

# **Powering Community Resilience**

Investing in energy security for charities and community organisations, as a key driver for local and national renewal

June 2026

## Executive Summary

Charities and community organisations across the UK are facing a deepening and long-term energy cost crisis. While this is not a unique claim for the sector, there are distinct challenges that now threaten the frontline services in our most deprived communities, as well as significant opportunities if we get this right: namely, strengthening the spaces on which neighbourhood health, youthwork, childcare, employment support and national renewal all depend.

Analysis from Cornwall Insight, commissioned as part of this project, exposes rapid increases in electricity prices for the sector in recent months and forecasts suggest these are now locked in for the rest of the decade, with a return to pre-war levels not expected before 2032.

This pressure is being felt most acutely in the buildings at the heart of community life, those which underpin many of Labour's missions. Yet they are increasingly exposed to rising costs at precisely the moment demand for their services is growing.

In the face of these challenges, we have a clear and immediate opportunity. Evidence shows that targeted investment in energy efficiency and renewable generation can deliver substantial savings, often within a short timeframe. With £3.3 billion in unallocated Financial Transactions in the Warm Homes Fund, transforming the social sector is within our grasp, and can be achieved at minimal cost to government. Targeting repayable finance in the right way could reduce charity energy bills, strengthen community infrastructure, and deliver progress against wider economic, social and Clean Power goals.

This report brings into focus four interconnected issues, before presenting examples of transformative interventions and the window of opportunity for government action:

1. Surging and sustained high bills for the sector
2. Mounting pressure: the impact on services
3. Failures in funding: exclusion of the sector in private and public finance.
4. Underinvestment: community buildings falling behind
  
5. Change is possible: examples from recent capital funding programmes
6. A window of opportunity: the Warm Homes Fund

## Reflections

### **Jacob Briggs, Energy Users Lead at Cornwall Insight:**

“This is far more than a short-term squeeze. The burden is falling on some of the most resource constrained organisations in the country and, without intervention, charities and community groups could face years of sustained high electricity costs. At the same time, demand for their services only continues to grow, placing further strain on already stretched budgets.

With more than one in five community spaces already struggling to pay their energy bills, according to the Warm Welcome Campaign, some charities are facing the very real prospect of closure. The good news is there are ways to cut costs. Our data shows a solar PV installation could save a typical charity building around £6,000 a year on electricity costs, money that could be reinvested directly into frontline services. Expanding access to these technologies would not only improve energy resilience and cut costs but will help safeguard the vital community spaces that so many rely on.”

### **David Barclay, Campaign Director at Warm Welcome Campaign:**

“Warm spaces are not a nice extra, they are where people go when they are lonely, cold or in a crisis. Over 14.4 million people live in poverty in the UK and 7% of people experience chronic loneliness. As energy bills continue to rise, the window for intervention is narrowing. Without action, we risk losing the services and spaces communities depend on, and which cannot easily be rebuilt.”

### **Genevieve Maitland Hudson, Deputy Chief Executive at Social Investment Business:**

“The volatility and rising costs of electricity is creating an acute crisis for many charitable organisations; a crisis amplified by a chronic lack of investment to futureproof the sector.

The Warm Homes Fund presents a unique opportunity to support these crucial community spaces, bringing down bills for the buildings at the heart of our most deprived communities, but only if the Plan brings targeted support. That opportunity must be grasped with urgency to meet the pressures faced by the charity and voluntary sector.

This is a significant opportunity for the government to join up its missions by strengthening the infrastructure communities depend on, and which government has pinned its vision for a decade of national renewal.”

## Surging and sustained high bills for the sector

New analysis from Cornwall Insight, commissioned by SIB for this report, found that electricity costs for charities and small businesses have surged 12% in the four months since the start of USA attacks on Iran. This sharp rise builds on years of high bills and poses a threat to organisations' viability.

The research also finds that current high electricity costs are not a temporary shock, but a sustained crisis, with forecasting showing no return to pre-war levels before 2032, more than half a decade.

Year	Total Bill (No Solar)	Total Bill (With Solar)	Solar Saving
<b>FY 2026–27</b>	£147,783	£140,239	£7,544
<b>FY 2027–28</b>	£142,419	£135,309	£7,111
<b>FY 2028–29</b>	£141,103	£134,116	£6,987
<b>FY 2029–30</b>	£140,567	£133,662	£6,906
<b>FY 2030–31</b>	£140,937	£134,055	£6,882
<b>FY 2031–32</b>	£132,091	£125,704	£6,387
<b>FY 2032–33</b>	£129,771	£123,522	£6,249
<b>FY 2033–34</b>	£127,752	£121,627	£6,125

Note: Figures represent annual electricity costs for a typical GB-average SME or large charity building. Total bills include VAT at 5%.

For charities and community organisations, this creates a particularly acute form of financial pressure. Last year, we published research revealing some smaller charities are already paying a third of their budgets on energy bills, or almost half their budgets on utilities<sup>1</sup>. Unlike many commercial actors, these organisations cannot easily pass on rising costs or absorb them through profit margins.

Wholesale electricity is the largest single component of the high bills, accounting for 45–47% of the total. As expected, the impact of the Iran war can clearly be seen in wholesale costs. In FY 2026–27, wholesale costs for a large charity building are estimated at £69,036, up from £57,502 in FY 2025–26, a rise of approximately 20%.

<sup>1</sup> Crushed by utility bills, Social Investment Business 2025: <https://www.sibgroup.org.uk/utilities-consuming-half-of-budgets-youth-centres-at-risk-as-bills-continue-to-rise/>

As gas market pressures ease, wholesale costs are then forecast to decline, lowering the overall bills to pre-war levels by 2032.

While wholesale prices are expected to ease, a number of network and policy cost components are rising in order to support the building of grid infrastructure necessary to the Clean Power mission. While over the long term this will lower bills, charities are facing a 'triple burden' during the transition: paying for fossil fuel volatility, paying for the clean energy transition, all in the context of rising demand for their services.

Notable from Cornwall Insights' analysis are the potential solar savings. Modelled on a 40kWh array on a large charity or average SME building, we can see the savings forecast are remarkably stable across the period, ranging from £7,544 in FY 2026–27 to £6,125 in FY 2033–34.

While the savings modelled here are significant, they would present an even larger portion of bills for an average or smaller charity or community organisation.

## Mounting pressure: the impact on services

New data from the Warm Welcome Campaign, provided for this report, reveals a clear picture of how these pressures are being experienced on the ground. Nearly a quarter of community spaces (23%) that responded to their survey report having struggled to pay their energy bills over the past year, while more than half say they are worried about the impact of rising costs on their ability to continue operating.

These concerns are not abstract. They translate into difficult decisions about opening hours, staffing, and the range of services that can be offered.



**“We were in big trouble. If costs stayed that high, we were going to be out of business, but now we’re now looking at saving just over £1,000 per month”**

David Rainford, Manager of Higher Folds Community Centre

Crucially, this financial pressure is occurring alongside rising demand. Community organisations, including Warm Welcome spaces, are seeing increasing numbers of people seeking support, whether due to poverty, loneliness, or broader cost-of-living challenges. For many of these spaces, rising energy costs are becoming a determining factor in whether essential services can continue to meet growing need.

## Failures in funding: exclusion of the sector in private and public finance.

Social sector organisations are often too small to access private finance. Operating as non-profits they have marginal business models that often break-even rather than create a surplus, and may not meet standard credit risk criteria. The absence of security (few VCSE organisations own their buildings) prevents secured lending. Social Investment Finance Intermediaries exist precisely because private finance is poorly aligned to deliver for the social sector. Although our finance can be more expensive than private capital, it is often the only available finance for the sector, and requires flexible terms, often unsecured lending, and much lower returns to be viable – usually covering costs rather than generating any significant return.

Despite the vocal support for ‘community’, ‘place’ and ‘neighbourhoods’, the social sector is repeatedly overlooked or excluded from public finance and regulatory measures designed to address energy inefficiency. This ongoing oversight risks leaving the sector further behind and puts vital public services at risk. Below we list some specific examples that highlight this challenge:

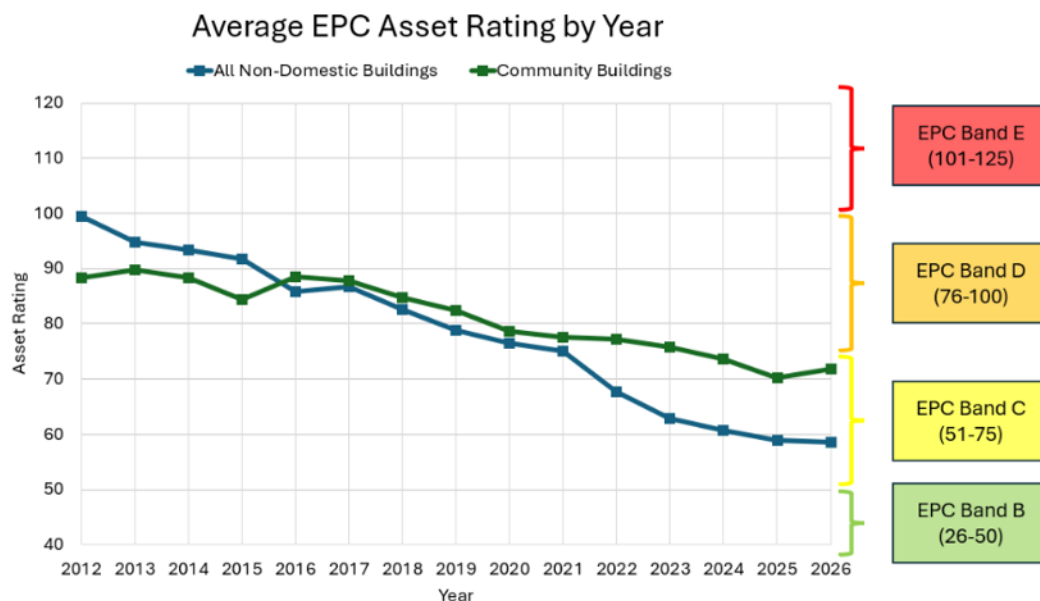
- The National Wealth Fund’s recent five-year strategic plan introduced a series of structural restrictions that resulted in their finance becoming inaccessible to the sector: raising their ticket-size, deprioritise investing in Funds, and focus on a handful of regions with targeted settlements.
- Salix Finance’s PSDS was available only to public sector bodies. Charities and social enterprises, even where they hold long leases from local authorities and deliver public services in those buildings, saw minimal to no benefit, with ‘easier’ parts of the public sector estate continually prioritised across the country.
- The Local Power Plan uses the phrase ‘community buildings’ but focuses this to mean the public sector estate: libraries, schools, and leisure centres. While community organisations in leased buildings could theoretically benefit, this would be determined by local community energy groups receiving GB Energy finance, and not directed or targeted through any central policy.
- NESO’s non-domestic flexibility mechanisms and the Clean Flexibility Roadmap have narrowed specifically toward industrial and commercial operators rather than a broader definition of non-domestic, thus leaving community organisations outside of scope.
- The 2025 Autumn Budget celebrated slashing household energy bills, and a recent exemption for the Nuclear RAB levy was provided to parts of industry. However, the reforms at last year’s Budget provided no relief for the charity sector (the reforms to the Renewables Obligation were limited to domestic bills, and ECO is not levied on charity bills) while the new Nuclear RAB levy was added, and could result in as much as £1000 on annual bills.
- The Boiler Upgrade Scheme continues to exclude heat pumps above certain size thresholds, disqualifying 10–30% of community buildings whose heating demand exceeds the permitted capacity.

## Underinvestment: community buildings falling behind

Our research published in 2024 showed a widening gap between the energy efficiency of community buildings and other non-domestic buildings<sup>2</sup>. Following the publication of the Future Homes and Buildings Standards and call for evidence for the £5bn Warm Homes Fund, we looked at what has changed since 2024.

This latest analysis of Energy Performance Certificate (EPC) data finds that the gap has widened significantly. Since 2021, other non-domestic buildings have improved their energy efficiency at roughly twice the rate of community buildings. Where the two were once broadly aligned, community buildings now lag behind by around half an EPC band, and initial data from 2026 shows the gap starting to widen again.

In the most deprived areas (IMD 1–3), 3 in 5 community buildings fall below EPC C — areas delivering the most critical services.



Even if the gap stops widening, community buildings still remain significantly behind. Closing this gap is essential to protect services and futureproof the sector.

Energy Performance Certificates (EPCs) provide a critical measure of a building's energy efficiency, with ratings ranging from A+ (most efficient with a rating of 0) to G (least efficient with a rating of 150).

Community organisations are more likely to occupy older buildings, often with poor insulation, outdated heating systems, and limited capacity for on-site generation. These buildings frequently require significant upfront investment—not only for energy improvements, but for basic maintenance and repair.

At the same time, access to finance remains constrained. Many organisations lack the reserves or borrowing capacity to fund capital improvements, while existing funding programmes are limited. The result is a cycle of underinvestment: buildings remain

<sup>2</sup> SIB, Community Buildings Falling Behind in Energy Efficiency <https://www.sibgroup.org.uk/new-research-shows-community-buildings-falling-behind-in-energy-efficiency-race/>

inefficient because organisations cannot afford to upgrade them. Bills remain a significant burden on charity budgets, resulting in reduced quality of services in buildings no longer fit for purpose.

Lower energy efficiency also increases the risk that buildings will fail to meet future regulatory standards, potentially requiring more costly interventions later.

Despite these challenges, there is strong evidence that investment in energy infrastructure can deliver transformative results for community organisations.

In 2025, Energy Performance Certificates (EPC) were published for over 1300 community buildings. It recommended solar panels on half of them and heat pumps for over a third. Altogether, nearly 70% of community buildings assessed last year would benefit from either of both of these measures.

The challenge faced by this sector requires funding and support that improves energy efficiency while accounting for the initial state of these buildings, often requiring additional funding for essential maintenance prior to these interventions – such as roof repairs ahead of solar PV being installed. Alongside improving energy efficiency and progress towards Net Zero, improving community buildings offers wider benefits, improving open hours in winter, increased quality of support and improved resilience for the social sector.

Data table:

Year	Average Rating of Non-Domestic Buildings	Average Rating of Community Buildings	Difference
2012	99.5	88.4	11.1
2013	94.8	89.7	5.1
2014	93.3	88.3	5.0
2015	91.8	84.4	7.4
2016	85.8	88.4	-2.6
2017	86.8	87.7	-1.0
2018	82.6	84.7	-2.1
2019	78.8	82.5	-3.7
2020	76.4	78.6	-2.2
2021	75.0	77.6	-2.7
2022	67.7	77.3	-9.5
2023	62.8	75.7	-12.9
2024	60.6	73.7	-13.0
2025	59.0	70.3	-11.3
2026	58.6	71.9	-13.3

## Change is possible: examples from recent capital funding programmes

Experience from our own programmes at Social Investment Business demonstrate what is possible. Organisations that have invested in solar PV, battery storage, and efficiency upgrades have seen energy bills fall sharply, and have reinvested those savings into their frontline services, extending opening hours, and creating more welcoming and functional spaces for the communities they serve.

This experience has shown us that clean energy investment should not be an additional social/environmental consideration for organisations but should, instead, be recognised as a core enabler of service delivery. By reducing costs and increasing resilience, it strengthens the capacity of organisations to fulfil their social mission.



**“Since the work has been completed, we’ve seen an 82% decrease in our energy bills”**

Danny Hewis, CEO of Nottingham Mencap following the installation of solar panels and battery system.

### Energy Resilience Fund

SIB’s Energy Resilience Fund (ERF), a £15m blended finance package of loan (60%) and grant (40%), is enabling community organisations, charities and social enterprises to invest in small-scale generation, batteries and EV, as well as other retrofit decarbonisation interventions.

Nottingham Mencap applied for funding to install solar panels and a battery system, alongside upgrades to lighting, glazing and blinds. A self-funded organisation, they have supported people with learning disabilities in their community for over 70 years and the impact on their costs has been dramatic: reporting that their bills have reduced by more than 80%, with improvements also improving efficiency and creating a more welcoming environment.

Danny Hewis, CEO of Nottingham Mencap, told us: “When we had the opportunity to secure funding for building upgrades, we knew we had to take advantage of it. The upgrades would also help us futureproof the building, shield it from volatile energy prices

and create a more welcoming space. Since the work has been completed, we've seen an 82% decrease in our energy bills".

Higher Folds Community Centre and Nursery in Leigh, Greater Manchester, provides work-related training, childcare, social activities for children and young people, as well as an in-house grocery shop to help residents access affordable food. It remains a trusted hub for local families, supporting both day-to-day needs and longer-term wellbeing.

With soaring energy prices placing the organisation under significant strain, they applied for funding to install solar panels, LED lighting and other energy efficiency improvements.

Centre manager David Rainford recalls the urgency of the situation: "In 2017 we were looking at £12,000 a year for our energy costs, but by 2022 when it was time to choose another tariff, we were looking at approximately £40,000 per year. I knew we were in big trouble. If costs stayed that high, we were going to be out of business, so we needed to get costs down, and protect ourselves against future price increases. Although the savings weren't instant, we're now looking at saving just over £1,000 per month".

## Youth Investment Fund

At Social Investment Business (SIB), we ran the Youth Investment Fund on behalf of DCMS between 2022 and 2026, to build and refurbish over 270 youth centres across the country. While the primary aim of the funding was not energy efficiency, it has demonstrated the impact of investing in community buildings. The average EPC rating of these building pre-funding was around 75 (EPC of C/D). This aligns with the average rating for community buildings in 2022 when the fund launched. Now post intervention we are starting to see large increases with the average rating increasing to an A. While we still have limited post intervention data, we are confident the energy efficiency improvements far exceed the national trends for both community buildings and other non-domestic buildings. This will help futureproof these buildings to future shocks.



**"The Youth Investment Fund has secured the future of our Scout group for future generations, and is enabling us to grow, delivering more essential skills for life to more young people."**

Tom Hague, Assistant Group Scout Leader at Sheffield (High Green) Scout's Group

One site improved from a D rating to A+, while two others moved from E ratings to B. These shifts represent significant gains in energy efficiency and demonstrate the effectiveness of targeted capital investment in upgrading building fabric, heating systems, insulation, and overall design standards.

## A window of opportunity: the Warm Homes Fund

The UK Government's Warm Homes Plan represents a significant opportunity to address the challenges facing community buildings.

To date, much of the policy focus has rightly been on domestic properties, but the case for targeting a portion of the available repayable finance to community buildings is compelling. These are the very buildings and organisations at the heart of renewal, and central to a more devolved and place-led approach, including in preventative health and care, as envisaged in the NHS 10-year plan. This is a significant opportunity for the government to join up its missions by strengthening the infrastructure for its wider rollout of innovative new forms of neighbourhood delivery.

Within the Warm Homes Plan are £3.3 billion of unallocated Financial Transactions, known as the Warm Homes Fund, which could be deployed for a range of interventions. A targeted £0.5 billion portion of this repayable finance could revolutionise community spaces across the country, bringing down bills and providing energy security for the long-term: enabling organisations to focus on service delivery rather than on how they will pay the next energy bill.

**“It's vital that central Government, local authorities and community organisations work together as equals towards this shared goal of supporting the sector”**

David Rainford, Centre Manager



Across England there are an estimated 75,000 community buildings, including village halls, community centres, sports facilities, places of worship and youth clubs. Of these we estimate 40,000 are suitable for solar PV and battery deployment. This figure is based on key metrics that help narrow down the market to that most suitable for the model proposed:

- Our research on registered leases with a median of 20 years
- The average n. of registered leases by Local Authority area (c. 350)
- EPC data on priority buildings for energy efficiency measures

We further assume that c. 15% of this population will be at a sufficient point of readiness combining both building suitability with organizational capacity to manage new Low Carbon Technology such as solar, batteries or heat pumps. This figure draws on our experience of capital grant making and the average % of approvals.

This gives us a conservative market figure of c.6000 buildings of as an investment-ready pipeline, drawn from SIB's customer base of 6,000+ organisations and the Warm Welcome network of similar scale, and reasonable expectations of LA priority partnership.

Our Futureproofing the UK's Community Sector report (2024) identifies a median cost of approximately £100,000 per building for recommended EPC measures, including insulation, heating upgrades, and renewable generation.

At 6,000 buildings × £100k median cost, a programme of £0.5billion could be deployed with confidence into the sector to deliver fast paced interventions that overcome the compounding issues outlined in this report.

Perhaps most importantly, community buildings function as local anchors. They are trusted spaces where people come together, access support, and build connections. When these spaces are lost, the impact is profound and often irreversible, but when they are invested in, they can play a key role as 'community demonstrators', demystifying the technologies, showcasing the impact of government investment, and building non-political support, understanding and trust in the wider Warm Homes Plan programme.

Carving out a portion of the unallocated Financial Transactions within the Warm Homes Fund therefore offers more than a funding opportunity; it provides a chance to futureproof the spaces and organisations at the heart of national and local renewal, delivering frontline services that communities depend on.

## Policy Recommendations

To achieve the potential outlined in this report, we recommend that DESNZ should:

- **Commit to a ringfenced £500m** of Warm Homes Fund Financial Transactions specifically for community buildings, and set out a timeline for deployment.
- **Enable more equitable access to funding**, but ensuring this allocation is specific to the social sector. When the sector is grouped alongside other non-domestic buildings, they are effectively locked out due to being less competitive and perceived as higher risk.
- While funding is a critical barrier, the WHF investment must be **delivered as part of a comprehensive offer** of expert support, including targeted legal due diligence, triage, support and advice, enabling grant and remedial building works alongside energy efficiency measures.
- **Maximise reach and impact by delivering through a national programme**, which aggregates buildings and provides access to the wrap-around support and expertise. This would ensure smaller community organisations, and those in the most deprived areas, can benefit from the funding.

## Conclusion

The challenges facing the UK's community buildings are significant, but they are not insurmountable. Rising energy costs, ageing infrastructure, and underinvestment have combined to create a systemic risk.

As evidenced, the VCSE sector will not be reached without a focussed commitment. They have not been reached by any previous programme, even those in which they have been eligible. They continue to fall further behind other non-domestic buildings regarding energy efficiency, and will continue to do so without a targeted intervention.

Targeted investment through the Energy Resilience Fund and Youth Investment Fund are already reducing costs, improve resilience, and strengthening the delivery of frontline neighbourhood services. What is needed now is political appetite and public investment to expand this, at scale and pace.

A distinct, ring-fenced element of the Warm Homes Fund presents an easy win for government. By deploying Financial Transactions rather than grant funding, the cost to government is minimised while the reward is significant.

Investing in the social sector would deliver a radical overhaul of the most important buildings in the country's poorest communities, the spaces where vital local services are delivered by charities and community organisations and the buildings that are the heart of renewal, and on which this government rightly prioritises with Pride in Place, Better Futures Fund, Better Youth Spaces, Young Futures Hubs, and the 10 year plan for neighbourhood health in the NHS.

## **Social Investment Business**

We finance social change. Through a mix of funding, investment and innovation, we back the organisations that make up the social economy – those tackling inequality, improving lives, and driving positive change every day.

As one of the UK's largest non-profit social investors, we've deployed over £0.8bn in loans and grants since 2002. We've supported more than 6,000 charities and social enterprises to build a fairer society, while using our expertise to research, innovate and advocate for the sector.

[sibgroup.org.uk](http://sibgroup.org.uk)

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