



SERVING LOCAL COUNCILS IN SHROPSHIRE AND TELFORD & WREKIN
Affiliated to the National Association of Local Councils



Community benefit from solar farms in Shropshire

**Guidance to support Local Councils in negotiations
with Prospective Developers**

21st June 2023

Community benefit from solar farms in Shropshire

Guidance to support Local Councils in negotiations with Prospective Developers

What is it?

1. This guidance is intended for use by Parish and Town Councils and Parish Meetings, which are referred to in the document as 'Local Councils'.
2. The document is 'guidance' and not 'policy' and is not intended to be binding or prescriptive on local councils.
3. The guidance relates to development applications for commercial ground-mounted solar schemes in Shropshire and the benefits (including funding) which may be offered to communities by prospective developers of this type of development.
4. The guidance is intended to be helpful to local councils by identifying key issues and principles which are likely to be relevant as part of engagement with prospective solar farm developers.
5. This guidance is designed to set an expectation that SC and Local Councils expect solar farm developers to engage with communities from an early stage to negotiate and agree the payment of a community benefit funds (CBF) package.

Context

6. Shropshire Council declared a Climate Emergency in 2019 and adopted a Climate Strategy and Action Plan in 2020. The adopted strategy establishes the objective of Shropshire Council achieving net-zero carbon performance by 2030. This target date has also been adopted by many local councils and by the community-led 'Zero Carbon Shropshire' for the county as a whole.
7. The energy used in buildings and for travel generates much of our current carbon footprint and it is essential that this is supplied from low carbon, renewable sources as soon as possible if we are to be able to address the risk of climate change.
8. The Marches Local Economic Partnership adopted an Energy Strategy in 2018 which established a target of 50% of local power demand being met by local renewables by 2030. Achievement of this target will require a significant expansion of renewable energy generation from both roof-mounted solar panels and ground-mounted solar farms.
9. These drivers have recently been reinforced by significant concerns about energy prices and energy security.
10. The loss of Government subsidies (Feed-in-Tariff) which boosted the financial viability of smaller solar farms around a decade ago has led to a new tranche of development applications for larger purely commercial solar farms of around 25-45MW peak output (25-45 hectares in size). As the Local Planning Authority, Shropshire Council has already received a number of applications across a range of installed capacities from 12MW to 49.9 MW dependant on the connection availability from the national grid.

Community benefit from solar farms in Shropshire
Guidance to support Local Councils in negotiations with Prospective Developers

Key Principles

11. Any formal agreement regarding community benefits should be between a local council or other legally constituted community group and the prospective developer. Shropshire Council would not be involved as a party to the agreement or in holding or distributing any funds which may arise from such an agreement – this would be a matter for the local council or other community group involved.
12. Planning applications for new solar farms will be determined by Shropshire Council as the Local Planning Authority using current national and local planning policy and guidance.
13. Whilst the planning process can recognise a formal agreement between a local council or other appropriate community group and a developer concerning community benefits, such an agreement can't be given any weight unless legal tests for planning obligations are met.
14. Both ALC and Shropshire Council will make this guidance available through their respective web pages and will draw it to the attention of prospective solar farm developers.
15. It is expected that prospective developers of ground mounted solar farms should engage early with the relevant local council to share the details of what they are proposing and to address key issues and concerns on the part of the host community. This may include commissioning local surveys and information about potential issues or impacts which may arise from what is proposed. This should include confirmation that a grid connection agreement is in place to service the proposed development.
16. Prospective developers and landowners wishing to host ground-mounted solar farms may wish to consider the benefit of advance screen planting to help minimise the visual impact of proposals.
17. The timing and milestones for the delivery of agreed community benefits should be clearly identified as part of any formal agreement between a local council and a prospective solar farm developer.

Financial Viability of Solar Schemes

18. The financial viability of a solar farm is affected by:
 - a. The distance to (and cost of) a grid connection
 - b. The size of the solar farm
 - c. The extent to which high quality agricultural land is excluded
 - d. The cost of obligatory work to mitigate impacts on protected natural or heritage assets such as protected wildlife sites or historic buildings
19. The capacity of the electricity grid in Shropshire is heavily constrained and connections are therefore only available in some areas. Smaller solar farms generally need to be located closer to a local grid connection point than larger schemes.

Community benefit from solar farms in Shropshire

Guidance to support Local Councils in negotiations with Prospective Developers

20. Community benefits which offer a more generous outcome over and above the minimum required for planning and regulatory compliance can be made in kind as well as an annual financial payment and may include:
 - a. Annual monetary payments, which should be index-linked for inflation
 - b. The creation of additional biodiversity areas
 - c. The creation of new permissive footpaths
 - d. One off up-front monetary payments, for example in the case of specific community projects identified and agreed with the local community, such as grant towards the restoration of a landmark local building

Key Recommendations

21. Recent development applications for solar farms suggest that a reasonable baseline level for the financial value of community benefits is at least £500 per installed megawatt, paid for 40 years.
22. Solar technologies are developing rapidly and there may be opportunities for developers to improve financial viability and performance efficiency or utilisation above current industry standards. Such gains should be reflected through the provision of higher rates of community benefit than the minimum baseline referenced in (20) above.
23. It may also be appropriate to reduce this in some circumstances:
 - a. if the financial viability of the proposals are challenged by the issues identified in paragraph 5 a-d above.
 - b. if the scheme would deliver additional benefits 'in kind' which would benefit the environment or the local community, such as those identified in paragraph 16 a-d above. Such benefits would need to be demonstrably over and above those expected for a 'normal' solar farm application.
24. A written legal commitment linked to the grant of consent is likely to be required to link the delivery of agreed benefits to the grant of consent and confer greater certainty of delivery. Local councils should take independent legal advice about how to secure this in a way that suits them but may wish to recover the cost of this from the developer.
25. Annual payment of any index linked monetary consideration is preferred, as this would generate greater funding over time, and would provide a source of sustainable revenue for the local community over the lifetime of the site. However, one off up-front payments may also be acceptable where there is a local need to progress a specific community project or projects which have been identified and agreed with the local community.
26. It is important that any agreement of financial or other community benefits is transparent to provide public confidence in the outcome. Local community engagement is also essential to avoid any risk of perceived bias.