BiGGAR Economics

Business Rates from Scottish Onshore Wind

May 2026

A Briefing Paper from BiGGAR Economics

Ring-Fencing Business Rates from Onshore Wind

The Policy Proposal: Business Rates from onshore wind projects not yet in operation shall be ring-fenced for the local authorities hosting the projects, rather than being redistributed across Scotland.

Policy Benefits

- Incentivises renewable energy generation and supports Scottish Government's climate objectives;
- Enables hosting local authorities to receive direct benefits, with the Business Rates from one turbine enough to pay the equivalent of the salary of a full-time teacher; and
- Contributes to the Community Wealth Building agenda.

Policy Costs

- No costs to the Scottish Government, as the policy involves redistributing resources from increased activity, rather than additional funding; and
- No local authority will miss out from the rates associated with existing projects, as the policy will only apply to future developments.

Introduction

This section outlines the value of onshore wind that is captured by Business Rates and its links to Community Wealth Building.

Scotland as an outlier

Scotland is likely to become the only place in GB where the Business Rates from onshore renewables are not retained within the host Local Authorities.

England

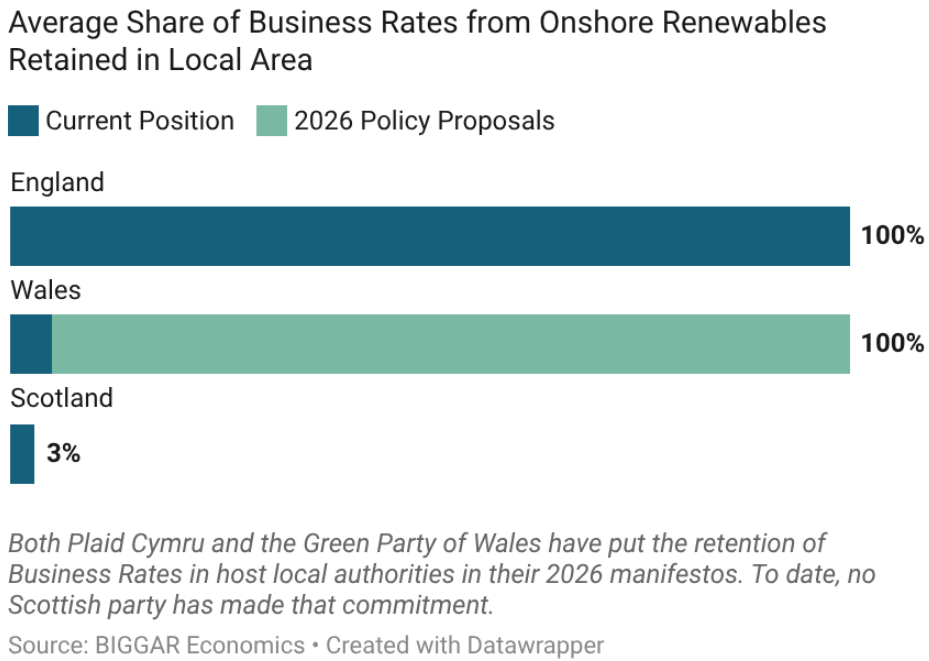
Business Rates for onshore renewables are already retained locally in England.

Wales

Business Rates from onshore renewables are distributed across Wales, but Plaid Cymru has promised to retain these locally as part of its 2026 manifesto.

Scotland

Business Rates from onshore renewables are distributed across Scotland by Holyrood.



Both Plaid Cymru and the Green Party of Wales have put the retention of Business Rates in host local authorities in their 2026 manifestos. To date, no Scottish party has made that commitment.

Source: BIGGAR Economics • Created with Datawrapper

How much Business Rates do Wind Farms pay?

How much Business Rates a wind farm pays is determined by predictable factors.

The amount of Business Rates that onshore wind projects pay is dependent on multiple factors, including;

- Size of development (capacity);
- Age of wind farm;
- Capacity factor; and
- Route to market
  - Power Purchase Agreement (PPA)
  - Contracts for Difference (CfD)
  - Renewables Obligation Certificate (ROCs)

Projects that connected through the ROCs scheme generally paid more (approximately £13k/MW/year), compared to those with either a PPA or CFD. The ROCs programme is now closed, so all new projects will either have a PPA or CFD.

For the sake of round numbers, this analysis has assumed a new onshore wind farm will **pay £10k/MW/Year**.

Business Rates Paid from Recent Wind Farms

	Capacity (MW)	Rates Paid (£)	Rates per MW (£)	Route to Market
Pines Burn Wind Farm	34	389,000	11,577	PPA
Middle Muir Wind Farm	51	516,216	10,122	CfD
Limekiln Wind Farm	86	851,044	9,954	CFD
Kype Muir Extension	67	676,780	10,071	CfD
Hagshaw Hill Repowering	79	866,388	10,967	CfD
Crossdykes	48	449,908	9,373	PPA
Average	**364**	**3,749,336**	10,292	

Based on data provided by the UK Wind Energy Database and the Scottish Government's Non-Domestic Rates Calculator

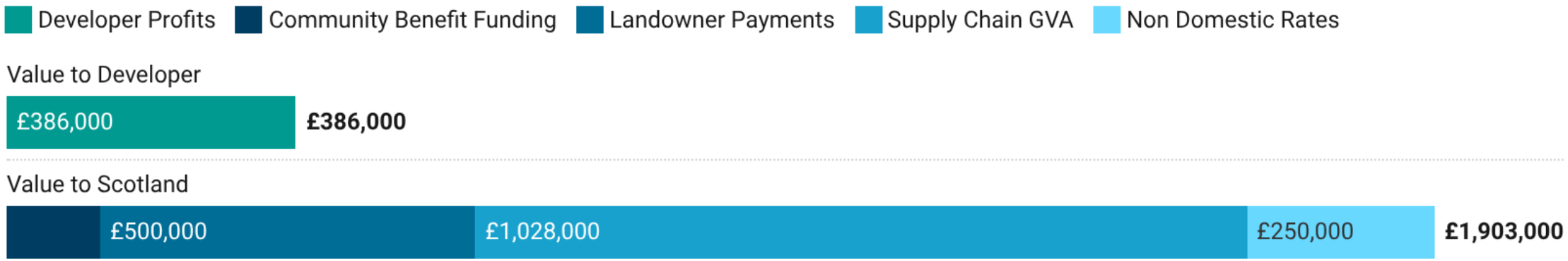
Table: BiGGAR Economics • Created with Datawrapper

Why do Business Rates Matter?

Business Rates are a key component of the value added by onshore wind in Scotland.

Any policy, such as Community Wealth Building, that aims to retain the economic value of projects in a location needs to understand how value is currently distributed. As shown below, Business Rates (Non Domestic Rates) currently account for **13% of the value** of an onshore wind farm to Scotland*. Retaining these taxes locally would represent a significant step forward for **Community Wealth Building through the energy transition**.

The Value Generated by 1 MW of onshore wind in Scotland



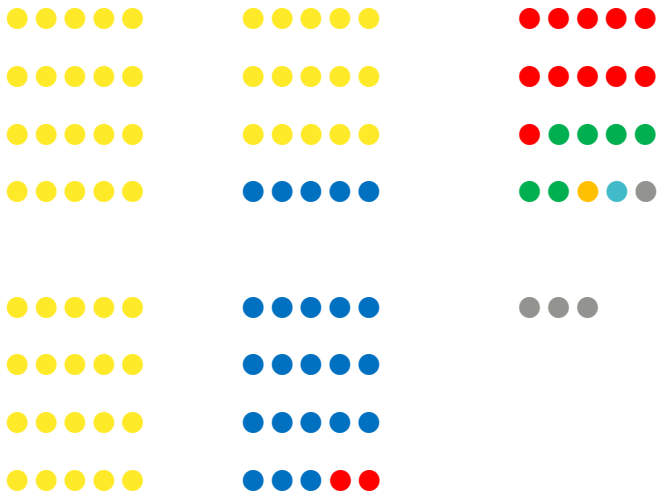
Supply Chain GVA Values are based on BiGGAR Economics Analysis of 9 wind farms in Scotland, for SSE Renewables, Vattenfall and Muirhall Energy. Note all values are indicative from within a range and will be influenced by factors such as wind speeds and TNUoS charges.

Source: BiGGAR Economics • Created with Datawrapper

Community Wealth Building Act

Community Wealth Building is a framework to retain economic value locally.

In 2026, the Scottish Parliament passed the historic Community Wealth Building (Scotland) Bill. This Bill had unanimous support across all political parties, and the objective of the Bill is to **stimulate and retain economic activity within local economies** across Scotland.

Yes (103)	No (0)	Abstain (0)	Key
			● - Scottish National Party ● - Conservative ● - Scottish Labour ● - Scottish Green Party ● - Scottish Liberal Democrats ● - Reform UK ● - Independent *Community Wealth Building (Scotland) Bill, Vote on 10/02/26*

Retaining Business Rates from Onshore Wind Projects in the host Local Authority contributes directly to Community Wealth Building

Case for Change

This section sets out the case for changing the current distribution of Business Rates for onshore wind.

Current Approach to Business Rates

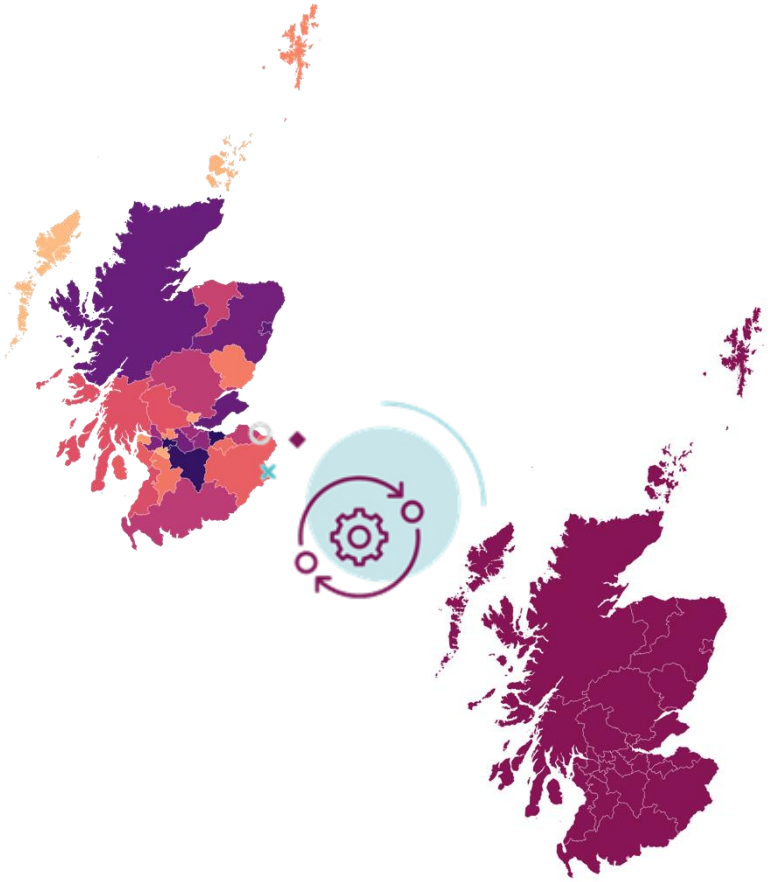
Business Rates from onshore wind are currently treated the same as those from any other commercial premises and pooled and then distributed across Scotland.

Reason for Current Approach

Economic activity is not equally distributed geographically, as urban areas are clusters of economic activity. This is because they are larger centres of demand for goods and services and are more likely to benefit from access to a larger pool of workers and knowledge.

The primary reasons for redistributing Business Rates are:

- The areas with high volumes of business rates are already benefiting from the economic activity and employment that are supported by these businesses; therefore, **redistribution is normally progressive**.
- Allocating Business Rates based on where receipts are collected would be detrimental to rural and suburban areas because of **commuting patterns into urban areas**.
- Business Rates were also considered to be a **potentially volatile source of local authority income** due to changes in property rateable values.



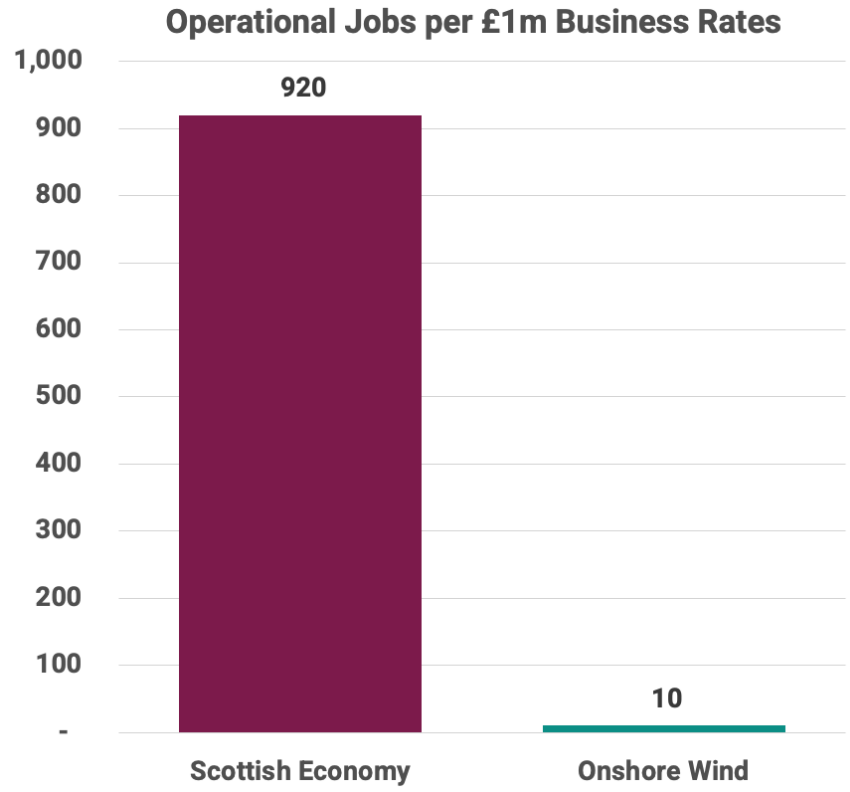
Case for Change

The arguments for redistributing Business Rates do not apply to onshore wind, and other energy transition infrastructure.

1. There is a weak link between Business Rates and operational activity

Onshore wind projects are very capital intensive and as a result the business rates account for a much higher proportion of operational expenditure. Across the Scottish economy, each £1 million paid in Business Rates supports 920 operational jobs. For onshore wind, it supports 10 jobs.

This highlights that the operational economic benefits are less clustered around where the Business Rates are generated for onshore wind; **redistribution is not progressive**.



Case for Change

The arguments for redistributing Business Rates do not apply to onshore wind, and other energy transition infrastructure.

2. Projects not clustered in urban areas

The location of onshore renewables depends on where the natural resources are and where there is space to host them; typically, these are in rural areas.

Therefore, rather than **distributing away from rural** to urban and suburban communities, the current set-up is doing **the exact opposite of what it intended**.

3. Reliable Rateable Values

The rateable value of onshore renewables is dependent on the anticipated value generated by the project. The vast majority of new onshore renewable energy generation is developed under the Contracts for Difference scheme, which ensures **a stable, index-linked revenue stream** for these projects over a period of 20 years. The Business Rates for onshore renewables should therefore, at least in theory, be **more stable and predictable**.

There is a strong economic justification for retaining Business Rates for onshore wind projects within the host Local Authority

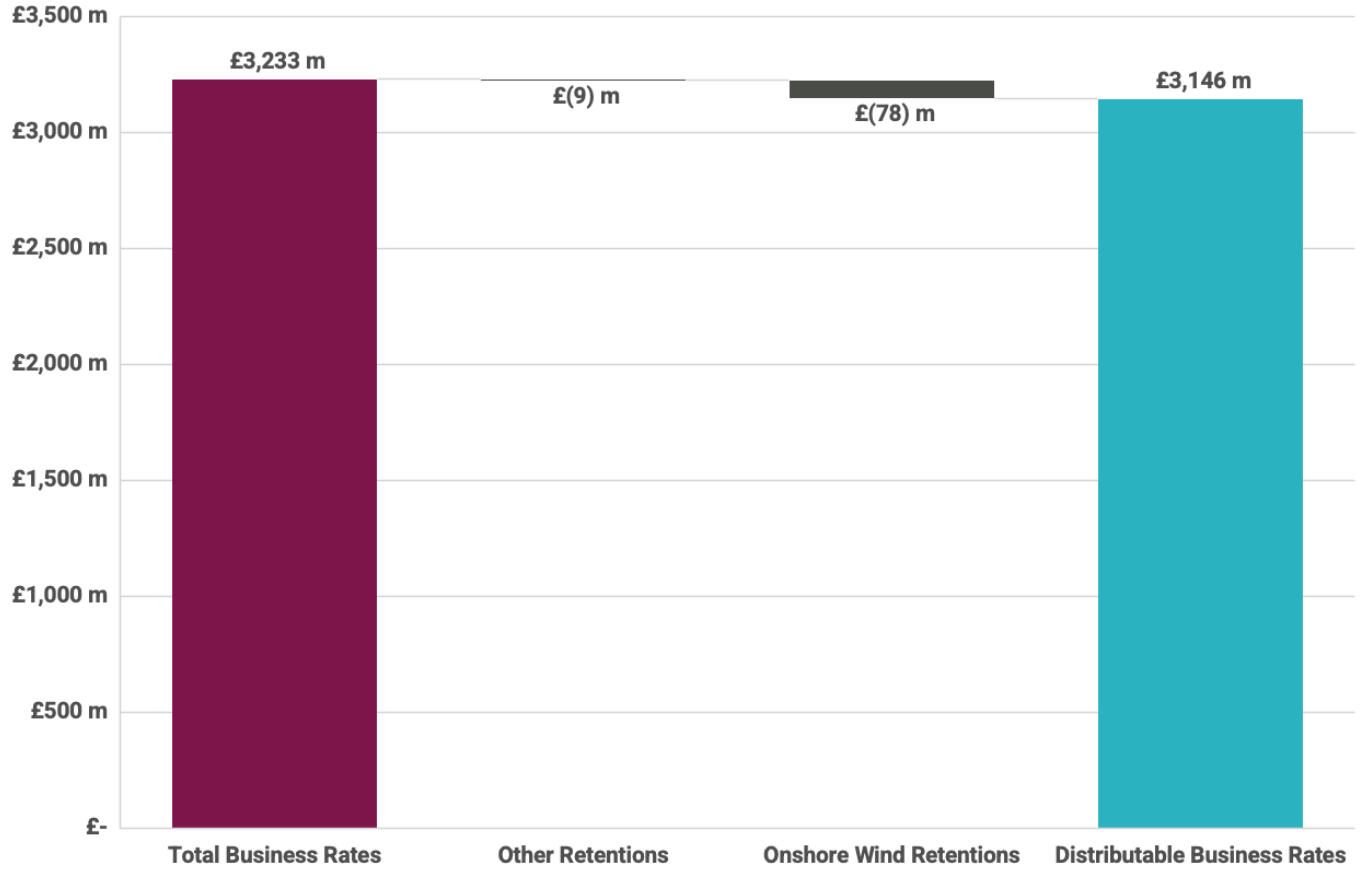
Change in Context

This section sets out the value of Business Rates that are being considered.

Change in context

Future Business Rates from Onshore Wind will account for a fraction of distributable receipts.

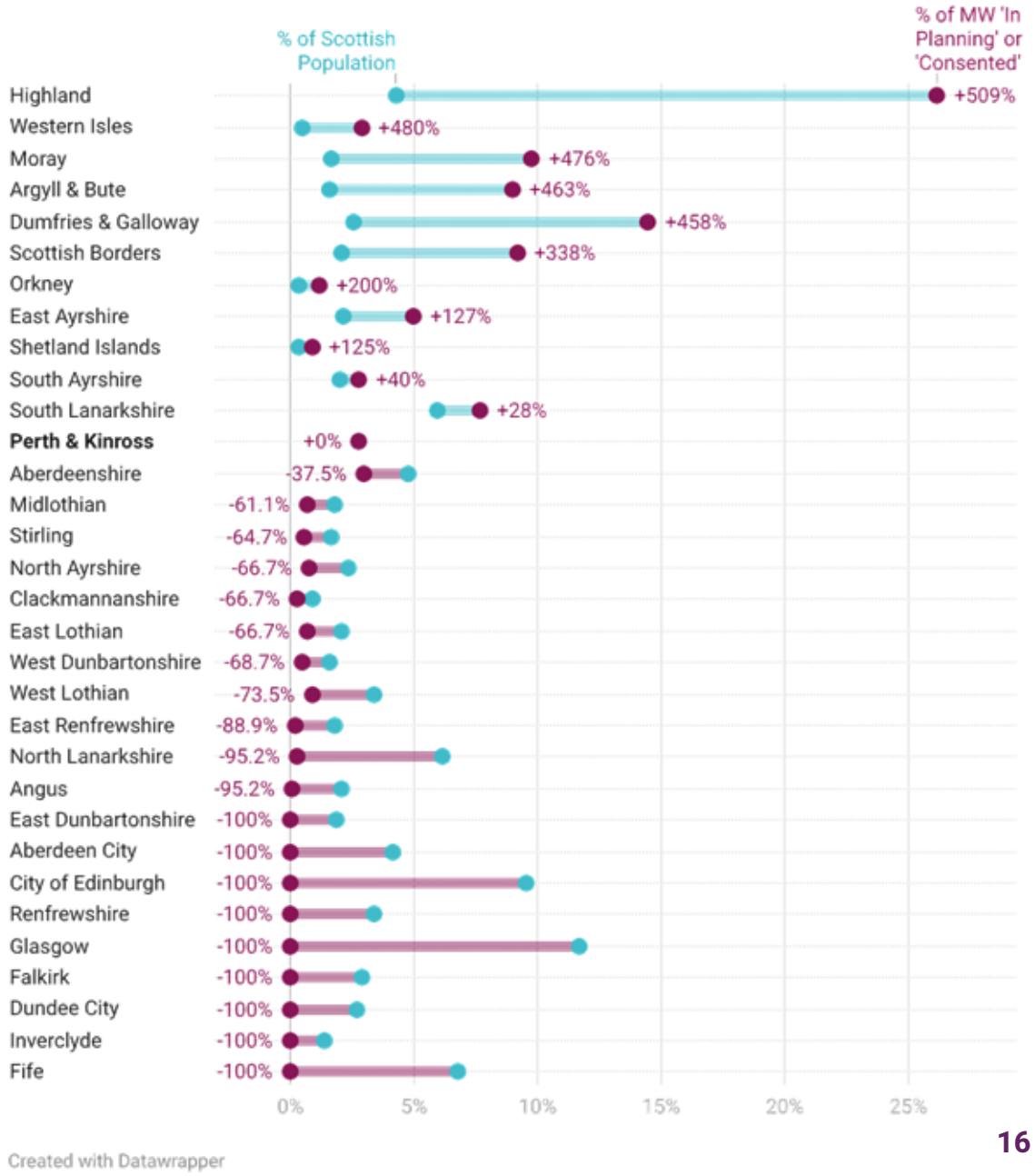
- In 2024/25, **£3.2 billion of Business Rates were collected**. Of this, £9 million was classified as retentions to be held within the host Local Authority.
- Meeting the Scottish Government's 20GW target for onshore wind will require **an additional 7.8 GW of new onshore wind**, that is not currently under construction or operational.
- This new onshore wind would pay approximately £78 million in Business Rates, which is equivalent to **2% of the total Business Rates** collected in 2024/25.



Distributional Impacts

The Local Authorities that would benefit most are those which host the most onshore wind.

- The Local Authorities that would benefit most, are those that have a greater share of the future pipeline of onshore wind than their population share.
- **Highland Council would be the main beneficiary**, as the share of the future onshore wind pipeline is equivalent to 509% more than the area's share of the Scottish population.
- Cities and suburban areas would receive none of the future Business Rates from onshore wind as they would not host new onshore wind projects.
- However, as the proposals are only to apply to new projects, **no Local Authority would receive less money than they do today**.



Distributional Impacts

Urban areas of Scotland would benefit from faster or increased deployment as the majority of electricity development and operations jobs are in urban areas.

- The retention of Business Rates in the host Local Authorities could lead to quicker and greater deployment of onshore wind through increased Local Authority capacity or improved public acceptance.
- This increased, or faster deployment would support individuals who are working in the development and operation of electricity assets in Scotland.
- The **majority of these individuals are employed across the cities** of Glasgow (46%), Edinburgh (5%) and Aberdeen (3%).
- Therefore, **urban areas are also likely to indirectly benefit** from the policy of retention of Business Rates from onshore wind.

Distribution of Electricity Jobs in Scotland

The top 6 local authorities for electricity related jobs in Scotland, as a value and share of overall employment in in the sector in Scotland.

Page 1 of 6 ›

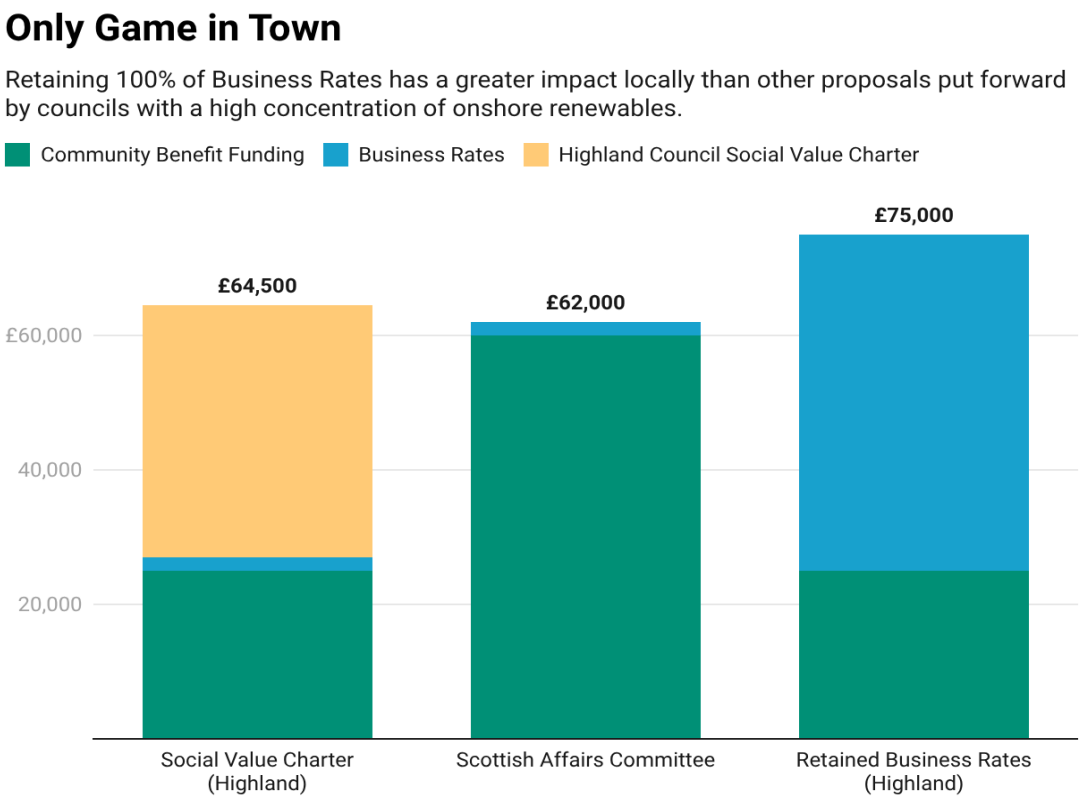
	Electric power generation, transmission and distribution jobs	Share of total
Glasgow City	8,000	46%
Perth and Kinross	2,750	16%
Highland	1,125	6%
City of Edinburgh	900	5%
Aberdeen City	500	3%
East Lothian	600	3%

Table: BiGGAR Economics • Source: ONS (2025) Business Register and Employment Survey • Get the data • Created with Datawrapper

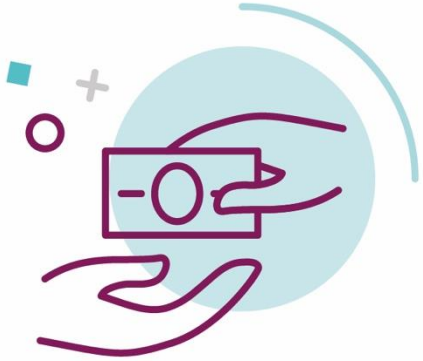
The Only Game in Town

Alternative policies to secure more local benefits lead to lower localised impacts.

- Increased interest in securing a higher level of local benefits from renewables have resulted in different policy proposals.
- Highland Council has called for an additional £7,500 per MW on developments as part of its Social Value Charter.
- Policies like the Social Value Charter are voluntary and likely to decrease deployment if enforced as they add additional costs to projects.
- Similarly, the Westminster Scottish Affairs Committee has recommended setting CBF at up to £12,000/MW.
- By ring-fencing future non-domestic rates Highland Council could secure up to £50,000 a year per additional turbine built in its area, enough to **pay the salary of a full-time teacher**.
- For authorities with a large share of renewable energy projects in planning retaining non-domestic rates is **the best way to secure higher local benefits**.



Retaining Business Rates for new onshore wind in the host Local Authority can create tangible local benefits without putting Scotland's energy targets at risk or making any local authority worse off than they are currently.



Contact

Simon Cleary
Energy Transition Director
simon@biggareconomics.co.uk
+44 (0)7715 881371