

Community Energy: A Local Authority Perspective

State of The Sector Report Addendum



Photo credit: Bristol Energy Cooperative



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1. Introduction

Alongside Community Energy England's 2017 [*State of the Sector Report*](#), a small sample of local authorities were surveyed to highlight their current community energy activities. With a growing national movement actively looking to produce and supply energy at a local level there is a clear need for both the community energy sector and local authorities to understand how they can, together, help advance and deliver powerful 'local energy' solutions.

'Local energy' can be considered to encompass "energy projects that are led by local actors for local benefit"¹ and is increasingly recognised as an essential element in the move towards a decentralised energy system and a low carbon economy. It provides opportunities to invest in energy generation, transmission and supply, and similarly as identified and championed by community energy organisations, it allows the resulting benefits to be realised at the local level¹. Both local and community energy solutions are increasingly viewed as vital to achieving an affordable, secure, low-carbon future whilst also delivering wide-ranging economic, social and environmental benefits. In the age of austerity and continuing budget cuts there is a growing voice encouraging local authorities to help realise these potential benefits by working in partnership with community organisations to create long-term local energy strategies and forward-thinking policies to help local energy schemes to survive damaging council budget cuts, and realise their positive benefits².

Given this acknowledged growing voice along with the the potential of local and community energy, the survey set out to both highlight progress made by local authorities in their support for community energy, and identify challenges and barriers they may face. Community Energy England aims to use this report and the wider *State of the Sector Report* to support and advocate for further activity which unlocks potential community energy projects and contributes to the growing 'local energy' movement.

2. Methodology

A brief survey was circulated out to Community Energy England's network of local authority partner contacts and associated networks, including the Local Government Association and Core Cities, to attempt to receive as wide a feedback as possible (a copy of the Survey can be found in the Appendix). The survey period ran from the 13th February 2017 to the 3rd March 2017 and included 10 open ended qualitative questions intended to encourage respondents to highlight the scale and depth of their involvement with community energy organisations in their local area. The question themes and resultant local authority responses were analysed and have been summarised in this report, reflecting the main themes, issues, and characteristics highlighted by the 9 local authority respondents.

3. Survey Theme Response Summary

3.1. Investment

It was apparent from the survey responses that where local authorities have made a serious commitment to investing in the creation and development of both community energy organisations, and subsequent community led renewable energy and energy efficiency projects there has been significant, sustained and recognised success. From setting up partnerships and development networks, to helping to facilitate the creation of community energy organisations, through to capacity building, leasing of roofs, funding, supporting, financing and installing - local authorities have been an essential stakeholder and catalyst for community energy projects across the country. Outcomes from this support have included not just the development of community energy organisations and the delivery of renewable energy schemes, but also wider energy efficiency advice, fuel poverty alleviation, energy education, awareness raising, community partnerships and community benefit funds.

The use of local authority owned roof space has been integral to enable the development and delivery of several highly successful community energy schemes across the country. A large proportion of the schemes referenced have been on school roofs, providing a wide-ranging portfolio of potential solar photovoltaic schemes for community energy organisations to utilise. Such as was the case in Plymouth, where 32 school and community roofs were made available to Plymouth Community Energy for their solar PV projects.

Bristol City Council both leased their land and invested in Bristol Energy Coop's 4.2MW ground mounted solar photovoltaic site at Lawrence Weston, which was completed in 2016. As well as providing the opportunity to take advantage of assets such as roofs and land for renewable energy projects, local authorities have also provided support to enable the use of assets such as through developing lease templates for use by community organisations. As is the case nationally, respondents mentioned that they are undertaking asset transfer programmes of community buildings to community associations, within which there is the opportunity to identify and develop community energy projects.

3.2. Regulatory support

In areas where there has been a development of community energy schemes, formal local authority support, guidance and policy have been important factors in encouraging the consideration and development of low carbon and renewable energy schemes which are led by, or benefit the local community. This support has included local authority Cabinet Reports which paved the way for and laid out the benefits of working effectively together with the community energy sector, such as the case in Bristol. Other local authorities have developed strategies around renewable energy and energy efficiency to provide broad support for community energy in their area.

Elsewhere, planning policies have been adopted that formally state support for community led renewable energy schemes through local plans, neighbourhood plans and supplementary planning documents. Such plans aim to support the consideration and development of low carbon and renewable energy schemes

which are led by, or benefit, the local community. An example of this in practice is Cornwall Council's Local Plan 2016 – 2030, Policy 14 Renewable Energy and Low Carbon Energy which states: "Support will be given to renewable and low carbon energy generation developments that [...] are led by, or meet the needs of local communities".

There was a clear theme from the respondents that where there was some form of adopted formal support from the local authority, there was a higher occurrence of a clear established relationship between the authority and community energy organisation(s). As such, from this small sample of respondents it can be assumed, unsurprisingly, that formal support in local authority regulation, policy or strategy often translates into real measurable support on the ground in the development of community energy organisations and projects.

3.3. Financial support

Of the local authorities who responded, it is clear that financial support is essential to the development and delivery of both community energy organisations and the schemes which they have progressed. Grant funding in particular has been fundamental to the initial creation of community organisations and the development of their energy ideas from inception, feasibility through to delivery; not solely capital funding for schemes. Bristol City Council, for example, has in the last year created the Bristol Community Energy Fund, which has already awarded over £100,000 in grants to community energy projects across the city.

Local authorities have also demonstrated their ability to assist with the financing of community energy projects through the provision of loans, often utilised alongside other financing options such as community shares. A number of local authorities that responded indicated that financing through loans accounted for several million pounds of funding for community energy projects. Several local authorities have provided other forms of support to community energy organisations, such as establishing and sustaining partnerships and network support structures, as well as providing staffing resources for technical support and community engagement. It is worth noting that over half of the respondents clearly highlighted that European Union (EU) funding has been, and is still important to their involvement and support provided to the development of community energy in their areas.

As well as supporting community energy through direct funding, local authorities have also played an important role in helping to secure third party funding for the development of community energy. As mentioned, EU funding has played a key role in creating and shaping both the support structures, which have facilitated the development of community energy organisations and also the installation of their associated energy projects. Several of the leading local authorities who have had success in supporting community energy have had some form of EU funding. Some also mentioned that in the short term, EU funding is still important to current and future renewable energy developments in their areas. Durham City Council, for example, is still actively pursuing EU funding to help support community energy projects in their area.

Other funds which local authorities have helped secure as part of the support and development of community energy projects in their localities include; central government funding such as the Urban Community Energy Fund (UCEF) from the former Department for Energy and Climate Change (DECC), charitable grant funding and support for the securing of commercial loans totalling several million pounds.

3.4. Engagement

Local forums, networks and partnerships have been shown to be an important and widespread method used by local authorities to engage with individuals and organisations interested in community energy, as well as the wider community. Such bodies provide a mechanism by which local authorities can target and support groups, nurture ideas, share knowledge, discuss challenges and keep stakeholders informed of relevant policy and funding opportunities. This type of community engagement, facilitated by local authorities, has led to the establishment of successful community energy organisations in places such as Bristol and Plymouth. As part of an on-going EU funded project, Durham County Council held an event in June 2016 to encourage community energy in the area. The event attracted over 90 attendees, highlighting the interest in community energy in their region and encouraging the Council to plan a further follow up event as well as actively exploring opportunities for the development of community energy schemes, including pursuing funding opportunities, such as European Regional Development Fund (ERDF).

Cornwall County Council's 'Winter Wellbeing Partnership' works annually with partners including community energy organisations to reach over 6,000 householders so far, engaging them in issues around energy efficiency advice, energy bill reduction, heating and insulation grants, combating condensation and damp, and health information. This type of engagement highlights the wider social and economic benefits that local partnerships with community energy organisations can provide to the communities in which they operate.

3.5. Resource

It is clear that where local authorities have had dedicated staff whose role has included responsibility for supporting community energy the result has been significant and sustained development of both vibrant community energy organisations and their associated renewable energy and energy efficiency schemes. The scale and nature of this support differs between local authorities, presumably dependent on local resources and priorities, however, as per the other types of support, there is a clear correlation between the resource support and success of community energy in the local authority area.

Some local authorities have had specifically designated community energy officers whose role has been to oversee all aspects of local authority community energy support. These holistic roles include; developing policy and strategy, helping establish and facilitate partnerships and networks which provide the environment to nurture and develop community energy, identifying and developing projects, securing funding and investment, technical, legal and financial advice. Support from staff with wider sustainability,

low carbon, environment and energy responsibilities were highlighted as having aspects of responsibility to community energy and efficiency, providing specific advice and support where appropriate.

For example, Plymouth City Council not only host 8.5 full-time Plymouth Energy Community staff in their offices, they also provide an additional 3 staff as in-kind support from the core Council funded Low Carbon City and Business Support Team. Despite not being a substantive part of their role, Newcastle City Council's Energy Officers provide support to community buildings and organisations, including providing energy audits, energy efficiency measures and the identification of potential renewable energy projects within community buildings. Local authorities recognise that such supporting roles not only assist the development of community energy, but also help to achieve their wider local authority's policies, strategies and objectives.

Despite the positive contributions made by Councils in supporting community energy through their resources, a number of Councils including Leeds, Newcastle, Oxford and Durham, highlighted that such resource is at risk. Cuts in funding and budgetary restrictions mean that the resource available to local authority to help community energy, such as staff, is significantly reduced and under threat.

3.6. Challenges and Barriers

The majority of the local authorities responding to the survey highlight central government funding cuts to local authorities as one of the main constraints to their involvement in community energy. Consequently, there is an identified increasing pressure on, and competition for local authority resources, resulting in reductions in staffing, funding, and the other highlighted support mechanisms that community energy relies upon to develop and succeed.

Alongside successive government cuts to local authority budgets, a further barrier to their involvement in community energy has been the lack of support from energy policy at a national level and the reductions to subsidies such as the Feed in Tariff (FIT). Such reductions have meant the business case for community energy schemes have become increasingly less viable, with the margins for return on investment and profit reduced. As pointed out by Durham County Council and Plymouth, in a climate of cuts where local authorities are pressured to identify revenue streams to supplement their income and provide necessary services, local authority resources may need to be increasingly used to focus on utilising their own assets for viable renewable energy schemes. This may diminish the appetite from local authorities to support community energy, restricting the support for their development and limiting access to potential assets suitable for installing community energy projects. As a result of these current barriers, local authorities such as Bristol City Council are looking to support community energy by facilitating the securement of external funding for the sector from sources such as philanthropists and investors.

Other factors affecting local authorities support to community energy in their areas highlighted through the survey included; political will, planning policy barriers to developments, cost of grid connections, the amount of resources available, and a lack of experience or ultimately a lack of interest from the community.

Some further examples of how local authorities were trying to overcome challenges and barriers ranged from having an 'open door' to approaches from community groups wishing to develop ideas, through to providing toolkits and guides, and support to the wider local community development and action organisations which community energy forms an important part of. At a larger scale, the survey has highlighted the significance of local authorities working with Local Enterprise Partnerships and shaping local economic strategies that prioritise local and community energy, such as in the case of Cornwall County Council, whose devolution deal agreement was designed to remove barriers to the creation of a local energy market and support new models of community energy - which has also helped to unlock EU funding.

4. Discussion & Conclusions

The local authority survey represents a small snapshot of community energy / local authority activity across England and on the whole paints a positive picture of their interaction and collaboration. However, given the experience of some of Community Energy England's members, it should not be assumed that this picture is necessarily the norm for such relationships nationally. Despite this, the survey does highlight that where local authorities collaborate, support and invest in community energy there is clear, significant and lasting positive change that not only benefits the community energy organisation and local authority, but also the local economy, society and environment.

As is widely recognised and highlighted in Community Energy England's *State of the Sector* report, the outlook for the community energy and wider energy sector is a challenging one. There is an increased number of barriers to community energy development, some of which have been raised through the local authority survey. Given the correlation between local authority support and the development of successful community energy organisations and projects, it is clear that there is a need to further understand, nurture, support and promote such relationships - especially where it is so clearly a mutually beneficial one.

As alluded to through the survey, community energy projects are more effective when provided with support from local authorities. Despite diminishing budgets and resources, local authorities still have the scale, credibility and administrative skill to support the drive, innovation and opportunities exhibited from local community energy organisations and together they can face and overcome some of the demands, challenges and barriers they are both facing¹.

It is necessary to consider new models and approaches to developing local community energy, from both local authorities and community energy groups - some of which are already being adopted across the country. Joint ownership, new local partnerships, procurement agreements, asset transfer, start-up loans and investment opportunities are just some of the ways local authorities can help catalyse community energy projects and attract the sustainable long-term investment crucial to starting up and scaling community energy projects and achieve social and economic returns for the local area^{1,2}.

Community energy can bring a wide range of social and economic benefits that are closely aligned with regional development objectives such as generating income for the community, supporting social programmes, increasing community cohesion, developing local skills, job creation, tackling fuel poverty, cutting carbon emissions and reducing energy bills¹. The full [State of the Sector Report](#) further provides evidence of the wider social and economic benefits of community energy. Therefore, it should be considered that community energy is an important contributory factor not only to the 'green' and 'low carbon' agenda of local authorities (and LEPs), but also to; sustainable local and regional inclusive growth, economic resilience, community development, and inequality alleviation through projects aimed at tackling fuel poverty, for example.

Often the pure social benefits of community energy schemes are the driving factor for the establishment and development of community energy organisations, and they are inherently focussed on positive and inclusive growth which benefits the local community. As identified by NESTA, community energy projects can help build social capital and community cohesion - therefore allowing local authorities to capture these usually hard to achieve opportunities, and ideally, support and enhance them³. Development of the social growth needed for local resilience is one area which LEPs, for example, have been criticised for failing to deliver, but on which community energy can help achieve¹.

As referenced in the survey and elsewhere, local authorities (and LEPs) can be the supporter, investor, and advocate for community energy as part of the wider local energy movement. From inception to installation, and onwards to the realisation of its wider social and economic benefits, it is clear that local authorities can mentor, support and advise, remove blockages, establish new partnerships and links, fund and invest, resource, implement positive policies and open their doors to help ensure the success of community energy.

Given likely technological advances, new business models and exciting opportunities in the generation and supply of local energy means there is still much to gain through the innovative will of the community coupled with the strengths of local authorities³. Regardless of cuts to subsidy and support mechanisms, there is no doubt that the adoption of low carbon renewable technologies will be a continuing trend in the UK, and through working with community energy organisations local authorities can and should play an important role in not just its community energy development and delivery, but also in the realisation of its numerous benefits at the local level.

References

1. Liverpool City Region LEP (2017) LEPs and local energy.
2. People, Place and Policy (2014) Practitioner Comment – Local Energy Collaboration: The role of local authorities in community energy.
3. NESTA (2015) Local Energy in the Age of Austerity: Preserving the Value of Local and Community Energy.
4. Republica (2013) The Community Renewables Economy: Starting up, scaling up, and spinning out.

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The voice of the sector

Appendix

5.1. Blank Local Authority Survey

State of the Sector Survey – A Local Authority Perspective on Community Energy

Community Energy England and Community Energy Wales are preparing the first annual State of the (Community Energy) Sector report due to be released in Spring. The purpose of the report is to capture current activity across the sector, raise awareness of the benefits of community energy with a range of stakeholders and to use the data to develop our national policy approach and work programme.

Together, local authorities and community energy have the potential to deliver powerful ‘local energy’ solutions that focus on a better deal for the people that use and pay for that energy. As part of our report we would like to demonstrate the good work that is already taking place, as well as to identify ways in which we can support further activity to enable that potential.

We would therefore appreciate it if you would take a few moments to complete the following survey and return it to data@communityenergyengland.org by 20th February.

Participant information

Local Authority:	
Name and job title:	
Contact details:	

Investment opportunities

<p>Q1. Has the Council delivered, or is planning to deliver, a renewable energy or energy efficiency project in partnership, or drawing investment from the community energy sector? Please give details, including scale of investment, proportion of community investment, role of the community energy group and any outcomes achieved to date (quality and quantity).</p>
<p>Q2. Has the Council considered lease or sale of assets (e.g. roof space) to community energy projects?</p>

Regulatory support

<p>Q3. Has the Council prepared and/or adopted any local planning policies or guidance that are intended to support community energy? Please provide details of the policy/guidance and any outcomes that can be fully/partly attributed to it.</p>

Financial support

Q4. Does the Council provide any form of financial support for community energy (e.g. loans, grants or other forms of funding)?
Please provide details of the support available including any outcomes that have been realised.

Q5. Has the Council played a role in securing third party funding where the primary beneficiaries are community energy groups in the area?
Please provide details of the source and scope of funding secured, plus the nature of any benefits that have been realised by or on behalf of the community energy sector.

Engagement

Q6. Please give details of any community engagement programmes that are operated or supported by the council?
Details should include a description of the programme, number of community groups involved and any outcomes realised.

Resource

Q7. Does the Council employ any staff whose substantive role includes some form of responsibility for supporting community energy?
Please provide details on the number of staff employed in this way plus a short description of their role and operational area.

Challenges and barriers

Q8. What the barriers are to Council involvement in community energy?
e.g. investment limitations, subsidy eligibility, etc.

Other

Q9. Please provide details of any other initiatives that the council has run in support of community energy in its area.

Q10. Would you be willing to be a case study in the State of the Sector report and related publicity?

Many thanks for taking the time to complete this survey

5.2 . List of Local Authority Survey Respondents

- Durham County Council
- Dorset County Council
- Bristol City Council
- Oxford City Council
- Newcastle City Council
- Leeds City Council
- Devon County Council
- Cornwall Council
- Plymouth City Council