

## Business support for cooperatives and non-financial mutuals - CEE consultation response

### Questions

The "[Call for evidence on business support for co-operatives and non-financial mutuals](#)" response was submitted via the government online survey.

#### 4.1 Data and Experiences of Co-operatives and Non-Financial Mutuals

1. If the co-operative and non-financial mutuals sector were to grow, what do you expect the key impacts would be? Draw on evidence, where possible.

\* \*You may wish to consider:\* short, medium, and long-term implications; the economic, social, and environmental impact; national and local impacts; place-based impacts such as impacts in rural, urban and coastal areas; any risks, challenges, or unintended consequences that might arise.

This government well understands the benefits that community energy social enterprises bring and has expressed them well in its Local Power Plan

<https://www.gov.uk/government/publications/local-power-plan>.

Local and community energy delivers:

- **Local Wealth and Prosperity:** Builds wealth, pride, respect, and local prosperity.
- **Cut Bills:** Reduces bills for community buildings, businesses, and residents. In one project, tenants saved over £40,000 in reduced electricity bills in the first year. Another project reduced standard electricity bills between 40% to 60%, saving £450 on average per household.
- **Economic Growth Engine:** Becomes a long-term engine for local economic growth and community wealth building.
- **Local Jobs and Business Boost:** Creates good local jobs and boosts local businesses and services.
- **Reinvested Profits:** Profits and income are driven back into communities to spend on their priorities. Community Power Outer Hebrides returned £20 million to local communities over a decade.

- **Energy Security and Resilience:** Delivers energy security and makes the energy system stronger and more reliable.
- **Community Cohesion and Control:** Generates strong community cohesion and puts power back into the hands of communities, giving them control over their energy future.
- **Better Public Services:** Savings for public institutions mean better education and health outcomes. Solar on community buildings frees up money for better facilities.

This is the most exhaustive recent assessment of the benefits delivered by community energy prepared will assistance from Community Energy England and is extremely well referenced.

[https://ashden.org/wp-content/uploads/2025/03/Digest-of-evidence-about-the-value-of-community-energy\\_March-25.pdf](https://ashden.org/wp-content/uploads/2025/03/Digest-of-evidence-about-the-value-of-community-energy_March-25.pdf)

2. We are interested in reliable data sources that evidence the impact of co-operatives and non-financial mutuals on economic growth. What data sources are available that show the impact – positive, neutral, or negative of co-operatives on economic growth?

Community Energy England and partners produce the State of the Sector Report every year.

<https://communityenergyengland.org/state-of-the-sector/> Key statistics for 2024, one of the sector's most challenging years ever due to almost entire neglect from government, include: £68.5 million turnover; £24 million of investment secured; £24.5 contributed to local economies from organisational expenditure and community benefit funds; £1.86 million in bill savings; 31 new community energy organisations; 88 new FTE jobs created

The sector strongly supports local economic growth, sourcing locally where possible. Keeping money local (investors returns, supply chain, local employment, local contractors, local spend on community benefit) produces 'local multipliers' [new economy foundation] delivering as much as x4 the value of money that escapes down long supply chains and to distant investors in commercial projects.

Bill savings not only increase well-being, reduce stress and free-up money to be spent into the 'real economy' but can also reduce social and health costs to the state through healthier, warmer living conditions. The sector's energy efficiency/fuel poverty work often saves more carbon than the renewable energy projects which help fund it but also yields immediate and high social benefits. It has been calculated to deliver at least £9 of social return on every £1 spent.

<https://www.bristol.ac.uk/media-library/sites/law/research/Nolden%20et%20al.%20BLRP%20No.%202%202021.pdf>

The government's Warm Homes Plan stipulates a local focus on the delivery of energy efficiency and retrofit and requires that councils have a plan to work with local community organisations. There is a budget of £2.7 billion as innovative finance for investments in and loans to the home upgrade sector. Community energy is a vital trusted local intermediary and delivery partner for this work and expects to grow in this area. However it will need support to do so.

The Local Power Plan, <https://www.gov.uk/government/publications/local-power-plan> will support the biggest growth in community energy in Britain's history with £1bn support, including for capacity and capability funding over this parliament. This will enable the community energy sector to grow exponentially again as it did between 2014 and 2017.

3. How do different types of co-operatives and non-financial mutuals drive economic growth differently?

Energy coops are particularly attractive to external investors and first time investors seeking impact. For many this will be the only investment they make. Energy coops are the largest segment of impact investing on crowd-funding platforms.

Energy coops have high up-front costs (spends) so economic benefit can be front-loaded. There are long term returns to investors and to the community in benefits from surplus income - often channelled through practical local projects or community benefit funds..

4. What data, if any, is available on the demographic characteristics – such as age, gender, ethnicity, disability, and socioeconomic status – of the management and workforce of individual co-operatives and non-financial mutuals in Great Britain?

The community energy sector is still preponderantly staffed by volunteers, though professionalising increasingly fast. It has many older people, often white and relatively middle-class but very much focussed on energy justice and delivering benefit to the disadvantaged in their and neighbouring communities.

It has a strong contingent of dynamic women leaders with a wider ethnic and age diversity. Organisations focus strongly on diversity and inclusion in their recruiting and there are many brilliant young people joining the sector. We don't have up-to-date demographic data for the whole sector but many organisations do track it alongside their impact monitoring.

## 5.1 Start-ups

5. Thinking about starting a business in the co-operative or non-financial mutual sector, to what extent do you agree or disagree with the following statements?

\* Those starting a business are not aware they can use a co-operative or mutual business model.

\* It is more difficult for new co-operatives and non-financial mutuals to qualify for start-up capital support schemes than for other business models.

- \* Aspiring co-operative or non-financial mutual founders often lack the necessary skills to get started.
- \* Business advisors lack awareness and understanding of co-operative or mutual business models.
- \* Investors lack awareness and understanding of co-operative or mutual business models.
- \* There are not enough visible success stories to inspire or guide co-operative or non-financial mutual start-ups.
- \* New co-operative or non-financial mutual founders lack access to peer support networks.
- \* Relative to other business founders, aspiring founders do not know where to find clear, accessible guidance and advice on starting a co-operative or non-financial mutual.
- \* The rationale for starting-up a co-operative or non-financial mutual is different to starting-up another kind of business.
- \* The process to start-up a co-operative or non-financial mutual is complex.

5a. Why did you agree and or disagree with these statements?

6. In general, do co-operatives or non-financial mutuals face any unique barriers to starting-up that other types of business don't face? Explain your answer.
7. Do different types of co-operatives or non-financial mutual models face different barriers to starting-up? Explain your answer.

Yes. See Question 8

8. Are there industry or sector-specific barriers to starting a co-operative or non-financial mutual? Explain your answer.

Energy coops have very high upfront costs to install technology. It is difficult to raise funds for pre-feasibility and feasibility studies, which is why development funding is key. Community organisations usually can't borrow against asset-locked assets. Unless they have good income from earlier projects growth can be challenging to achieve.

There is huge expertise in the sector. Community Energy England and partners have set up the Energy Learning Network to enable knowledge sharing. We are working with GBE and DESNZ

to build this into their plans for capacity and capability building. But we need more capacity to support start-up organisations especially in deprived or underserved communities. See q10a

Coop regulation by the FCA (requiring cooperatives trade with members) means that most community energy organisations have to be set up as CBSs which prohibits trading that benefits members rather than the community. This means that selling locally generated energy to local people (when it becomes possible under Ofgem regulations) will be difficult for most of the CE orgs set up over the last decade. Coop regulation needs to support the growth and entrepreneurship of the community energy sector - *including of cooperatives* - in line with government policy to grow the coop sector.

## 6.1 Growing and Sustaining

9. Is the rationale and process for growing a co-operative or non-financial mutual the same or different for growing a business which is not a co-operative or non-financial mutual?

YES

10. To what extent do you agree or disagree with the following statements about growing and sustaining a co-operative or non-financial mutual?

\* Growing and sustaining is too capital intensive for many co-operatives or non-financial mutuals. AGREE

\* It is too difficult for co-operatives or non-financial mutuals to meet the eligibility criteria for capital support. AGREE

\* It is too difficult to maintain co-operative and mutual principles at scale. DISAGREE

\* Co-operatives or non-financial mutuals looking to grow and sustain lack access to peer support networks. STRONGLY AGREE

\* Co-operatives and non-financial mutuals do not know where to find clear, accessible guidance and advice on growing and sustaining. STRONGLY AGREE

\* Co-operative or non-financial mutual founders often lack the necessary skills to grow and sustain. AGREE

10a. Why did you agree and or disagree with these statements?

Community Energy England has been the peer-support network for the sector in England. We run conference, webinars, new member sessions, online resources and trainings through the Energy Learning Network, We run specialist Working Groups in Energy Efficiency, Heat and

Wind. There are other more local networks offering peer-support and resources such as Community Energy London. We are working with partners to build the Energy Learning Network and are working to ensure other suppliers of support are providing complementary services (eg Regen, Net Zero Go, Pure Leapfrog, Community Energy Go, LocalUnity). We are working with DESNZ and GB Energy to get it built into their capacity and capability offering. The Energy Learning Network exists due to far-sighted 3 year funding provided by the National Lottery but it needs long term funding from government. Community Energy England as the voice and supportive network for the sector needs government support ahead of the planned growth of the sector to increase our capacity to support the growth of the sector.

11. Are there unique barriers to growing and sustaining a co-operative or non-financial mutual which other types of business don't face? Explain your answer.
12. Do different types of co-operatives and non-financial mutuals face different barriers to growing and sustaining? Explain your answer.
13. Are there industry-specific barriers faced by co-operatives and non-financial mutuals when trying to grow and sustain? Explain your answer.

Community energy cooperatives are essentially locally and community based so cannot move to gain commercial or project advantages such as better renewable energy resources, grid connections, a more cooperative local authority, a wealthier investor demographic. Each energy project is unique but increasingly there are business models that can be adapted. Community energy networks and support programmes are essential to this process. Luckily the sector relishes solving challenging problems.

As the sector grows access to capital will become more important and challenging. Tax relief will be essential to derisking investment (reinstatement of EIS/SEIS eligibility of energy generation) and allowing community energy to be included in ISAs.

## 7.1 Mutualisation

Not relevant to CEE

14. If you have considered mutualising, or have already mutualised, what prompted you to explore this option?
15. What do you think the impact would be of more businesses mutualising?
16. To what extent, if at all, do you agree or disagree with the following statements:

\* There is a lack of awareness of co-operative and mutual models among business leaders.

- \* There aren't enough visible success stories of businesses that have mutualised.
- \* There's not enough clear information or advice on how to mutualise.
- \* There are many reasons why businesses mutualise.
- \* The process to mutualise is complex.
- \* There is a lack of awareness of co-operative or mutual models by employees.
- \* The landscape is too complicated for businesses wanting to mutualise.
- \* There are insufficient incentives to encourage businesses to mutualise.

16a. Why did you agree and or disagree with these statements?

17. If you have de-mutualised, can you explain why you did this and how the process went?

## 8.1 Business Support and Advice

Questions for Co-operatives and Non-Financial Mutuals:

This section is mostly for practitioners. We have answered 24 and 25

18. In the last 3 years, have you sought out external advice or business support? (Multiple-choice options include: information relating to the day-to-day running of my business; strategic advice to help grow my business; both of the above; other (specify); I have not used external advice or information).
19. What did you seek advice or support on? (Multiple-choice options include: business growth and scaling; mutualisation; digitalisation; e-commerce; human resources; exporting; financial advice; legal issues; management and leadership development; marketing; training or skills needs; transition to net zero; industry or sector specific support; starting-up; succession (including closing or selling business); other; do not know).
20. Which of the following support best describes your business at the time you sought external advice or support? (Multiple-choice options include: starting (just launched or preparing to launch); growing (expanding operations); scaling (growing rapidly); sustaining (maintaining steady operations or refining processes); transitioning (moving into a co-operative or non-financial mutual model); other (specify)).
21. Where did you receive the external advice or information from? (Multiple-choice options include: accountant; bank; business networks or trade associations; Business Growth Service; consultant or business adviser; combined authority; chamber of commerce; GOV.UK website;

Growth Hubs (England only); internet search; local council or authority; solicitor or lawyer; tax agent; universities or other educational institution; other (specify)).

22. In what format (such as written, in-person, virtual, hybrid) was this information delivered to you and how did you find that experience?

23. What was your experience of accessing and using the support or advice and how useful was it?

24. Is there enough tailored support for co-operatives and non-financial mutuals?

Our members say no - especially with community energy experience.

25. Is there support or advice you think is missing for co-operatives and non-financial mutuals?

Yes, including:

- Starting up a community energy enterprise
- Doing pre-feasibility and feasibility studies
- Growing organisations
- Moving into new business models
- Negotiating regulation
- Advice on different ways of raising capital beyond community shares.
- Partnering with commercial projects in a way that preserves the community control of a mutual.

## **Questions for General Response:**

26. What do you think is working well and what is working less well when it comes to how co-operative and non-financial mutual businesses access capital in Great Britain?

### **Working well:**

There is strong interest in community energy and most/many community share offers reach their targets. It is the most popular area on crowd-funding platforms.

We have excellent partners and supportive organisations such as Ethex, Thrive, Triodos Bank.

### **Working less well:**

In a time of high interest rates and inflation the minimum interest allowed on community shares is not enough to attract the growing patient investment that we need to grow the sector. We need tax relief (reinstatement of EIS/SEIS eligibility of energy generation) and of community energy for ISAs. Community energy organisations cannot borrow against assets and current bank interest rates are high.

National Wealth Fund thresholds of even £5m for Local Authorities is often too high for community energy.

The government's recent decision to change Feed-in Tariff and Renewable Obligation indexation from RPI to CPI will increase investor uncertainty and consequently put up the cost of capital.

Community energy scale projects, the majority below 5MWs, means that we are not able to access project support mechanisms such as CfDs which help provide investor certainty. A price support mechanism is key to long-term investor certainty and creating a 'fair playing field' for community energy

27. What further support would co-operative and non-financial mutual businesses benefit from when starting, growing and sustaining or mutualising?

28. Is there anything else you would like to share?

Support for Community Energy England from the government to enable the exponential growth as envisaged in the Local Power Plan, is lacking to date (unlike Community Energy Scotland and Community Energy Wales - both supported by their governments).

We have a lot to learn from European (REScoop) and Australian and New Zealand community energy networks and practice but not enough capacity to connect and access it.

The government and we have ambition to expand community energy into areas of deprivation and that are currently underserved. This will require additional and specialist support to build capacity in those communities and professionalise quickly.