

Great British Energy Community Fund Briefing

The government must urgently ramp up its investment in community energy in this financial year and unleash its potential as a key partner to unlock 8GW of clean power.

Context

After its election victory, the government set out its ambition for community energy: that Great British Energy will oversee the biggest expansion of the sector in British history. The passage of the GB Energy Act in May 2025 established the publicly owned company, but it will take some time before it is operating at full capacity.

In the meantime, the government has continued to use the Community Energy Fund (CEF), now rebranded as the GBE Community Fund (GBECF), as its main mechanism for funding the sector. Initiated by the previous government and administered by the regional Net Zero Hubs, the CEF had a budget of £10m to enable community energy organisations to do feasibility and development for several types of projects, including renewable energy generation, heat and energy efficiency and advice. In March 2025, days before it was due to expire, the new government extended the fund by £5m for the 2025/26 financial year.

What will the additional £5m fund?

£5m represents less than 'business as usual' funding for the community energy sector. It is not enough to prevent a slump in activity and is a fraction of what would be required to enable the government's ambition of exponential growth.

The South East Net Zero Hub's example shows the scale of the issue. Under the CEF, demand was so great in the region that the Hub allocated an estimated £1m more to worthwhile projects than it was able to actually pay out. Since the fund has been extended, these stalled projects should now receive funding. However as things stand, this means that new projects across England will have access to only £4m of new funding in this financial year and the £1m allocated to the Greater SE region is committed before the year has begun.

What a growing community energy sector could deliver

The £10m Community Energy Fund has to date kickstarted around 150 projects, many of which are solar projects. These will ultimately deliver more than 230MW with very little additional investment from the public purse.

The CEF kickstarted community energy growth and, if properly supported, that growth can become exponential. The community energy sector has projects and business models that are ready to upscale at pace if the right conditions are put in place. These include:

- Solar projects that save schools and hospitals money on their bills, providing better value for money than when similar projects are undertaken through centrally allocated capital grants.
- Renewable energy generation projects where surpluses are reinvested back into the local area.

- Retrofit projects that help fuel poor households to make efficiency upgrades, reducing their energy bills.
- Energy advice services that provide local people with free, impartial advice on how to reduce their electricity, gas and water bills.
- Joined-up holistic 'Smart Local Energy Systems' (such as a wind turbine, making viable a town-scale heat network, while also delivering retrofit and education). These can deliver 'consumer demand flexibility' to reduce pressure on the grid, alongside cheaper bills as consumers are able to access cheaper local renewable energy.

The vast majority of these types of projects simply would not happen if they were outsourced to the private sector or if local authorities were left to deliver them alone. Where the private sector or government tried to deliver something similar, they would not provide anywhere close to the level of community benefit that the community energy sector can.

Community energy delivers material benefits to local people. But even beyond that, it increases public understanding of, consent for and participation in the net zero project, by seeing local, practical, beneficial decarbonisation projects that they can get involved in. Barriers to behaviour change and technology adoption are best overcome by personal interactions with trusted local people.

Fundamentally, ownership of local energy assets by the community gives local people the power to make decisions and set priorities for the benefit of the community. This government understands that community ownership is a model that can and should be a major player in our energy system. However, to realise this ambition, community energy requires early, proactive support.

What should happen now?

Community energy has a proven track record of scaling fast (the sector doubled in size every year between 2014 and 2017 before supportive policies were cancelled).

We remain optimistic that the government understands the value of the sector and is preparing to implement supportive measures through the Local Power Plan from the next financial year.

However, future action will be hamstrung if community energy is not properly supported in the interim. A slump in capacity now would leave many parts of the sector unable to take advantage of opportunities later down the line. The government must urgently ramp up its investment in community energy to at least £30m *in this financial year* and unleash its potential as a key partner to unlock 8GW of clean power.

Get involved

You can support our campaign for an urgent uplift in funding for community energy in this financial year by writing to your MP. [Find out more here](#).

We strongly encourage community energy organisations to continue applying to the Great British Energy Community Fund. You can find more details on how to apply to this and other funds, including the Energy Redress Fund and the Mayoral Renewables Fund [on our website](#).