

**GOOD PRACTICE
PROGRAMME**



SCOTTISH LAND COMMISSION
COIMISEAN FEARAINN NA H-ALBA

Delivering Community Benefits from Land



Guidance from the Scottish Land Commission

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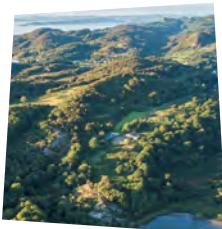
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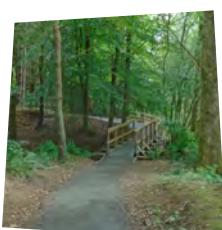
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Foreword

This publication sets out good practice guidance for a responsible approach to delivering community benefits from land. The immediate prompt for publishing it is the rapidly developing context of natural capital, specifically new value and investment in carbon and nature that has implications for land ownership, land use and communities. The Scottish Government has set out a firm expectation that such investment should deliver benefits to local communities. This guidance sets out how that should be approached.

The guidance is also relevant much more widely. The opportunity to be deliberate and structured in the ways local communities benefit from land need not be limited only to new 'natural capital' investment, it should increasingly be a normal consideration in responsible land ownership.

The guidance clarifies the expectations for what community benefits are and how they can be delivered. It sets out some practical approaches that should inform responsible land ownership and investment. Circumstances vary widely so judgement will always be needed on what is appropriate and proportionate, but the principle can and should be applied widely.

The Scottish Government is committed to seeking private investment in land to deliver its nature and climate goals. This guidance is one part of what is needed to shape this approach well and address some of the risks. The Scottish Land Commission has also recommended stronger regulation of carbon and nature markets, and the land market, as well as greater conditionality in public grant support. Policy and legislative changes take time, and while not a substitute for policy reforms, this guidance sets out how a responsible approach can be put into practice now.



A handwritten signature in black ink, appearing to read "Andrew Thin".

Andrew Thin
Chair, Scottish Land Commission





Introduction

For Scotland's land and people to prosper, communities must benefit from the way land is owned and managed, at the same time as land delivers for nature and climate.

Deliberate provision of social and economic benefits for local communities from land, in addition to wider public benefits, is beneficial for all parties, reducing conflict and improving understanding and outcomes. This guidance provides a definition and explanation of what we mean by community benefits from land and sets out a range of opportunities to deliver those benefits.

The **Scottish Land Rights and Responsibilities Statement** (LRRS) states that all land “should support sustainable economic development, protect and enhance the environment, support a just transition to net zero, help achieve social justice and build a fairer society for the common good.” In 2022, a new principle was added to the Statement:

“Land ownership, management and use should deliver a wide range of social, environmental, economic and cultural benefits.”

This guidance is a resource for all those involved in land to consider how they can meet the expectations of the LRRS.

This guidance also directly supports delivery of the Scottish Government’s **Interim Principles for Responsible Investment in Natural Capital** and the development of Scottish Government’s market framework for natural capital set out in the recent Programme for Government. Changes to land use for investment in natural capital are often permanent, constraining the use of land for up to 100 years, and impacting on current and future generations of the local community. The Interim Principles state that:

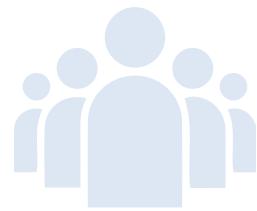
“investment in and use of Scotland’s natural capital should create benefits that are shared between public, private and community interests”.

This guidance should therefore be considered an essential resource for responsible investors in natural capital.

We **recommend** that everyone involved in land should consider how they can deliver community benefits from land and use this document as a guide to responsible practice; however, everyone involved in investing in natural capital on land **should** deliver community benefits and should use this guidance to structure their approach.

This guidance is expected to evolve over time as experience grows and it cannot address all potential scenarios comprehensively. It is hoped that this guidance will serve as a foundation for the development of more sector-specific guidance by other stakeholders.

Who can benefit from using this guidance?



This guidance is for use by:

- Landowners and land managers in all sectors
- Investors, brokers and project developers involved in land
- Communities and their representatives
- Professional advisers
- Grant and policy makers

This guidance is applicable to all types of landholdings and all types of land ownership structures; however, it is not applicable in a marine context. By 'land', we mean land, land covered by water, and buildings.

Land and communities vary greatly – depending on factors like location, size, governance, goals, and community capacity. This guidance should be used in a way that is proportionate, suits the context and does not unduly compromise the practical or commercial viability of the landholding.

How to use this guidance

This guidance should be used alongside the following protocols:

- Transparency of Ownership and Land Use Decision-Making
- Community Engagement in Decisions Relating to Land
- Responsible Natural Capital and Carbon Management
- Good Stewardship of Land



There are further resources available both referenced in the protocols and throughout this guidance. The accompanying **Frequently Asked Questions** document contains further information and is referenced throughout this guidance. At the end of the document there is a section containing useful definitions of words and phrases.

Where we use the word **should**, we expect everyone involved to follow the approach described, unless it conflicts with their legal duties. Where we **recommend** a course of action it means this is good practice, but we recognise that other approaches may be equally effective. Where we use the word **must**, this is a legal requirement.



Community Benefits: What Are They?

Community benefits should support the development of vibrant, sustainable and empowered communities.



Key points about community benefits

- ➊ They consist of meaningful social and economic benefits that promote the sustainable development of communities.
- ➋ They are specifically for the local geographic community.
- ➌ They require meaningful engagement with the community and should align with local strategic plans where available.
- ➍ They are tailored to the community's needs and agreed upon through deliberation, when possible.
- ➎ They should be monitored and reported on publicly.
- ➏ The scale and impact of a landholding and how that landholding is used determine the proportion of these benefits.



Community benefits are the intentional social and economic benefits from land that are offered to the local community on a negotiated basis for their lasting well-being. They should be delivered in a way that is proportionate to the scale and impact of the landholding or activity, but without unduly compromising the practical or commercial viability of the landholding or activity.

Community benefits can take various forms, such as provision of land for affordable housing or crofts, supporting local businesses, offering training and education opportunities, recreational and community facilities, offering land for community use, increasing fair work opportunities, and contributing to climate change adaptation. Many landowners are already delivering such benefits, while others may seek guidance on possible actions.

Community benefits should be provided with intent and in addition to the ways in which ‘business as usual’ brings benefits for the local community. They are long-term commitments that bring meaningful benefits for the local community and support community agency. They are more substantial than one-off activities or maintaining existing uses and access.

Community benefits are primarily for the community that lives on and/or near to a landholding that has an impact on local resources and/or on the community itself. They are not benefits that are solely received by communities of interest (e.g. mountain biking or bird watching), although communities of interest may benefit in addition to the local community (e.g. from improved access and facilities).

Community benefits are distinct from public benefits, which have a national impact and benefit the wider public, like clean air, biodiversity, and carbon sequestration. Community benefits directly and primarily benefit the local community. Community benefits can include environmental and cultural benefits, as well as economic and social benefits, where these are specifically for the local community.

It's important to note that there is no one-size-fits-all approach to community benefits; the right approach should be customised to the community's unique circumstances, needs, and desires. Effective approaches to community benefits start with open and early engagement with the community to understand their needs and aspirations. This engagement helps identify opportunities and reduce potential conflicts over projects, benefiting all parties.



Ideally, community benefits should be discussed and agreed with the local community through engagement and negotiation. This could lead to a formal agreement or memorandum of understanding regarding community benefits. Consider the capacity of all parties and existing community structures when deciding on the best course of action.

If a formal agreement cannot be agreed or is not appropriate, community benefits should be aligned with local needs and aspirations as identified through engagement. Assumptions about what the community wants or needs should be avoided. Local strategic and development plans, when available, can provide insights into local needs and priorities, where they are valued by the community as the result of a credible and meaningful engagement process.

For recently acquired landholdings or planned acquisitions or leases, community benefits can be integrated into the plans from the start. Feasibility studies can explore potential community benefits, informing investors and communities about the financial implications.

For long-held landholdings, it's useful to consider the community benefits already provided from the land and where these can be enhanced. Identifying these benefits and discussing them with the community can lead to mutual understanding and collaboration. This can be a part of regular strategic and management planning.

Community benefits are long-term commitments meant to support the sustainable development of a community. Over time, the circumstances and needs of all parties will change and agreements should offer enough flexibility to accommodate this, whilst maintaining a long-term commitment to community benefits.

Community benefit packages are voluntary and not meant to compensate for any impacts on communities or other stakeholders.

Useful Resources:

-  [**Resources on Community Engagement**](#)
-  [**Protocol on Community Engagement in Decisions Relating to Land**](#)



Opportunities for Delivering Social and Economic Community Benefits from Land

This section sets out a range of opportunities to deliver community benefits in practice and some examples of current practice. We have used the **Land Rights and Responsibilities Statement** and **Community Wealth Building** principles to explain some ways in which social and economic community benefits can be delivered. It is important not to be prescriptive about the kinds of community benefits offered however and to leave room for innovation. We anticipate this guidance developing over time as practice develops.

Ownership and governance of land

Models of land ownership and governance that put local people at the heart of decision-making are more likely to support the sustainable economic and social development of a community.

This goes beyond community engagement, to ownership, genuine collaboration and shared decision-making powers.

There are many ways in which this can be achieved and the preferred approach will depend on a range of factors for all parties. We strongly recommend careful consideration and legal advice for all parties when entering into any agreements.

Consideration should be given to:

- a) Whether land needs to be purchased or owned;
- b) Whether and how local community ownership of land or other forms of ownership and tenure can be offered;
- c) How communities can be formally involved in decision making about land; and
- d) The impact of further land purchases and leases.

a) Considering whether land needs to be purchased or owned

Land does not always have to be purchased to achieve the objectives of a prospective owner. Partnerships or collaborations with existing or aspiring landowners, such as working with communities, charities, or others with social objectives, could meet the same objectives and should be considered by potential landowners. An example would be when an organisation who wants to restore nature works with an existing landowner to improve the condition of peatland or increase biodiversity. This approach can be particularly useful when considering landscape-scale projects.

Collaborations can not only help to achieve mutual objectives, but can also bring more resources to projects, helping all parties to deliver their objectives more effectively. For example, a community or third sector partner may be able to apply for revenue and capital grant funding that a private company may not be able to apply for, and a private company may be able to bring corporate investment. However, organisations should also be aware that some funding streams require specific governance structures to be in place and this should therefore be given careful consideration before making commitments.

b) Whether and how local community ownership of land or other forms of ownership and tenure can be offered

If land is already owned, or is going to be purchased, consideration should be given to whether there are opportunities to enable community ownership or tenure over part of the landholding, either in the short-term or longer-term. We recommend working with the community to consider:

- Are there areas of land which if owned or managed by the community could deliver significant benefits? For example, land for affordable housing or creating allotments, or buildings that would be suitable as small business units.
- Could ownership of these areas of land be passed to the community or others, or would a lease arrangement be suitable? Are there opportunities for joint ventures where all parties share in risks and benefits?
- If a community is not in a position to immediately acquire land, but does have a longer-term ambition, could a right of pre-emption on specific land or buildings be agreed, or an arrangement for the community to have the opportunity to acquire land at a future date agreed?

In addition to considering how communities can collectively benefit from direct ownership or use of land, it is worth keeping in mind that other organisations and individuals in the community may also have an interest in owning or using land. This could be an individual with a new business idea or an existing business that needs space to grow, it could be a local activity or food growing group that needs land, or it could be the creation of new crofts or affordable housing. These activities might be permanent, long-term, or temporary. Where land can support these types of activities, it can bring significant social and economic benefits and resilience for the community.



See example of current practice: Langholm Moor Sale



Example of current practice **Langholm Moor Sale**

Supporting community ownership of land

Working with communities to enable their ownership of land may be part of an overall approach to delivering community benefits. When Buccleuch Estate undertook a review of its assets and decided to reduce the organisation's landholdings, they engaged with local communities about the potential sale of land at Langholm Moor.

Two local community bodies, [Langholm Initiative](#) and [Newcastleton and District Community Trust](#), expressed interest in purchasing the land. The Estate entered a period of exclusivity with the two communities to allow them time to explore their options rather than offering the land for sale on the open market.

As is common when communities seek ownership of land, they needed time to conduct feasibility studies and raise the funds required for the purchase. Although these sales took longer to conclude than offering the land on the open market may have taken, the Estate recognised that their approach would bring greater benefits for the communities than an open market sale. Ultimately, this gave the groups the necessary time to be able to purchase the land to benefit their local areas.

 [find out more](#)



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c) How communities can be formally involved in decision making about land

Community ownership and tenure of land is not always the right approach for a community or landowner due to timing, resources, capacity, or aspiration. However, there are many other ways in which shared ownership and decision-making can work for all parties.

These approaches can give communities a strong voice in decision-making and long-term security in the management of the land. They can benefit other partners involved through sharing resources and capacity, providing different perspectives and knowledge, and by increasing resilience and impact. Examples include:

- Community representation on decision-making boards;
- Co-operatives;
- Joint ventures;
- Grazings Committees in crofting areas; and
- Formalised partnership or management agreements, either in relation to a whole landholding or in relation to specific agreed outcomes



See example of current practice: Tayvallich Initiative





Example of current practice **Tayvallich Initiative**

Collaboration for community ownership and agency

When Tayvallich Estate was placed on the market in 2022, the local community came together in the form of Tayvallich Initiative to consider the implications of the Estate sale and to reflect on future aspirations in the community, including whether they could purchase any of the advertised lots to support the ongoing viability and sustainability of the area. The outgoing estate owners agreed to gift some land and, in parallel with support from Highlands and Islands Enterprise and an application to the Scottish Land Fund, the community submitted bids for lots near the village where the community could develop some much-needed affordable housing, workspaces, and growing space.

A number of bids were received, and the owners decided to sell the estate as a whole to **Highlands Rewilding**, who wished to purchase the land for nature recovery and rewilding along with community prosperity and re-population. Highlands Rewilding and Tayvallich Initiative met to discuss their aspirations for the area and the estate and realised there was alignment in what they wanted. Highlands Rewilding agreed to sell land to Tayvallich Initiative to support them to pursue their plans to strengthen the community. Highlands Rewilding and Tayvallich Initiative negotiated and have now signed a landmark management **Memorandum of Understanding (MoU)**. This **Memorandum** forms an embryonic framework, which aims to deliver a unique triple-win partnership for community prosperity, nature restoration and the delivery of ethical profit to shareholders.



[find out more](#)



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d) Considering the impact of further land purchases and leases

As new and existing landowners look to purchase or lease further land and buildings in an area, consideration should be given to the potential impact on the community and whether there is a risk of creating a localised monopoly (where a lot of decisions about a place are controlled by one organisation) or constraining local opportunities, such as a lack of housing for local residents.

Useful resources

-  [**Protocols on Diversification of Ownership and Tenure of Land and Negotiated Transfer of Land to Communities**](#)
-  [**Frequently Asked Questions**](#)
-  [**Community Ownership Support Service**](#)
-  [**Asset Transfer Route Map \(for communities interested in publicly owned land\)**](#)
-  [**Ten Steps to Community Ownership**](#)



Socially productive use of land and buildings

We have limited land, and it needs to meet many needs. Proactively and productively managed land and buildings are important to meet the current and future needs of communities. Land and buildings should be purposefully used or there should be plans in place for their future.

Consideration should be given to:

- a) Publishing information about landholdings;
- b) Conducting regular reviews of land and buildings;
- c) Identifying opportunities for collaboration;
- d) Having fair and transparent policies about selling or leasing land; and
- e) Delivering climate change adaptations.

a) Publishing information about landholdings

In-line with our [**Protocol on Transparency of Ownership and Land Use Decision-Making**](#), it is important to be open and transparent about who owns and makes decisions about land and buildings. Sharing this information proactively will ensure that people know who to contact with questions, information, concerns or opportunities. This could include signage at key entry points to the landholding which include contact details and a map of the landholding. Maintaining information on a website about the landholding is helpful for larger landholdings and is a way to share plans, maps, information and updates.

Landholdings must be on the [**Land Register of Scotland**](#), however, when land changes ownership it is helpful and preferable for information to be proactively shared with the community and other key stakeholders. Many landowners will also need to provide information for the [**Register of Persons Holding a Controlled Interest in Land**](#).



See example of current practice: Glen Dye Moor



Example of current practice **Glen Dye Moor**

Providing information on landholdings

For landowners and communities to collaborate and explore what community benefits might look like, the community need easy access to information and plans about the landholding. The owners of Glen Dye Moor published a website about the landholding to provide information to the community and other stakeholders in one place. The website includes information on the changes to the landholding they are planning and a point of contact for concerns or questions. As part of wider plans to engage with the community, the website has been used to get feedback on the plans for the landholding from the community and regular updates on progress are posted on the site.



[find out more](#)



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b) Conducting regular reviews of land and buildings

There should be a regular review of land and buildings to consider if they are being used productively and effectively and if there are opportunities for social and economic community benefits. This can identify places where there are opportunities for different uses of land and buildings, potentially in collaboration with others. This process will also help identify where action is needed to avoid land and buildings becoming unused or vacant and derelict. It is helpful to consider interim uses of land and buildings if waiting for longer-term plans to come to fruition.



[**See example of current practice: Balcaskie Estate**](#)

c) Identifying opportunities for collaboration

Collaboration with others in the area can provide opportunity for added value from land, bringing different skills, knowledge and resources, for mutual benefit. Many landowners will have experience of working closely with near neighbours, or through Deer Management Groups, or forums such as Regional Land Use Partnerships. There is great potential for collaboration with local community groups, small businesses, or other relevant stakeholders to deliver benefits.



[**See example of current practice: Doune Ponds**](#)



[**See example of current practice: Ardura**](#)





Example of current practice

Balcaskie Estate

Supporting local enterprise

Balcaskie Estate, Fife created Bowhouse in 2016 – a physical, making and gathering space consisting of farm plots, small production units and regular market weekends.

Their aim was to take an enabling approach and remove barriers for businesses, traders, producers and communities. Bowhouse is now home to eight small producers, over 20 regular local market traders and attracts around 5000 visitors each market weekend.

The estate has also created eight studio spaces for makers and small creative businesses at Comielaw Steadings and is home to a private nursery school and a pub / restaurant. Providing space and opportunities for a range of organisations to use land and buildings can support local economic and social development as part of a range of community benefits, whilst also supporting the economic sustainability of the landholding.



[find out more](#)





Example of current practice **Doune Ponds**

Managing the land in partnership

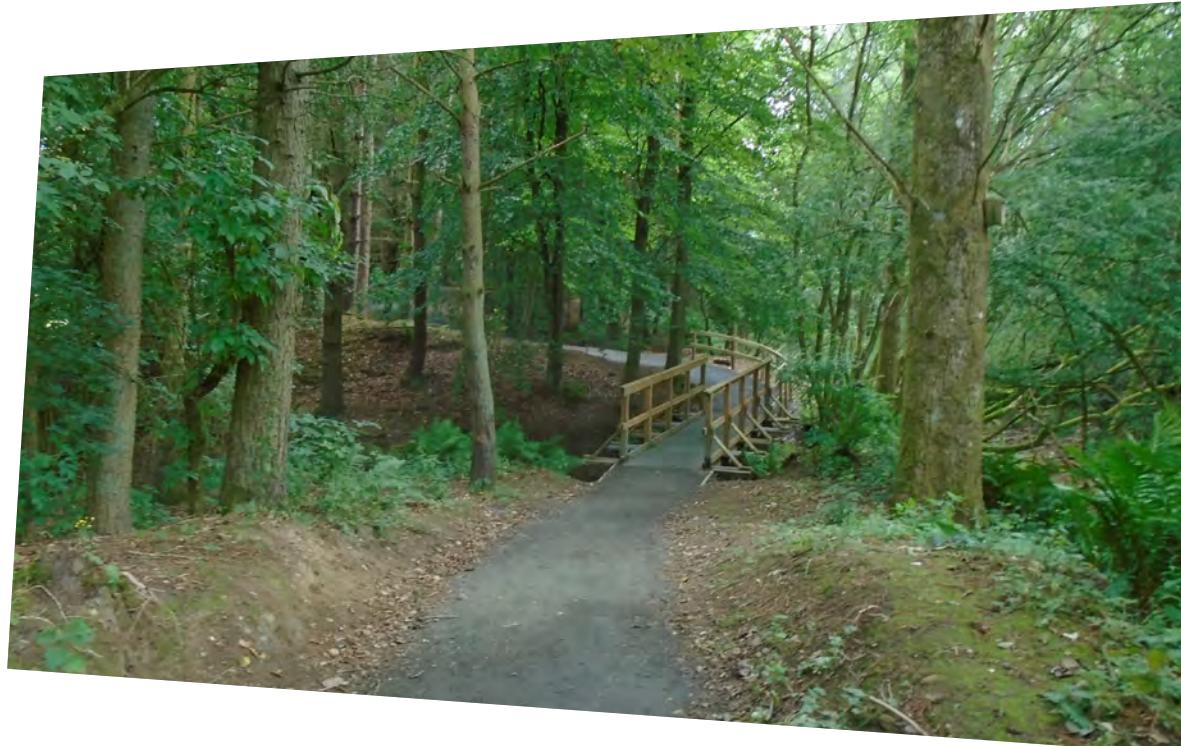
Collaborative working between communities and landowners can bring a range of benefits for the community and the environment. Being proactive in identifying opportunities that empower communities and align with their needs and aspirations is key to determining community benefits.

A former gravel and sand quarry, Doune Ponds is a 40-acre Local Nature Reserve owned by Moray Estates and managed in partnership with Doune Community Woodland Group (DCWG) since 2014. Moray Estates initially approached the community through the Kilmadock Community Council (CC) to explore local involvement, and after positive response DCWG was set up.

Moray Estates invests financially and through in-kind support from staff, while DCWG has accessed grants, community benefit funding from a local windfarm, community donations, and in-kind plant hire and materials. Combined with volunteer hours, this has transformed the site in a very short time. The shared liability for Doune Ponds is valued by both Moray Estates and DCWG.



[find out more](#)





Example of current practice **Ardura Forest**

Locally agreed plans and priorities

Ownership of land can bring economic opportunities for a community as part of community benefits, such as jobs and business development. Mull and Iona Community Trust (MICT) received funding from the Scottish Land Fund to purchase Ardura Forest on the Isle of Mull from Forestry and Land Scotland (FLS).

They have put a three-year management agreement in place with a private consultancy to manage the forest – which include the expectation that local people are employed.

The community has been involved and engaged in the project, particularly in agreeing priorities for future land use. Income from harvested timber is being reinvested in planting native woodlands, developing community facilities in the forest and in wider community development including job creation and business development, creating a variety of knock-on benefits from the original project.



[find out more](#)



© Mull and Iona Community Trust

d) Having fair and transparent policies about selling or leasing land

Landowners should have fair and transparent policies in place setting out the process when they are considering selling or leasing land (or using other forms of tenure). There might be high levels of interest from community organisations, businesses, individuals and others when this is happening, so it important that everyone feels fairly treated and understands how and why decisions are being made. This helps to reduce conflict and improve relationships.

It is recommended to include the following in the policy:

- when and how the landowner can be approached with interest from organisations and individuals when selling or leasing land;
- how the landowner will respond to requests for the sale or use of land;
- how decisions will be made about whether to sell or lease land and who to sell or lease to; and
- whether there are particular types of organisations or individuals you will give preference to, for example, social enterprises or people resident in the community.

It is good practice to discuss and agree relevant policies with key community organisations, such as a community council or development trust.

Where a sale or lease is agreed, conditions should be fair and transparent. Title conditions and clawback arrangements are sometimes used, particularly if land is sold at a discount. Where these are necessary, they should be proportionate and avoid adversely impacting the viability of active use into the future.

For housing, mechanisms such as a **Rural Housing Burden** can be applied to a property or house plot which gives rural communities and community landowners the right of pre-emption and control of future sales when the property is to be sold. This can help ensure supply of housing for local people and reduce the sale of properties for holiday lets or second homes.



**See example of current practice:
Glengarry Community Woodland**



Example of current practice **Glengarry Community Woodlands**

Creating affordable housing and crofts



At Glengarry, the community are ensuring the future supply of affordable housing and delivering new crofts. In 2022, Glengarry Community Woodlands completed the purchase of 47 hectares of land at Ardochy Forest, following a successful community asset transfer application to Forestry and Land Scotland.

They are now working with the **Communities Housing Trust** and **Woodland Crofts Partnership** to establish four new woodland crofts. As part of the same project, the Communities Housing Trust has purchased the adjacent land, where they will build an additional two woodland crofts and four new, affordable community homes.

An allocation policy developed by the community will determine how all of the properties are assigned, ensuring that the community benefits from the addition of new crofts and housing in perpetuity.



[find out more](#)



e) Delivering climate change adaptations

Many communities are or will be concerned about and adversely affected by the impacts of climate change, such as increased flooding and wildfires. The way land is owned and managed can help to make communities more resilient to the current and future impacts of climate change; these are known as adaptations and could include reducing flood risks, making buildings energy efficient, and managing wildfire risks. All landowners should consider how adaptations can be built into land management approaches at an early stage.

Adaptations should be considered in addition to any climate change mitigations that are planned, such as peatland restoration and tree planting, because these actions will not prevent the impact of climate changes that are already happening. Climate mitigations and adaptations will sometimes involve the same activities, such as a peatland restoration project which reduces the downstream flood risk whilst also reducing carbon emissions. [Adaptation Scotland](#) has many resources available to help.

 See example of current practice: Peatland ACTION

Useful resources

-  [Protocol on Diversification of Ownership and Tenure](#)
-  [Protocol and Resources on Transparency of Ownership and Land Use Decision-making](#)
-  [Community Wealth Building Guidance for Public Bodies](#)
-  [Adaptation Scotland website, case studies and resources](#)
-  [Frequently Asked Questions](#)





Example of current practice **Peatland ACTION**

Supporting local enterprise

Community owned estate Urras Oighreachd Charlabhaigh host a Peatland ACTION project officer post. This has led not only to hundreds of hectares of peatland in the Outer Hebrides now being on the pathway to restoration, but local contractors have deliberately been targeted to deliver the activities. The collaboration between local community landowners, Common Grazings committees, private landowners, and Scottish Water, has secured Peatland ACTION funding, and the use of local contractors to carry out work has provided social and economic, as well as environmental, benefits.

Peatland ACTION is delivered by Nature Scot in partnership with Scottish Water, Forestry and Land Scotland, Cairngorms National Park Authority and Loch Lomond & the Trossachs National Park Authority, and funded by the Scottish Government. The programme supports and promotes on-the-ground peatland restoration and provides capital funding to allow peatland restoration works to be completed.



[find out more](#)



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Providing financial benefit to communities

Considering how wealth can be retained and recycled in the local community will contribute to both social and economic community benefits. This is at the heart of **Community wealth building**, which aims to use locally generated or place-based wealth to support the development of further locally generated or place-based wealth.

Consideration should be given to:

- a) Opportunities to provide a financial benefit for communities;
- b) Providing local investment opportunities;
- c) Being transparent about finances;
- d) Procuring goods and services locally; and
- e) Creating opportunities for fair work.

a) Opportunities to provide a financial benefit for communities

It can be appropriate for community benefits to include payments or donations made to the community – for example, in the form of a community benefit fund paid annually or in a lump sum. This income can be used in a variety of ways to empower communities and support their economic and social development.

When a landholding is generating a financial return from natural resources, as in the case of renewables or carbon credits, it is important to consider how the local community shares in those financial benefits as part of the overall package of social and economic community benefits. This helps to fulfil the Scottish Government's Interim Principles for Responsible Investment in Natural Capital.

The establishment of a community benefit fund is routine in the case of onshore renewables infrastructure, such as wind farms. This a voluntary initiative supported by **Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments**. The same approach will not apply to all activities on land, however, as financial returns for other activities may not be predictable or may not be realised for many years.

The following points should be considered if a financial contribution is being made as part of a community benefits package:

- Whether it is possible and would be helpful to front-load financial contributions to the community. If acquiring land, this could be linked to the purchase price of the land, for example. Or if generating carbon credits, it could be linked to the estimated income from carbon sales over the first 10 years.
- Where income is created through natural capital, the scale of income shared with the community should relate to the full financial value anticipated or realised by the project. For example, if the value of the land is part of the intended return on investment, the community should receive a return based on this, as well as any other income, such as carbon credit sales.
- Predictable cashflows are more helpful to communities. Providing a clear and stable level of income over many years for a community, when the return to the organisation is not stable, can mean an organisation choosing to absorb those fluctuations.
- When setting up a fund:
 - > What conditions might be attached to these funds? It is recommended that funds align with community needs and aspirations.
 - > How will the funds be governed and funding distributed? It is recommended that communities should hold significant control or influence over funds.
 - > Can an experienced and independent third-party grant-maker help?
- Whether an asset-based contribution might be appropriate, such as in the form of land or buildings, assuming this is of interest to the community. See the above '**Ownership and governance of land**' section for more information.



See example of current practice: Vattenfall



Example of current practice

Vattenfall

Community benefit fund with community control

Establishing a community benefit fund with community input on priorities and funding decisions, can be a good way to ensure that benefits are delivered that meet community needs. The Vattenfall Unlock our Future community benefit fund, funded by an offshore windfarm close to the city of Aberdeen, is one such fund, and it is aimed at helping build climate smart communities in north-east Scotland.

Community engagement was an important part of shaping the themes and focus for the fund, and spending decisions are made by a panel of community champions, who are recruited based on their knowledge, skills, and interest in or connection to the area. Annual cash payments are administered by Foundation Scotland, Scotland's national community foundation, which has expertise in community-led grant making and fund distribution. Engagement is an ongoing part of the running of the fund, with regular feedback sought from applicants and prospective applicants.



[find out more](#)



b) Providing local investment opportunities

Another opportunity to generate and retain local wealth is to provide local stakeholders with opportunities to invest in projects. This has become reasonably common practice amongst community-led enterprises, many of whom use community shares to raise investment and provide returns (financial and otherwise) to the local community. If shares come with decision-making powers, such as voting to appoint the board of directors, this approach can also support increased community agency and control over land.

Community Shares Scotland provide support and information about community share offers: [**Your Community Shares Journey**](#)

c) Being transparent about finances

Transparency of financial management and accounting when creating a financial return for communities is key to building trust in the model, particularly where a fund is based on a percentage of turnover rather than a fixed amount. An open book policy or contract may be adopted, which is based on an agreement allowing scrutiny of costs and margins through the reporting or accessing of accounting data. This transparency allows both parties to be clear on the charges, costs, and planned return.



d) Procuring goods and services locally

Spending money locally creates a virtuous cycle in which the money spent is reinvested within the local community, supporting businesses, employment and families, and helping places to thrive. A procurement approach that deliberately supports the social and economic development of the local area is recommended and will help to create an economically and socially sustainable community.

While public sector and some other organisations must adhere to certain rules and regulations when it comes to procurement – including the **sustainable procurement duty** on public bodies – private businesses can be less constrained, and this offers an opportunity to demonstrate leadership in responsible local spending.

Having up-to-date knowledge of the local businesses and contractors operating in the area is helpful when taking forward a significant project involving land or buildings. If there are local businesses who have the skills, knowledge, or goods that you need, then using those business can have a positive effect on the local area.

In some cases, you can consider disaggregating larger procurement contracts or creating frameworks for local suppliers to make sure that opportunities are accessible to smaller businesses and their supply chain. Alternatively, it may be important to identify opportunities to aggregate smaller and routine contracts to help to both reduce costs relating to delivery of the contracts and help local suppliers and operators become or stay viable.

When considering how additional value and benefits can be delivered when buying goods and services, it is helpful to think about your processes and decision-making practices for purchasing. It can be beneficial to set out clear priorities and criteria, such as supporting local businesses, creating jobs or training opportunities, supporting fair work practices, or reducing carbon footprint through reduced travel miles.

Build partnerships with local suppliers that have the skills or capacity to fulfil your needs. Investing time and effort in developing relationships and helping suppliers to understand and meet your needs can provide mutual benefits.

Working with local communities and businesses, as well as neighbouring landowners, to identify opportunities to align work can help to reduce costs for those involved. For example, by sharing services or scheduling work so the same contractors can be used could mean that costs for things like travel and accommodation could be shared and reduced.

e) Creating opportunities for fair work

Land businesses can create significant local employment opportunities and consideration should be given to how landholdings maximise the number of good quality employment opportunities available.

Providing fair and reasonable conditions for employees that protect and respect their rights will create better relations with employees and consequently better relationships with the wider community. The Fair Work Convention defines fair work as “work that offers effective voice, opportunity, security, fulfilment and respect; that balances the rights and responsibilities of employers and workers; and that can generate benefits for individuals, organisations and society.”

The Scottish Government have started to build fair work requirements into the conditions for organisations receiving public funding, and many bodies are already adopting this approach.

Consideration should be given to:

- Adopting the real Living Wage and Living Hours to help ensure that employees can meet their needs including food, housing and heating;
- Providing security of employment with regular income and predictable working hours;
- Minimising seasonal working where possible, and mitigating the impacts of seasonal working on employees and the community where unavoidable;
- Actively encouraging employee voices in decision-making;
- Having fair and transparent employment policies and working conditions; and
- Providing local training and education opportunities for employees and others.



**See example of current practice:
Carsphairn Community Woodland**



Example of current practice **Carsphairn Community Woodland**

Creating jobs and supporting enterprise



In March 2021, Carsphairn Community Woodland Ltd, took ownership of 48.8ha of Muirdrochwood from Forestry and Land Scotland under the Community Asset Transfer Scheme.

The social enterprise set up by the community has objectives to regenerate the local population which is declining, create jobs and provide accredited rural skills training to assist young people into local employment. With support from SOSE, they have built a community forest shed/hub to provide office space, a processing area for a wood fuel enterprise, and a volunteer space, which is also used socially.

Two jobs have been created with the aspiration of creating a total of 12 posts (8.5 FTE) by year 4, all but one of which will be funded by earned income. The community benefits include these new jobs, skills development, social opportunities and local fuel supply, as well as building community confidence and agency.



[find out more](#)



Useful resources

- [Community Wealth Building Guidance for public bodies](#)
- [Resources on good practice in Transparency](#)
- [Protocol on Transparency of Ownership and Land Use Decision-making](#)
- [CLES Progressive Procurement of Goods and Services](#)
- [CEIS Blog on progressive procurement for a more inclusive Scotland](#)
- [NEF Consulting Local Multiplier](#)
- [Scottish Government Information on Community Benefits in Procurement](#)
- [Fair Work Convention](#)
- [Scottish Government Fair Work First Guidance](#)
- [Fair Work Employer Support Tool](#)



Definitions

To ensure a clear understanding, we have defined some key terms:

Land: Encompasses real estate, including buildings and other structures, water-covered areas, and associated rights or interests, applicable to urban and rural contexts.

Local Community: Refers to residents and workers in a specific geographic place, whether urban or rural, encompassing towns, neighbourhoods, regions, etc.

Community of Interest: Signifies groups united by shared interests, such as recreational activities or cultural pursuits.

Engagement: Involves regular and ongoing communication between land decision-makers and affected communities, aiming to build trust, facilitate information exchange, and foster relationships.

Significant Impact: Significant impact is felt at the level of the local population (rather than at an individual or household level). It refers to environmental, social, economic, or cultural impacts that affect the wellbeing, viability, or sustainability of the community. This can involve changes in access to services, environmental quality, or prospects for economic development and job creation.

Diversification of Ownership, Tenure, or Use: Involves expanding the number and variety of local individuals, businesses, and community groups with control over land and buildings, potentially through ownership, leasing, or collaborative arrangements.

Community Wealth Building (CWB): A people-centred approach to local economic development that keeps wealth circulating in the local economy and empowers residents to control and benefit from the management of assets and resources.

Collaborative Working: Refers to arrangements between multiple parties facilitating resource sharing, including tenancies, leases, partnerships, management agreements, and informal collaborations.

Net Zero: Denotes the Scottish Government's goal of eliminating greenhouse gas emissions from human activities in Scotland by 2045, after accounting for carbon sequestration by natural or technological means in Scotland.

Just Transition: Represents the path toward a nature-rich, net-zero future and a climate-resilient economy, prioritising fairness, addressing inequalities, and involving affected parties in the transition process.

Get in touch

We are keen to hear the views of those using this guidance to help inform further iterations of this guidance and our wider understanding of both policy and practice in this field.

We encourage readers to utilise the resources of the **Good Practice Programme** which complement this guidance. Our Good Practice Advisors can provide advice for all parties on implementation of this guidance, subject to capacity.



Please get in touch

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