Community Energy England's response to the Chancellor's Spending Review

The importance of people and communities praised, but community energy ignored in the Spending Review

Community energy has come to expect warm words and cold shoulders from government.

In announcing the Spending Review, the Chancellor placed great emphasis on *"Encouraging the individual and community brilliance on which a thriving society depends"*. However he omitted to extend to any enabling support for brilliant community energy groups which stand ready to mobilise thousands of passionate, knowledgeable local people and millions in investment in local solutions for the vital energy transition to zero-carbon.

If as the Chancellor says *"the true measure of success"* of the Spending Review is the health, happiness and strength of the individual, the family and the community and *"the courage, wisdom, kindness and creativity it unleashes"* then he has failed.

This is dangerously short-sighted as it is also 'planning to fail' in the huge challenge to achieve zero-carbon.

The Committee on Climate Change Net Zero report was clear: *"It will not be possible to get close to meeting a net-zero target without engaging with people or by pursuing an approach that focuses only on supply-side changes"*, an approach that pretty well sums up the Spending Review with hundreds of millions for nuclear and hydrogen and a billion for Carbon Capture and Storage.

Community energy is essential to engaging the consent and active participation of people and communities in the huge changes required. Yet it has been increasingly disabled by policy changes since 2015 [2] such that it is now nearly impossible to make an investment case to do community energy projects of any kind.

A few million committed to reinstating the Urban Community Energy Fund for instance would have lifted urban community energy over a low threshold into viability and enabled communities to raise many more millions for local energy projects, including essential demand reduction and fuel poverty work, bringing huge social and environmental returns on investment.

If the decision not to fund community energy was based on the new improved Treasury Green Book supposedly factoring in social value and net zero, then the update has failed.

Colin Baines of the Friends Provident Foundation said, *"There is nothing that provides higher social and environmental returns on investment than community energy does."*

The £4bn Levelling Up Fund and the £1.5bn Shared Prosperity Fund do not amount to a strategy to fund communities. It is a centralised competitive process when decision-making should be devolved to the regions where the knowledge as to what will make the most difference locally is held.

We welcome the National Infrastructure Bank located in the north of England. It must have a net-zero rule and be able to fund community assets including community energy.

The Chancellor barely mentioned the climate or renewable energy in his statement. And Net Zero was not one of the 3 priorities. We can have no confidence that this will be enough to set us back on track to meet net-zero, even by 2050, and show the world leading ambition needed of the COP26 president.

We welcome the commitment to extra off-shore and on-shore wind and solar but this effectively excludes community energy projects as support is only available for projects larger than 5 megawatts. The commitment to building retrofit as an infrastructure priority is welcomed but needs to be much greater and long-term to give certainty to the industry to build capacity. The Green Homes Grant is structurally unable to deliver against its targets even if extended for an extra year due to there being not enough approved installers. We welcome ending the sale of petrol and diesel vehicles by 2030 but to work this will require huge changes at community level, not least of minds, and must include strategies to reduce vehicle numbers.

But huge investment of more than £1bn in unproven 'future technologies' such as Carbon Capture and Storage, which may not scale in time or ever, represents this government's fixation with technology over engaging with people and communities to change fundamentally the way we 'do energy'. Decentralisation and decarbonisation need democratisation - everyone involved, using less, generating and managing our energy locally.

Additionally, £27 billion spent on roads building will not reduce congestion or carbon and is money misspent going in the wrong direction; as is the vast increase in the defence budget and the cut to the overseas aid budget. Money well spent on aid and mitigating climate change can reduce the causes of international conflict.

None of this is 'world-leading policy' to take to COP26.

Duncan Law of Community Energy England said, *"A really good policy of enabling grass-roots activity and engagement to transform the way we generate, use and save energy to achieve zero-carbon would have been something to shout about at COP but is absent from the Spending Review. We cannot believe this will materialise in the UK's NDCs or the Energy White Paper because the Treasury has been too short-sighted to see the importance of allocating funds to make happen. The UK has genuinely world-leading community energy with huge potential to be a powerhouse for the zero-carbon transition - but only if the government values and supports it."*

See our response to the Prime Minister's 10 Point Plan here

Items to factor into CEE thinking and to communicate to members

From Spending Review SR20 document
https://www.gov.uk/government/publications/spending-review-2020-documents
P11
Levelling up and strengthening the Union The government wants to use infrastructure to unite and level up the UK, delivering a stronger Union, thriving regions, cities living up to their full potential and revitalised towns and communities. To deliver this, the government is investing across the country, prioritising those areas that have received less support in the past.

6.60
To support the government's objective to promote local growth, SR20:
• sets out how the UK Shared Prosperity Fund (UKSPF) will help to level up and create opportunity for people and places across the UK and provides £220 million additional funding to help local areas prepare over 2021-22 for the introduction of the UKSPF
• continues investment from the Towns Fund to regenerate high streets, town centres and communities, providing £621 million in 2021-22