Department for
Energy Security
& Net Zero

Call for Evidence: Barriers to Community Energy Projects

Government Response

March 2025

Contents

Ministerial Foreword

Communities will be at the heart of our mission to make Britain a clean energy superpower. Our government is incredibly ambitious about the role community energy can play in delivering energy security, good jobs and climate leadership.

Every solar panel and every wind turbine communities put up helps protect us from the rollercoaster of global fossil fuel markets. That is why one of Great British Energy's early priorities is to invest in local and community energy, which will support local and mayoral strategic authorities and community groups to roll out clean, homegrown energy projects in their areas.

As part of this, we have announced that Great British Energy will support three programmes providing over £20 million over the next financial year to support local and community projects – from community-led wind energy to solar on rooftops to hydropower in rivers. These projects will also help to support jobs, boost our energy security and drive climate action.

Alongside this funding, the Government is moving at pace to break down the other barriers to getting community energy projects built, including lifting the onshore wind ban in our first 72 hours in office and working with Ofgem to address the regulatory challenges faced by the sector.

I want to thank all respondents to this Call for Evidence for sharing their insight and expertise. We look forward to continuing to work closely with the community energy sector to deliver on our ambitions in the months and years ahead.

The Rt Hon Ed Miliband MP

Secretary of State for Energy Security and Net Zero

Background

During the passage of the Energy Act 2023, the previous Government agreed to consult on the barriers to community energy.

The purpose of this Call for Evidence was to gather evidence to understand more about:

- The barriers to community energy projects
- The potential changes which could be put in place to overcome the barriers
- The most effective Government schemes which support community energy
- Any co-benefits and wider system impacts (both positive and negative) of community energy projects.

The Call for Evidence was launched on 8 April 2024 and closed on 30 June 2024 with a total of 114 responses received from a range of stakeholders with an interest in community energy.

While DESNZ has undertaken a detailed analysis of responses, this document highlights the main feedback received and is not an exhaustive commentary on every response. Not all respondents made submissions to every question or area of the Call for Evidence.

Summary

The most frequently cited barrier to community energy projects was funding. Respondents suggested that this barrier could be overcome through a number of changes which included greater provision of loans and other financial aid, capacity funding and blended finance. The second most frequently cited barrier related to government, and respondents proposed changes to tax, levies and subsidies, and policy in order to resolve this barrier.

The government support schemes listed as most effective were Feed-in Tariffs, followed by the Community Energy Fund (CEF) including its predecessors the Rural Community Energy Fund (RCEF) and Urban Community Energy Fund (UCEF), and the Enterprise Investment Scheme (EIS). The respondents also listed a wide range of co-benefits and wider system impacts, including economic benefits, improvements to energy efficiency, decarbonisation and climate change mitigation, and community investment and retention of income.

Territorial extent

This Call for Evidence sought responses on the barriers to community energy projects in England only. However, in order to recognise any issues which are reserved to the UK Government, we also acknowledged responses which gave evidence of the UK-wide barriers to the development of community energy schemes.

Methodology

A Call for Evidence was deliberately chosen to enable respondents to offer open ended responses to the questions asked. The number of responses to each question have been listed below, though it is important to note that not all respondents answered every question.

Each of the responses were analysed and any key words or phrases relevant to the response were listed.

Due to the free-text nature of the responses, the data was converted from qualitative to quantitative. This allowed us to perform analysis and identify key trends and insights on the main barriers to community energy projects, most common proposals to reducing these barriers and co-benefits that could arise from community energy projects.

These insights are based on a small sample size though, so conclusions should be interpreted with caution with limited generalisation of results.

Introduction

The first two questions provided an overview of the type of stakeholder responding and the area they are responding from within the UK:

1. Which type of stakeholder is responding?

Number of respondents: 114

The following table provides a breakdown of the respondents to the Call for Evidence by type.

Type of respondent	**Number of responses** **(% of total respondents)**
Community Energy Group	38 (33.3%)
Non-Governmental Organisation	21 (18.4%)
Private Company	13 (11.4%)
Local Authority	8 (7.0%)
Individual	12 (10.5%)

Other*	22 (19.3%)

*'Other' category includes respondents such as organisations representing or working with community energy groups, informal groups, academics etc.

Overall, the Call for Evidence received responses from a wide range of stakeholders, with community energy groups representing a third of all respondents. As stated previously, not all respondents made submissions to every question or area of the Call for Evidence so the total number of respondents (and their characteristics) per question may not total 114.

2. Where are you, or your organisation, responding from within UK?

Number of respondents: 114

The following table provides a breakdown of the location of each of the respondents to the Call for Evidence by Local Net Zero Hub region[1] (where possible). Responses from England accounted for 76 out of 114 (67 percent) of all responses.

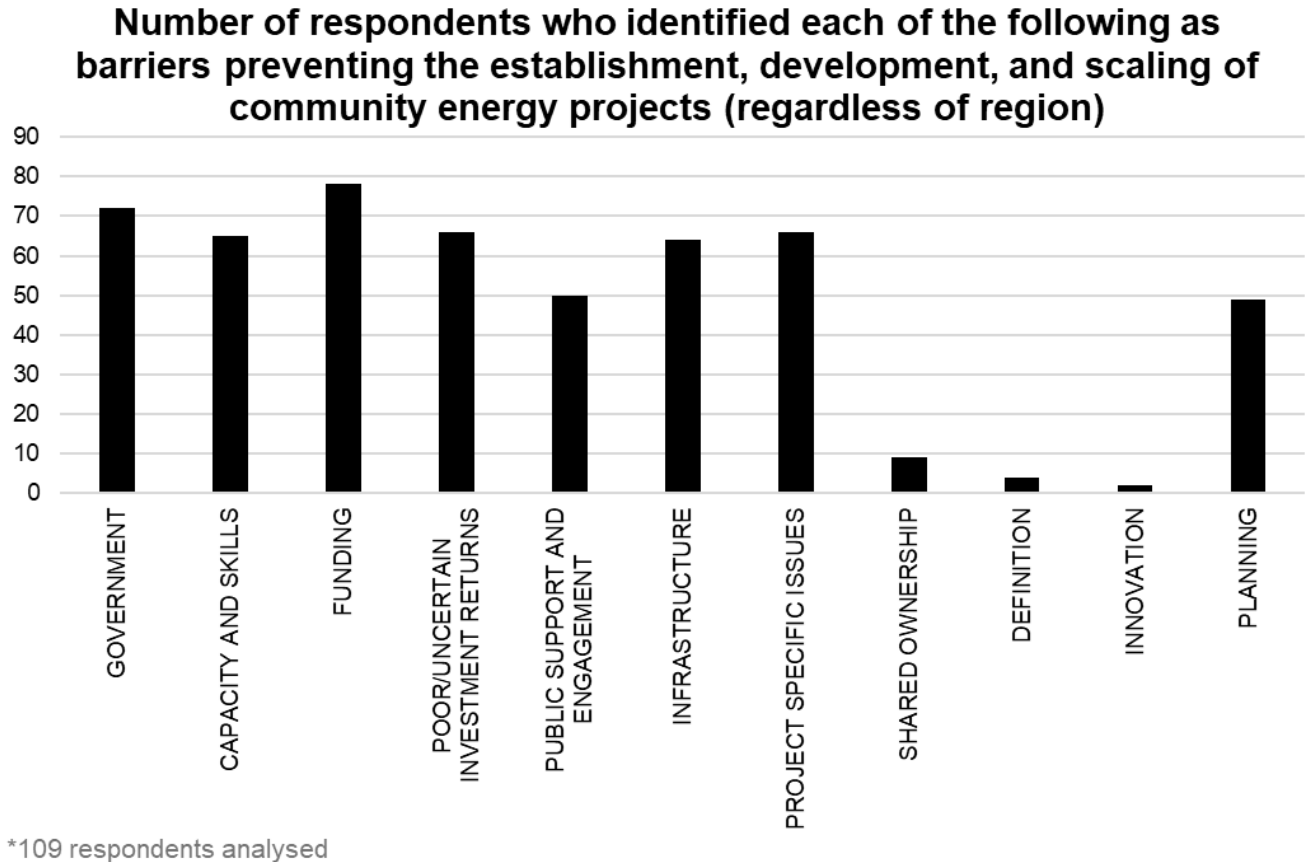
Region	**Number of respondents** **(% of total responses)**
Greater South East	*30 (26.3%)*
South West	*21 (18.4%)*
Midlands	*4 (3.5%)*
North East and Yorkshire	*8 (7.0%)*
North West	*8 (7.0%)*
England (Unspecified)	*5 (4.4%)*
England (Total)	76 (66.7%)
UK-wide	22 (19.3%)
Outside England (in Devolved Administrations)	13 (11.4%)
Unspecified	3 (2.6%)
TOTAL	**114 (100%)**

[1] https://www.gov.uk/government/publications/local-net-zero-support-for-local-authorities-and-communities/local-net-zero-central-support-for-local-authorities-and-communities#local-net-zero-hubs-programme

Barriers

3. What are the barriers, financial and non-financial, preventing the establishment, development, and scaling of community energy projects? Please include any relevant quantitative and qualitative evidence.

Number of respondents: 109



*Due to the free text nature of responses, the respondents could list as many barriers as they wished, so the sum of all bars will be higher than the total number of respondents to this question (109).

Summary of responses:

The most frequently cited barrier, named in 78 responses (by 72 percent of respondents) was **funding**. This category includes difficulties accessing funding and private sector finance and the prescriptive requirements in government funding streams. Of the respondents who listed funding as a barrier, the majority stated that accessing current funding was the most challenging, rather than coverage or uncertainty of funding schemes. Several of the

respondents indicated that they were unsure how to leverage private sector investment into their projects and reported that many funding schemes had overly prescriptive application processes and requirements.

The second most cited barrier was **government** (which includes central government policy and support for local government) and was named in 72 responses (by 66 percent of respondents). This category includes support for local government, and central government policy (with the latter identified more frequently as a barrier). Other barriers identified include project-specific issues, poor or uncertain investment returns, capacity and skills, infrastructure, planning, and public support and engagement. Less commonly cited barriers include [lack of] shared ownership, innovation and issues around how to define community energy.

Some of the barriers involved in central government policy include an overwhelming policy landscape, lack of central government support, and inconsistent or 'stop-start' policies. Others indicated that the removal of some government policies and support mechanisms (such as the Enterprise Investment Scheme) had been detrimental to the development of community energy projects.

Regional differences

4. Please indicate whether the community energy scheme(s) you typically work with are urban or rural?

Number of respondents: 111

The following table provides a breakdown of the respondents to the Call for Evidence by type.

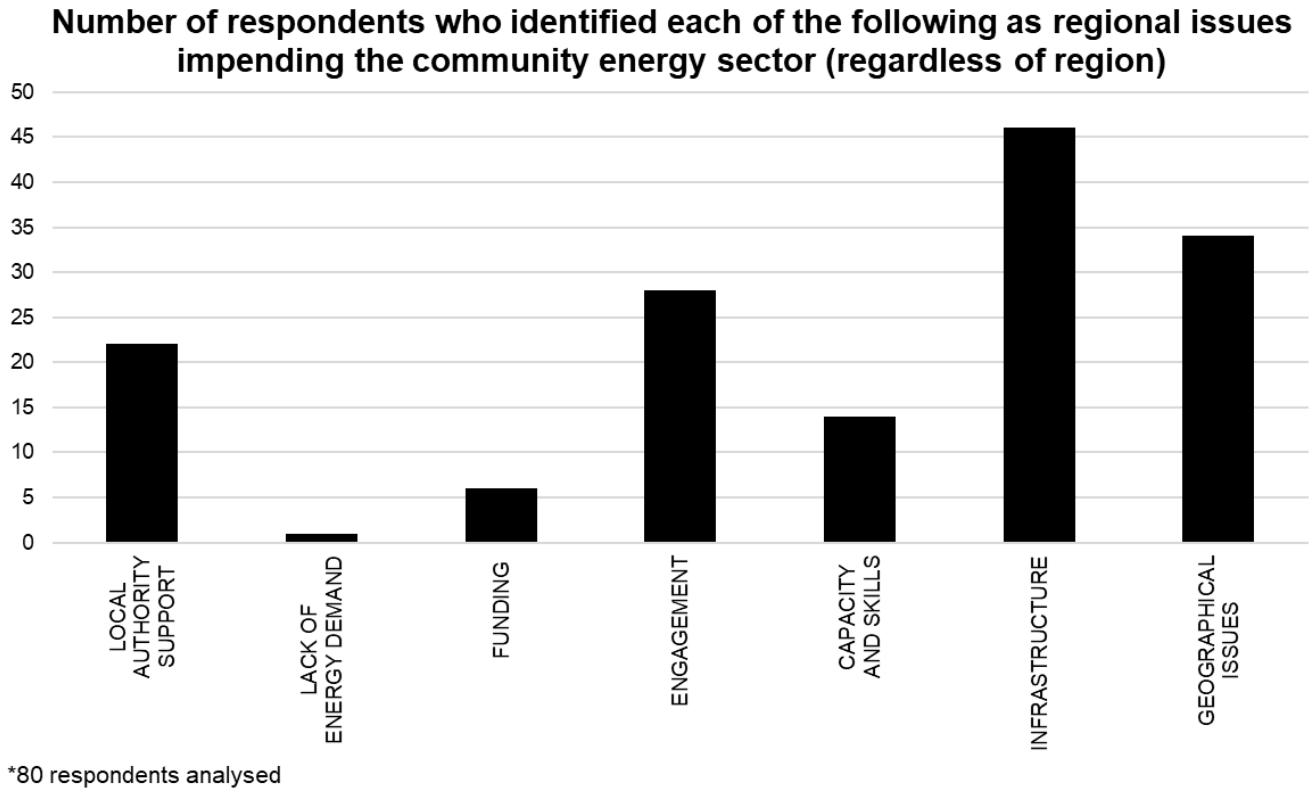
Classification	**Number of responses** **(% of total respondents)**
Urban	23 (20.7%)
Rural	27 (24.3%)
Both	34 (30.6%)
Other	0 (0.0%)
Unspecified	27 (24.3%)

The urban to rural breakdown of responses was relatively even, with the majority of respondents (34, 30.6 percent of the total) working on both urban and rural community energy

projects. We are therefore satisfied that the responses to this Call for Evidence represents a wide range of community energy projects across all geographies.

5. Are there any regional issues impeding community energy projects? Please include any relevant quantitative and qualitative evidence.

Number of respondents: 80



*Due to the free text nature of responses, the respondents could list as many regional barriers as they wished, so the sum of all bars will be higher than the total number of respondents to this question (80).

Summary of responses:

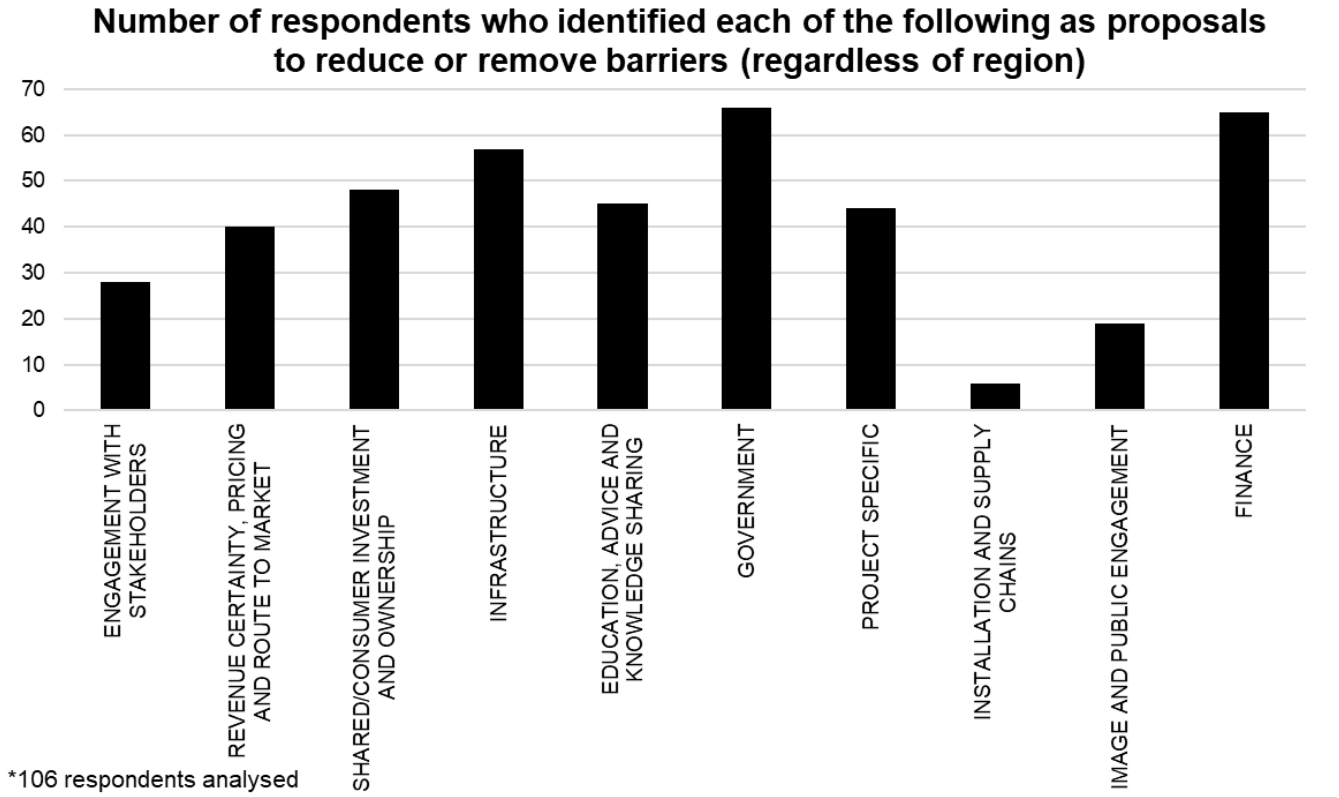
The most frequently identified regional barrier was **infrastructure**, which was cited in 46 responses (by 58 percent of respondents). This barrier includes transport, energy and building infrastructure. **Geographical issues**, such as population density, demographics, site constraints, and planning, was the second most cited regional barrier, identified in 34 responses (by 43 percent of respondents). Other regional barriers identified included: **engagement, local authority support, funding** and **lack of energy demand**.

When the responses were disaggregated by Local Net Zero Hub region, there were no major differences in the barriers cited between regions. In other words, most of the barriers faced by the community energy sector were universal across England.

Suggested changes

6. Where you have identified possible or actual barriers, do you have any proposals for how these might be reduced or removed, and why do you think the actions you propose would be effective and appropriate? Please include any relevant quantitative and qualitative evidence.

Number of respondents: 106



*Due to the free text nature of responses, the respondents could list as many proposals to reduce or remove barriers as they wished, so the sum of all bars will be higher than the total number of respondents to this question (106).

Summary of responses:

The most frequently cited proposal for reducing or removing barriers to community energy projects, mentioned in 66 responses (by 63 percent of respondents) was **government**; this

category included solutions such as changes to tax, levies and subsidies, changes to policy (such as greater policy alignment and consistency), regulatory or contractual changes and more support, devolution and engagement with local government on community energy.

The next most frequently cited proposal for reducing or removing barriers to community energy projects was **finance**, mentioned in 65 responses (by 61 percent of respondents). This included general financial aid, capacity funding, blended finance, means-tested funding, funding specifically for energy advice services and simplification of funding. The vast majority of respondents who identified finance as a proposal identified loans and general financial aid as a measure to reduce or remove barriers.

Other proposals included changes to infrastructure, greater shared or consumer investment and ownership, greater education, advice and knowledge sharing, project specific solutions (such as removing planning barriers and pivoting the scope of projects), revenue certainty, pricing and route to market, engagement with stakeholders, image and public engagement, and installation and supply chains.

Government support for the sector

7. Which existing or past government support mechanisms and policies have been most helpful in implementing community energy projects and why? Please include any relevant quantitative and qualitative evidence.

*Number of respondents: 81**

Government Support Mechanism/ Policy	**Number of responses (% of total respondents*)**
Feed-in Tariffs	63 (78%)
Community Energy Fund (Incl. RCEF, UCEF)	39 (48%)
Enterprise Investment Scheme (EIS)	18 (22%)
Social Investment Tax Relief (SITR)	13 (16%)
Local authority funds (e.g. grants)	8 (10%)

*Due to the free text nature of responses, the respondents could list as many Government support mechanisms or policies as they wished, so the percentage of total respondents will not total 100 percent and the total number of responses to this question will be higher than the total number of respondents (81).

Summary of responses:

The most popular government support mechanism identified by the respondents was the **Feed-in Tariff scheme** (Government's subsidy scheme for promoting and upscaling small-scale renewables) which was mentioned in 63 responses (by 78 percent of respondents) to this question.

Other government support schemes frequently identified by the respondents as helpful include the **Community Energy Fund (CEF)** (including its predecessors, **Rural Community Energy Fund (RCEF) and Urban Community Energy Fund (UCEF)**), which were collectively mentioned in 39 responses (by 48 percent of respondents). We acknowledge a number of respondents stated that central Government grant funding schemes were helpful in supporting the development of community energy projects.

A number of respondents also expressed that Government tax relief schemes such as the **Enterprise Investment Scheme (EIS)** and **Social Investment Tax Relief (SITR)** were helpful in supporting the sector. EIS remains open to new applicants and offers tax relief to individual investors who buy new shares in a company while also helping companies to raise money and grow its business. SITR is a state aid scheme designed to help Community Interest Companies, Community Benefit Societies and charities by offering their investors tax relief on shares they buy or money they lend to their enterprise. Community energy eligibility for SITR was later withdrawn and the scheme was closed in 2023. However, we recognise that tax incentives (including tax relief) were raised frequently as a potential solution to resolving the barriers to community energy projects.

8 respondents (10 percent) also cited various funding schemes (including grants) made available by their respective local authorities as helpful in implementing community energy projects.

The benefits and wider system impacts of community energy

8. Could you share any evidence, either quantitative or qualitative, demonstrating how community energy projects are supporting the delivery of the UK's national net zero targets and providing additional benefits (e.g., reducing fuel poverty and improving community well-being).

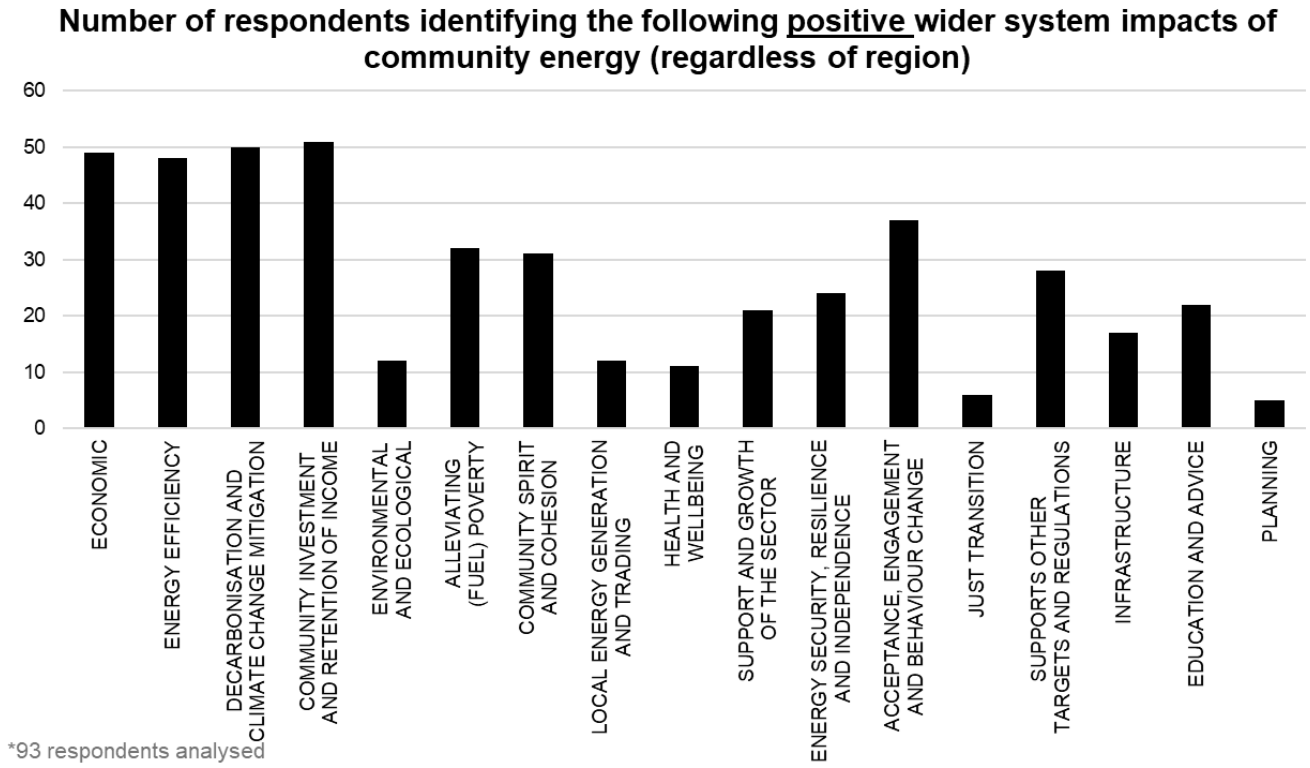
Number of respondents: 91

9. Could you share any evidence, either quantitative or qualitative, of the wider system impacts (positive and negative) of community energy schemes and how any negative impacts can be mitigated.

Number of respondents: 56

As most respondents to the Call for Evidence also listed the co-benefits of community energy in response to Question 9, we have chosen to group these two questions together for purposes of analysis.

Positive co-benefits and system impacts:



*Due to the free text nature of responses, the respondents could list as many wider system impacts as they wished, so the sum of all bars will be higher than the total number of respondents (93).

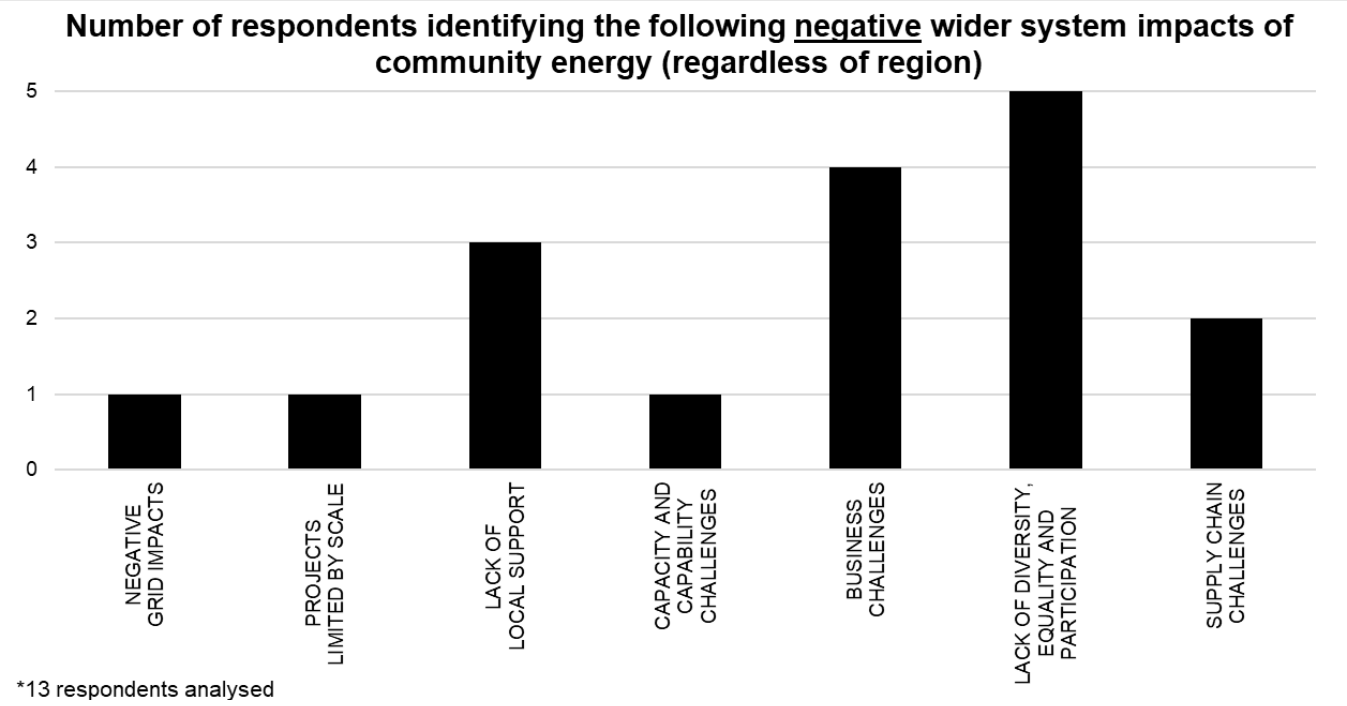
The most frequently listed positive co-benefits and wider system impacts listed by the 93 respondents to Questions 8 and 9 were: **community investment and retention of income** (51), **decarbonisation and climate change mitigation** (50), **economic** (49) and **energy efficiency** (48). Overall, the positive impacts of community energy listed in response to these questions were very wide-ranging, and included:

- Acceptance, engagement and behaviour change
- Alleviating (fuel) poverty
- Community spirit and cohesion
- Supports other targets and regulations

- Energy security, resilience and independence
- Education and advice
- Support and growth of the sector
- Infrastructure
- Environmental and ecological
- Local energy generation and trading
- Health and wellbeing
- Just transition
- Planning

Negative system impacts:

Number of respondents: 13



*Due to the free text nature of responses, the respondents could list as many wider system impacts as they wished, so the sum of all bars will be higher than the total number of respondents (13).

Only 13 respondents listed any negative wider system impacts to community energy projects. Of these respondents, 5 mentioned a **lack of diversity, equality and participation**. Other negative wider system impacts cited by the respondents include **business challenges** (4), **lack of local support** (3), **supply chain challenges** (2), **negative grid impacts** (1), **projects limited by scale** (1), and **capacity and capability challenges** (1).

This publication is available from: https://www.gov.uk/government/calls-for-evidence/barriers-to-community-energy-projects

If you need a version of this document in a more accessible format, please email alt.formats@energysecurity.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.