

Next Generation practical learning guide 1: the practicalities of partnership working by community energy groups



Summary of key points:

A key learning point from the Next Generation innovation projects is that partnership working and collaboration are increasingly important within innovative business models for community energy. Some lessons emerging from the programme are:

Do:



- Look for partners who match your organisation in terms of goals, values and/or scale.
- Invest in building relationships and trust with your partners.
- Make sure you understand your partners' perspective and that they understand yours.

Don't:



- Make projects too risky and complex by involving too many partners.
- Spread your project revenue too thinly across different partners in one project.
- Assume everyone has the same understanding of a project- start writing things down at an early stage.

Learning from the Next Generation programme:

Partnership working is an essential part of nearly every form of community energy activity. Even relatively straightforward activities such as putting solar PV on a building or field require collaboration

between multiple parties: the community energy group, the site owner, the installer and – in many cases – the local Distribution Network Operator (DNO). Similarly, fuel poverty activities led by community energy groups often require the development of partnerships with local authorities, health trusts, local charities and installers. Newer business models that go beyond renewable generation and involve other elements of the energy system such as electric vehicles, flexible demand and storage tend to require more and less familiar partners, as shown in the examples below.



Choose partners who fit your goals: [Brighton Energy Co-op](#) work in partnership with a large number of small and medium-sized commercial companies (SMEs) in their area. They have a well-established process for identifying local buildings with potential for commercial-scale solar PV and proactively approaching these companies to offer them renewable generation, combined with EV charge points for workplace or visitor parking. They find that SMEs can make decisions more quickly than many larger commercial and public sector bodies, so that Brighton Energy Co-op can progress its carbon reduction goals more rapidly.

Why develop partnerships?

Partners can provide access to, or contribute, key components of a project (e.g. ownership of a building or site) or can bring in additional resources, expertise or buy-in from particular stakeholder groups.



However, partnership working only functions well if both sides are getting some benefit from the arrangement.¹

¹ See the Annex for ideas on what community energy groups can offer to different types of partners, and what they can offer you.

Challenges of partnership working

Working in partnership isn't easy, so you need to choose your partners wisely. Each organisation has their own values, style, priorities, perceptions of risk and timescales for action. It may not be easy to find a 'fit'. You risk putting in a significant amount of time and effort into developing a partner relationship only to find that it comes to nothing – they decide not to proceed at all, they go ahead on their own or they look elsewhere. Being aware of this and taking a long-term view may help to avoid some of these pitfalls. Experiences of innovation projects within the Next Generation programme suggest that you can improve the chances of a good fit by:

- Looking for partners with similar goals and values to your organisation.
- Looking for partners that operate on a scale not too different from your own group.
- Making sure you have a real understanding of the potential partner's perspective, timescales (e.g. for decision making) and needs, before you invest too much time and effort.
- Being realistic about the level of risk that your organisation can take.
- Developing a 'heads of agreement'² at an early stage, to ensure roles are clear.
- Moving on and trying elsewhere if you recognise that the timing is wrong for this partner.
- Taking a long-term view of relationship building - even if a specific opportunity doesn't go ahead this time, the relationship might lead to other opportunities in future.



Get things down in writing at an early stage: [Burnside Community Energy](#) worked in partnership with a landowner and developer on a highly innovative community-owned energy system involving energy storage and demand flexibility, for a potential new housing development in Cumbria. While the development is not now going ahead, the process generated some interesting lessons for Burnside Community Energy.

"The landowner and developer didn't get the whole risk dimension for BCE. They didn't really understand ... the nuts and bolts of what a Community Benefit Society means, the rules, the safeguarding that is needed, the contractual requirements to agree and share the risk etc...We talked to them about it all but it wasn't until they saw the contractual arrangements that they realised we meant what we said and started taking us seriously. We should have gone to them with a contract a lot sooner." (BCE representative)

² A 'heads of agreement' is an initial, non-binding document that establishes the basic framework for a partnership or transaction.

Keep it simple where possible

Experience with complex business models in the Next Generation programme suggests that adding an additional partner to an existing project can stretch the viability of the emerging business model. This may be the right choice in some cases (e.g. to access essential finance or expertise), but it's worth being aware that:

- Decision-making becomes more complex, if dependent on buy-in from multiple partners
- Each partner brings their own set of risks/contingencies (e.g. what if they go bust?)
- Revenue from a new business model will likely be shared between partners, with everyone wanting a slice of the cake

But it's worth putting the effort into finding and developing partnerships that work...

Community energy groups will achieve far more by working in partnership with other organisations than they can by themselves. Good partnerships require a realistic understanding of each organisation's role and perspective, and considerable time and effort to build a relationship and establish trust over time. But the rewards can be considerable, as shown in this example from [CREW Energy's](#) work with the Devas Club. The CREW project provided handholding and support to the Devas Club management, culminating in the installation of heat pumps and energy efficiency measures in the Devas Club building which hosts youth club activities in south London.



Be careful about spreading revenues too thinly: Both [Lockleaze Loves Solar](#) and [Chester Community Energy](#) looked at bringing in external finance partners to their projects. This sounded a possible solution to finance accreditation issues in both projects but didn't go ahead in either case. The financial partners needed a margin to cover their costs and this would have made the return to community shareholders and/or the payback periods for customers unattractive.



Take your partners on a journey: *"So much of this stuff is about changing behaviour and attitudes and this is key. You can set as many policies as you like but if you don't take people with you there's no point. ... It gives me a glowing feeling when people are talking about decarbonising and it's such a crisis; it's a lovely feeling to know we have had double glazing, LEDs, insulation, heat pumps..... And a lot of it is thanks to ... and CREW for making it happen. Without [...] we wouldn't have had the oomph and energy to get this off the ground."* (Devas Club representative, CREW Energy project)

To find out more:

- Read the **Annex** to see suggestions on 'what's in it for you' and 'what's in it for them' for different types of potential partners
- See **Next Generation Practical Learning Guide 2** on partnership working with local authorities and **Next Generation Practical Learning Guide 3** on partnership working with private sector firms.
- To find out more about the Next Generation programme, visit <https://www.next-generation.org.uk/innovation> or contact Will Walker at Power to Change (will.walker@powertochange.org.uk).
- Look for guidance on partnership working on Community Energy England's how to pages: <https://communityenergyengland.org/how-to-pages/how-to>.
- Look online for generic guides to collaboration and partnership working in the voluntary and community sector, including:
 - <https://knowhow.ncvo.org.uk/organisation/collaboration/working-collaboratively/working-together-to-achieve-your-mission-ncvo>
 - <https://www.nicva.org/resource/a-practical-guide-to-collaborative-working>
 - <https://www.communityplanningtoolkit.org/sites/default/files/WorkingTogether.pdf>

Annex: Potential partners – what’s in it for you? what’s in it for them?

The table below sets out some insights from the Next Generation innovation programme on the mutual benefits of partnerships between community energy groups and different types of potential partner organisations.

Type of partner	What’s in it for the community energy group?	What’s in it for this type of partner?	Hints and tips for community energy groups
Local authorities	<ul style="list-style-type: none"> - Access to assets including buildings and land owned by the council. - Support on planning issues. - Coordination with other activities (including Climate Emergency/Net Zero initiatives). - Potential access to funding. - Credibility in the eyes of local stakeholders and/or funders. - Framework contracts for supply of energy goods and services at scale. - Access to expert support. 	<ul style="list-style-type: none"> - Community-led projects can help the local authority to implement its Climate Emergency strategy or plan. - Added social value compared to commercial suppliers (e.g. through fuel poverty activities and community benefit funds). - A route to engagement with the local community. - Access to knowledgeable, often expert, and committed pro-climate individuals within the community. - Indirect access to specific funds and community share raises. 	<ul style="list-style-type: none"> - Look for initial contacts and build your relationship to more senior levels over time - Be aware that different parts of the authority may have different priorities – look for your allies - See Next Generation practical learning guide 2 on partnership working with local authorities for more ideas
Local SMEs, landowners, developers and public sector bodies (e.g. universities, health trusts)	<ul style="list-style-type: none"> - Access to land and buildings owned by these organisations - Quick decision making (SMEs) - Potential to integrate sustainable energy into new developments, advised or possibly owned by a 	<ul style="list-style-type: none"> - Know-how on energy projects - Route to engage with the local community because of the community energy group’s local knowledge, network and trusted status - Access to capital via community share raises 	<ul style="list-style-type: none"> - Network widely to find initial contacts, if you can - Don’t be afraid of cold-calling – it can work - See Next Generation practical learning guide 3 on

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	<p>community energy group (landowners/developers)</p> <ul style="list-style-type: none"> - Potential access to investment capital - Commitment to Net Zero (all) - Commitment to social value (public sector) - Develop relationships that may lead to future initiatives - Potential customers for community energy services (e.g. advice on energy efficiency; training; renewable heat or energy measures) 	<ul style="list-style-type: none"> - Access to funding for project development through funds available to community energy organisations. - Contribution to the organisation's net zero targets or plans - Reputational benefits from being involved with a sustainable, community-led initiative - Recognition of fuel poverty health benefits (health trusts) 	<p>partnership working with private firms for more ideas</p>
Neighbourhood trusts and community organisations	<ul style="list-style-type: none"> - Access to land and buildings owned by the organisations - Existing organisational structures - Existing community engagement - Deep understanding of local needs - Alignment of social values with the community energy group 	<ul style="list-style-type: none"> - Know-how on energy projects - Alignment of social values - Access to knowledgeable and committed pro-climate individuals within the community - Access to specific funds and community share raises 	<ul style="list-style-type: none"> - Respect the priorities of local groups
Housing associations	<ul style="list-style-type: none"> - Access to land and buildings owned by housing associations - Access to tenants at risk of fuel poverty 	<ul style="list-style-type: none"> - Added social value compared to commercial suppliers (e.g. through fuel poverty activities and community benefit funds) 	<ul style="list-style-type: none"> - Be aware that larger housing associations may prefer to take projects forward themselves – so possibly look

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	<ul style="list-style-type: none"> - Strong commitment to fuel poverty and net zero - Potential access to funding - Framework contracts for supply of energy goods and services at scale 	<ul style="list-style-type: none"> - Engagement with local community, including awareness-raising - Access to knowledgeable and committed pro-climate individuals within the community - Access to community energy-specific funds/share raises - Evidence of social/climate impact 	<ul style="list-style-type: none"> - for smaller housing associations?
Energy suppliers and Distribution Network Operators (DNOs)	<ul style="list-style-type: none"> - Support for approval of grid connections - Potential access to funding (e.g. ECO funding, DNO funds) - Purchase of wholesale electricity or heat - Handling of billing and retail sales to customers - Access to agile tariffs 	<ul style="list-style-type: none"> - Added social value compared to commercial suppliers (e.g. through fuel poverty activities and community benefit funds) - Know-how on engagement with local community, including awareness-raising - Commitment to social goals, including protection of vulnerable individuals in the community - Access to knowledgeable and committed pro-climate individuals within the community - Margin on wholesale/retail sales - Evidence of social/climate impact 	<ul style="list-style-type: none"> - Make contact with the community energy lead at your DNO - Consider approaching the more innovative energy suppliers - Be aware that DNO funding may be large-scale
Credit unions and other	<ul style="list-style-type: none"> - Access to credit facilities 	<ul style="list-style-type: none"> - Access to potential customers 	<ul style="list-style-type: none"> - Make contact with the credit union in your area

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finance providers	<ul style="list-style-type: none"> - Accreditation with Financial Conduct Authority - Alignment of social values (between credit unions and community energy group) 	<ul style="list-style-type: none"> - Margin on loans accessed via community energy group - Know-how on energy projects 	
Specialist companies (e.g. technology and software firms)	<ul style="list-style-type: none"> - Access to technology, software and expertise - Avoids re-inventing the wheel 	<ul style="list-style-type: none"> - Margin on services provided to customers or to the community energy group - Route to engage with the local community because of the community energy group's local knowledge, network and trusted status - Access to the community energy group's social commitment, including protection of vulnerable individuals in the community - Access to knowledgeable and committed pro-climate individuals within the community - Access to funding for project development through funds available to community energy organisations. 	<ul style="list-style-type: none"> - Look for other community energy groups or commercial companies involved in innovation programmes with Energy Systems Catapult, the UK Research and Innovation programme and programmes run by the Department of Business, Energy and Industrial Strategy - See Next Generation practical learning guide 3 on partnership working with private firms for more ideas

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Energy innovation leads (e.g. Energy Systems Catapult, UK Research and Innovation (UKRI))	<ul style="list-style-type: none"> - Access to innovation funding - Access to technology, software and expertise - Save time re-inventing the wheel 	<ul style="list-style-type: none"> - Added social value compared to commercial suppliers (e.g. through fuel poverty activities and community benefit funds) - Know-how on engagement with local community, including awareness-raising - Commitment to social goals, including protection of vulnerable individuals in the community - Access to knowledgeable and committed pro-climate individuals within the community - Evidence of social/climate impact 	<ul style="list-style-type: none"> - Sign up to newsletters and look out for ESC/UKRI/BEIS³ competitions - Consider teaming up with one or more specialist companies to apply for innovation funding - Be aware that innovation funding may be large-scale

³ Department of Business, Energy and Industrial Strategy (BEIS).