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Power to Change

COMMONWEALTH

Ashden
Climate Solutions in Action

Clean Power = Community Power

How the Local Power Plan can be a win-win for net-zero and local communities

Table of Contents

Executive Summary

The Local Power Plan offers a rare policy "win-win", which can both help meet our net zero ambitions *and* build our long-term community infrastructure.

This report sets out how to make the most of this opportunity. It explores the experiences of community organisations in developing community-led renewable energy projects and offers practical recommendations to shape the government's forthcoming Local Power Plan. It also outlines broader policy reforms needed to remove systemic barriers and unlock the full potential of community energy.

Together, these recommendations provide a clear and actionable framework to support more community energy schemes to succeed—ultimately helping the government achieve its target of 8GW of community energy while providing a generational boost to community ownership.

The report is grounded in rich, qualitative research with community organisations. This includes not only established energy-focused groups but also organisations with strong community roots and relevant skills, yet who are not currently active in the energy sector. We believe this demonstrates clear community capacity for succeeding on the Local Power Plans goals - if the right support is in place.

Recommendations for the Local Power Plan

To seize this opportunity, our research makes the following recommendations for the Local Power Plan:

- **Be flexible about how communities benefit from community energy schemes**, recognising some community organisations might want to use surpluses to fund fuel poverty projects or invest in their organisational capacity, whereas others have the ambition to sell direct to local households
- **Provide low-risk, early-stage development funding,** that's long-term, flexible and covers the huge investment of staff time overstretched community organisations need to put in to get viable projects off the ground
- **Make funding applications simple and accessible**, cutting out lengthy, paperwork-heavy processes that can stop community organisations from getting the support they need

- **Ensure community groups have access to the right expertise,** ideally through trusted intermediaries who provide relationship-based support to help launch projects and upskill organisations for future initiatives
- **Strengthen peer networks and shared learning** through platforms like Ashden's Energy Learning Network, enabling community groups to learn from experienced peers, access training and mentoring, and collaborate on larger projects
- **Ensure community organisations can access targeted training and specialist support**, addressing skills gaps in areas like governance and providing dedicated legal guidance to help navigate complex regulatory and local authority requirements
- **Map out and fund the role of national support organisations**, ensuring they can scale services, reach more community groups, provide technical guidance, and clarify responsibilities to make the support landscape easier to navigate
- **Provide low-interest loans, coordinated through an overarching body offering blended finance packages**, to help community organisations bridge funding gaps and accelerate projects, keeping them affordable so more profit can be reinvested into community benefit, particularly in disadvantaged areas
- **Ensure match-funding for community shares is available and scalable for projects that need it**, recognising that in disadvantaged areas lower household incomes can limit investment and that resources like the Community Shares Booster Fund are vital to help these projects reach their funding targets
- **Support existing community energy organisations to sustain and scale their work**, recognising them as key vehicles for delivering the Local Power Plan and providing long-term, core funding to help them develop more local energy projects.

Recommendations for wider policy reform

Our research also highlights a range of reforms needed to remove barriers and unlock the full potential of community energy:

- **Simplify the planning process**, removing unnecessary requirements and reducing the hurdles community groups must jump through to obtain permission for a community energy scheme
- **Establish minimum requirements around community energy in planning applications**, helping to unlock more assets – for instance, requiring new

developments to stipulate how they will use clean energy

- **Invest in grid expansion and set a long-term target for community energy,** increasing its share of the UK's grid-connected capacity from below 0.5 per cent to 5 per cent by 2030, providing clearer direction to the National Grid and regulators when prioritising investment and connection access

- **Fund a clear, up-to-date guide for exported electricity payments,** maintained by a trusted body like Community Energy England, to streamline processes and reduce delays for community energy projects

- **Provide long-term, guaranteed payments for energy exported by community schemes,** ideally through a minimum export price backed by 25-year contracts, to give income certainty, build investor confidence, and support the viability of smaller-scale renewable projects

- **Establish a regulatory framework to support local energy markets,** enabling community organisations to sell energy directly to their communities to improve project viability and tackle fuel poverty—starting with implementation of the P441 modification and legislation allowing alternative suppliers to serve local markets where licensed suppliers fail to engage on fair terms

- **Create a government-backed insurance scheme or risk pool for community energy,** spreading risk across projects, reducing premiums, and giving insurers standardised tools for fairer assessment—freeing up more funds for local benefit and improving project viability.

Recommendations for other public sector organisations

Additionally, key public sector stakeholders can act as either enablers or barriers to community energy schemes, and it's vital that they actively support and champion these initiatives – for example:

- **Local authorities should make support for community energy projects a clear, organisation-wide priority,** providing support in a range of areas including:
    - **training planning and property officers** to better support and expedite community energy schemes, helping to reduce long delays that can threaten project viability
    - **offering early-stage lease agreements** that are conditional on planning approval, helping to unlock projects sooner.
    - **acting as purchaser of electricity generated by community energy schemes,** decarbonising their operations while channelling resource into community benefit

- **Environmental agencies should support community energy projects** by providing dedicated help to overcome challenges, streamlining permissions, building institutional knowledge, and enabling a two-way dialogue that allows review when decisions threaten project viability.

Recommendations for community organisations

Finally, we want this report to help community organisations get ready to seize the opportunity offered by the Local Power Plan. As well as building awareness, community organisations can start planning in the following ways:

- **Map local community needs and opportunities for community energy,** engaging residents to explore benefits—such as recycling profits into grants or lowering local facility costs—and identify potential sites like rooftops or land

- **Assess the business case and consider financial modelling.** Viability depends on various factors such as scale, costs, and government schemes. While many projects (particularly hydro) have struggled financially since the end of the Feed-in Tariff, our research shows that with the right model and approach, community energy can still deliver significant value

- **Complete a viability assessment for your community energy project,** considering factors such as technical feasibility, project complexity, critical partnerships, and labour requirements. Consider key issues like planning permission, grid connection, securing site access or ownership, and how the energy will be used or sold

- **Consider the most appropriate funding approach for community energy projects.** Options include loans or grants from the Local Power Plan, community shares, wider grants, public sector or commercial loans, and social investors—each with different costs, timelines, and benefits

- **Consider whether a new legal entity is needed to establish your community energy projects, and which is most suitable** – for instance, if using community shares a Community Benefit Society is generally needed

- **Assess capacity and match expertise to complexity.** Rooftop solar projects are generally simpler and require less prior experience, while wind and hydro benefit from project management skills and relevant knowledge or support provided by external partnerships. Factor in time commitment and consider how input from volunteers or paid staff can be sustained over the project's duration

- **Identify national support organisations that can help**. In addition to Locality and Power to Change, useful organisations include Community Energy England, Ashden, Centre for Sustainable Energy, Energy4All, and Co-operatives UK

- **Engage with other community energy organisations** – highly recommended by many of the people participating in our research. Many projects start by learning from peers with direct experience, who are often more than willing to offer advice and support. Also consider potential collaboration on larger-scale initiatives to achieve greater impact.

Introduction

We are at a time of huge challenge for local community organisations. While there is a growing recognition of their important role in tackling our most stubborn policy problems, for a long time they have faced rising demand for their services, while costs rise and funding shrinks.

In particular, we are at a crossroads for investment in community ownership. Owning community assets is the foundation of community power – it enables community organisations to earn their own income and drive their own priorities. As previous Locality research has set out, this is not only our central means of building long-term term community capacity,[1] it also brings strong economic returns.[2]

However, the government's flagship community assets programme – the Community Ownership Fund – has come to an end. While there is clear political commitment to supporting community ownership via the new Community Right Buy, alongside funding opportunities for places targeted by the Pride in Place programme, it is unclear where the scale of resource needed to match the ambition is going to come from.

That's why Labour's Local Power Plan is such an opportunity. Labour's manifesto promised to work with communities "to install thousands of clean power projects, through a combination of onshore wind, solar, and hydropower projects".[3] Significant investment has been promised - £1bn a year.[4]

As Locality's pre-election manifesto – Building Thriving Neighbourhoods – explained, this commitment to boosting community energy should not only be seen as a priority means of decarbonising our energy supply and supporting those most affected by the energy transition: "it should also be recognised as one of our biggest opportunities for building and sustaining community capacity in the long-term".[5]

Across Locality's membership network of thousands of community organisations, we see exactly the capacity and expertise to deliver on the government's clean power ambitions. They are organisations who are based in deprived neighbourhoods,[6] are skilled in community leadership, and experienced in managing complex assets.[7] They are not yet, however, generating community energy *en masse*.

We've therefore been working with community organisations to find out exactly how the Local Power Plan can seize a rare policy "win-win": helping meet our national

[1] Locality (2016) Places and Spaces
[2] Locality (2018) Powerful Communities, Strong Economies
[3] https://labour.org.uk/change/make-britain-a-clean-energy-superpower/
[4] https://labour.org.uk/wp-content/uploads/2024/03/Make-Britain-a-Clean-Energy-Superpower.pdf
[5] https://locality.org.uk/locality-manifesto
[6] Locality member survey IMB stat
[7] Locality member survey asset ownership stat

net-zero goals while simultaneously realising massive co-benefits by strengthening our community infrastructure. At a time of hugely constrained finances, it's a huge opportunity to increase our public spending bang for buck.

This report therefore has two key goals:

1. To inspire community organisations who might not already be active in community energy but have the right skills and capacities to get started. Our research can help community leaders get ready for the opportunity the Local Power Plan offers.
2. To inform the detailed policy design of the Local Power Plan so it makes the most of this generational opportunity. We know there is a strong network of community organisations with the right skills and the right capacities to deliver the government's ambitions – we don't need to start from scratch. But we do need to get the policy right from the outset to unlock the power of community.

About our research

While the full potential of the community sector has yet to be unlocked, there are many inspirational community organisations who are leading the charge, developing renewable energy projects that lower bills, reduce carbon footprints, and bring lasting benefits to those who need them most.

As is often the case with community work, however, they are often doing this against the grain, with limited funding and complex processes often hindering their potential and leaving many promising initiatives unrealised.

The Local Power Plan presents a crucial opportunity to reverse this balance and put the full weight of government policy behind community-led endeavours. But for it to succeed, it must be informed by the real-world experiences of those already in the trenches of change.

This report highlights those experiences, drawing from qualitative research that includes 15 case studies of community organisations that have successfully implemented renewable energy projects. Additionally, it incorporates insights from a workshop with Locality members, focused on their aspirations and challenges around community energy.

The 15 case studies span solar, wind, and hydro energy sources and are geographically diverse, including Wales, Scotland, and six English regions. Four organisations are based in the top 20 per cent most disadvantaged areas of England, and the sample covers a wide range of sizes, from small rooftop solar projects to the UK's tallest onshore wind turbine. Some are specialists in community energy, whereas others have a wider remit providing a range of services for the local community.[8]

The 15 organisations featured in the case studies are:

- Ambition Lawrence Weston
- Point and Sandwick Trust
- Sustainable Hockerton
- Fintry Development Trust
- Cwm Arian Renewable Energy
- Bradford Trident Limited
- Grimsby Community Energy

[8] Locality (2025) Community Powered Neighbourhoods

- Stonegrove Community Trust
- Energise Sussex Coast
- CREW Energy
- Stockport Hydro
- Mull and Iona Community Trust
- Callander Community Development Trust
- Reading Hydro
- Partneriaeth Ogwen

The accompanying workshop brought together organisations such as:

- Highfields Community Association
- Community Ventures (Middlesbrough) Ltd
- Deeplish Community Centre Association
- Our Sale West Big Local
- Southmead Development Trust
- Watchet Coastal Community Team CIC
- Ambition Lawrence Weston
- Canopy Housing
- Bradford Trident Limited

This report:

- Explores how community organisations have set up and run renewable energy projects.
- Identifies the challenges they face and how they've overcome them.
- Provides recommendations for the Local Power Plan and wider policy reforms.
- Highlights three detailed case studies (solar, wind, and hydro).

Widening participation to harness the sector's full potential

A wide range of community organisations are well placed to support the Local Power Plan. Some are set up specifically to deliver local energy projects — like developing a community wind turbine — with the organisation built around that goal. Others are long-established charities, development trusts or community anchor organisations that have expanded their work to include renewable energy as part of a broader mission.

Working with a wide mix of groups would ensure the Local Power Plan reaches more people and places— especially those often left out of national energy and infrastructure conversations, such as lower-income or marginalised communities.

This means alongside looking to support organisations already specialising in community energy, the Local Power Plan should look more widely at the thousands of multi-purpose community organisations that already exist right across the country. For example, there are over 2000 community organisations in Locality's membership network, who are based in neighbourhoods across England and skilled and experienced in managing community assets. Power to Change estimates there are about 11,000 community businesses across England – bringing similar skills.[9]

While many are not yet involved in community energy, they could quickly get up to speed with the right support. What's more, these organisations tend to be found in our most disadvantaged neighbourhoods,[10] so should be seen as key vehicle for ensuring the Local Power Plan inspires a just transition. These groups are already embedded in their communities and are often trusted in ways that outside bodies aren't.

Working with these groups offers a "win-win" situation - that both drives our net zero ambitions and helps create sustainable community infrastructure in the long-term. It will help grow the community energy sector, unlocking the potential of more local organisations. As our case studies show, when groups are supported to develop their skills and capacity, it often leads to a ripple effect — where many go on to plug local capacity gaps, serve as catalysts for development of new energy projects and bring

[9] Power to Change (2022) Community Business Market Report 2022
[10] Locality (2020) "The Power of Community" analysis of 2020 membership survey Available at: Power-of-Localitys-Network.pdf

valuable training and mentorship opportunities helping to upskill disadvantaged areas.

Insights and recommendations

Here we share thematic insights from our research around how community organisations set up and manage community energy schemes, and the barriers and challenges encountered along the way. We look at what has and hasn't worked for these groups. We use these insights to make recommendations for the shape of the Local Power Plan and wider reforms – so that it is designed to be responsive to the needs of community groups, making it easier for them to do this type of work, and ultimately enable more projects to succeed.

Flexible community benefits

Our case studies show a variety of ways in which communities benefit from community energy schemes, illustrating how community organisations meet the needs of their communities flexibly and creatively. One common model is to export energy to the grid and reinvest the profits in local grant schemes – investing in things like local fuel poverty measures, public health services, and arts and heritage projects.

Some choose to sell their electricity to another local organisation, for instance through direct wire, which can provide greater returns than the grid and better rates for the buyer – a win-win situation. For others, it makes better business sense to use the energy directly, lowering energy bills and providing vital revenue for the organisation. Using, rather than selling, the energy also provides the benefit of greater security, likely to be more attractive to rural areas.

Local knowledge is especially important in determining the best approach. This was nicely illustrated in one example where the organisation initially wanted to sell their wind turbine's energy directly to the local community to address fuel poverty. They discovered the system didn't allow them to do this, but ultimately realised there would have been a risk of inflating house prices and exacerbating gentrification. They are also mindful that not everyone in the area experiences fuel poverty and only a limited number of people would benefit. They now see advantages in their current approach of having a community grant scheme – a flexible pot for addressing any

crisis facing the community, which can be used for fuel poverty but potentially other things. However, many other organisations are indeed keen to sell energy directly to local households, something we explore further on page 24.

Therefore, an important first step for the Local Power Plan is to **be flexible about how communities benefit** from community energy schemes, allowing community organisations to define this for themselves. This will help build broad support for the Plan and incentivise wide participation. In practice, this can be achieved by providing a flexible range of eligible outcomes for renewable energy projects.

Starting up a scheme – meeting the development costs

The provision of low-risk development funding is critical for the community sector. Our research shows that successful community-led renewable energy projects most often rely on grants or conditional loans (only repayable if the project is successful) to reach the point of establishing viability. This covers the cost of things like feasibility studies, training and development (for instance, in developing a financial model and learning how to run a community share offer), legal and administrative costs, and staff time. It is not feasible to ask community organisations to bear the risk burden of these upfront costs with a standard loan – hence **early low-risk development funding should be made available**.

Many projects struggle—or fail— due to a lack of funded, consistent capacity. While our research highlights some inspiring examples driven by committed volunteers, or in some cases a staff member managing a simpler rooftop solar project alongside their main roles, these cases are the exception.

Volunteers who did contribute significantly often had support from a partner in full-time work, were retired, or were juggling the project with other jobs in unsustainable ways – posing challenges for ongoing viability, replicability and equity.

Community organisations bring a great deal of passion and commitment to their work, but it can be hard to prioritise and sustain consistent capacity to develop projects when they are firefighting on so many other fronts. To unlock the sector's full capacity, **the cost of staff time (up to the point of completing installation) should be an eligible component of funding**.

Long-term funding is essential, especially given the complex and often drawn-out nature of community energy projects like wind and hydro. These initiatives can take years to deliver—not just due to the time needed for community engagement, but also because of challenges like planning delays, grid connection hurdles, and land agreement negotiations (see pages 20 – 25).

Without stable, long-term support, some organisations have had to rely on piecing together short-term grants or loans to cover their costs—an approach that introduces significant risk and uncertainty. The normal government timeframe of 12 months won't

work for most schemes – **development funding needs to be provided on a longer-term basis**.

We found that project development costs vary significantly. For example, a smaller, less complex rooftop solar project can often be developed for under £25,000. In contrast, a larger wind turbine project escalated to over £500,000 due to a long timeline and the complexity of securing planning permission and a land agreement—with substantial costs for legal support and environmental surveys. Notably, only a small share of this total was spent on staff time. This highlights the importance of addressing wider external barriers, which we explore further on pages 20 – 25.

Access to development funding is also highly uneven across the UK. One hydro scheme there was able to secure long-term funding for a project coordinator through Welsh Government support. In England, access often depends on how committed a local authority is to the climate agenda and how proactive they are in securing central government funds.

These regional disparities could be reduced by ensuring the opportunity is available to community groups in all areas – not hostage to whether a local authority decides to bid for funding – with additional targeted support available to more disadvantaged places.

Even where funding isn't available to cover the full costs of development, support from the public sector still matters, as our case studies show how this has been a critical enabler for some groups to leverage in other sources of funding from trusts, foundations, and social investors.

In summary, these findings underline the need for the Local Power Plan to **offer flexible, long-term grants and conditional loans that support project development through to viability**. This should be available to all parts of the country, but with targeted support for those that need it most. **Funding applications should be straightforward and avoid lengthy, paperwork-heavy processes, which often act as a barrier for community organisations.**

Starting up a scheme – skills, advice and support

Community organisations take different approaches to accessing the technical expertise needed to develop renewable energy projects, depending on the complexity of the scheme. For simpler installations, like rooftop solar, prior energy expertise isn't essential – though an interest in the work and a technical mindset can help.

In some of our solar case studies, groups built in-house skills by partnering with external experts (including more experienced community organisations) who trained them in feasibility assessment and financial modelling – enabling them to use these skills to develop rooftop solar schemes for other local organisations.

Wind and hydro projects are generally more complex than solar and often require community organisations to bring in expert consultants for tasks like environmental surveys, business modelling, legal planning, and system design. These projects are often led by skilled volunteers or staff—ideally with project management experience and relevant knowledge in energy or engineering—sometimes recruited temporarily to see the work through.

While some groups have managed wind and hydro projects without in-house expertise, our case studies show that having it is very beneficial, especially when dealing with challenges like grid connection, land agreements, and planning permission. Groups without this expertise often relied on external specialists, such as consultancies or public-sector support. In one case, a volunteer-led group working on an eight-year wind project described support from the Welsh Government Energy Service as critical to their success.

These experiences highlight how the Local Power Plan **needs to ensure community groups have access to the right expertise** – ideally provided by trusted intermediaries who can deliver relationship-based support and helping to upskill organisations who want to use these skills to develop more projects in the community. They also underscore the importance of having flexible funding for development, as this allows community organisations to source expertise in the way that best fits their circumstances.

Community organisations often benefit from the experience of peers, with case studies highlighting the value of support from more established groups – ranging from training and feasibility advice to supplier recommendations. Interviewees spoke highly of the sector's strong culture of collaboration and knowledge-sharing.

Many organisations would benefit from initiatives like study visits, staff secondments, and skill-sharing to support their involvement in new renewable energy activities. For some, it may also be helpful to collaborate in developing larger multi-partner projects to achieve greater impact. Hence the need to **strengthen peer networks by building on platforms like** Ashden's Energy Learning Network**,** which provide a ready-made way to facilitate connections.

While community organisations are generally effective at bringing in the skills needed for project delivery, the research identified a few key gaps. Some interviewees noted difficulties finding accountants familiar with completing Community Benefit Society (CBS) returns, and many struggled to access legal support – particularly for navigating issues with local councils. Although some paid for specialist legal advice, this significantly increased development costs. Others rely on Energy4All, which has limited capacity, with just one volunteer lawyer nationwide. Hence, there is also a need to **ensure training to meet skills gaps in areas like CBS compliance** and **provide dedicated legal support for the sector.**

Several national organisations provide vital support to community groups. Many interviewees highlighted the role of community sector infrastructure organisations in

helping them establish as Community Benefit Societies and achieve the Community Shares Standard Mark. Community Energy England was praised for its work in connecting groups, sharing knowledge, and encouraging new initiatives.

For smaller organisations with limited capacity, working with trusted national partners has been essential. One group, for instance, handed over finance, shareholder management, and solar site monitoring to Energy4All, allowing them to focus on community engagement.

The Local Power Plan should **recognise, fund, and embed the role of these national support bodies in its strategy**—ensuring they have the resources to scale their services and reach more groups. Clear roles and responsibilities will also help make the support landscape easier for communities to navigate.

Starting up a scheme – meeting the capital costs

We also found that communities use a variety of strategies to raise the capital they need. For instance, the case studies indicate that community organisations often use blended finance strategies to cover capital costs. This typically involves combining funding from multiple sources — such as community shares, grants, public sector loans, commercial lenders, and social investors.[11] It was common to hear how one source of funding helped unlock others.

For example, in Scotland, one interviewee explained how higher-risk junior debt —a loan repaid only after other, higher-priority debt— from the Scottish Investment Bank enabled them to secure a larger, lower-risk commercial loan from a bank, which had priority for repayment and provided most of the money needed to finance their wind turbine installation. Some projects fail where they can't find a lender to take on higher risk debt.

Access to capital —including blended finance— appears to vary significantly by location. In Scotland, we found three cases where the Scottish Investment Bank supported successful blended finance models, and in Wales, the Development Bank of Wales fully funded one project. In contrast, examples in England were harder to find, with access appearing more like a postcode lottery. One notable exception is Bristol, where public sector investment helped enable the Ambition Lawrence Weston wind turbine (see case study on page 30)

The Local Power Plan could therefore help community organisations by **providing loans that bridge gaps in funding** – expediting projects and enabling more to cross

[11] Loans are often secured from lenders whose values are aligned to community energy, with examples including Charity Bank, Triodos Bank, and Thrive Renewables.

over the line into construction. There is a potential role for an overarching body to identify funding and coordinate offers of a blended finance package.[12]

This would provide a vehicle for crowding in other forms of capital while simplifying a complicated and time-consuming process which can be a barrier.

It is also **important that repayable finance is affordable**, particularly in disadvantaged neighbourhoods, where we find community organisations struggle to take on the high interest rates associated with social investment.[13] So low interest loans are helpful to both project viability and equity, and would ensure more profit is channelled into community benefit. The application process should be as simple and low-cost as possible. In some cases, community organisations faced upfront due diligence costs of £70–80k to secure a loan—an amount that is prohibitive for many.

Community shares offer a more patient and often lower-cost form of capital that can help build local support—especially valuable for organisations without the track record to access traditional finance. Not surprisingly, around half of our case studies made use of this model. However, some groups noted that the time required to raise community shares didn't align with the fast pace of their projects, where quick access to capital was crucial.

The ability to raise community shares also varies by context. In disadvantaged areas, for example, lower household incomes can make it harder to secure sufficient investment. In such cases, projects often rely on a mix of community shares and match funding from the Community Shares Booster Fund[14]—a vital resource for groups unable to raise the full amount. Hence there is a need to **ensure match-funding for community shares is available and can be scaled up to meet demand**.

It's also worth noting that many energy projects are only viable with capital grants, particularly in the absence of broader policy reform (as discussed on page 24). For example, one organisation that installed over 200 solar panels on its community centre avoided using community shares or loans, as they couldn't generate enough return to repay investors while also achieving cost savings.[15] They highlighted that their financial position would improve significantly if they were allowed to sell energy directly to local households.

[12] This responsibility could be given to an organisation like Access – The Foundation for Social Investment – which is a UK-based charity dedicated to making social investment more accessible and effective for charities and social enterprises.
[13] Locality (2022) Navigating the Storm
[14] The Community Shares Booster Fund is a UK initiative designed to support community businesses in England at all stages of launching a community share offer.
[15] It's worth noting that this organisation struggled to secure the grant funding for this work. They reflected that securing funding for capital work of this kind can be difficult, especially outside London.

Supporting community organisations to go further

Alongside supporting new projects, the UK Government should also support organisations already involved in community energy to sustain and scale their work to achieve greater impact. As mentioned earlier, some community organisations develop a long-term mission to achieve greater sustainability for their community, working with them to establish a wide portfolio of different renewable energy schemes. They are highly experienced, skilled at identifying opportunities, and mobilising local support for clean energy. They are ambitious to support the UK's transition to net zero and are vital partners to the Local Power Plan.

Our research highlights the ongoing challenges many community energy organisations face in sustaining their operations. Many remain heavily reliant on volunteers, with directors often contributing significant unpaid time—and in some cases, their own money—to keep projects going. Paid roles are limited, and some groups have had to accept periods of low or delayed pay, making staff retention a consistent concern. These constraints also drive up project costs, as organisations are often forced to rely on expensive consultants for specialised tasks instead of building in-house capacity.

Capacity constraints also limit the ability to take on new work. One organisation, for example, reported far more local demand for solar panel installations than they could meet without additional funding.

Smaller, less-established groups face particular difficulties scaling up to a point where they can employ staff and operate more sustainably. This seems especially true for groups focussing on rooftop solar, where interviewees described how it took a long time building up a portfolio of projects to achieve a reasonable surplus for employing staff. While building up this portfolio, ongoing resource is needed to manage administrative duties like completing compliance paperwork and managing relationship with community shareholders.

Other challenges include managing projects better suited to larger organisations with stronger cash flow—one reported working on a project where they were paid six months in arrears.

Many groups don't survive the early stages of becoming established. Those that do often rely on the personal dedication and sacrifice of a small group of committed individuals.

These challenges point to a clear need for stronger funding support. However, access remains uneven. Organisations outside of London appear to be particularly underserved. We also heard that funders often prioritise new initiatives over those already operating, and that securing core funding remains a major barrier. Many groups spend considerable time chasing funding, diverting energy away from their core mission and preventing them from engaging more with the community.

The provision of long-term development funding for specific project work would undoubtedly help these organisations. In addition, **these organisations should be recognised as helpful intermediaries for delivering on the aims of the Local Power Plan**. They should **receive long term, core funding to support their mission** of scaling up and developing more energy projects in their local community.

External challenges blocking progress

Our research underscores the significant challenges community organisations face as they work to deliver local energy solutions. Despite their ambition and commitment, these groups are frequently held back by external barriers such as planning constraints, grid access issues, and restrictive energy market regulations. While the Local Power Plan offers the potential for transformative support, its impact will ultimately be limited without broader policy reform. A recent Select Committee inquiry[16] has recognised these systemic obstacles and the need for change.

Community organisations are the builders of a fairer, more sustainable energy system – but they're being blocked by outdated structures and policies. Polling commissioned by Common Wealth shows strong public support for community energy, yet this enthusiasm is often stifled by the very systems meant to enable it.

In this report, we highlight key findings from our research and outline clear recommendations to unlock the potential of community energy through meaningful reform

Securing a land or lease agreement

While some community organisations have secured land or lease agreements for solar and wind projects with relative ease, others have faced significant challenges. A striking example is Ambition Lawrence Weston (see page 30), where it took seven years to finalise a land agreement with the council. Much of the delay stemmed from bureaucratic hurdles, eventually requiring intervention from the mayor to avoid the project falling through. Similar issues have occurred elsewhere, with avoidable mistakes or delay by officials causing lengthy setbacks.

These examples show the **value of investing local authority funding in training planning and property officers**, and of **incentivising councils to better support community-led projects**. Improving these processes would help reduce delays, lower development costs, and increase project success rates.

Support is also needed from across the wider public sector. In one case, a community group spent over five years negotiating an affordable land lease with the Forestry Commission—delays that introduced significant risk. This highlights the

[16] UK Parliament (2024) Unlocking community energy at scale. Energy Security and Net Zero Committee.

importance of encouraging all government bodies to actively support community energy.

We also heard how community groups often face a "chicken and egg" problem: planning permission depends on land agreements, while land agreements are often withheld until planning is secured. One solution is to **offer early-stage lease agreements that are conditional on planning approval**, helping to unlock projects sooner.

Securing planning permission

Securing planning permission remains a major challenge for many community organisations, with long and complex processes often delaying projects across the UK. Groups frequently face a wide range of requirements, from technical reports to specialist studies. One interviewee in Scotland reported producing around 40 separate reports at a cost of £65,000 just to gain planning approval.

Our research suggests that not all of these reports are necessary. Planning can take several years, during which costs continue to rise, covering staff time, legal advice, and updated environmental assessments. The more complex and bureaucratic the system, the greater the risk that projects will stall, particularly for those with limited resources. It's far easier for large corporations with dedicated planning teams to navigate these hurdles—much less so for community organisations.

We therefore support the call from community organisations, such as Locality member Energise Sussex Coast, for **central government to simplify the planning system for community energy projects by removing unnecessary requirements and making it more affordable and accessible for community groups.**[17]

While planning reform is needed, we also found that supportive local council policies can make a significant difference. In one case, a council had explicitly backed onshore wind turbines of a certain size in its local plan, which helped a community group secure planning permission more quickly and move their project forward on a faster timeline.

There are other ways the planning process could be reworked to turbo-charge community energy. This includes a recommendation made by interviewees to **establish minimum requirements around community energy in planning applications** – for instance, requiring new developments to stipulate how they will use or integrate clean energy.

[17] Energise Sussex Coast (2024) What will Labour's Local Power Plan mean for community energy?

Working with local authorities

The sections above highlight the pivotal role local authorities play in community energy schemes—as either barriers or enablers. We heard not only about difficulties securing land or lease agreements and planning permission, but also about councils blocking access to licenses for community groups to install solar panels on council-owned buildings.

One organisation described an attitudinal issue where the council was distrustful of the community sector's ability to work on their property, resulting in unhelpfulness and long delays. To overcome these challenges, **councils should build on the funding available through the Local Power Plan by making support for community energy projects a clear, organisation-wide priority.**

Other recommendations above would also help incentivise this — by ensuring funding is available everywhere and allowing community groups flexibility in what outcomes they can achieve, central government gives councils the opportunity to use the LPP to address the unique needs of their communities.

Beyond land agreements, planning, and licensing, councils can further assist by offering discretionary business rate relief to community organisations, reducing their operating costs. Additionally, **councils can act as purchasers of electricity generated by these schemes**—helping to decarbonise their own operations while providing community groups with a reliable income stream, thus recycling public resources back into local benefit.

Working with environmental agencies

Some of the organisations we spoke with encountered challenges with environmental regulation agencies. For example, one interviewee in Wales described significant delays in obtaining permissions due to high staff turnover and a lack of coordinated support for community energy initiatives.

In another case in England, a dispute arose between a community group and an environmental agency over a minor construction error in a fish pass for a hydro project. The agency insisted the fish pass be removed – which the group couldn't afford – so the necessary license was withheld. This led to a nine-month delay and a £4,000 consultancy report to demonstrate that the error had no impact.

These experiences highlight the **need for environmental agencies to better support community energy projects**. Agencies should commit to working collaboratively with community energy schemes, provide dedicated support, streamline the permission process, and build institutional knowledge on how to assist these projects effectively. There should also be a two-way dialogue, allowing for a second review if decisions negatively affect the viability of a scheme.

Securing grid connection

A consistent theme throughout the research was the difficulty many community groups face in availability of grid connection—widely described as a postcode lottery. While some areas have relatively accessible connections, others face extremely long delays, often between 10 to 15 years. In some cases, the wait is simply too long for projects to remain financially or practically viable—meaning that even in areas with strong renewable energy potential, schemes can't go ahead.

Even where connections are secured, limitations on export capacity can restrict viability—one project, for instance, is only able to sell half of what it can generate, permanently losing 50 per cent of potential revenue.

It's worth highlighting that the cost of grid connection can also be a barrier. One organisation reported having to pay £26,000 upfront, before making profit. In this case they met the cost with a loan.

Despite these challenges, several case studies point to creative and collaborative approaches. One group partnered with their Distribution Network Operator (DNO) to explore the local pipeline of projects awaiting connection. By identifying schemes that were unlikely to proceed, they were able to free up space for their own project. Another community organisation in Wales partnered with a local business to share an existing grid connection, which helped reduce pressure on the grid and lowered initial costs.

There is clearly a **broader need to invest in grid expansion**. However, we also recommend **setting long-term, stretching target for contribution of community renewable energy to the UK's grid-connected capacity – from currently 411MW[18] to the Local Power Plan target of 8GW by 2030**. Doing so would give clearer direction to the National Grid and regulators when prioritising investment and connection access.

Grid constraints could also be eased by enabling community groups to sell energy directly to local households—a solution explored further on page 24. Additionally, some organisations are beginning to explore the potential of community-owned battery storage systems. These could help smooth out generation across the day, allow for more flexible sales, and reduce pressure on the grid—ultimately freeing up more space for community-led energy schemes.

Completing paperwork to get paid for energy exports

One organisation described a complex, time-consuming process to begin receiving payment for exported electricity, delayed by a lack of clear guidance. For their

[18] Community Energy England, Community Energy Scotland & Community Energy Wales (2025) State of the Sector 2025

scheme to be commissioned, they had to submit paperwork to the DNO, obtain a meter reference number (MPAN), and secure a Power Purchase Agreement (PPA). However, they discovered their meter operator couldn't support export, requiring a change in contractor and additional contracts to be completed, all without clear oversight or explanation. This significantly delayed export income. A straightforward, up-to-date guide could have streamlined the process. We **recommend government funding for a sector-owned resource, maintained by a trusted body like Community Energy England**.

Securing good price for energy

Volatility in energy market prices was highlighted by several groups as a key external risk. In some cases, this volatility has provided some business model upside—some projects experienced a surge in income during the 2022–2023 global energy price spike. However, alongside the clear impact on consumers, the uncertainty makes it harder to provide confidence to investors and plan for long-term sustainability.

Many community energy projects were made viable under the UK Government's Feed-in Tariff (FiT) scheme (2010–2019), which offered long-term, guaranteed payments for both the energy generated and surplus energy exported to the grid. The FiT has since been replaced by the less supportive Smart Export Guarantee (SEG), which only provides payments for energy sold and does not provide certainty around price or contract length.

As Community Energy England has argued, this transition has compromised the viability of many smaller-scale renewable energy schemes.[19] Notably, all five hydro schemes interviewed for this research said their projects would not have been viable without the income provided by FiT—largely due to the high upfront construction costs associated with hydro.

In the absence of the FiT, we support calls for **community energy schemes to receive a minimum export price—backed by long-term contracts of 25 years**. This would provide income certainty, build investor confidence, and support viability of more projects. Without this, many smaller-scale projects will require capital grants.

Selling energy locally

Many community organisations we spoke with expressed a strong desire to sell energy directly to local residents and organisations—for several important reasons. Primarily, this approach can help lower energy bills by offering a better deal than the grid, which supports efforts to tackle fuel poverty and reduces overhead costs for

[19] Community Energy England (2020) Community Energy: State of the Sector 2020

local groups. At the same time, it can improve the financial viability of the community energy projects, allowing them to earn higher returns by charging above the wholesale grid price while still keeping costs lower for consumers. Essentially, both sides benefit from cutting out middlemen.

However, the current energy market structure makes this difficult to achieve. Some options exist—such as the private wire method, which involves installing a direct cable from the generator to a nearby building—but this is limited to sites physically close to the generation source. Other approaches rely on partnerships with licensed suppliers. Crucially, organisations are currently not permitted to sell energy directly to households without becoming licensed suppliers themselves. While the Licence Lite scheme was introduced to help small-scale generators, many community groups find it too expensive and complex to be a viable option.

Energy Local offers a promising alternative. This model enables households to buy electricity directly from a local renewable generator. Although still in the early stages and not widely available yet, Energy Local is gradually expanding and proving that local energy markets can work effectively.

To unlock their full potential, regulatory reforms are needed. We support the call from Common Wealth, Ashden and others for government to **establish a framework to support local energy markets** – starting with implementation of the P441 modification[20] and backed by legislation to allow alternative suppliers to serve local energy markets if licensed suppliers fail to engage on fair terms.

Meeting insurance costs

Community energy schemes are facing significant challenges with high insurance costs. The insurance market has limited experience of community renewable energy and struggles to accurately assess the risks, often leading to inflated premiums. As a result, some organisations are forced to meet unnecessarily high installation requirements to reduce these costs. Some organisations are paying in the region of £10k annually on insurance, reducing the funds available for community reinvestment.

We **recommend the creation of a government-backed insurance support scheme or dedicated risk pool for community energy**. This would spread risk across multiple projects, reduce premiums, and provide insurers with standardised tools for fairer risk assessment. Similar models have worked well in sectors like agriculture and small business. Applying this approach to community energy would enhance financial viability and free up more funds for local benefit.

[20] This would enable the creation of local energy markets within a primary substation area, allowing generators and consumers to trade energy directly with one another.

Conclusion

Our research shows the huge potential of community organisations to power the UK's clean energy ambitions. It's clear the government understands this – the Local Power Plan has abundant ambition to put community energy at the heart of one of the government's central "missions".

But to realise this, it's important we get the detailed policy design right, based on a clear understanding of what's happening on the ground.

This is what this report has set out to do. It is so often our experience that community leaders are making incredible things happen against the grain of wider policy systems - finding work arounds and battling the odds to make things happen. The key challenge we set policymakers in our pre-election manifesto was to imagine how much more we could achieve if we had supportive systems in place that align with community power, rather than stand in its way.

The Local Power Plan is one of the biggest opportunities we have to do this. We can design it in a way that goes with the grain of existing community activity, and makes it easier for more people in more areas to have the impact we see across the Locality Network.

While there tend to be a small number of celebrated examples of success, we know precisely the skills and capacities that drove the likes of Ambition Lawrence Weston are widespread. What the Local Power Plan needs to do is put the right structures and support in place to unlock it – and together we can both meet our climate goals and create the conditions for a future of thriving neighbourhoods.

Case studies

Case Study (Solar): Powering Bradford – A Community's First Steps into Local Energy

Bradford Trident, a long-standing community anchor organisation, manages a number of essential assets across the city—ranging from community and sports centres to health and children's services. Deeply embedded in Bradford's voluntary and community sector, Trident plays a vital role in supporting the city's social infrastructure.

In recent years, the organisation began to explore how it could use its buildings to support sustainability. Inspired by successful community energy projects in places like Brighton and Bristol, the team recognised that Bradford lacked a community-owned renewable energy initiative—and decided to lead the way.

To realise this ambition, Bradford Trident helped establish Bradford Community Energy (BCE), a Community Benefit Society (CBS). They recruited local board members with relevant expertise and adapted policy templates from more established community energy groups. Support came from Co-operatives UK's Community Shares Unit and experienced co-ops in Brighton and Bristol, particularly around governance and securing the Community Shares Standard Mark.

The team's initial project was to install 60 kW of rooftop solar across two of their buildings, with BCE selling the electricity back to Bradford Trident through a Power Purchase Agreement (PPA). Quantum Strategy & Technology provided technical and financial modelling support, funded by an £8,000 development grant from the Power to Change Booster Fund.

The financial model showed the scheme would be self-sustaining: electricity would be cheaper than market rates, and surplus energy could be sold to the grid. Initially, the Feed-in Tariff helped ensure financial viability, but as electricity prices rose, the returns improved further.

The total installation cost was £60,000, covered through:

- A small local authority grant
- A community share offer
- Equity match funding from the Booster Fund (matching £1 for every £1 raised)

Community shares were a good fit, offering patient, ethical investment with a 3.5 per cent annual dividend. However, uptake from local residents was limited due to lower

household incomes, highlighting how financial inequality can restrict access to community investment. The equity match funding was essential in bridging this gap.

Most consultancy costs were covered by development funding, but there was no budget for staff time. Bradford Trident's Chief Executive led much of the project alongside their main role—something they noted was feasible short-term, but not a scalable approach for future projects.

Running the share offer took significantly more time than expected, especially around marketing and engagement. While the tasks weren't technically difficult, they required strong community communication and the confidence to explain the scheme clearly. Thanks to support from a well-developed network of partners, the team found the learning curve manageable.

Now live, the project is delivering measurable impact:

- Bradford Trident purchases low-cost renewable electricity
- Investors receive regular returns
- A Community Benefit Fund has been launched for local initiatives
- Annual maintenance costs are minimal (around £400)

Looking ahead, Bradford Trident has audited 30 more buildings, with 20 viable for solar. They're also seeking funding for a coordinator to expand into household retrofits and community solar—moving toward a local retrofit service offering feasibility studies, design, and investment support.

This project demonstrates how grassroots organisations can lead meaningful energy transitions—creating lasting local benefits and supporting the government's broader Local Power Plan.

Case Study (Hydro): From River to Resource – Community-Led Hydro in the Ogwen Valley

Partneriaeth Ogwen is a social enterprise committed to supporting the environment, economy, and communities of Dyffryn Ogwen in North Wales. Faced with high fuel poverty, no access to mains gas, and older, inefficient housing stock, the organisation identified hydropower as a sustainable solution that could tackle both climate change and local inequality. Their inspiration came from a Bangor University report promoting hydro as a route to local reinvestment.

The result was the Ynni Ogwen hydro scheme—a community-led project developed from concept to commissioning over two to three years. Partneriaeth Ogwen led the early stages before forming Ynni Ogwen Cyf, a Community Benefit Society, in 2015 to take the project forward. The turbine became operational in 2017.

In the early phase, volunteers played a vital role—shaping the business plan, commissioning feasibility studies, and securing planning and water abstraction licenses. Hydrology reports confirmed the river's potential, while environmental studies addressed fish habitats and river ecosystems—key to gaining approval from Natural Resources Wales. These studies were funded primarily through small grants.

Once the legal permissions were secured, lease agreements were signed with landowners, based on a rent model linked to electricity generation. However, the team faced some significant challenges. The original 500 kW design was reduced to 100 kW due to environmental constraints. Securing a grid connection proved complex and costly—£26,000 upfront. They shared a connection with a nearby business to reduce expenses, financing the remainder via a loan.

Hydro is more expensive to install than solar or wind, so ensuring financial viability was crucial. Their funding approach included:

- A community share offer, raising the full £459,000 in just two months from 300 investors
- A Power Purchase Agreement (PPA) to sell energy to the grid
- Revenue from the Feed-in Tariff (FiT)
- Contributions from skilled volunteers, avoiding consultancy fees

A Welsh Government-funded project manager coordinated the build. Derwent Hydro Power supplied the turbine and technical design, while a local firm completed the substantial civil works. Today, the scheme is fully operational—and entirely volunteer-run. A dozen residents rotate maintenance tasks like clearing intake screens, while others handle finance, licensing, and quarterly energy price negotiations. The group includes retired professionals—a chartered accountant, an engineer, and academics—who bring critical expertise.

However, there's concern about the lack of younger volunteers to ensure long-term sustainability. Annual servicing by Derwent Hydro costs around £2,500, but insurance remains a significant burden at £10,000 per year across both their hydro and solar projects.

Running the scheme requires a baseline of key skills: accounting, project coordination, and a working understanding of electricity systems. Without this knowledge, costs could escalate due to overreliance on external support.

Although they had hoped to sell electricity directly to households via the Energy Local model, technical and regulatory barriers prevented this. Instead, surplus profits are reinvested through a community climate fund, offering up to £3,000 for local environmental projects. Profits are also helping fund a solar PV programme for public buildings.

The project has supported skills development too—one young participant now manages hydro installs elsewhere, showing the potential of community energy to

inspire careers. With the creation of Ynni Ogwen Cyf, a lasting legacy has been secured, and the project now leads renewable energy initiatives across the valley.

While future hydro projects may be harder to fund without Feed-in Tariff support, this model remains replicable in other communities with the right river conditions.

Case Study (Wind): Lawrence Weston's Wind Turbine – A Landmark in Community Energy

In 2023, Ambition Lawrence Weston (ALW), a resident-led development trust in north-west Bristol, brought England's tallest onshore wind turbine online. This landmark project now delivers clean power and long-term income to a community that has faced decades of underinvestment—demonstrating both the potential and challenges of community-led energy.

Founded in 2012 by residents of the Lawrence Weston estate—a post-war housing area affected by austerity—ALW set out to improve local conditions. Community energy was seen as a way to generate sustainable income, tackle fuel poverty, and give residents control over essential infrastructure. The idea of a wind turbine emerged in 2016 and took seven years to deliver—typical for UK onshore wind.

From the start, ALW appointed a part-time project manager and a wind engineer to lead development. However, financing the development phase was a constant challenge. Costs such as legal advice, feasibility studies, environmental assessments, and staff time were covered through a complex mix of grants, conditional loans (repayable only if the project succeeded), and social investment. This patchwork approach added financial uncertainty and risk.

Bristol City Council was one of the early supporters, providing development funding that helped unlock further backing from Power to Change and Bristol & Bath Regional Capital.

Planning permission was another significant hurdle. Following restrictive policy changes in 2015, onshore wind projects in England required clear local support and inclusion in local plans. ALW launched a community engagement campaign and updated their community plan in 2018, demonstrating strong public backing. Despite this, the planning process took four years, from submission in 2016 to approval in 2020. Expert consultants were brought in to carry out environmental, visual, and ecological assessments.

The most prolonged and costly challenge was securing a site. The turbine needed to be located on council-owned land, and while the council supported the project, reaching a legal agreement proved highly complex. Officials had to balance community benefit with obligations to deliver best value for taxpayers—resulting in a legal process that dragged on for five years. ALW eventually escalated the issue to

the Mayor to prevent the project from collapsing. A land exclusivity agreement was finally signed in 2021, allowing them to proceed.

With land secured, ALW moved quickly to finalise construction finance. They had already secured a £500,000 grant from the European Regional Development Fund, used to reserve the turbine. The full £5.5 million installation cost was covered through a £4 million loan from Thrive Renewables, alongside grants and social investment. Due to tight timelines, ALW chose not to pursue a community share offer.

Construction began in 2022, and the turbine became operational in 2023. With a 4.2 MW capacity, it generates enough electricity to power 3,500 homes—roughly equal to the entire estate. While ALW initially hoped to sell energy directly to residents, market barriers led to a Power Purchase Agreement (PPA) to supply electricity to the grid.

The turbine now generates £100,000 annually in surplus income, all of which is reinvested locally. Funds support fuel poverty relief, home energy efficiency upgrades, and wider regeneration aligned with ALW's community plan. This return per megawatt is among the highest in the UK.

The impact is also spreading. The project manager has since launched Community Power Solutions, an organisation that supports other communities to develop wind projects across the Bristol area—handling development centrally before transferring ownership to local groups.

ALW's journey highlights the power of community action—and the urgent need for simpler legal processes and more reliable development funding to unlock similar success elsewhere.

locality

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Locality supports local community organisations to be strong and successful. Our national network of over 2,000 members helps hundreds of thousands of people every week. We offer specialist advice, peer learning and campaign with members for a fairer society. Together we unlock the power of community.

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