

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Leader and Executive Member for Hampshire 2050 and Corporate Services
Date:	19 January 2023
Title:	Community Energy South Grant Funding
Report From:	Director of Hampshire 2050 and Assistant Chief Executive

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Purpose of this Report

1. The purpose of this report is to gain approval for an allocation of £100,000 grant funding from the climate change budget, to continue to support the priority work with Community Energy South in Hampshire to engage and support communities to develop a community energy network.

Recommendations

2. That the Leader and Executive Member for Hampshire 2050 and Corporate Services approves a grant fund award of up to £100,000 to Community Energy South to support further work in Hampshire for up to a further two years, to be allocated from the existing climate change budget.
3. That the Leader and Executive Member for Hampshire 2050 and Corporate Services gives authority to the Director of Hampshire 2050 and Assistant Chief Executive to agree terms and enter into a grant funding agreement, in consultation with the Assistant Director of Legal Services.
4. That the Leader and Executive Member for Hampshire 2050 and Corporate Services approves the two-year work programme to be delivered by Community Energy South, which will be funded by this grant, and is set out in this paper.

Executive Summary

5. This paper seeks to set out:
 - the background to the work that has been undertaken to date with Community Energy South in Hampshire;
 - key outcomes achieved through the Community Energy work to date;
 - why continued support for the work by Community Energy South is critical to Hampshire's climate change priorities;
 - the proposed two-year work programme and key associated deliverables to continue to ensure the progress made and benefits to Hampshire's

communities are sustained, whilst preparing the community energy programme for longer term financial self-sufficiency and removing the reliance on recurring grant funding; and

- the required funding for the programme alongside the monitoring and evaluation process.

Background and outcomes to date

6. One of the major gaps in Hampshire is the limited amount of renewable energy generated in the County, which is currently less than 5%. The opportunity to generate our own energy that is low carbon and local is significant. However, the path to viable, funded schemes is complicated and not that simple to navigate without extensive experience and knowledge of the community energy sector.
7. In the 2022 Autumn Statement, the Energy Profits Levy, as well as a new tax that will cover renewable energy companies, such as solar generators was announced. Many companies within the energy sector have argued these new policies could disproportionately impact renewable companies as well as deter investment. Not granting renewable energy generators the same ability to limit the tax they pay through investment into additional energy infrastructure, could have impacts on the investment into solar and other renewables at a larger scale.
8. Given these potential issues, community energy will be more critical than ever to reaching the Net Zero target. Community energy can have a significant impact on the generation of renewable energy, and can also engage residents in a way that results in meaningful long-term behaviour and lifestyle changes that positively contribute to reducing emissions, building resilience, and lowering energy costs.
9. To enable and support community energy in Hampshire, the County Council launched a project in 2020 with Community Energy South (CES) to develop a pathway to community energy in Hampshire.
10. CES has been working with Hampshire County Council since November 2020, providing its Community Energy Pathways programme to support the growth of community energy organisations in the county.
11. CES (a private company limited by guarantee without share capital), a founding partner of Community Energy England, was established in 2013 as an umbrella organisation and regional hub enabling its members (local community energy groups and community organisations) to grow as sustainable low carbon businesses in the Southeast of England. CES is a unique provider of the knowledge, support and tools required for community groups to establish Community Energy Companies and deliver projects in generating and supplying local energy, developing local energy services, building community resilience, and reducing fuel poverty.
12. Hampshire County Council awarded £46,000 to CES to start the project in 2020/21. In the first year of the programme CES undertook a survey to identify

communities in Hampshire that, with support from CES, could develop their community energy ambitions through the Community Energy Pathways programme. The initial phase mapped the potential for community energy in Hampshire, identified 11 communities that - with support - could establish community energy companies, delivered training masterclasses to groups, and ultimately identified five groups that were ready to be taken to the next phase.

13. These five groups were identified as the most advanced, who could, with CES support, take renewable energy projects from concept to fruition. Full details of the outcomes of the first year of the programme can be found in the Climate Change Annual Report 2020-2021 [Climate Change Annual Report 2020-21 - Appendix 2-2021-10-12-Cabinet.pdf \(hants.gov.uk\)](#).
14. In November 2021 the County Council secured £211,000 grant funding from the Community Renewal Fund of which £100,750 was secured for Community Energy South (CES) to work with five Community Energy Groups in Hampshire to develop and progress the services that they offer to their local communities.
15. To date, the pathways programme has achieved all the following outputs and objectives as required by the Community Renewal Funding:
 - coordination and funding drafts to secure two Rural Community Energy Fund feasibility studies for Alton Energy and Test Source Community Energy;
 - leveraged additional, external funding of around £120,000 to support the groups and develop new projects. This was a direct result of CRF funding, which enabled the resource and expertise to be put into bid writing;
 - business development and mentoring to establish four new community energy companies (Community Benefit Companies) and to support the growth of one established group;
 - production of start-up/growth plans for each group;
 - delivery of five feasibility studies to identify suitable sites for energy generation projects;
 - identification of a pipeline of potential project opportunities for each group;
 - establishment, chairing and secretariat for a Community Energy Hampshire Steering group;
 - secured Scottish and Southern Electricity Networks (SSEN) funding to develop a microbusiness energy advice service, which is currently being piloted in East Hampshire and will be rolled out to other communities across Hampshire;
 - engaged with a number of Districts in Hampshire; currently in the process of finalising £200,000 of funding from the Shared Prosperity Fund (SPF) (administered by lower-tier authorities), which will allow the formation and support of a community energy group in each area, and the development of a pipeline of renewable and energy efficiency projects;
 - secured National Energy Action training for 2 groups; and
 - developed an energy champions programme for the groups, which involves providing training to 25 energy champions (trained in giving home energy efficiency and retrofit advice) from across Hampshire. Currently in the process of securing an additional £10,000 to provide targeted, ongoing support and mentoring.

16. The five groups that have been supported by CES have also made significant progress:
- a. Loddon Valley Community Energy, Basingstoke and Deane: has formed as a Community Benefit Society and is now undertaking engagement and feasibility assessment of a number of sites looking at the potential for community owned rooftop solar PV, including at the Anvil Theatre, a local hospice and school. CES has been working with the group to start to develop an energy champions service for the area including coordinating funding bids and volunteer recruitment.
 - b. Test Source Community Energy, Basingstoke and Deane: CES is supporting the group to identify new project opportunities in the area and recently it has been undertaking feasibility assessments at three sites. The share offer for 350kW solar PV project at Laverstoke Park Farm is in the final stages of being agreed and CES has been supporting the group to get additional funding.
 - c. Energy Alton, Alton: work currently underway on a Rural Community Energy Fund funded study to look at the feasibility of developing a microgrid at a local community (see further details below). Feasibility study of a local builder's merchant has been completed which shows that a community energy project may be suitable at these sites. The group has agreed to work with Energise South Downs to deliver community renewable projects whereby Energy Alton will identify and originate projects and Energise South Downs will deliver and own them. SSEN has also agreed to fund a Microbusiness Energy Advice Service that will allow Energy Alton to employ an administrator to develop this course, pilot it and train the other groups.
 - d. Energise South Downs, Petersfield, Hambledon, South Harting and Buriton: group now formed as a Community Benefit Society with representation from a wide range of communities across East Hants and Winchester. Currently undertaking a feasibility study at The Petersfield school to understand potential for a community owned solar PV project. The group has developed an extensive pipeline of projects so CES has supported the group to make bids to Meadow Blue communities fund for a number of additional feasibility studies and also to the South Downs National Park Trust which would enable Energise South Downs to fund a development officer post.
 - e. Romsey Transition Town, Test Valley: CES had previously been working with West Solent Solar Coop, but unfortunately the group decided that they did not have the capacity to proceed with any new projects. However, CES had already built connections with Romsey Transition Town. They have a core group of people that are interested in forming a new community energy group, including with residents in Andover, to develop projects in the Test Valley and surrounding area. Test Valley Borough Council is supporting.
17. Hampshire County Council also launched A 'Revolving Community Energy Fund' in May 2022. This fund will invest up to £25,000 into any individual community project as part of the Community Energy Pathways project as

subject to the criteria set out in the decision report here [Revolving Community Energy Fund-2022-05-12-ELMETE Decision Day \(hants.gov.uk\)](https://www.hants.gov.uk/Revolving-Community-Energy-Fund-2022-05-12-ELMETE-Decision-Day).

18. The aim of the fund is to stimulate significant community investment in renewable energy across Hampshire. Investment in a share offer will enable a community to operate a renewable energy scheme and earn income. Once a scheme is operational, it should then attract additional shareholders and/or secure borrowing against the assets of the existing scheme, enabling it to be extended to a wider community base.
19. Any profits that result from community schemes will go back into the Revolving Community Energy Fund (RCEF) for investment in other community schemes, making it a sustainable funding mechanism for the long-term.
20. Hampshire County Council has also proposed the development of Community Benefit Policy with CES. Through this new policy all surplus income from the community energy projects will be allocated to a Community Benefit Fund or donation facility established by the Community Energy organisation which is constituted as a Community Benefit Society.
21. This policy and its implementation from 2022 onwards will ensure that the CES Community Energy Pathways work in Hampshire will support the vulnerable and help make energy affordable for all.

Priority Objectives for the Climate Change Programme 2022 onwards

22. As set out in the Annual Report 2022, a key priority for Hampshire's climate change programme from 2022 onwards is energy – covering generation, distribution, efficiency and behaviour and lifestyle changes.
23. Community energy can not only increase local generation but also provides multiple benefits to communities and helps engage residents to take tangible action on climate change like increasing their energy efficiency and reducing their energy use.
24. The CES programme supports the delivery of these priority objectives.

Proposed two-year programme

25. The Community Renewal Funding ended in October 2022 with all outcomes delivered. To enable the momentum to be continued on the progress already made and secure long-term success of the community energy organisations and their projects, CES has developed a proposal to work with Hampshire County Council on a targeted 'maintaining momentum' two-year support programme.
26. This programme will focus on long-term development plans, training, and leveraging funding to enable community energy organisations in the region to become self-sustaining, robust businesses that are able to play a key role in fostering community energy in Hampshire beyond Hampshire County Council funding.

27. This aims to build on the success of the work to date, focusing on building community energy projects, securing additional funding to strengthen the community energy sector and the development of the regional network. At the end of this programme, it is anticipated that the community energy groups involved will have developed into robust, sustainable community businesses.

Summary of Key Deliverables

28. The proposed programme is set out below:

- at least 4 renewable energy projects reaching share-offer stage (proven generation viability) that would be applicable for the Hampshire County Council's Revolving Community Energy Fund;
- at least 3 strategic partnerships developed between CES and district/borough councils resulting in additional support for community energy in those areas;
- at least 3 training courses delivered on specific technical/project delivery;
- at least 4 successful funding applications submitted for groups;
- at least 3 resources (e.g. legal toolkit, financial model) delivered for groups;
- at least 4 powering down (energy efficiency) projects identified for groups;
- bi-monthly regional steering group meetings;
- annual community energy stakeholder events; and
- monthly project management meetings held with Hampshire County Council.

Assessment and Strategy

29. As part of this next phase, CES will be providing 10 days of free support to Hampshire County Council, funded through the Department of Business Energy and Industrial Strategy (BEIS). This will provide strategic input into the direction of the community energy sector in Hampshire with a view to supporting Hampshire's climate change priorities and plans so that the community energy sector can support with the delivery of its targets.

30. CES will also develop key strategic partnerships with organisations that can provide further funding for community energy. This will include working with the local Net Zero Hubs, DNO's and organisations such as Abundance, Thrive Renewables, Pure Leapfrog and ShareEnergy. This is a key activity that will facilitate the scaling up of community energy in Hampshire.

Project Development Support

31. As the community energy organisations develop from their start-up phase (or growth phase in the case of Energy Alton) it is important to continue providing support and ensure that they are sufficiently resourced to undertake projects that will build their businesses. CES will support groups to bring at least four projects that are suitable for investment from the Revolving Community Energy Fund to the share-offer stage (proven generation viability). As part of this CES would provide regular meetings, remote e-mail and phone support to each established group to review project plans, troubleshoot and signpost to key

resources. The key focus will be on developing generation projects that can be directed to the Hampshire Revolving Fund.

32. CES will prioritise building synergistic partnerships with district and borough councils in Hampshire to raise further funding and better support community energy groups. CES commit to establishing at least three such partnerships.
33. CES will identify and support the creation of at least four new energy efficiency (Powering Down) projects for groups.

Specialist Funding Support

34. Securing additional funding for the development of community energy projects will be key to supplementing the proposed programme. CES believes the support from Hampshire County Council will allow it to leverage a further £200,000 of funding for community energy in Hampshire. CES will work with Districts, Boroughs, Parishes and existing groups to secure funds for project and business development. These would include funding for:

- core costs – funding to cover business development, administration and running costs;
- tools and training for becoming self-sustaining, robust businesses;
- powering-up projects - Identifying funding gaps and funding sources for renewable energy projects, including development costs; and
- powering-down projects - Support to develop funding bids in energy efficiency, retrofit and energy advice.

CES, with its in-house bid writing expertise, will support at least four independent funding applications for the groups.

Developing advanced tools and training

35. A key aim of CES support is to enable the community energy groups that it works with to become self-sustaining. To enable this, CES would provide advanced tools and training covering the following topics: feasibility studies, Power Purchase Agreements and share offers. As part of this CES will offer two training days per subject area and commit to developing at least three working tools such as financial models and legal templates.
36. CES will support groups towards becoming self-sufficient to reduce the amount of future funding required.

Regional Steering Group

37. In order to ensure that the benefits of Community Energy Hampshire continue, CES would continue to arrange and facilitate the Community Energy Hampshire Steering group on a bi-monthly basis, bringing in key speakers and arranging discussion topics of interest. Currently the Steering Group is guided by an agreed Terms of Reference. However, if there is interest within the Steering group, CES could consider forming a registered legal entity which would then enable the group to collectively apply for funding opportunities.

Funding and Performance

38. The £100,000 grant funding proposed in this paper, if approved, will come from the existing climate change budget, a one-off budget of £2million which was allocated to the climate change programme to support the significant activity required to meet the climate change targets.
39. The Climate Change Board oversees all funding bids from this budget and this proposal was approved by the Climate Change Board on 21 November 2022.
40. The climate change team will manage and oversee the delivery of this funding and the programme outcomes using the agreed monitoring and evaluation methodology set out by the Climate Change Board for all the projects funded through the climate change budget.
41. This includes monthly meetings with CES to update on project progress and quarterly review of progress and advise on any additional support needed. CES will also undertake weekly team meetings and monitoring progress through a project management system.

Consultation and Equalities

42. CES has expertise in working with communities across England. Policies have been put in place to ensure that all communities can be supported to participate in this work.

Climate Change Impact Assessments

43. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation

44. The climate change adaptation tool was not applicable as this is a grant funding decision with no direct infrastructural impacts. However, the funding is to support the development of community owned renewable energy projects in Hampshire, which will be susceptible to the impacts of climate change. The vulnerability of each project will be part of the project development and due diligence undertaken by Community Energy South in their support of the community energy groups. Furthermore, this funding will help to improve resilience to climate change by increasing the amount, and variety, of energy sources for residents, thereby increasing resilience to future energy shocks.

Carbon Mitigation

45. The climate change mitigation tool was not applicable as this is a grant funding decision with no direct infrastructural impacts. However, as the funding is to support the development of renewable energy generation in Hampshire this decision will have a positive impact on carbon mitigation. As projects come to fruition, the increased energy generation from renewable community energy projects will reduce the overall demand for electricity from a carbon intensive national grid.

Conclusions

46. The proposed grant funding set out in this report will enable CES to continue to provide support to communities in Hampshire to take tangible action on climate change in relation to a clear set of deliverables. This funding will ensure the benefits to Hampshire's communities are sustained, whilst preparing the community energy programme for longer term financial self-sufficiency and removing the reliance on recurring grant funding;

47. The funding for this programme, if approved, will come from the existing climate change budget.

48. The work set out in this paper aligns with the climate change priorities, as set out in the Annual Report 2022.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Climate Emergency Motion Hampshire 2050 Commission of Inquiry	<u>Date</u> June 2019 September 2019
Climate Change Strategy Climate Change Action Plan	July 2020 September 2020
Climate Change Strategic Framework	February 2021
Direct links to specific legislation or Government Directives	
<u>Title</u> Climate Change Act National Adaptation Programme	<u>Date</u> 2008 2018

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

CES has expertise in working with communities across England. Policies have been put in place to ensure that all communities can be supported to participate in this work.