farms in Scottish Territorial Waters. Specifically, three project sites located off the Argyll coast: there are exclusivity agreements for the development of the sites with Scottish and Southern Renewables (SSE) for Kintyre (378MW) and Islay (680MW), and with ScottishPower Renewables (SPR) for Tiree (1500MW). The development process for these sites will be subject to the outcome of the Scottish Government’s Strategic Environmental Assessment (SEA) of offshore wind resources, which is due to be published early in 2010.

Local communities often have the feeling that industrial-scale renewable energy developments are imposed by remote forces with little or no effective local participation, let alone influence or control. The overarching purpose of the ARC Consortium is to ensure the best possible outcomes for their respective communities, as well as for all stakeholders, by being active participants in the development processes rather than just bystanders. All three communities face their own particular social and economic challenges with Highlands and Islands Enterprise (HIE) designating both Islay and Tiree as “fragile economies” and Kintyre as being an “area of employment deficit”.

ARC members recognise the potential of these projects to enhance the long term socio-economic sustainability of their communities; for example, comparisons can be made with the Shetland Islands and the exploitation of North Sea oil. However, there are also significant risks that project activities could impact negatively on the local socio-economic fabric and cultural heritage. With the proposed Argyll projects, the opportunities and risks for the respective communities are magnified compared with those similarly affected on the mainland, because of their status and identities as islands (the Kintyre peninsula exhibits similar characteristics to the islands).

This report sets the scene by organising baseline data, and identifying the main areas of concern and potential opportunities that require the thorough research, analysis and consultation which will be at the core of the full SIA. In addition it makes recommendations regarding the engagement processes for ARC and all stakeholders to ensure the SIA is most effective. The objectives of the full SIA will be to present detailed information and analysis in an objective manner such that communities, developers and other stakeholders can all understand the implications of the proposed developments enabling informed and optimal decision-making. The SIA will also make recommendations so as to enable all three

communities to maximise the benefits and minimise the negative impacts of the proposed projects. ARC is now seeking funding for the full SIA.

By definition there are limitations to this study. It is a scoping exercise, and as such the issues raised are not subject to detailed analysis, and there are inevitably omissions, e.g. for each community, key local stakeholders need to be identified, and the roles of the voluntary and charitable sectors will form part of expanded socio-economic baseline data. In addition, details of project development activities are not yet available. Developers, understandably, have not started detailed planning pending the result of the SEA; for this report reasonable assumptions have been made about likely activities and options. These issues will be addressed more fully in the SIA.

A fair challenge is whether this study is premature, given both the early stage of the process and the obligation on developers to include an SIA in the Environmental Statement (ES) submitted as part of the applications for consent. In response, firstly, The Crown Estate's early announcement and developers' visits have already raised interest and concerns within the communities. By taking their own, early initiative in to examine the potential implications of the proposed wind farms, the relevant communities can have confidence that their interests will be represented, and that they will eventually be able to contribute informed input to the development and consenting processes when more realistic and credible information about development plans/options is available. Secondly, there is a perception that SIAs funded by developers often lack credibility because their focus is on "ticking a box" in the consents process rather than on generating the best outcomes for communities.

A community-driven SIA is an innovative process for which there are few precedents. However, it is ARC's contention that genuine collaboration between communities, corporate interests and consenting authorities can lead to enhanced value for the developers and optimisation of benefits to communities, thereby facilitating the passage through the consenting process. Indeed, the proposed unique corporate-community cooperation presents opportunities for developers to set new world class benchmarks for social performance, as well as for communities to enhance socio-economic and cultural sustainability.

ARC Consortium members wish to acknowledge the financial support provided by the Highlands and Islands Enterprise and the Argyll and Bute Council in the publication of this Report, as well as the voluntary work of many people within their communities without whom this initiative would not have been possible. Also, on a personal basis, I would like to thank Titus Fossgard-Moser from Shell Canada and Dr Jill Shankleman for their wise counsel before and during the preparation of this Report.



Philip Maxwell

Chairman, Islay Energy Trust, on behalf of the ARC Consortium, 5th February 2010

Executive Summary

Introduction

1. Approval by The Crown Estate was announced in March 2009 for the development of three offshore wind farms located off the Argyll coast. This followed an application process to The Crown Estate to secure the exclusive development rights for the following sites: Scottish and Southern Renewables (SSE) for wind farms for Kintyre (378MW, 126 turbines, 3 kms offshore) and Islay (680MW, 138 turbines, 13 kms offshore), and ScottishPower Renewables (SPR) for wind farms for Tiree (1500MW, 250 turbines, 5kms offshore). The proposed wind farms are large infrastructure projects; the total investment, including associated grid, is likely to be in the region of £7-9 billion. Developments of such scale will have significant impacts on social, environmental and economic aspects of the host communities.
2. Managed effectively through every stage of development and operation these projects have the potential both to enhance the long term socio-economic sustainability of the communities that are nearest to them, and to add shareholder value for the developers. To achieve this it should be recognised that:
 - Part of the management process must be to ensure that the social, economic and cultural life of these ‘fragile’ communities is not exposed to undue risk, but that potential benefits are maximised.
 - For developers, there are significant opportunities to benefit from local knowledge and services.
3. Aware of these opportunities and risks, and committed to active participation in the development process the respective communities (Tiree, Kintyre and Islay) formed Argyll Renewables Communities (ARC) to ensure the best possible outcomes for their respective communities, as well as for all stakeholders. Commissioning this Scoping Study is a first step to develop an informed approach and ‘tool kit’ for ARC to take forward on behalf of the communities.

Purposes of the Study

4. The purposes of this scoping study are to:
 - Highlight key development activities that may impact on the socio-economic and cultural fabric of the affected communities.
 - Identify areas and issues in the consenting process where communities can add value to the consultation process (including the Scottish Government’s SEA).
 - Identify the key potential impacts (+ve and –ve) of the project activities.
 - Recommend methodology for identifying winners and losers, analysing the significance of impacts and how to maximise +ve and minimise –ve impacts.

- Propose further community commissioned research work.
- Recommend structures for engagement between communities and developers.

Approach

5. The Study team carried out desk based research and consultation with developers and with ARC to:
 - provide the foundations for socio-economic baselines for each community
 - ascertain key impacting development activities, or make reasonable assumptions where specific information was not available
 - Outline key stages in the consenting process at which ARC could intervene.
6. Using the above, conclusions are drawn about the scope of the full SIA, recommendations made about the points of engagement between communities and developers, and areas for further research in the SIA identified.

The Communities of Tiree, Kintyre and Islay

7. The three communities of Tiree, Islay and Kintyre share a number of characteristics but there are also important differences between the communities which may affect the way in which they are impacted by offshore wind developments.
8. All three areas are predominantly rural. Both Tiree and Islay are classified as fragile areas by HIE, characterised by a history of population loss, low incomes, limited employment opportunities, poor infrastructure and remoteness. Campeltown in Kintyre is recognised as an area of employment deficit. Outwith Campeltown in Kintyre, the populations of the three areas are small, with a low population density. Each of the three areas is different in terms of employment and businesses. The island economies of Tiree and Islay are both reliant on a number of key sectors including agriculture, fishing and tourism. The businesses operating in these sectors on the islands are relatively small scale and therefore more sensitive to any potential impacts. The same is true of rural Kintyre, although there is also a relevant manufacturing base in Kintyre (SkyCon) which may directly benefit from offshore developments.

Project Development

Development

9. Development may take 5-7 years including consenting, planning, installation¹. Annual operation and maintenance will last throughout the lease periods, expected to be 50 years. The most significant development and operational activities that are of interest to ARC communities are show in Table 1 below:

¹ www.bwea.com

Table 1 Key areas of community interest

Category	Vector	+ve outcome	-ve outcome	Comments
Locations/ siting	Visual	Minimum impact	Major impact	Scope for array design changes and positioning
	Noise	None	Intrusive	Existing studies Consultation and siting of operations
Economic	Fishing	No –ve impact, New fishing activities possible	Exclusion zone restrictions	Mitigate through consultation and seeking alternatives.
	Construction	Business opportunities Work Jobs	Mainland-based contracts Local structures not in keeping with local styles	Early discussion between developers and community
	Tourism	No impact, or array seen as an attraction	Tourists stay away	Experience elsewhere. Understanding current profile and how this might change.
	Employment	New jobs New skills Career opportunities Long term work	All mainland labour Imported or contract staff	Discuss supply chain opportunities Train potential employees. Draw back community leavers
Infrastructure	Medical	New capacity or updated facilities	Pressure on services. High influx, no expansion possible	Depends on influx Discuss with local service providers
	Housing	No impact Additional demand for B&B	Lack of housing Falls in property prices Squeeze on locals	Depends on influx
	Schools	Increased diversity New facilities	Lack of capacity	Depends on influx
	Transport and communications	New port and airport facilities	Services mainland based Helicopter movements: noise	Discussions between developers and community interests
	Public Services	Ability to absorb	Insufficient capacity	Depends on influx
Cultural heritage	Language	Expansion of Gaelic	Dilution of Gaelic	Address through Gaelic medium schooling and adult learning.
	Crofting	No impact	Existing land use patterns affected	Consultation on options
	Way of life	Improved services	Loss of marine wilderness	Consultation 'value' profile of way of life.

Source: SQWE

10. To date, the developers have been communicating with each of the communities through a number of local meetings and provision of presentations. However, at this stage there is a lack of specific project information. While this is understandable due to the forthcoming SEA and the stage of the development process (pre-scoping) it has resulted in some mixed messages in terms of variable statements regarding the potential impact of construction and operation of the wind farm (SPR) or very limited information (SSE). This has not helped the development of open and trusted communication between parties resulting in community concerns regarding scale of impact, reliability of information and commitment to community dialogue.

Conclusion

11. This scoping study is the first step of an iterative process initiated by ARC in which the development of the offshore wind farms can proceed in step with the realisation of community benefits and the minimisation of any negative impacts. Through the scoping study we have identified the main development activities which are likely to have major impacts on the communities (based on available information), and provided a socio-economic baseline for each community which will help to determine the significance of such impacts.
 - The scoping study has been able to highlight some key areas for consideration from the aspect of the socio-economic impact on each community.
 - The study has been limited to some extent by the level of detail available from the developers. This is in part due to the early stage of this study in the developers' process who are awaiting the outcome of the Scottish Government's Strategic Environmental Assessment (SEA) of offshore wind resources, due to be published early in 2010.
 - Key considerations (+ve & -ve) of the affected communities relate to the influx of people connected with installation and operations, visual and noise impacts of the arrays, affects on fishing and crofting, potential helicopter movements and local infrastructure e.g. port installations.
 - The scoping study and recommended research provides a toolkit for ARC to take forward on behalf of the communities. This will enable ARC to work proactively with the developers and communities to ensure the best possible outcome for the respective communities.
 - The key points of potential engagement in the development of the offshore wind farms for ARC are the SEA consultation, the Scoping Opinion and the EIA process.

Recommendations

12. The scoping study provides an initial platform to identify further research and take due consideration of the social and economic process in these fragile areas. The potential developments are huge in comparison to the scale of economic activity in these three communities and careful consideration and management of the development process is crucial to prevent avoidable negative impacts and to make the most of the potential benefits.

13. At the next stage, the SIA will address the ways to maximise the positive and minimise the negative impacts for each community, through detailed consultation within communities themselves and with the developers, consenting authorities and other key stakeholders, to the ultimate benefit of all.
14. There needs to be a structure for regular engagement between the affected communities and the developers. The existing arrangement between Islay Energy Trust and Scottish Power Renewables for the Sound of Islay Tidal Energy Project suggests a model that could be replicated for the development phase of the proposed wind farm projects.

Further Research

15. This scoping exercise is essentially desk based and further work is advised to:
 - review the SEA and how it influences the development of these offshore wind farms
 - verify the socio-economic baseline through consultation with data providers
 - undertake further research into the areas of potential impact for each community and assess the capacity to absorb these (social, economic and cultural)
 - conduct community consultations
 - conduct further industry consultations
 - research the supply chain and procurement process
 - identify case studies that will provide learning points of relevance to the developments and the socio-economic context
 - undertake a full socio-economic impact analysis
 - undertake a SWOT analysis with community stakeholders
 - develop possible partnership and finance options, including whether there is a basis for finance to the community
 - develop a number of community engagement scenarios for consultation with developers.

Engagement between communities and developers

16. Engagement between the communities and the developers has already commenced in the summer of 2009. However, further work is required to establish the structure and communication channels for this to be taken forward and sustained throughout the development process and operation of the wind farms. It is suggested that:
 - the developers take the opportunity to discuss the findings of this report with ARC
 - the developers agree a consultation and communication strategy with ARC
 - ARC is invited to represent the communities at the Crown Estate supplier forums

- the developers and ARC explore a variety of options in terms of community benefit
- SSE and SPR assess the possibility of basing community liaison officers in each respective community
- it is agreed to work in partnership towards the successful development of the offshore wind farms with a positive balance of benefit to all.

