**DRAFT GUIDELINES FOR THE OPERATION OF KYPE MUIR COMMUNITY PARTNERSHIP FUND**

**FILE NOTE**

# Purpose of the Fund

A fund to be known as the Kype Muir Wind Farm Community Partnership Fund has been established to provide financial assistance to community groups, voluntary organisations and the local community in the area of the Kype Muir Wind Farm. The geographical boundaries for fund eligibility will normally be restricted to support charitable, educational, benevolent or philanthropic projects within ten kilometres distance of the Kype Muir wind farm in Strathaven, Stonehouse, Sandford and Upper Avondale and Lesmahagow Community Council areas. Projects from outside of this area may in, exceptional circumstances, also be eligible provided that if it can be shown that local people from the four community councils above benefit from these projects and it is supported by the Kype Muir Community Partnership.

# Administration of the Fund

The fund will be administered by the Banks Community Fund in consultation and agreement with the Kype Muir Community Partnership (hereinafter referred to as the “KMCP”). The KMCP will be made up of 10 voting members, as follows:

* Two representative from each of the four Community Councils mentioned above
* South Lanarkshire Council shall have the opportunity to have up to two representatives on the KMCP. The form of this representation will be advised by the Council.

Representatives from The Banks Community Fund and Kype Muir Wind Farm Ltd may also attend meetings (probably on an annual basis only). Election of the Chairman and Vice-Chairman should take place every two years. The KMCP may also invite representatives of local community groups, voluntary organisations and local employers to come “in attendance” at the meetings to provide advice to the KMCP on projects and initiatives that might be supported.

Decisions on individual applications will be agreed by KMCP with the Banks Community Fund who will ratify the funding decisions of the KMCP.

# Amount of Fund

If approved the Kype Muir Wind Farm will a have an installed generation capacity of 88.4MW. Kype Muir Wind Farm Ltd will pay a minimum of £5,000 per MW into a total community fund creating a total fund of £442,000per annum. £2,500 per MW of this will be allocated towards the South Lanarkshire Council Renewable Energy Fund. The remaining £2,500 per MW of installed capacity will be credited to the Kype Muir Community Fund within one month of the commissioning date of the Kype Muir Wind Farm. This payment will be subject to an index linked review (CPI) every 5 years. At the end of each year Kype Muir Wind Farm Ltd will calculate 1.5% of the gross electrical value of the scheme (brown price+ ROCS+ Lecs +et al) and if it exceeds £442,000 the difference will be paid into the Kype Muir Community Fund. Payments into the fund will be paid by Kype Muir Wind Farm Ltd on an annual basis on the anniversary of the commissioning of the wind farm and for a period of 25 years or until the site ceases to produce electricity, whichever is sooner.

If KMCP so wishes, it can, at any time, transfer any unspent funds from the annual community fund into an endowment fund in order to build up a permanent funding stream for the future. This fund, to be called the “Kype Muir Endowment Fund”, would be ring-fenced geographically in line with the criteria of the annual community fund. An amount, estimated to be 5% of the endowment fund value as at 31st March each year, would be made available to the KMCP for grant awarding in accordance with the terms and conditions set for the annual community fund.

# Administration Costs

The Banks Community Fund will normally charge an administration fee of between 5% and 10% depending the level of administration service provided. For a full grants programme the fee is likely to be around 10%. This fee will be recovered from successful grant applicants at the discretion of the Banks Community Fund advised by the KMCP. This fee will cover all the costs of promotion of the fund, preparation and issuing application forms, assessment of applications and preparing detailed assessment reports with recommendations to the KMCP, preparing financial reports, payment of grants and following up on the outcome of grant funded projects. In some cases, for example where there is a transfer payment for large ongoing local development trust or community council projects or for payments of smaller amounts of discretionary grants where no assessment report and recommendation is needed, a lower level of administrative fee will be agreed.

Should an endowment fund be established, a management fee of 1.5% of the annual balance of the endowment fund (as at 31st March) shall be applied to monies held within that endowment fund (taken on a quarterly basis). The administration charge for the annual community fund would also still apply, but would not include monies transferred into that annual community fund from the endowment.

# Matched Funding

Where appropriate, and in agreement with the KMCP the Banks Community Fund will consider opportunities for securing matched funding and to direct grants through registered charities or to qualifying projects via the local charitable foundations to make grants more tax efficient and to increase the benefits available. (Any administration fees charged by the local charitable foundation may be paid by the Kype Muir Wind Farm Community Partnership fund).

# Who is Eligible?

Community groups and voluntary organisations operating within and benefiting people who live in the eligible area will be considered for grant assistance. Examples are:-

* Schools and colleges (for projects that are not normally funded by the State)
* Playgroups
* Youth clubs
* Sports clubs and facilities
* The Scout and Guide Movement
* Senior citizens clubs and activities
* Village Halls
* Church Halls
* Community Council projects
* Residents Associations
* Local charities
* Environmental projects

The fund may also be used to help support work-based learning and training initiatives for local unemployed people and local small businesses and also schemes which help to support economic growth in the eligible area. Examples are:

* Contribution towards additional costs associated with vocational training and apprenticeship schemes (See Banks Learning, Working Earning Fund guidelines)
* Help in promoting and enhancing tourism and rural diversification

# Amount of Grant Assistance

The aim of the Fund is to provide financial assistance to as many good causes as is possible within the eligible areas. It is expected that the majority of individual grants will be less than £5,000. However larger projects are eligible for funding where they have been agreed to be a priority for the local community councils.

**Projects that are Eligible for Grant Assistance**

Grants can be directed towards capital and/or running costs and in special circumstances some contribution may be available for project management fees. In addition the fund may be used to support training, apprenticeship and employment initiatives for local people within the eligible area of the fund. It is important that the local communities agree on their priorities for funding in their area through the KMCP. Priority will be given to help fund projects and initiatives identified in each community council’s development plan and the fund can be used by community councils to formulate and review their respective community development plans to identify priorities for projects.

## Application Procedure

All applications should be made on the appropriate form. Standard circular requests for assistance will not be considered. Applications will be considered by the KMCP who will determine each application and notify the Banks Community Fund on qualifying projects.

Applicants may be invited to provide further information or make a presentation to the KMCP in support of their bid if required.

Cheques will normally be made payable to the supplier of the goods or services. In the case of advance payments made by the community group the amount will be refunded to the community group applying for the grant once the capital purchase has been confirmed. Where the grant forms a contribution towards the cost of a larger amount, the Banks Community Fund may issue a pledge certificate which sets aside an amount from the fund for a period of 12 months.

Applicants will be informed in writing of the decision in relation to each bid.

**What Happens to Surplus Funds?**

Any surplus funds not allocated at the completion of site operations (25 years) will be applied by The Banks Community Fund to provide benefit to the local community in the eligible area.

The Banks Group

January 2014