

THROUGH THE ROOF

The case for investing in the energy efficiency of community buildings.



Introduction

Community buildings play a vital role in strengthening the fabric of society. As an integral part of our social infrastructure, buildings such as community centres, village halls, sports clubs, community shops and cafes act as hubs for connection, wellbeing and collaboration. They are essential spaces where people come together, access services, and build the social capital that sustains resilient, thriving places.¹

Where buildings are owned or managed by local charities, community organisations or volunteer groups, they can be powerful platforms for empowerment, giving more people a stake in their community and acting as a 'community anchor' for local service delivery, offering advice and activities for the whole community in response to ever-changing local need.²

In 2019 there were 6,325 assets recorded as being in community ownership³ and between 2015 and 2020, around 1,703 community asset transfers from councils to community groups took place.⁴ Research by Locality has shown how asset-owning community organisations act as local economic multipliers and make a significant contribution to local economies in disadvantaged neighbourhoods.⁵

Recognising the importance of community buildings, the Government has introduced a new **Community Right to Buy** as part of the English Devolution and Community Empowerment Act.⁶ This strengthens the existing Right to Bid scheme and marks a step forward in empowering local organisations to take ownership of the buildings on which they rely, and which bring life to their communities. Although the end of the Community Ownership Fund has removed a crucial source of finance for community ownership, recent announcements by the Government around investing in neighbourhoods, the launch of the Pride in Place programme, the £61 million Community Right to Buy Fund and the distribution of dormant asset and lottery funds through a Community Wealth Fund are likely to accelerate this trend.

However, many of the buildings in community ownership are ageing and in poor condition, and there have been examples of transferred community assets quickly becoming community liabilities. What's more, many more charities and community organisations operate from buildings they don't own, but lease from either public or private sector landlords, sometimes making it complex to ensure ongoing maintenance and to undertake improvements or repairs. For example, a 2020 survey of village halls found that 50% of those responding were operating from buildings that were more than 80 years old, with many in urgent need of investment and repair.⁷ The same issues are faced by community organisations operating from properties with historic or heritage value, including churches, theatres, town halls and swimming baths. For example, 969 places of worship were listed on the 2024 Historic England Heritage at Risk register, an increase of 5.4% since 2022.⁸

Compounding the issue is the level of capacity available within smaller organisations to stay on top of maintenance tasks and manage remedial works. Micro and small organisations with a revenue of less than £100,000 make up 80% of the VCSE sector,⁹ with the vast majority of them run largely by volunteers. Understandably, their focus is the delivery of essential frontline services, and any building improvement projects must be delivered alongside, and without disrupting, these services.

Old, badly designed or poorly maintained buildings don't just detract from the work of local charities, they also threaten their financial sustainability. One of the most pressing challenges facing voluntary and community sector organisations today is the cost of energy, which is exacerbated by poor thermal efficiency. For many organisations, costs have literally 'gone through the roof'. Research undertaken by NCVO in 2023 found that 1 in 10 charities spent more than 20% of their income on energy with nearly a quarter of those who pay their bills directly, reporting cost increases of more than 50%. One in five reported that they had reduced the use of their premises as a result of rising costs.¹⁰

To add to these financial challenges, the sector also faces regulatory pressures. Government has set out plans to progressively strengthen minimum energy efficiency standards for non-domestic buildings over the coming years, increasing the need for many organisations to improve the energy performance of the buildings they occupy. The scope of Minimum Energy Efficiency Standards was also extended in 2023 to all privately rented non-domestic properties, meaning landlords are prohibited from letting properties with an EPC rating of F or G and necessitating energy efficiency improvements to meet these standards.¹¹

While significant progress has been made in improving the energy performance of non-domestic buildings in general, community buildings have lagged behind - improving at half the rate since 2017.¹² One study suggests that more than 7,000 community buildings do not meet a basic energy efficiency standard of EPC rating C and buildings in the North of England and in disadvantaged areas are less energy efficient.¹³ This leads to higher energy costs for community organisations, increased carbon emissions and a decline in local service provision.

It is against this backdrop that the Government launched the VCSE Energy Efficiency Scheme in 2023, aimed at helping organisations to reduce their bills through advice and the installation of energy efficiency measures.

This report explores the outcomes and lessons from the scheme from the perspective of the partners involved in its delivery and outlines how future support schemes could be designed to ensure that community buildings not only meet evolving energy efficiency standards but continue to serve as essential, sustainable spaces at the heart of local life.

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About the VCSE Energy Efficiency Scheme

The **VCSE Energy Efficiency Scheme** was an England-wide grant programme to fund the installation of energy efficiency measures in community buildings. It aimed to save VCSE organisations money on their energy bills and enable these savings to be reinvested in the delivery of frontline services. The Government invested £25 million in the scheme as part of a £100 million package of support for voluntary and community sector organisations announced in the spring of 2023.

The programme was delivered through a partnership of Groundwork, Social Investment Business, Centre for Sustainable Energy, Locality and Energy Saving Trust and comprised two elements:

- > **Small grants to enable VCSE organisations to benefit from an independent energy assessment (IEA).** 1,147 IEAs were funded, helping organisations understand how they might improve the energy efficiency of their building. Across these IEAs, 5,375 separate recommendations for energy efficiency measures were made, with the most common being for solar panels, LED lighting installation, insulation improvements and heating system upgrades or replacements.
- > **Capital grants to fund the installation of measures identified through IEAs.** 316 organisations were successful in securing funds to deliver projects with an average value of £55k. The table below sets out the quantity and relative cost of the most popular interventions funded through the scheme.

Measure	Amount of funding allocated	% of funding allocated
Solar panels	£5,699,006	30
Insulation improvements	£2,561,077	14
LED installations	£2,257,690	12
Window, glazing and door upgrades	£1,878,139	10
Heat pumps	£1,269,256	7
Heating improvements	£1,053,477	6

Grants were awarded to organisations across England with a broad regional distribution ranging from 8% in the East of England to 16% in the North West. Applications were prioritised from organisations delivering services to support communities impacted by cost-of-living issues.

76% described their work as alleviating poverty, 62% focused on physical or mental health and 60% delivered education, training and employment support. 22% of organisations funded were small charities with an income of under £100k.

In addition to providing grants, a number of support measures were put in place by the partners to assist organisations through the process.

> Independent energy assessors

A pool of 90 independent energy assessors were engaged to carry out IEAs. Assessors were required to have a Non-domestic Energy Assessor level 3 or 4 qualification (or equivalent) and a minimum 12 months' experience conducting non-domestic energy audits.

> EnergySharp

A telephone helpline was introduced to help organisations understand and interpret their IEA and to support organisations to apply for a capital grant. This was accompanied by a range of webinars and peer learning sessions focused on particular types of organisations and specific measures.

> Capital enablers

Technical experts from partner organisations were deployed to work with successful grantees to support them during delivery of their projects. This included advice and support with sourcing contractors, analysing quotes and understanding permissions required.

The scheme was independently evaluated by Ecorys. Their report, published [here](#), concludes that, against the backdrop of a challenging timeline, the scheme was well-managed, delivered expected outputs and represented good value for money.

Evaluators found that the scheme had positively influenced recipient organisations' knowledge of their buildings' energy needs and their knowledge of energy efficient practices. Most organisations engaged in the research expected that the capital measures would support their organisation's financial resilience and service delivery.

Whilst the evaluation was not able to quantify financial savings due to the short timelines involved, it did point to a number of case studies where the impact of the capital measures was already being felt.

> **Levenshulme Inspire** is a multi-purpose community hub housed in a repurposed former church in Manchester. The centre is community-led, with six staff and more than 70 volunteers. It offers a community café, flexible meeting and function rooms and a wide variety of creative, educational, and enterprise-focused activities. The group was awarded a grant of £33,000 to install solar PV, energy efficient window film and LED lighting.

Comparing electricity consumption from March 2024 to June 2025, the centre evidenced a 40.5 % reduction which will have a significant impact on annual energy bills, which, before the measures were installed, stood at c.£15,000.

> **Derby Urban Church** also operates as a community hub and warm space, offering support to those who are vulnerably housed or homeless, people suffering from addiction, refugees and asylum seekers. Services include advice and referrals on issues such as homelessness, debt and mental health with free hot meals provided for those in poverty. The group was awarded £140,000 to install roof insulation, secondary glazing, LED lighting and heat pumps.

A representative of Derby Urban Church said

'This is a total game-changer for us in that our building is now well insulated and lit, we have new heating and draughtproof insulated windows, even our water is on electric timers. We will shortly be coming off the gas completely as part of our journey to being carbon neutral.'

What have we learnt as delivery partners?

The VCSE Energy Efficiency Scheme was commissioned by the Department for Culture, Media and Sport (which also has responsibility for the voluntary sector) and delivered through a partnership of Groundwork, Social Investment Business, Centre for Sustainable Energy, Locality and Energy Saving Trust, each bringing specific skills, networks, technical knowledge and capacity. Partners have pooled their experience of delivering the programme and their wider knowledge of the sector to generate a number of lessons and insights to complement the external evaluation.

> Demand and need

There is undoubtedly a strong and growing desire within the sector to improve energy efficiency in community buildings. The demand for grants significantly exceeded the level of funding available even though the programme was delivered within a very short timescale and focused on tightly defined groups – those who could demonstrate that they were predominantly delivering frontline services to support people experiencing cost of living pressures. £55 million was requested for capital measures with only £20 million available. Many organisations delivering a broader range of services within communities with equally high energy costs and similarly energy inefficient buildings did not meet the criteria for the scheme. In the next few years, organisations will be coming under increasing pressure to ensure their buildings meet minimum energy efficiency standards. Additionally, those organisations aiming to deliver public sector contracts will need to demonstrate that they have a comprehensive carbon reduction plan in place. Responding to these needs and opportunities will lead to more VCSE organisations requiring support to invest in energy efficiency measures.

> Building fabric

While the VCSE Energy Efficiency Scheme was focused on installing energy efficiency upgrades, it became apparent during the programme that there is a fundamental need for more basic repairs and maintenance of community buildings.

Some grantees needed to allocate part of their funding to address minor building works, and the need in some cases for larger works (which could not be funded through the scheme) prevented or delayed valuable cost-saving measures from being installed. Solar panels can't be installed on a roof that needs repairs or strengthening and the benefits of new heating systems will not be felt if brickwork and other building fabric are not in adequate condition. Any future schemes to improve energy efficiency should adopt a 'worst first' approach, ensuring that funds are available to bring community buildings up to a decent standard.

> Adding value

The primary aim of the VCSE Energy Efficiency Scheme was to save organisations money on their future energy bills. However, demonstrating the cost-savings that can be achieved through the installation of measures is challenging due to the need for longitudinal data tracking and the variable payback periods of different measures. This in turn makes it difficult to demonstrate a clear invest-to-save rationale for investment. Nevertheless, these works can have multiple social, economic and environmental benefits. Increased comfort and reduced running costs meant that many organisations reported being able to bring parts of their building into use that otherwise would have been closed, enabling them to deliver a broader range of services, deliver services at different times of day or generate additional rental income. On top of this there is a need to recognise the carbon reduction benefits of any investment programme. As this was not the primary aim of the scheme, some improvements to premises which would have contributed to lowering carbon footprints and helped to future-proof organisations could not be delivered, especially solutions with longer payback periods such as heat pumps. We need to find better ways of quantifying and valuing these multiple impacts so that we can demonstrate a more rounded picture of organisational and societal benefit.

> Capacity and complexity

Energy efficiency projects can be complex and subject to delivery risks, with common challenges including difficulties in sourcing suppliers, delays in securing planning or landlord permissions and unforeseen building issues such as asbestos or roof defects. As a result, it can be hugely challenging for smaller organisations to implement energy efficiency projects alongside delivery of their core services. 75% of organisations funded through the scheme had fewer than ten staff members, 43% had fewer than five and 7% were entirely volunteer-led. Three groups withdrew from the scheme due to issues with capacity to manage their project. In addition to the complexity, installing energy efficiency measures can also carry significant risks for organisations with limited financial capacity. Larger measures such as solar panels and heat pumps can be expensive and, in some cases, cost more than an organisation's annual turnover. Paying deposits to contractors adds cashflow challenges and many organisations remain wary of 'cowboy contractors' delivering substandard work or defaulting on agreements. It is important to structure grant funding to ensure that these risks are mitigated through up-front payments to community organisations, reliable secure funding and the ability to de-risk the process through guarantees or other comfort mechanisms.

> Support and infrastructure

Many of the groups funded through the VCSE Energy Efficiency Scheme would not have been able to deliver their projects, particularly given the challenging deadlines driven by the availability of government funding, without the support infrastructure provided by the partners. The introduction of the EnergySharp advice service was critical in ensuring organisations were able to interpret their IEA and focus their capital funding bid, with 96% of organisations that used the service finding it helpful. The deployment of 'capital enablers', with a particular focus on those projects considered higher risk, also helped groups to respond more effectively to issues arising during delivery. Experience of delivering the scheme showed that enabling support was integral to successful delivery, especially for organisations with limited capacity. This support often extended close to project management, underlining the importance for future programmes to clearly define and resource both enabling support and the practical support required to deliver projects effectively.

> Market maturity

The VCSE Energy Efficiency Scheme was able to support more than 1,100 organisations within 18 months with advice and/or capital funding. This was a significant achievement but was made more challenging by the nature of the marketplace for advice and installation. In particular, the partners found it difficult to establish a pool of suitably qualified non-domestic energy assessors within the timeframe needed. There is no national register and significant competition for time and capacity given the large volume of work available from private businesses. Finding assessors with the right balance of skills and experience to work effectively with community organisations with limited capacity and knowledge was an additional challenge.

Once into the capital funding phase, organisations in receipt of funds had to navigate the complexities of local delivery marketplaces. Some reported difficulties in finding contractors willing to quote for relatively minor works, others found that contractor delays generated additional risks due to the deadlines attached to spending government grants. In a small number of cases, the partners also had to support some grantees in cases of dispute and potential fraud. If the aim to improve energy efficiency in community buildings – and non-domestic properties in general – is to be achieved, then it needs to be accompanied by a stronger quality framework and better information about the availability of advice and installation support.

Conclusion and recommendations

The Government and many local authorities recognise the critical role community organisations play in building strong and sustainable communities and continue to promote mechanisms enabling local organisations to own and manage buildings. The Pride in Place strategy rightly focuses on the positive impact that physical assets can have in building capacity and resilience within communities, and is likely to provoke more interest in buildings being transferred to community ownership.

At the same time, in order to meet environmental commitments, Government is rightly increasing expectations that building owners and landlords improve the energy performance of their buildings. Community organisations are keen to seize the opportunity to reduce running costs, strengthen their resilience, improve the spaces they provide for local people and contribute to carbon reduction, but face major barriers to making these investments.

The VCSE Energy Efficiency Scheme has demonstrated the level of demand within the sector for energy efficiency support and the degree of impact that can be achieved when these improvements are implemented. The experience of delivering the scheme has also identified the conditions for success in any future support initiatives. We now need to use these insights to ensure that helping community organisations to improve the fabric and efficiency of their buildings is a recognised priority within wider funding frameworks while advocating for a longer-term dedicated support mechanism to help organisations vital to the wellbeing of our communities to thrive and act as beacons of sustainability in their local areas. This means action on three fronts as follows.

> Fixing the fabric and funding support

Government has rightly committed significant investment to improving the energy performance of homes through the Warm Homes Plan and continues to support decarbonisation across other sectors. However, there remains no equivalent long-term programme focused on improving the fabric and energy efficiency of community buildings, despite the essential role they play in supporting people and places.

The VCSE sector should not be the poor relation given its contribution to the economy and to the wellbeing of communities (value which the Government has recognised in the principles underpinning the new Civil Society Covenant). As the Warm Homes Plan is implemented, government should ensure community buildings are recognised within future funding arrangements alongside homes and other public assets. Long-term funding for building fabric and energy efficiency investments, with advice and support along similar lines to the VCSE Energy Efficiency Scheme, is crucial if the sector is to remain resilient and fulfil its vital connection and support role within society.

> Embedding in local strategies

Local and combined authorities have a major role to play in ensuring community assets – and the vital services that are accessed daily from them – aren't in jeopardy as a result of poorly insulated and expensive to maintain buildings. Helping community organisations to upgrade their buildings and bring them up to required energy efficiency standards should be built into local area energy plans and wider net zero strategies. Councils and their partners should also be including the renovation of community buildings as a priority for investment through the Pride in Place scheme.

> Building skills and capacity for delivery

Councils and mayors have increasing amounts of flexibility over the use of skills budgets, which is a valuable piece of the jigsaw given the lack of capacity and coordination in terms of both energy efficiency advice and installation. Local Skills Improvement Plans should be used as a mechanism to support the growth of these important areas of the 'green economy' and to open up pathways for those currently struggling in the labour market to access emerging opportunities. This should include using the power of procurement to prioritise improved community infrastructure and the creation of good green jobs through social value requirements.

¹ Where People Meet: How We Celebrate, Sustain and Reimagine Community Centres - New Local

² Locality-Strategic-Framework-January-2021.pdf

³ Assets-Report-DIGITAL-1.pdf

⁴ COP33979_In-Community-Hands_2020.03.18.pdf

⁵ https://locality.org.uk/assets/images/LOCALITY-KEEP-IT-LOCAL-ONLINE_revised-260318_full.pdf

⁶ English Devolution and Community Empowerment Bill - Parliamentary Bills - UK Parliament

⁷ village-hall-survey-report-2020-final-digital-edition-2.pdf

⁸ Historic England. *Heritage at Risk Indicator Data – Heritage Counts*.

⁹ NCVO Civil Society Almanac

¹⁰ committees.parliament.uk/writtenevidence/106981/pdf/

¹¹ National Energy Category Strategy for Local Government 2022 – energising procurement | Local Government Association

¹² An-evaluation-of-the-improvement-in-energy-performance-in-community-buildings-in-England.pdf

¹³ Energy-Efficiency-of-Community-Buildings.pdf



To find out more about Groundwork,
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