

# **NFLA Policy**

## **Briefing No. 233**



**Date: 28 April 2022**

**Subject: Response from BEIS Minister over National Community Energy Fund**

### **Introduction:**

In March 2022, NFLA Steering Committee Chair Cllr David Blackburn wrote to the Business Secretary asking for the creation of a new National Community Energy Fund. In early April, a response was received from the responsible Minister, Lord Callanan. The original media release, letter sent, and reply received are reproduced below for information.

**Media release issued 17 March 2022**

### **NFLA seeks new National Community Energy Fund to drive People Power**

The Nuclear Free Local Authorities (NFLA) are appealing to the Business Secretary to create a new National Community Energy Fund to support community-owned energy businesses.

In his letter to Kwasi Kwarteng MP, NFLA Steering Committee Chair, Councillor David Blackburn, cites the 'inexplicable' closure of the Rural Community Energy Fund this month as a retrograde step when the £10 million fund has been instrumental in attracting hundreds of millions of pounds of public investment in community energy projects.

Instead Cllr Blackburn has asked the Secretary of State to transform the Fund into a National Community Energy Fund with more money to make it a 'significant vehicle in driving forward public investment in green technologies to deliver the renewable energy and energy efficiency that we need if Britain is truly to become Net Zero by 2050'.

The NFLA is opposed to new civil nuclear power projects and instead wants to see public money diverted into supporting the development of renewables, energy storage systems and energy efficiency measures, such as the retrofitting of insulation to Britain's homes as a new national priority. Many of these activities are being delivered by community-owned cooperative enterprises, which the NFLA wants to see support to ensure they thrive.

*"Community energy involves people and communities in creating climate solutions to support our net zero transition, whilst maximising the social benefit from it. Many thousands of British people have already creditably invested and become involved in energy co-operatives,"* said Cllr Blackburn.

*"The government has recognised the valuable role that community and locally owned renewable energy projects can play in reaching our net zero targets. The NFLA wants the government to put its money where its mouth is by backing these projects with a new national fund which can supply 'at risk' seed corn funding to develop innovative proposals to the point where they can attract investment from the public."*

**The letter sent by Councillor David Blackburn, Chair of the NFLA Steering Committee to  
The Rt. Hon. Kwasi Kwarteng MP, Business Secretary of State, BEIS**

**Dated 17 March 2022**

Dear Secretary of State,

I am writing to you as Chair of the Nuclear Free Local Authorities in support of the call by Community Energy England to extend and expand the Rural Community Energy Fund into a new National Community Energy Fund to include urban, heat and retrofit projects.

Whilst community energy is mentioned in the Government's Net Zero Strategy, it is disappointing that the strategy does not "*emphasise the importance of community energy*" to achieving net zero or propose "*practical support measures to harness the potential of community energy*" as recommended by the Environmental Audit Committee.

Community energy involves people and communities in creating climate solutions to support our net zero transition, whilst maximising the social benefit from it. The government has already recognised 'the valuable role that community and locally owned renewable energy projects can play in reaching our net zero targets. Community energy groups can act as catalysts for raising awareness and promoting behaviour change, both of which are vital if we are to achieve our 2050 goals.'

It is to their great credit that a significant number of Britons have invested and / or otherwise participated in renewable energy or energy efficiency projects. The £10m Rural Community Energy Fund has clearly been successful in mobilising hundreds of millions of pounds of investment in community energy projects from citizens who share the stated desire of government ministers to expand renewables to address the energy crisis and climate change. It is therefore inexplicable that the government has no plans to extend RCEF beyond March 2022 or expand it to include urban, heat or retrofit projects, areas that urgently need local activity.

It is insufficient to simply point community energy groups towards 'national growth funds', such as the Levelling Up Fund, Shared Prosperity Fund and the Energy Redress Fund. These funds are often not appropriate or difficult to access to communities trying to access small amounts of 'at risk' funding to develop projects that deliver renewable energy or promote energy efficiency to a point where they can attract funding from the public. Without this seed-corn money, huge amounts of investment capital from local people will go untapped.

Our fear is that without the continuation of the RCEF and its expansion into a more comprehensive National Community Energy Fund that the warning issued by the Climate Change Committee that "*if the people of the UK are not engaged in this challenge - the UK will not deliver Net Zero by 2050...*" will come to pass.

Secretary of State, please can I ask you to retain the Rural Community Energy Fund and make it a National Community Energy Fund, with sufficient departmental funds to make it a significant vehicle in driving forward public investment in green technologies to deliver the renewable energy and energy efficiency that we need if Britain is truly to become Net Zero by 2050?

Thank you for taking time to read this letter and consider my request. I look forward to your reply.

**The response received from Lord Callanan,  
Minister for Business, Energy and Corporate Responsibility,  
Department for Business, Energy & Industrial Strategy**

Date 6 April

Dear David Blackburn,

Thank you for your letter dated 17 March, to the Rt Hon Kwasi Kwarteng MP, regarding community energy. I am responding on behalf of the Department as this matter falls under my Ministerial portfolio.

Firstly, regarding your concerns about the EAC enquiry's recommendations, the Secretary of State responded to the EAC enquiry saying that plans for community energy will be outlined in the Net Zero Strategy. The Strategy, which acts in lieu of a community energy strategy, recognised that community groups have a role to play in the Department's efforts to decarbonise the economy. We recognise that there is already some excellent work happening to support the transition to net zero.

Regarding practical support for community energy projects, through the introduction of UK-wide growth funding schemes – which you mentioned in your letter – Government is enabling local areas to tackle net zero goals in ways which best suit their needs. We encourage community energy groups to work closely with their local authority to support the development of community energy projects within these schemes. For example, the Towns Fund and the Community Renewal Fund are types of funding for which local energy projects would often be eligible. The Towns Fund is the type of funding where local energy projects would often be eligible. The fund has awarded over £23.6m to Glastonbury Town which includes the Glastonbury Clean Energy project that aims to generate renewable energy for use by other projects within the Plan, as well as local businesses and residents.

The recent Levelling Up White Paper also outlined that the new UK Shared Prosperity Fund would support interventions that take into account national priorities such as the Government's commitment to reach Net Zero by 2050. This includes providing £2.6bn of funding for community investment - including for community infrastructure projects. As outlined in the Net Zero Strategy, BEIS also plans to reintroduce Community Energy Contact Group to support community energy groups and strengthen engagement with the sector.

As you may be aware, the Government currently funds the Rural Community Energy Fund. The £10 million scheme supports rural communities in England to develop renewable energy projects. The question of the level of funding for community energy, including RCEF, has not yet been decided.

Ofgem also supports community energy projects and has announced that it plans to welcome applications from community interest groups, co-operative societies, and community benefit societies to the Industry Voluntary Redress Scheme. This will allow groups to apply for funds to deliver energy related projects that support energy consumers in vulnerable situations, support decarbonisation, and benefit people in England, Scotland, and Wales.

Thank you for writing to highlight your concerns. I trust this information will be helpful.

For more information, please contact Richard Outram, NFLA Secretary.

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