



Energy Learning Network
Rhwydwaith Addysg Ynni

Running a Community Energy Fund

Local authority support of community energy

There are numerous ways that local authorities can support community energy, for example through offering resources, capacity, access to generation sites and to stakeholder networks.

They can also be a customer for the services that community energy delivers. In return, community energy groups can help councils to meet their net zero, community wealth building and equity goals. Such partnerships promote more inclusive decision-making and equitable outcomes, advancing locally driven solutions shaped by community priorities and aspirations.

The Energy Learning Network is producing a series of case studies to illustrate how different councils are supporting, and benefiting from, community energy.

June 2025 – Author: Ashden, Emma Jones

London Borough of Southwark

In 2023, as part of the council's updated climate action plan, the London Borough of Southwark announced a new £400k community energy fund. The fund is designed to support community work on green energy, thus contributing to a reduction in carbon emissions and supporting the council's net zero target.

Grants of up to £50k are available to charities and not for profit groups with charitable aims, that are based or work within Southwark, to support community energy projects focusing on community buildings. There is also funding available to help groups of residents or neighbours come together and form a community energy group or cooperative.

The first round of funding in 2024 was awarded to 22 projects including:

- New renewable heating systems at a youth club, using infrared technology
- A whole building LED lighting upgrade for a church, community hall and small social housing facility
- A series of fuel poverty workshops that delivered education, awareness, and empowerment around energy issues for women and girls in the borough
- A pre-feasibility study into low-carbon technologies and energy saving measures for a community facility
- Feasibility studies for a community-owned rooftop solar project

A second £400,000 round was launched in 2025, closing for applications in early April.

Applicants were invited to apply for one of four streams which cover a range of different stages in project development:

1. Pre-feasibility development
2. Feasibility studies for new projects and business case development
3. Capital funding for project implementation and delivery
4. Capacity building, training, events and engagement

“The success of our first round showed that there is a huge appetite for community-led climate action. With another round of funding we are continuing to support this ambition and helping our community groups to tackle carbon emissions, save money and reduce fuel poverty.”

Councillor John Batteson, the council's Cabinet Member for Climate Emergency, Jobs and Business

What impact has it had?

Impact is being assessed through project monitoring; it's still early days in terms of project delivery, but initial examples of impact include:

SEI solar

SEI Solar is a community benefit society based in Southwark. They install solar panels on unused roof spaces in their neighbourhood, with energy bought by local businesses and the profits used to support people in the community living in fuel poverty. The organisation was a start-up when they first engaged with the council, and initially secured funding from stream D (capacity building) of the Community Energy Fund. This was used to employ two part time members of staff, which enabled them to dramatically ramp up their activity.

The Southwark Fund also provided SEI with a grant to undertake two feasibility studies to install solar panels on council estates (including Kipling Estate, Figure 3). This gave them the evidence needed to be able to secure capital funding from other sources, including Community Infrastructure Levy funding.

The two initial projects are both classed as permitted development and so do not require planning permission. Through the council's community energy officer, SEI are looking to build relationships with the council's planning and property teams so that future projects which may require planning permission can be facilitated.

The council's support has gone beyond the funding that has been provided through the Community Energy Fund. In particular:

- SEI applied for numerous projects, not all of which were successful. However, the council worked with them to apply to the GLA for some of the unfunded asks, as a result of which they secured free consultancy support from the GLA's Zero Carbon Accelerator Programme.
- The council's community energy officer has been very helpful in supporting them to understand who they need to engage with at the council about what, and in acting as the gateway to other council departments making the necessary introductions. A helpful flowchart of who has to be contacted is available by contacting the council: **Rachel.Gates@southwark.gov.uk**

The fact that the council has a climate strategy and policies that support community energy and installing solar panels on council estate roofs, has been very helpful in terms of enabling SEI's work.

“The capacity funding that we received from the Southwark Community Energy Fund was transformational. Prior to that we'd been entirely resourced by volunteers. We have five different funders, providing £200k in total, and having these part-time staff has enabled us to manage those five different funding streams and everything that goes with those. We wouldn't have been able to manage work at this scale if we'd continued to rely entirely on volunteers.”

“People can see that our work aligns with that of the council; we are delivering things that the council wants. It helps to give us credibility and a strong justification for our work.”

Chris Brown. SEI Director

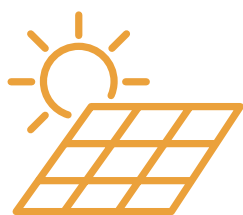
SE24 (Sustainable Energy 24)

SE24 is a not-for-profit community energy organisation and Community Benefit Society, primarily delivering projects in Southwark. They were involved in five grant applications for first round of funding, two of which were successful, both for capital grants.

The first was a fairly modest grant towards the cost of new LED lighting for an organisation providing a church community meeting place and a small amount of social housing (Figure 4). The LEDs are reducing the organisation's electricity consumption by around 58%, with estimated savings over 10 years amounting to 32 tonnes of carbon and over £26,000, some of which is accrued by the social housing tenants.

SE 24 Sustainable energy have delivered a lot in 10 years.

Updated as of Q2 2025



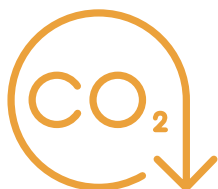
7 rooftop solar project producing renewable electricity in South London

Around 285 MWh produced per year, equivalent to > 100 households' consumption



Lifetime Energy Cost Savings delivered for local residents, schools, churches and hospitals

Over £1 million of lifetime savings from current projects.



CO₂ emissions avoided, helping to combat global warming

Over 200 tonnes of CO₂ avoided per year, equivalent to taking > 110 vehicles off the road



Over 300 local fuel poor households supported via our Community Fund*

Nearly £25,000 disbursed



Over 3,00 LED lightbulbs installed in four schools and one church/ community site

Lower electricity consumption, bills and CO₂ emissions.



The image above shows LED lighting funded through SCEF at Bermondsey Central Hall

*Our 2024 contribution of £4,250 via Groundworks saved 133 households almost £27,000 in total.

The second was a larger grant of £50,000 towards the cost of a large rooftop solar project at a local secondary school at Harris Girls Academy East Dulwich. The grant comprises just over 3% of the project cost with the remaining coming from community investors (many of whom are local, with 4% interest being paid on their investment). With the support of the grant, SE24 will fund the whole project (with no cost to the school) and then charges the school a tariff (which is over 30% cheaper than grid electricity) for the electricity generated by the panels and used on site. Over 25 years the panels are forecast to save the school over £350k, with the solar equipment gifted to the school after 16 years (by which point the community investors will have recouped their investment).

There have been some delays in getting the lease agreement for the panels. The council is the school's landlord and had to give permission for the solar lease, which also had to go to the Department for Education for approval. This part of the council is a separate department to the one operating the Community Energy Fund, and it is taking some time to get that initial agreement. The council and SE24 plan to review the process to identify how things could operate more smoothly going forwards. It is now expected that the solar installation will be completed by the end of the 2025 summer break.

“The Fund is massively welcome. We’ve had a good relationship with the council going back before the fund, but the Fund has really helped us scale up our ambitions. It’s fantastic that the Fund gives two years for capital projects to be completed – that flexibility is really helpful.”

“In terms of advice for other councils: it’s really helpful if the Council can lend support to any application to the Department for Education for solar lease agreements on schools.”

Paul Hallas, SE24 Director

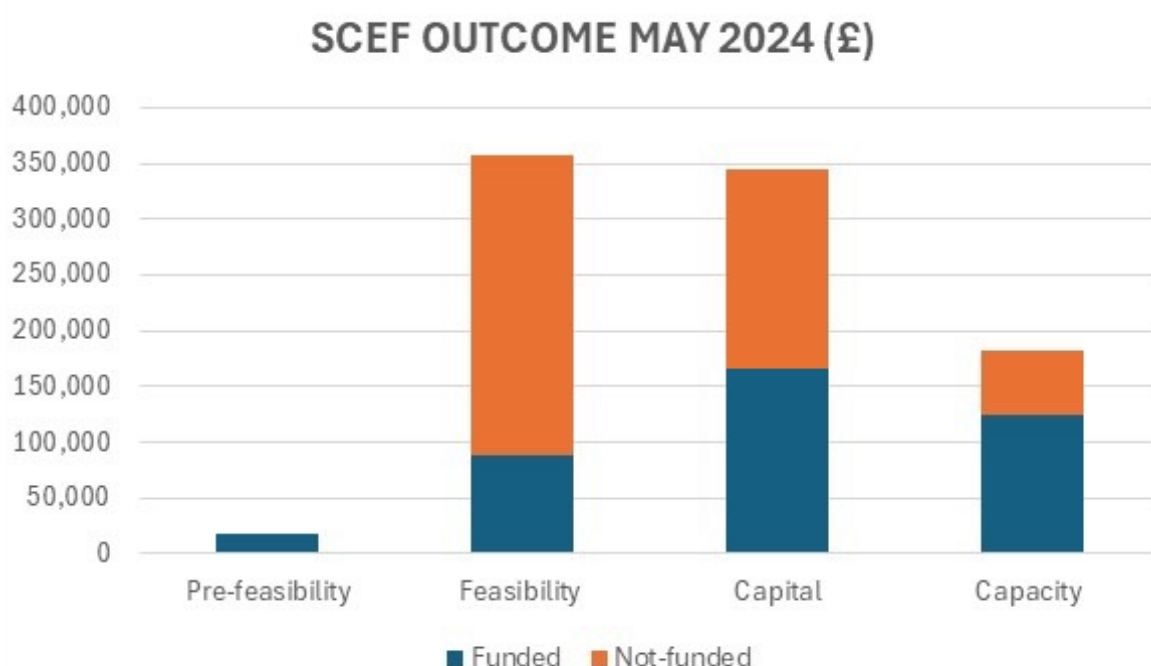
What made it work

Key to getting the Fund off the ground was political will, with the relevant cabinet member really pushing for it to happen.

The community energy groups say that the following have been key to the Fund's success:

- Providing advice and support to organisations putting in together their application.
- Offering two years for the completion of capital projects; this flexibility is really helpful for complex projects requiring stakeholder engagement and legal arrangements such as lease agreements.

The first round was more than twice oversubscribed, as shown in graph below:



What resources were needed?

Funding

£400k has been allocated to the fund for each of Year 1 and 2, from the Council's Climate Capital Fund, which comprises a considerable sum allocated from the Council's reserves. The council may consider using funding from their Carbon Offset Fund (which they refer to as their Green Buildings Fund) to support future Southwark Community Energy Fund rounds.

What are Carbon Offset Funds?

The London Plan requires all major development to be net-zero carbon by 2030, with carbon offset funds playing a role in achieving this target. Where developers can't achieve net-zero carbon emissions on-site for a new project, they are required to contribute financially to a fund that supports carbon reduction projects across the city. These funds are used to offset emissions from the development by investing in initiatives that reduce carbon emissions elsewhere, helping London achieve its net-zero targets. Local Planning Authorities are required to monitor and report annually on the operation of their carbon offset funds. 10% of the Carbon Offset Fund can be spent on administration.

Officer time

Management of the Fund take up about 75% of one full time officer's time, plus support from colleagues including:

- Interns to support with the application and bid review process (provided through a council-wide scheme to provide internship opportunities to graduates living in the borough).
- 8-10 officers from the council's wider climate change team each providing a few hours of support with the initial assessment of applications.
- A small amount of input from colleagues in the legal and financial departments
- Input from the Council's communications team including: putting information about the fund online; arranging an online information launch session; promoting via various networks e.g. through the Empowered Communities Team.

After the initial assessment, applications are reviewed by a panel – comprising representatives from the council as well as the GLA and another London borough.

“It's useful to have a good network of contacts so you can invite people with the relevant skills and perspective to sit on the panel.”

Rachel Gates, Climate Change and Energy Project Manager.



The image above shows Westminster House Youth Club, Nunhead celebrating the installation of their infrared heating funded through the Southwark Community Energy Fund.

Any barriers?

Buy-in and support from different departments

The Fund has a strong support at a senior level for the Fund. However, getting that political will to trickle down to officers in other departments has proved challenging. The Community Energy Fund team has faced challenges in terms of getting other teams to do things, such as sorting out the licensing required to install solar panels on leasehold properties.

To help with this, it's useful to see what structures already exist in the council that involve key stakeholders and look to integrate these into part of the internal process for community energy project delivery – for example a Children's Services Capital Board or a Housing Major Works Board. It's important to ensure these stakeholders are aware of the fund and what we are trying to achieve, it's also useful to present a programme with clear lead-in times so they can understand the wider picture and how their team fits in and where resource input is required and when. Ensuring stakeholders are fully informed through the process and providing regular updates, can really help with engagement and help to streamline the process.

“If you keep other departments and stakeholder groups informed and engaged about the Fund, then when you need something from them, they will be more likely to respond quickly.”

Rachel Gates, Climate Change and Energy Project Manager, LB Southwark

Council-owned versus leased buildings

It's important to understand that there is a big difference between council-owned buildings and leased building in terms of risk and liability. For buildings where the council is the freeholder, then the council is responsible for maintaining the building and the risk and liability of doing a project increases substantially. Conversely, a school with a 100+ year lease will be responsible for taking on the risk, and the Council is likely to be more relaxed about projects in these cases.

(As yet, planning hasn't been an issue with any of the projects supported through the Fund, with none of the projects taking place on buildings with any restrictions on them. However, the team are in process of developing a process map setting out how they will engage with planning officers where necessary.)

Lessons learned

Marketing

The Council plans to do more marketing of the next round to ensure a good pipeline of projects, with extra support provided to individual applicants who do not have existing community energy partnerships in place. This may include running sessions at specific Tenants' and Residents' Association meetings, as well as with the voluntary sector – for example through Community Southwark – to encourage a broader range of applications. They also hope to offer support on how to undertake a very high-level energy survey, including understanding their energy consumption and get a better understanding of their building.

“We want to offer quite a bit more in-depth support, particularly in the more fuel poor areas of our borough to help those communities and potential applicants to feel more empowered.”

Rachel Gates, Climate Change and Energy Project Manager, London Borough of Southwark

Application support

The Council offers one-to-one sessions (in person at one of the Council's offices or online) to support applicants with their applications; these have worked well in encouraging and enabling high quality applications.

Application process

For the first round, the Council required applicants to submit a Word document. For the second round, the form was online; this was much easier to process as the data could easily be exported and manipulated. However, it had a number of glitches, partly because it had to be developed quickly. They would suggest allowing some time to test and refine any form before inviting applications.

The London Borough of Hounslow have produced a useful flow chart about what you need to do to prepare an application – Southwark are looking at producing something similar for their next round of funding.

Useful information

- Further information on the **Southwark Community Energy Fund**.
- For specific queries not answered in this case study or through the above links, please contact: Rachel Gates, Climate Change and Energy Project Manager - **Rachel.Gates@southwark.gov.uk**
- Community Energy London has produced a guide to setting up a **Local Authority Community Energy Fund**.

Acknowledgements

We are very grateful to Rachel Gates (LB Southwark), Paul Hallas (SE24) and Chris Brown (SE1) for giving us their time to help us put together this case study.

The Energy Learning Network

The network is powering forward community energy projects across the UK – helping more groups launch or grow schemes that decarbonise the grid, create resilience, reduce energy bills, and create meaningful benefits for local people. It is a collaboration between climate solutions charity Ashden, the Centre for Sustainable Energy, and leading community energy bodies in every UK nation: Community Energy England, Community Energy Scotland, Community Energy Wales, and Northern Ireland's Action Renewables.



The Energy Learning Network is made possible by four years of funding totalling £1.5 million, from the National Lottery Community Fund.

This grant comes from the Climate Action Fund, a £100 million commitment over 10 years from The National Lottery Community Fund to support communities across the UK to take action on climate change and involve more people in climate action. This forms part of one of the funder's four key missions in its 2030 strategy, 'It starts with community' – supporting communities to be environmentally sustainable.



For further information visit:

www.ashden.org/energy-learning-network

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