

Making the government's missions work in neighbourhoods

4 Clean energy

In every community

“It is important for this Government that where communities host clean energy infrastructure, they should directly benefit from it.” Secretary of State for Energy Security and Net Zero, The Rt Hon Ed Miliband MP

Summary

Ahead of forming government, Labour set out a mission to achieve clean energy nationwide. As part of this, the government intends to establish a Local Power Plan (LPP). This £3.3 billion fund will provide grants and loans for local energy projects. We've researched schemes like this for years, and **we know what makes them a success**. The following paper sets out how this model can be replicated across the UK, providing green energy and lower fuel costs to the most deprived areas that really need it.

Money helps, of course. But there's another thing that makes or breaks projects like this and which is too often overlooked: **social infrastructure**. By this we mean the physical spaces, neighbourhood associations and local leaders who drive civic life and activity. These grassroots groups and organisers are vital to:

1. Understand what's needed
2. Bid for funding
3. Plan energy projects
4. Get them up and running
5. And keep them going, so that one-off government funding becomes self-sustaining.

Some parts of the country already have strong community groups that can come forward with projects as Labour's manifesto invites them to do. But Local Trust has identified **225 neighbourhoods in England that face a double disadvantage**:

severe deprivation and poor social infrastructure. These places tend to have the lowest numbers of community groups and organisations with the knowledge, time and expertise to get projects off the ground.

They also have higher rates of fuel poverty and fewer employment opportunities than other neighbourhoods that are similarly deprived but have a solid foundation of social infrastructure. In other words, they are simultaneously the most in need of LPP funding and the least capable of applying for and administering it.

We recommend

1. **25 per cent of LPP community loans and grants are ring-fenced** for the top 30 per cent most disadvantaged areas, as defined by the Index of Multiple Deprivation (IMD) and the Community Needs Index (CNI).
2. **Great British Energy has a dedicated team** tasked with supporting community energy projects in the most deprived neighbourhoods with the weakest social infrastructure.
3. **LPP metrics** measure both the environmental and economic benefits of the scheme's funding, so that loans and grants are directed to areas where community energy plans also create much needed jobs and local wealth.
4. **A net zero training scheme** is rolled out based on the model developed by Ambition Lawrence Weston (see case study on page six for more detail).
5. That a coordinated **neighbourhood-focused lens** on how this policy area interlinks with others at a hyper-local level should be applied by a dedicated team within government.

About us

Local Trust is an independent charity established in 2012. For more than a decade, we have been delivering Big Local, a neighbourhood regeneration programme aimed at pockets of the country that have historically been overlooked for funding.

We work in 150 deprived neighbourhoods (with populations of 10,000 or fewer) across England, which have each received just over £1 million in funding from the National Lottery Community Fund. It is the largest neighbourhood-based investment programme since the last Labour government's New Deal for Communities.

Using the learning from the Big Local programme, we're working to bring about a wider transformation in the way policy makers, funders and other agencies engage with communities.

Introduction

To support the national transition to cleaner energy, the new Labour government intends to implement a Local Power Plan (LPP). This scheme is designed to support “the development and scaling of municipal and community energy” (Labour party, 2023). Over the course of this parliament, the LPP is planned to be worth around £3.3 billion, with grants and loans available to local authorities and communities to “create one million owners of local power” (Labour party, 2023).

Community based energy projects will play a vital role in decarbonisation, and Local Trust welcomes the creation of the LPP. However, we urge the new government to consider carefully how these grants and loans are distributed. Over the past decade, many deprived communities across the UK have seen their social and civic infrastructure severely eroded. This means that **the areas most in need of LPP funding will also be those least able to bid for it.**

This paper sets out some insights and lessons from Local Trust’s research and experience of administering the Big Local programme, to illustrate what is needed to successfully deliver community energy in the most deprived neighbourhoods and reduce the risk of some areas being left behind in the transition to green energy.

Which areas are most in need?

The Labour government’s clean power mission rightly identifies “former industrial heartlands and coastal communities” as in need of targeted support in the green energy transition (Labour party, 2023). Already acutely weakened by the deindustrialisation of the 80s, in recent years these areas have suffered most from economic decline, increased deprivation, and austerity-driven cuts to local government services.

However, it is the disintegration of these areas’ social infrastructure which will be most problematic in the delivery of LPP funding. Social infrastructure refers to the community-based groups and neighbourhood associations who turn community places and spaces into thriving hubs of civic life and activity. It entails three critical things:

1. **Spaces and places:** town halls, leisure centres, parks, etc.
2. **An active and engaged community:** local leaders, organisations and social clubs.
3. And **physical and digital forums** that connect people: public transport networks, websites, WhatsApp groups, notice boards, newsletters, etc.

Our research has identified **225 neighbourhoods in England that face a double disadvantage: severe deprivation and poor social infrastructure.** These neighbourhoods face a higher risk of fuel poverty and saw a sharper rise in households unable to pay their fuel bills during the recent energy cost crisis (OCSI, 2022). This is in comparison both to the national average, and similarly deprived

neighbourhoods which nevertheless benefit from basic social infrastructure. Nearly half of the households living in these doubly deprived neighbourhoods are worried that, without the right support, they will fail to access any of the benefits from the clean energy transition, and will instead be left to shoulder the costs alone (APPG for left behind neighbourhoods, 2021).

Labour stated ahead of the election that it is “determined that no worker or community is left behind” (Labour party, 2023). To do so, it must ensure that **these neighbourhoods do not fall through the gaps** and are able to meaningfully participate in the clean energy transition.

Why social infrastructure?

In 2021, the Institute for Public Policy Research (IPPR) published a report on the capacity of communities across the country to respond to climate change. It stressed the importance of social infrastructure as a precondition to developing neighbourhood energy. It also found that, in those communities where social networks are weakest, there is limited chance residents will be able to take advantage of policies aimed at developing them (IPPR, 2021). Similar research by Goedkoop et al (2022) has also found that “community members with more associational memberships are more likely to participate in community energy projects”. In other words, active and engaged residents are essential to kickstart clean energy projects.

Grants and loans will be offered in support of the Local Power Plan. Doubly disadvantaged neighbourhoods tend to lack the knowledge, expertise and skills to access funding and technical support for community energy projects. Without targeted support they will lose out to better organised areas, or areas that can potentially buy in the skills and support they need to apply for funding.

This has often been the case in the past. Evidence shows that previous government support for community energy failed to reach the most deprived 30 per cent of areas on the Index of Multiple Deprivation, often because such schemes were reactive, requiring applicants to apply for funding or to seek external help to see a project through (IPPR, 2016).

What needs to happen

There are two ways to ensure these doubly disadvantaged areas benefit from community energy programmes. The first, of course, is the long-term project of **rebuilding their social infrastructure**. This will take time and patient investment in both physical spaces and long term community capacity.

In the meantime, targeted resources and bespoke support are needed to ensure these places do not miss out on immediate funds for community energy. Community energy projects do not happen in a vacuum, and the injection of

expertise and intensive capacity building may be necessary in the short term to enable all areas to access the benefits of community energy.

Second, the government must **ensure community energy projects have a clear local economic benefit**. Our experience of the Big Local programme shows that positive economic and social outcomes are at least as important as environmental concerns for communities, if not more. Residents need to feel the material benefits from clean energy initiatives if they are to be seen as a success locally.

To achieve this, Labour should prioritise investment in **community-owned** energy assets. Community ownership means the majority of income generated from clean energy infrastructure goes back into the local neighbourhood. With this incentive, energy assets are more likely to be kept up over time, as well as to eventually become self-sustaining (thereby providing good value for money to the taxpayer). Local ownership also reduces the risk of revenue from clean energy projects 'leaking out' to other areas and failing to deliver for the most disadvantaged.

We further recommend that the LPP funds projects linked to **skills and job creation**. This is because neighbourhoods with weak social infrastructure also tend to be those most affected by unemployment; they are at the sharp edge of changes in the labour market. Many were heartlands of mining and manufacturing, in which the impact of deindustrialisation over the past few decades has sparked a rise in unemployment and precarious, poorly-paid work.

Bespoke training and skills programmes developed in partnership with the community are more likely to support those in precarious, low-paid jobs, or excluded from the labour market altogether, to access the new opportunities that Labour's plans will unlock.

For example, having developed local renewable energy infrastructure (see box below), the residents of Lawrence Weston estate in Bristol have since created a Community Skills Academy to provide tailored training for residents, focused on giving them the best chance at getting green jobs locally and city-wide. The Labour government can also meet its goal of building green, home-grown industries in the UK by coordinating with the National Wealth Fund to incentivise decent, skilled and secure work in places where it is most unavailable.

We recommend that:

1. 25 percent of LPP community loans and grants are ring-fenced for community energy projects in the most disadvantaged 30 percent of areas, as defined by the Index of Multiple Deprivation and Community Needs Index.

2. Great British Energy is tasked with developing a support programme to unlock community energy in the most deprived neighbourhoods with the weakest social infrastructure. The programme should simultaneously partner with and coach community energy groups in these target areas while building foundational capacity to ensure they garner the skills, expertise and experience needed to improve their prospects over the long term. This will include working with relevant

government agencies and civil society organisations to make available expertise and support networks focused on community energy, energy efficiency and fuel poverty, as well as supporting effective partnerships between deprived communities and local authorities.

3. LPP community loans and grants are directed to areas where community energy plans also deliver local economic or employment benefits. This would ensure community energy also generates local wealth and supports the government's wider local regeneration and green jobs agendas. Partnership between the state and communities will minimise the risk that community energy benefits do not 'stick' in these areas.

4. A net zero training scheme is rolled out, developed in partnership with communities in the most deprived neighbourhoods and based on the Academy model developed by Ambition Lawrence Weston. This would enable the government to address net zero skills shortages with a targeted focus on training those residents most at-risk of missing out in the transition to green industries.

5. That a coordinated **neighbourhood-focused lens** on how this policy area interlinks with others at a hyper-local level should be applied by a dedicated team within government.

Case study: Ambition Lawrence Weston

Lawrence Weston is a post-war housing estate of around 7,000 people on the outskirts of Bristol. The Index of Multiple Deprivation shows that its deprivation levels are amongst the highest in the UK, especially for skills, employment, health and income.

In 2012, Lawrence Weston was chosen by the National Lottery Community Fund to be one of 150 communities in England to benefit from the Big Local programme. The community chose to develop a series of community regeneration projects as well as invest in local social infrastructure, developing networks of new organisations knowing they had a ten-year funding window assured.

To start with, the partnership ran a survey of local residents. It found that 70 per cent of households were struggling with energy bills, while 75 per cent supported the idea of local renewable energy assets to address the financial strain. This led to the creation of two clean energy projects:

1. A partnership with the Bristol Energy Cooperative (BEC) to build a 4.2 MW community solar farm. This was completed in 2016, with the estate receiving £150,000 at the stage of completion, as well as an annual income which it invests in energy support for disadvantaged residents.

2. Building on this success the development of the biggest community-owned onshore wind turbine in the UK. In June 2023, its blades started turning and the turbine began generating enough electricity to power 3,000 homes on the estate as well as providing an annual income of over £100,000 for neighbourhood activities.

Experience from Lawrence Weston and similar projects shows that the success of community energy ventures depends on a strong ecosystem of local partners, funding sources and engineering expertise – often things that are not currently accessible to the most deprived communities.

Residents in Lawrence Weston were only able to deliver their clean energy projects after initial investment and support to build local capacity, and over the longer term through building strategic partnerships with like-minded organisations such as the Bristol Energy Cooperative.

The success of their work also rested on how it was presented to the community; climate issues needed to be framed in the context of broader challenges faced by residents, and the general positive impact it could have in the area. This approach helped garner community support for their large-scale projects.

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"Although we're talking about sustainability (...) it really was economic sustainability we were after and that was keeping people's heating costs down, keeping their rent down and putting more money in their pocket (...) so it was more of a coincidence rather than an objective to save the climate." – resident of Lawrence Weston.

Conclusion

The new Labour government's Local Power Plan is an historic opportunity to develop and scale community energy, allowing residents to be a part of their neighbourhoods' transition to net zero. However, it will only reach the deprived communities who need it most if local people in these areas receive targeted resources and support to build foundational infrastructure and capacity. Otherwise, there is risk that a two-tiered system will emerge in which more affluent neighbourhoods will be able to unlock the benefits of community energy, whilst the most deprived communities which lack social infrastructure are left without.

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About Local Trust

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live. We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place

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