Providing services to energy groups: Lessons from the history of housing in the context of Bristol’s Community Energy Sector

This report is based on a piece of applied research carried out by the University of Bristol in collaboration with the Centre for Sustainable Energy (CSE) and Bristol Energy Network (BEN), to help local energy groups maintain momentum from recent government seed grants. It examines the relationship between community groups and intermediaries such as BEN and CSE by exploring an analogy with housing co-operatives and the service agencies which support them. The report draws lessons from the mixed success of these services to help CSE, BEN and the community groups consider future developments for Bristol’s community energy sector.

1. Introduction

The question we address here is what we can learn from the housing co-operative movement that could inform the future activities of the community energy sector. First, we consider how housing co-ops are relevant to community energy, with particular reference to the Bristol network. After all, what has co-operative housing tenure got to do with sustainable energy promotion? On inspection, a number of interesting parallels emerge between the organisational structures involved in both cases. The purpose of this report is to highlight these parallels with a view to learning from the past when considering which future directions Bristol’s energy groups may wish to take.

Housing co-ops: what they are and their somewhat troubled history

Most housing co-ops fall into one of two broad categories: primary or secondary. Primary co-ops are organisations where tenant members collectively own and/or manage the housing in which they live. They do so on a not-for-profit basis, in accordance with various basic principles including open and voluntary membership, democratic control and mutual co-operation. Secondary co-ops exist to promote new primaries and to provide them with a range of development, training and management services. Most secondaries are at least partially controlled by the primaries they service. Secondary support has proved to be so critical to the success of new primaries that historically, no support has generally meant no co-ops in many parts of the country.¹

In the 1970s and early 1980s, a much larger network of support agencies for housing co-ops existed than survives today. An early wave of enthusiasm for co-operative housing emerged in the 1970s as the squatter movement began to take on short-life housing and organise as registered co-operatives. The 1974 Housing Act, which made Housing Association Grants available to registered social landlords, presaged a steady growth in ownership co-ops. The following year’s Housing Rents and Subsidies Act enabled local authorities to hand over some or all of their management responsibilities

to tenant management co-ops, a move encouraged by the Labour Government’s then favourable disposition towards co-operative housing.

Under the new Conservative government in the early 1980s tenant management co-ops attracted a second wave of enthusiasm, deriving in part from Thatcher’s attempts to dismantle local authority housing. A flurry of activity boosted new secondary co-ops through their receipt of funds to assist the development of new projects and support the management of existing properties. The excitement was short-lived, however, and by the end of the 1980s government enthusiasm for co-ops had begun to wane. Following the introduction of private finance arrangements for Housing Associations in the 1990s, co-operatives found it increasingly difficult to secure competitive financial deals. Along with the withdrawal of subsidies for the support of tenant management co-ops, this led the gradual subsidence of the co-op movement, at least as it had been known in the 1970s.

In short, the co-op movement thrived at those times when government saw co-operatives as having distinct benefits over other types of housing, and as offering a real alternative to the bureaucracies of local authority control. The ultimate demise of the movement was due to the fact that its proponents never managed to persuade policy-makers that co-ops were a viable route for housing policy in the long-term.

In a very real sense, community energy groups and their representative organisations face the same challenge; they need to be able to demonstrate why community-based groups are an important channel through which to take sustainable energy policy forward. They need to persuade policy-makers of their viability as a long-term approach to the effective implementation of energy initiatives like the Green Deal. Energy, unlike the housing of the 70s, is already privatised but the implementation of energy efficiency policies through the large privatised companies faces similar bureaucratic challenges and a level of mistrust by the wider population. Cooperative and community structures for energy have the potential to unlock the local level action that is so urgently needed in the face of the challenges of climate change.

Community energy in Bristol

In Bristol, as in other towns and cities, energy efficiency and sustainable energy generation are of concern to policy-makers and households alike. As in other places, a number of community groups have emerged which address particular concerns within their localities. Some of these groups link directly to the Transition Towns movement and consider energy in the context of climate change and peak oil, some have a wider sustainability remit, whilst others focus exclusively on local energy issues such as fuel poverty. Two features distinguish the Bristol scene: first, its wide range of groups spread across different areas of the city and second, the overarching Bristol Energy Network (BEN) which connects them and encourages the sharing of knowledge and experience. Bristol also benefits from the Centre for Sustainable Energy (CSE), a national charity founded and based in Bristol to ‘help people and organisations from the public, private and voluntary sectors meet the twin challenges of rising energy costs and climate change’. These two organisations played a key role in helping nine Bristol groups secure funds from the Government’s Local Energy Assessment Fund (LEAF) early in

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2012 – a greater concentration than anywhere else in the country. We can draw on the experiences of these projects when looking ahead to what these groups might do next.

The energy sector in 2012 is currently at a pivotal point in its evolution as the government launches its new energy efficiency policy the ‘Green Deal’ to encourage households to adopt energy efficiency measures financed through a unique mechanism attached to their energy bills. The complex structures emerging through this policy provide points of interaction for individual groups when working with their communities.

In addition, and uniquely to Bristol, the City Council has secured two pots of grant funding relating to energy. The first is ‘Bristol Homes Winter Warming’ (BHWW), a £2m grant from the Department of Energy and Climate Change (DECC) to subsidise energy efficiency measures in homes across the city, piloting some of the mechanisms that the Green Deal will be rolling out. The second is European investment funding, through ELENA, to invest in setting up structures for energy generation and efficiency across the city’s public sector buildings and homes, also linking with the Green Deal.

These initiatives, coupled with the momentum generated by the LEAF projects, create a particular opportunity for impact by the community energy groups.

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So, why are housing co-operatives relevant to community energy?

With a little imagination, we can think of Bristol’s community energy network using a similar organisational framework to primary and secondary housing co-ops. Each community group may be thought of as a primary co-op in its own right: rather than owning housing, each group collectively owns and manages its members’ energy-oriented interventions. At the other end of the spectrum, CSE may be thought of as a large secondary co-op, providing (amongst other services) advice, mentoring, enterprise development and technical training to community groups and other clients. BEN, it could be argued, falls somewhere in between. As an umbrella organisation for all the initiatives which comprise it, BEN may be thought of as one large primary co-op: the culmination of Bristol’s voluntary sustainability enterprises. Alternatively, as a collective organisation equal to more than the sum of its parts, BEN may be considered a burgeoning service-providing secondary.

Which role BEN assumes in the future will ultimately be determined by the aspirations of its members and the various opportunities it encounters. A brief look at the types of support provided by secondary housing co-ops reveals some of the opportunities and challenges which may await BEN, together with CSE and the community groups, as they maintain momentum, looking forward.

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3 http://www.bristol.gov.uk/page/environment/bristol-homes-winter-warming-scheme

4 ELENA: ‘European Local ENergy Assistance’, run by the European Investment Bank and funded through the European Commission’s Intelligent Energy-Europe programme.


4 Bristol Energy and Power Co-operatives more closely resemble conventional housing co-ops, with their members collectively owning physical assets (solar installations). Beyond these two examples, the idea that each community group resembles a housing co-op relies on a more abstract understanding of their collective assets, or, their social capital. In a sense, what they own are the collective aspirations of that geographical area to change energy practices. The collected beliefs, attitudes and values of the community are important in developing shared aspirations for implementing energy behaviour change.
2. What types of support do secondary co-ops provide and how could this translate into community energy?

While the more technical services provided by secondary co-ops relate specifically to housing, many of their core services would benefit new organisations in most sectors. These services fall into three broad categories:

Promotional Support

‘In many cases promotional work can only be effectively carried out at the local level by organisations which are on the spot to respond for requests for detailed advice, information and support, and to attend meetings’.7

Spreading the co-operative idea and creating community awareness precedes the crystallisation of specific groups and projects. Providing background information and promotional material to prospective participants, local/national authorities and other relevant institutions was essential for the growth of the co-op movement.

Similarly, in the run-up to the Green Deal or other energy policy initiatives, emphasising specific roles for community groups alongside the government’s national policy promotions will help to establish a community-level focus amongst Bristol’s tenants and homeowners, bringing the opportunities to the attention of a wider audience. Experiences with the LEAF projects have shown how effective local groups can be in engaging with their local communities and providing appropriately targeted material.

Development and Legal Support

Establishing and registering new co-operative projects under the Industrial and Provident Societies Act requires significant amounts of time, legal knowledge and administrative expertise. Supporting new voluntary organisations through relevant legal processes and infrastructures has been a crucial aspect of secondary co-ops’ work. Following a favourable feasibility study, the agency would carry out the detailed development of a nascent co-operative and provide full training to tenant members in areas like housing management, finance and equal opportunities. After official registration, there would remain a need for on-going training, due to turnover of members and the election of new committees. The agency would also keep track of emerging legislative developments and funding opportunities.

CSE and BEN have already played a similar role in assisting the nine groups to secure LEAF grants following a hastily implemented policy from DECC. This ‘bridging’ role between the formal demands of government policy and the needs of community-based groups is analogous to the kind of development support provided to housing co-ops by secondary agencies. In relation to the LEAF funds, a number of the groups said that CSE’s input was essential for developing and running a viable project. In this case, CSE could offer expertise and standardised work packages which would be taken forwards more easily in each project.

In order to sustain the outsourcing of secondary housing services, part of the funds allocated by the Housing Corporation for the development of new co-operative projects went towards paying

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7 Department of the Environment, Tenants in the Lead: The housing co-operatives review. HMSO, 1989, p.11.
secondaries for their support. This allowed for the employment of paid staff tasked with overseeing the establishment and on-going development of new projects. The Housing Corporation recognised that the development of effective projects required certain tasks to be performed centrally.

A similar system could be devised to help community groups develop different sorts of projects in the run-up to the Green Deal (and BHWW). Acting as an agent for these groups, BEN could draw a proportion of the Green Deal funds channelled through community groups, to pay for and sustain its organisational work. The onus would be on BEN to demonstrate to funders and the community groups the particular benefits, through pooling resources, which collective community organisations can bring to the effective implementation of the Green Deal.

**Financial and Management Support**

According to a recent survey carried out by the Confederation of Co-operative Housing, financial services are the most widely used of all services offered by existing secondary agencies. Commonly, these include the payment of invoices, computerised bookkeeping and the preparation of budgets, cash-flows, reports and accounts. In contrast to the provision of development services, fees for financial services are normally charged directly to the primary co-op. Additional management services are wide-ranging and include asset management, customer services, health and safety training, human resources and procurement.

These types of services will become increasingly important as community groups begin to command their own revenue streams, particularly in the Green Deal context. As an intermediary acting as an agent for participating groups, BEN could have the opportunity to negotiate specific contracts between building developers and whole streets of homeowners interested in retrofitting. Again, this role would require active demonstration that the Green Deal can be delivered more effectively through collective community-based structures than through disconnected individual homeowners. CSE already carries out this type of community advocacy, which can be further sustained by BEN and its member groups throughout the Green Deal process.

3. **Transferable lessons: looking forward**

‘What is clear from the literature is that a lack of reflection on past achievements and failures by co-operators and their sponsors has ultimately undermined efforts to build momentum in developing co-operative solutions’.9

**Assets and Income**

The pivotal point at which we might depart from the analogy sketched here concerns asset ownership. Like secondary co-ops, Bristol’s community energy groups lack the physical asset base which primary co-ops have in their housing. This lack of assets has been the key source of instability for secondary co-ops; essentially, their fate has been dependent on erratic waves of government funding. When grants for the development and management of co-operatives were withdrawn in the

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early 1990s, most secondaries were forced to shut down or merge, or faced being taken over by local housing associations. Similarly, BEN’s development may not be sustainable without some kind of asset base, secure source of income or paid staff. While there is scope for groups to acquire their own physical assets (like Bristol Energy Co-operative’s solar enterprise, for example), it is likely that grant revenues will continue to play a major role in determining what kinds of projects groups have the capacity to deliver. Referral fees might also prove to be a source of funding.

If community-level involvement in sustainable energy policy is to have long-term success, groups will need to convince policy-makers of the specific benefits they are able to deliver. Funders will require regular assurance that grassroots initiatives are a more effective means through which to implement policy than traditional top-down approaches. Arguments in defence of housing co-ops have often focused on non-quantifiable social and cultural benefits which collective organisations bring to local communities, targeting broad governmental aspirations such as active citizenship promotion, choice and self-reliance. The following description of some of the costs of co-operative housing, however, suggests which kinds of considerations are of greater direct concern to funders:

‘Co-ops, of course, do not come cheap. They are not a substitute for under-investment in housing and, in fact, are usually a little more expensive to get going than other forms of rented provision. Their essentially voluntary nature and their past predominance in inner city communities, often makes them difficult to administer in quite the same way as their professionally dominated cousins in the housing association movement. They do not fit well into the smooth, streamlined systems of their funding agencies, nor do they sit happily with existing legislation. They occasionally run into serious difficulties and have a track record of campaigning vigorously when they feel threatened or badly done by.’²⁰

It will be the on-going task of Bristol’s community groups and their representative organisations to ensure that similar concerns do not apply to community-level delivery of sustainable energy policy. We have noted earlier the concerns over slow delivery of energy efficiency policies. Community groups do seem to be able to deliver both increased action and the non-quantifiable social and cultural benefits, which help to shape a collective capacity for change. The challenge will be how to demonstrate this. The LEAF projects show initial progress in this area through their much-increased networks of individuals, relevant professionals and other local community groups able and willing to help develop future community energy plans. In relation to the ‘difficult to administer’ point, it could be argued that the groups’ values are in their community specificity which, from a top-down perspective can make them more difficult to work with. BEN’s role here could be seen as bridging between the groups and policy funding streams, helping to access funds and providing an intermediary service to ease administration.

Structure and Communication

In the context of the forthcoming Green Deal, it is critical that community groups are able to access advice on what organisational structures will enable them to adopt particular roles, whether relating to promotion, assessment or delivery. BEN (with CSE) is well positioned to disseminate knowledge of what works and what doesn’t, to prevent groups from wasting time and resources on known pitfalls.

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Like BEN, most secondary co-ops had to constantly adapt to survive increasing competition due to major changes in policy and funding arrangements. As the details of the Green Deal become clearer, BEN and its member groups will need to adopt structures relative to specific policy directives, as well as develop ways to demonstrate their effectiveness to Green Deal regulators. Like small housing co-operatives, many of BEN’s groups have only a limited ability to demonstrate their effectiveness and coordination to potential funders. An important function of secondary co-ops has been to act as spokesperson between smaller groups and the regulatory structures governing their finance. Much related research is already being carried out by CSE in relation to the Green Deal; BEN has an important role to play in translating this research into targeted advice for group members on the ground.

**Locality and National Networking**

Another feature of secondary co-ops has been their dependence for custom on a small, geographically-located client pool; they are effectively tied to the physical houses of the groups they service. While community groups are concerned with energy issues in their local area, support organisations do not need to restrict their services to a particular locality. CSE provides a good example: within thirty years, what began as four volunteers working on local issues has become an organisation of 45 staff, whose work has national relevance and impact. Equally, BEN’s framework need not be restricted to Bristol, but could form part of a national network of similar services; a National Federation of Energy Networks, for example, to foster the sharing of experiences with groups in different regions, and to promote community energy participation to a yet wider audience.

**4. Next steps**

Together with CSE and BEN, the community energy groups will need to consider what roles they might want to take in future energy activity within the city and how these roles might be resourced. A key consideration is to demonstrate the benefits that bottom-up action can have on improving engagement with top-down policy, e.g. in the take-up of the Green Deal. The experiences of the LEAF projects have shown that local groups can be very effective in engaging locally. The networks and knowledge gained through LEAF provide a solid starting point for Green Deal and pre-Green Deal activities – especially in the early stages through raising awareness and connecting individuals to schemes. The number of referrals from the LEAF groups might ‘prove’ to policy makers their effectiveness, and also raise awareness of non-quantifiable impacts as well.

The housing analogy provides some useful lessons and potential structures and considerations going forwards which, linked to the learning from the LEAF projects, should help to shape future activity at this key point in the evolution of energy policy in the UK.

This report highlights the key issue of assets and resourcing. Most of the community energy groups are volunteer-based and thus limited in their capacity for action. We saw, through the LEAF projects, that volunteer run initiatives can be both exciting and exhausting. Similarly, in any future activity, resourcing will continue to be an issue and some form of funding either at a local level or to support overarching activity by BEN or CSE will be essential.
Bibliography


Some questions for BEN and the community groups:

1) How useful do you find this analogy with housing?

2) What assets do community groups have?

3) What specific benefits do community-level groups provide to effective energy policy implementation? And how do they prove/provide evidence of these benefits?

4) What aspect of groups’ work could most benefit from a pooling of resources through BEN / CSE as analogous to the secondary co-ops?

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