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## Business Energy Efficiency Project (BEEP): Summative Assessment



## Executive Summary

This report by ACE Research (ACE-R), based within the Association for Decentralised Energy (ADE), details our summative assessment of the Business Energy Efficiency Project (BEEP), a programme which is delivered by Durham County Council (DCC).

The report is a requirement of the European Regional Development Fund (ERDF) and is therefore aimed at the ERDF and the Department for Levelling Up, Housing and Communities (DLUHC). However, the report also aims at a broader audience, including the BEEP team, wider local stakeholders, and delivery partners. This report's findings are relevant to future initiatives and projects aimed at supporting businesses to decarbonise their activities.

## Introduction

BEEP provided an independent analysis of existing business practices via in-depth energy audits. The resulting bespoke recommendations report provided small and medium-sized enterprises (SMEs) with cost-effective options for generating financial savings through energy reductions and generation activities. Joint funding from ERDF and DCC enabled this service to be offered for free. The project also provided SMEs with grant funding to support SMEs with the capital costs of energy efficiency and low carbon generation technology installations.

BEEP ran between September 2019 to March 2023. Originally due to finish in September 2022, the project received a six-month extension due to COVID-19.

This summative assessment finds that SMEs in Durham have greatly benefited from BEEP, which has acted as a catalyst to businesses' decarbonisation journeys as well as delivering energy bill cost savings. Without the support of BEEP, these outcomes would not have been achieved. Our analysis finds that there is continued demand from businesses across the region for ongoing support to decarbonise and reduce energy consumption.

This Summative Assessment embraced the six research requirements: relevance and consistency, progress, delivery and management, impact, assessing value for money and conclusions and lessons learned.

## Relevance and consistency

BEEP has remained consistent and relevant to both its energy policy and economic contexts.

There have been rapid changes in the local economy and energy markets, particularly relating to the impact of Brexit, COVID-19 and the energy price crisis. This has placed greater emphasis on the role of energy efficiency and energy generation in reducing operating costs to businesses with the additional benefit of supporting national and local decarbonisation legislation as the UK strives towards net zero.

We find that BEEP is well placed to support businesses in reducing their exposure to high energy bills, provide resilience to future economic downturns and begin to decarbonise their operations.

## Progress

The C1 target of 327 SMEs was not met, at the time of writing. 256 SMEs have thus far received a minimum of 12 hours of support (the qualifying criteria for the C1 target). However, the BEEP team supported an additional 197 SMEs but did not reach the 12-hour minimum target. This meant that these SMEs did not contribute to the C1 target. A decision was made by the BEEP team to provide tailored support based on

the engagement time the SME required, rather than spending the 12-hour minimum requirement if it was not appropriate. Without the 12-hour minimum requirement, BEEP supported 331 SMEs thus exceeding the target of 327.

On top of the 256 SMEs that have met the 12-hour minimum target, there are 24 SMEs currently being engaged with and 69 on the waiting list that will not be processed through this iteration of BEEP but will be prioritised for subsequent versions.

The C34 target of 2,633 tCO<sub>2</sub>e saved was not met. To date, the project has secured 591.73 tCO<sub>2</sub>e. From BEEP's conception there was an intention to focus on the behavioural changes that individuals could make to reduce their CO<sub>2</sub> output which was predicted to yield approximately 600 tCO<sub>2</sub>e. There is also 400 tCO<sub>2</sub>e from projects that have been funded by BEEP but have not been submitted to the funder so have not yet contributed to the C34 target. There are several innovative projects, with the potential to yield high carbon savings, that are still ongoing. This includes two projects involving the installation of solar photovoltaic (PV) panels with an 800 tCO<sub>2</sub>e reduction potential. Due to a combination of the impact of COVID-19 which prevented site visits and the internal delays caused by a breakdown in communication with the Funding and Programmes team this expected CO<sub>2</sub> saving was not achieved. There is an expectation amongst the BEEP team that towards the end of the project (March 2023) the above projects will be complete and the contributions to the C34 target will be closer to the target.

## Delivery and management

BEEP has been delivered by an initiative-taking, cohesive and dedicated team. The team has a diverse range of complementary technical, stakeholder engagement and business development skills and knowledge of the previous phase of BEEP, with a majority of team members having worked on the earlier project. The team's collective knowledge of the local business community has made them acutely aware of local SMEs' challenges and how best BEEP can support them. The BEEP team is seen as a trusted and impartial source of information by SMEs, which has been key to the successful delivery of both iterations of BEEP. However, the limited size of the BEEP team, the level of interest the project received, and the COVID-19 pandemic resulted in some delays in delivery throughout the project.

The BEEP customer journey has evolved. Lessons have been learned from BEEP's first iteration, and the customer journey is now less complicated.

Communications have been targeted on a geographic basis, focusing solely on Durham. There was high engagement from SMEs given the reputation of the previous phase of BEEP. There was no size or type of SME that was targeted for engagement, to engage with as many SMEs as possible. Feedback from the project team suggests that communication was crucial during COVID-19 lockdowns to maintain the visibility of BEEP and move SMEs through the process. Towards the end of BEEP in 2022, there was such high engagement from SMEs that online communications were scaled back.

The 12-hour allocation of time spent per SME proved to be a constricting element of the BEEP process, with consensus from the BEEP team indicating that a sliding scale based on the SME's size and the audit's complexity was a preferable approach. The BEEP team decided to provide tailored support based on the engagement time the SME required, rather than spending the 12-hour minimum requirement if it was not appropriate. The BEEP team felt it was unjustified to use up more of the SME's time when it was not necessary.

The grant offer was a key tool to engage SMEs in the BEEP process and enabled the recommendations made in the report to be implemented and the benefits realised. However, the requirement for upfront

payment before receiving the grant funding did exclude some SMEs from taking forward actions, as did the limited amount of funding available (20-40%).

To stretch the pool of funding further and prioritise larger grants for projects with greater carbon savings, an internal procedure for funding allocation was developed. For each project, the amount of funding allocated was decided internally through collective discussion and based on carbon and energy savings, along with the length of payback times. Both the approach to the 12-hour target and the grant funding allocation meant that the C1 and C34 targets could be pursued more effectively, and the funding maintained for longer, however, there are questions of fairness that arise and important considerations as to whether standardisation would avoid any potential bias in decision making.

## Impact

The BEEP team have assisted SMEs across Durham to reduce their energy spend and has made many businesses, from micro-businesses to large SMEs, more financially stable and more sustainable because of engaging with BEEP. This support has come during a time of significant disruption for businesses, including the COVID-19 pandemic and the current energy crisis. Feedback from SMEs indicates that in some instances BEEP has helped prevent SMEs from closing, indicating the significant impact of the project on local businesses and the local economy.

The impact felt by SMEs was notably the access to free and impartial expertise, which would not have been affordable to them without BEEP. This support enabled businesses to have increased awareness of their energy bills and how energy efficiency improvements, including low-cost options and behavioural changes, and generation technologies, can reduce their operational costs, improve employee comfort levels at work and support local and national decarbonisation ambitions. The knowledge built through the project has enabled SMEs to act with confidence knowing the advice came from a trusted source that did not have a financial stake in the project outcome.

The BEEP team have continued to build on their experience from previous projects in administering EU grant funding, having learned from the shortcomings of the first phase of BEEP. There has also been growth in the collective understanding of the challenges that face SMEs in Durham and how the council can support them. This understanding has strengthened relationships with local SMEs, the BEEP team, and certain teams within DCC.

## Assessing value for money

Overall, the research team consider that BEEP has offered value for money.

The research team have been unable to quantify the economic impact of BEEP on the SMEs who participated due to a lack of data collection throughout the project. Interviews with the BEEP team suggested that standardised data collection and data cleaning throughout the project would be integral if BEEP were to be delivered again in the future.

Re-engaging with SMEs after a period could give a stronger indication of the impact of BEEP, both in terms of carbon and cost savings, as well as for improvements to personal comfort and business performance. The collection of this data in the future would be beneficial to the BEEP project, although we recognise that this data collection was not a requirement of the grant funding.

SMEs also valued the quality of the tailored report following the energy audits, which would have been a large expense if they were to have employed a consultant to support them in analysing their building

performance and energy savings potential. Therefore, this offered value for money for the SMEs as the audits were delivered for free.

## Conclusions and lessons learnt

This report has collated reflections from the BEEP team and from SMEs, which have been assessed by ACE-R and presented as a set of recommendations based on each aspect of the delivery of BEEP. A summary of key recommendations is included here, with the full list cited in the full [recommendations section](#).

### Relevancy and consistency

- We consider that to remain relevant and consistent to local SMEs and previous iterations of BEEP the BEEP project should continue to provide energy efficiency and low carbon generation support going forward, particularly given the context of the energy crisis.

### Progress

- We consider that a revision of the 12-hour minimum requirement would support attaining the C1 target potentially with the use of a sliding scale based on the size of the SME and the complexity of the audit.
- We consider that to get a full understanding of the progress relating to the C34 target there needs to be a consideration for those SMEs still engaging in BEEP and those that remain on the waiting list.

### Delivery and management

- We consider that increasing the capacity of the BEEP team will support project delivery given its size and complexity.
- We consider that standardising the allocation of funding will reduce the risk of potential bias.
- We consider that direct contact between the BEEP team and the funding representative will reduce delays in delivery.

### Impact

- We consider that wider funding options are needed including for fabric first measures and wider payment options are needed for SMEs unable to pay the upfront costs.
- We consider that the provision of Demand Side Response (DSR) or flexibility service offerings and support with Power Purchase Agreements (PPA) for local renewable and Combined Heat and Power (CHP) technologies would be beneficial to the BEEP project.

### Value for money

- We consider that wider funding and payment options are needed.
- We consider that with greater capacity the BEEP team can reduce the waiting time for SMEs throughout the BEEP process.

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# 1 Introduction

This report by ACE Research (ACE-R), based within the Association for Decentralised Energy (ADE), details our summative assessment of the Business Energy Efficiency Project (BEEP), a programme which is delivered by Durham County Council (DCC).

The report is a requirement of the European Regional Development Fund (ERDF) and is therefore aimed at the ERDF and the Department for Levelling Up, Housing and Communities (DLUHC). However, the report is also aimed at a broader audience, including the BEEP team, wider local stakeholders and delivery partners. The findings from this report have relevance to future initiatives and projects aimed at supporting businesses to decarbonise their activities.

## 1.1 BEEP

BEEP supports small to medium sized enterprises (SMEs) across County Durham to make financial savings through the installation of energy efficiency and energy generation technologies.

BEEP provided an independent analysis of existing businesses practices via in-depth energy audits. The resulting bespoke recommendations report provided SMEs with cost-effective options for generating financial savings through energy reduction and generation activities. Joint funding from ERDF and DCC enabled this service to be offered to SMEs for free. The project also provided SMEs with grant funding to support SMEs with the capital costs of energy efficiency and low carbon generation technology installations.

## 1.2 The evaluation of BEEP

Undertaking both desk-based research and stakeholder engagement, our approach to assessing BEEP involved gathering both qualitative and quantitative data from the BEEP team, local stakeholders and SMEs that have interacted with the project. We also reviewed BEEP's promotional activities and drew in learnings from other PA4b projects.<sup>1</sup> The BEEP team were highly engaged in taking part in interviews with every team member giving feedback. They also facilitated interviews with SMEs and disseminated a survey.

Our methodology embraced six key research requirements:

- 1 **Relevance and consistency:** exploring the continued relevance and consistency of the project, considering any changes in policy or economic circumstances during its delivery period.
- 2 **Progress:** detailing the progress of the project against contractual targets, any reasons for under or overperformance, and the expected lifetime results.
- 3 **Delivery and management:** exploring the experience of implementing and managing the project and detailing lessons which have emerged from this experience.
- 4 **Impact:** showcasing the economic and emission reduction impacts attributable to the project, including both intended and actual outcomes; and
- 5 **Assessing value for money:** analysing the cost-effectiveness of the project considering its intended and unintended outcomes and impacts, and thereby its value for money.

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<sup>1</sup> PA4b: ERDF Priority Axis 4 workstream supports the shift to a low carbon economy. Investment priority 4b focusses on the promotion of energy efficiency and renewable energy use in SMEs

- 6 **Conclusions and lessons learned:** collating reflections from the BEEP team, wider stakeholders and from SMEs themselves, which were reviewed by ACE-R and presented as a set of recommendations based on each aspect of the delivery of BEEP.

Briefings from the BEEP team and access to project documentation enabled ACE-R to understand the context, project objectives, rationale, inputs, activities, outputs, outcomes and impacts of the project.

### 1.3 Report Structure

The research areas are explored in the sections below:

- [Relevance and consistency](#)
- [Progress](#)
- [Delivery and management](#)
- [Communication and engagement](#)
- [Impact](#)
- [Assessing value for money](#)
- [Successes and lessons learned](#)

## 2 Relevance and consistency

In this section, we explore the continued relevance and consistency of BEEP, in terms of changes in both policy and economic circumstances during its delivery period.

BEEP has remained consistent and relevant to both its energy policy and economic contexts. BEEP has provided invaluable information sharing, advice and support through free audits and grant funding to enable investment in energy efficiency and low carbon generation for local SMEs in Durham.

There have been rapid changes in the local economy and energy markets, particularly relating to the impact of Brexit, COVID-19 and the energy price crisis. This has placed greater emphasis on the role of energy efficiency and generation in reducing operating costs to businesses with the additional benefit of supporting national and local decarbonisation action as the UK strives towards net zero.

At the local level, this has driven the need for energy efficiency to reduce energy consumption and associated costs. There has been some support provided by the national government to SMEs, through a temporary cap on energy prices. However, this is only operating over a six-month timeframe leaving SMEs uncertain about their future energy costs.

The impact of COVID-19 on local businesses was also a huge obstacle that the BEEP team had to overcome to continue providing services. COVID-19 required non-essential businesses to close and there was huge uncertainty over when they would be able to reopen, creating challenges for both businesses and the BEEP team. The consistent interactions by the BEEP team during the pandemic lockdowns enabled SMEs to continue moving forward through the BEEP process.

Some SMEs will have been further impacted by the UK's departure from the EU and the subsequent impacts this has had on supply chains and trade. This will have created an additional need for cost savings.

These global challenges have placed BEEP in a unique position to support local SMEs.

### 2.1 Climate change: emergency declaration

Since declaring a climate emergency in February 2019, Durham County Council has stayed committed to reducing Green House Gas (GHG) emissions demonstrated through its Climate Emergency Response Plan (CERP1), which sets a course for over 100 carbon reduction projects taking place across County Durham. The BEEP project forms part of this continued commitment, whilst also supporting Durham Council's priority of supporting SMEs through the energy crisis and providing greater energy security going forward.

A second action plan (CERP2) is now underway and set to run until 2024. CERP2 sets out new targets to achieve net zero, including an 80% reduction in council emissions by 2030.<sup>2</sup> CERP2 also aims to contribute to and surpass the wider national net zero target by reaching carbon neutrality by 2045.<sup>3</sup>

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<sup>2</sup> Council, D. C., 2022. *Record of Executive Decisions*. Durham, Durham County Council, page 3.

<sup>3</sup> Council, D. C., 2022. *Climate Emergency*. Durham, Durham County Council. [Online] Available at: [Climate emergency - Durham County Council](#)

DCC's commitment to reaching net zero directly supports SMEs through BEEP, enabling carbon reduction through retrofit and behaviour change activities, which in turn has also supported SMEs through the energy price crisis with businesses taking active roles in reducing their energy demand, reducing bills and increasing comfort for their employees. In turn, this supports energy security at the local level. A role which must be fulfilled as the UK transitions to net zero.

## 2.2 Economic context

BEEP started in September 2019 and ran until March 2023. Initially supporting the drive to build energy security and carbon reduction for SMEs in County Durham, it has grown in relevance given the energy crisis.

Energy bills started to rise in October 2021 as global energy demand increased following the easing of COVID-19 lockdowns. The situation continued to worsen following the invasion of Ukraine. These factors have influenced the steady increase in volatile energy costs for suppliers in the UK. Without greater energy independence the UK has greater exposure to international events such as these causing extreme price fluctuations. The resulting increase in the price per unit of gas has resulted in several energy suppliers ceasing to trade and the remainder raising their prices to consumers. There is concern that the support offered by the government is insufficient as it is unclear when the price of energy will stabilise. Through the Energy Bill Relief Scheme the government has mandated an energy price, but its duration has been limited to six months.

The Federation of Small Businesses (FSB) found in its 2022 report '*Out In The Cold: Helping small businesses through the energy crisis*,' that 53% of SMEs are at risk of stagnation, downsizing or closure over the next 12 months, citing the increase in the cost of energy and utilities as the main reason.<sup>4</sup>

The increase in energy bills and wider cost of living crisis, has resulted in businesses showing greater interest in the positive effect that energy efficiency measures can have on reducing bills. This has led to considerable interest in BEEP from SMEs, with a high number of applicants wanting to engage with the scheme to reduce consumption and bills and benefit from independent expert advice and access to grant funding.

Durham has a diverse number of SMEs in the area across a diverse set of sectors. Those businesses with high energy-intensive systems could benefit from efficiency upgrades, such as those with large cooling systems for freezers in corner shops or large industrial ovens in local bakeries. Given the importance of SMEs within local economies, with SMEs accounting for 60% of private sector employment across the UK, energy efficiency improvements provided through BEEP can play a leading role in ensuring they receive adequate support during the energy price crisis.

## 2.3 Energy context

The FSB report referenced above noted the concern SMEs have over the impact of volatile energy prices and calls for greater government support. As reducing energy consumption has been the second most common response to the crisis by SMEs, after increasing the price of goods and services, BEEP is well placed to offer additional support to local businesses. By maintaining support for energy efficiency projects such as BEEP, Durham County Council will not only protect individual businesses from price

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<sup>4</sup> The Federation of Small Businesses (FSB), 2022, *Out in the Cold*. [Online] Available at: <https://www.fsb.org.uk/resources-page/out-in-the-cold.html>

volatility, but it sets an example for both the support that is required by SMEs now during the energy crisis and longer term with the net zero and decarbonisation ambitions.

The Energy Bill Relief Scheme came in response to the high price of energy for both domestic and non-domestic consumers. While domestic energy consumers have some protection against gas price volatility through the energy price cap set by Ofgem, non-domestic energy consumers have no equivalent, making the need projects such as BEEP more apparent. The importance of this support is particularly relevant to SMEs that may have less capacity to make investments compared to large enterprises.

While the government has confirmed that there will be some financial support for non-domestic energy consumers offered through a discount on gas and electricity bills for six months.

## 2.4 Analysis

BEEP has demonstrated its consistency and relevance to the economic context by:

- Providing a business support offer that is open to a wide range of SMEs, many of whom have been particularly impacted by COVID-19, Brexit and the energy price crisis.
- Providing a service that can fund a range of retrofit projects from lower-cost retrofit projects, including LED lighting to large innovative projects such as solar PV installations, alongside advice on no-cost behavioural changes.
- Adapting its marketing and messaging to suit the unique context of COVID-19 and the energy price crisis (as discussed in more detail in the [Communication and engagement section](#)).
- Continuing the service during COVID-19 lockdowns and providing support where possible during increasingly challenging times for SMEs.
- Supporting businesses in their ability to reduce energy consumption, bills and carbon emissions

With an ongoing policy vacuum at a national level – with a lack of energy performance policy for commercial entities – and given the energy price crisis, there has never been a more important time for BEEP to support SMEs to improve their energy performance.

### 3 Progress

In this section of the report, we highlight the progress of BEEP against its ERDF contractual targets. We also detail any amendments made to the grant agreement and provide explanations for any changes in performance and delivery.

#### 3.1 Project value and ERDF targets

Tables 1 and 2 detail the contractual ERDF project value and targets.

**Table 1: Project value**

<b>Total project value:</b>	£1,730,017
<b>ERDF funding:</b>	£1,038,010
<b>DCC match funding:</b>	£2,953
<b>SME match funding:</b>	£689,054

**Table 2: Delivery requirements**

<b>Businesses engaged (C1 targets):</b>	327
<b>GHG emissions reductions (tCO<sub>2</sub>e) (C34):</b>	2,633

#### 3.2 Progress against targets

Building on the success and visibility of the first phase of BEEP, the second phase commenced in September 2019.

A review of SMEs that received grant funding during the second phase of BEEP shows a range of technologies that have been supported, including LED lights, smart electric radiators, heat pumps and solar PV panels, and a wide range of SMEs, including community centres, commercial centres, a cricket club and a golf club.

The specific targets that were set for both the C1 targets and C34 targets were developed and agreed upon by the BEEP team.

As detailed in table 3 below, BEEP had 453 applications throughout the project to date. The project has provided support to 331 SMEs, but of these 197 required less than the 12-hours of support. Therefore, these engagements did not contribute to the C1 target. Thus, the number of C1's achieved was 256.

The C1 target was not met because the BEEP team wanted to provide a tailored service to each SME and did not want to use up their time unnecessarily as this could have potentially negative implications for the SME. This indicates that the 12-hour minimum requirement for reaching the C1 target did not function well in practice.

There are 24 SMEs currently being supported with a further 69 on a waiting list for future iterations of BEEP.

The C34 target was also not met. BEEP identified GHG emissions reductions of 591.73 tCO<sub>2</sub>e, which falls short of the set target of 2,633 tCO<sub>2</sub>e. Furthermore, it should also be noted that this figure represents the

GHG reductions from behavioural changes made by SMEs where evidenced and from SMEs that received a grant to install measures. It does not include the GHG reductions from:

- Those SMEs are currently being supported through the grant funding process.
- Those SMEs who took forward measures but financed the project through other means.
- Those SMEs that remain on the waiting list.

**Table 3: BEEP delivery performance - C1 and C34 targets**

Number of applications	453
Number of SMEs received some level of support	331
SMEs currently being engaged with	24
Applications yet to be engaged with (waiting list)	69
Received a minimum of 12 hours of support (with sign-off) (C1)	256
Received a minimum of 12 hours of support (yet to get sign-off) (C1)	9
Receiving less than 12 hours of support (no contribution to C1)	197
Did not receive audit (i.e., ineligible/or client withdrew).	202
Average loss rate	43%
GHG emissions reductions (C34) (tCO <sub>2</sub> e):	591.73

**Table 4: BEEP delivery metrics**

Total hours of support delivered to SMEs:	3,633.5
Average hours spent per SME	8.02
Value of BEEP grants awarded to SMEs (claimed) (£):	£89,663.58
Value of BEEP grants awarded to SMEs (unclaimed) (£):	£119,225.80
Total identified GHG emissions reductions (based on grants claimed) (tCO <sub>2</sub> e):	591.73
Outstanding tCO <sub>2</sub> e to be claimed	At least 400 tCO <sub>2</sub> e
Expected pipeline of tCO <sub>2</sub> e	At least 800 tCO <sub>2</sub> e
Average carbon value of BEEP grant funding (£/tCO <sub>2</sub> ) (based on grants claimed through funder)	£151.53
Total estimated annual cost savings to SMEs (£):	Unknown
SME match funding (£):	£675,750.64

While BEEP did not meet the C1 or C34 targets, the number of SMEs supported throughout the project remains impressive and has had a substantial impact given the unique circumstance during which the



project was active. Furthermore, removing the restrictions surrounding the 12 hours of minimum support would have meant that BEEP's performance would have been greater.

### 3.3 Impact of changes to ERDF guidance and internal requirements

The COVID-19 pandemic had significant implications for the project that could not have been foreseen. Originally, the ERDF guidance required wet signatures from businesses to prove consent to working with BEEP<sup>5</sup>. However, this was not possible during lockdowns. In response to COVID-19 restrictions, ERDF agreed to accept dry signatures provided over email.

Despite this change from the funder, there was an internal issue between the BEEP team and DCC's Funding and Programmes Team. This team continued to request wet signatures for their internal processes. Attempts to change this requirement were rejected. The failure to not resolve this issue caused further delays to project delivery, degraded the working relationship between the two teams and caused a significant loss of income to DCC where funding was promised before it was secured by the funder. In addition, the BEEP team were unable to contact ERDF for clarification on the signature requirements as the Funding and Programmes Team had sole contact. Therefore, we recommend that in future iterations of BEEP, that direct contact with the funder is established and maintained.

An additional challenge was that some SMEs struggled to provide signatures by scanning and sending them via email. To overcome this, the BEEP team delivered forms in person when no one was on site and then returned to collect the signed documents at a later point. The team also temporarily accepted delivery of the forms by post to their home addresses when the DCC offices were closed during lockdown.

These delays meant that the C1 target of engaging with as many SMEs as possible was affected, particularly considering the high level of interest in the project. A decision was made by the BEEP team to apply for an extension of the project by six months until March 2023, which was subsequently agreed upon by DCC. With the extension, the BEEP team wanted to contact the remaining 69 SMEs on the waiting list. However, the remaining BEEP budget was considered too low and there was consensus that these SMEs will receive support during the next phase of BEEP.

### 3.4 Analysis

The C1 target of 327 SMEs was not met. When the BEEP project is finalised the C1 target may be higher than presently reported.

BEEP has supported an additional 197 SMEs, but the team did not reach the 12-hour minimum support target. This means that this work did not contribute to the C1 target. The BEEP team felt it was unjustified to use up more of the SME's time when it was not necessary, and it is worth noting that the average number of hours spent with SMEs involved with BEEP was 8 hours.

Without the 12-hour minimum requirement, the total SMEs supported by BEEP was 331 SMEs, thus exceeding the target.

The C34 target of 2,633 tCO<sub>2</sub>e reduction was not met. To date, the project has secured 591.73 tCO<sub>2</sub>e. However, this is in part due to the impact of COVID-19 preventing site visits and the delays caused by internal communication issues with the Funding and Programmes team. Furthermore, several more

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<sup>5</sup> HM Government., 2022, *European Regional Development Fund 2014 to 2020 Programme: Questions and Answers on COVID-19 Response*, HM Government. [Online] Available at: [European Regional Development Fund 2014 to 2020 Programme: Questions and Answers on COVID-19 Response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/answers/european-regional-development-fund-2014-to-2020-programme-questions-and-answers-on-covid-19-response)

innovative projects with the potential to yield high carbon savings are on-going. These include two projects involving the installation of solar PV panels solar panels with approximately 700 tCO<sub>2</sub>e reduction potential. There is an expectation amongst the BEEP team that towards the end of the project more of the innovative projects will be complete and the contribution to the C34 target will be closer to the target.

As of 2021, the BEEP project has accumulated financial savings of £600,000 per year for SMEs in Durham. This is based on current market rates and the number of kWh/litres of fuel saved as of December 2021.

## 4 Delivery and management

In this section of the report, we highlight the experience of implementing and managing BEEP and any lessons that have emerged from delivery.

Views from stakeholders were gathered through Teams and telephone interviews with the BEEP team and wider stakeholders. In addition, SMEs who had engaged with the project were surveyed via an online survey, and telephone interviews where the SME consented to be contacted for further feedback.

BEEP has been delivered by a highly motivated, cohesive and dedicated team.

The team has a diverse range of complementary technical, stakeholder engagement and business development skills and knowledge of the previous phase of BEEP, with a majority of team members having worked on the earlier project. The team's collective knowledge of the local business community has made them acutely aware of local SMEs' challenges and how best BEEP can support them. The BEEP team is seen as a trusted and impartial source of information which has been key to the successful delivery of both iterations of BEEP.

The key to successful delivery, and ensuring SMEs received the support they needed, was having the advice come from a trusted and impartial source, as well as continued relationships with SMEs from beginning to end. It is evident that COVID-19, which prohibited face-to-face interactions, strained the team's limited resources and caused delays. However, the BEEP team maintained their commitment by continuing communication, resolving issues around wet signature requirements, making site visits when properties were vacant and allowing documentation to be sent to their homes.

The BEEP customer journey has evolved between iterations of the project. It is now less complicated. However, the 12-hour allocation of time spent per SME proved to be a constricting element of the BEEP process, proving to be either too much or too little time depending on the needs of the SME. The BEEP team were conscious to not take unnecessary time away from normal operations for an SME. Therefore, the decision to offer a flexible service, even though activities would not be counted towards contractual targets, should be commended.

SMEs found great value in the quality and bespoke nature of the free audits, which were available even if grant funding was not available or pursued by the SME. As of 2021, the BEEP project has accumulated financial savings of £600,000 per year for SMEs in Durham. This is based on current market rates and the number of kWh/litres of fuel saved as of December 2021.

The grant offer was a key tool to engage SMEs in the BEEP process and enabled the recommendations made in the report to be implemented and the benefits realised. However, the requirement for upfront payment before receiving the grant funding did exclude some SMEs from taking forward actions, as did the limited amount of funding available (20-40%).

The allocation of grant funding was decided internally through collective BEEP team discussions, with the decision to give the minimum threshold of funding to low-cost projects with fast payback times such as LED lighting and the maximum threshold to more high-cost and innovative projects such as infrared heating. However, projects involving solar PV installation received 20% grant funding as energy savings were not as substantial as other technologies and this was generally considered after other improvement works had taken place, so the measure was not incentivised with a higher funding grant. Though this meant that the C1 and C34 targets could be pursued more effectively, and the funding maintained for

longer, there are questions of fairness that arise and whether standardisation of grant allocations should be the preferred route to avoid any potential bias.

Communications were targeted across Durham. High levels of existing awareness of BEEP made outreach easier. No size or type of SME were specifically targeted for engagement with the intention of the project to engage with the widest range of businesses possible. Feedback from the project team suggests that communication was most crucial during times of COVID-19 lockdown to maintain the visibility of the project, move SMEs through the process and demonstrate that BEEP was still available for other SMEs.

While there was an understandable appetite to meet both C1 and C34 targets, the research team felt that there was a greater focus on meeting C1 targets. However, reaching a higher number of SMEs would mean that the BEEP team could collectively reach both C1 and C34 targets.

#### 4.1 From concept to project

The second phase of BEEP was developed following the successful set-up and delivery of the first iteration of the project, which is considered a high-profile and successful service in and of itself. Project team members from the first iteration of BEEP were instrumental in sharing information to inform the design of the second phase. The team required little additional training or awareness building as they had the concept project to build on. The first summative assessment for BEEP was also used as a guide to help refine management and delivery.

The second iteration of BEEP was developed by DCC in 2019 signifying the council's commitment to supporting SMEs in decarbonising and lowering energy bills during the energy price crisis.

The project was developed by the BEEP delivery team, other DCC teams, Business Durham and external teams working on similar SME support projects, including the Business Energy Saving Team (BEST)<sup>6</sup> and Business Renewables Energy Efficiency Sunderland (BREEZ)<sup>7</sup>. This partnership working showcases Tyne and Wear council's excellence in supporting SMEs.

#### 4.2 BEEP delivery model

There were several strategic and delivery roles within BEEP:

**Lead delivery team:** the BEEP team.

**Internal partners:** the internal Low Carbon team for advice and support where SMEs were outside of the scope of BEEP and the internal Funding and Programmes team for administrative checks to secure funding.

**External partners:** The BEEP team worked with Business Durham to generate leads into BEEP, as well as officers from BEST and BREEZ. Further details of partnerships and stakeholders can be found in [the Partnerships section](#).

#### 4.3 BEEP Team

BEEP has been delivered by a highly motivated, dedicated and committed team:

<sup>6</sup> Business Energy Savings Team., 2022, *Helping North East SMEs Save Money on Energy*, Business Energy Savings Team [Online] Available at: [https://www.best-ne.co.uk/BEST-Fully-Funded-Energy-Audits\(best-ne.co.uk\)](https://www.best-ne.co.uk/BEST-Fully-Funded-Energy-Audits(best-ne.co.uk))

<sup>7</sup> Business Renewable Energy Efficiency Sunderland., 2022, *BREEZE - Business Renewable Energy Efficiency Sunderland*, Sunderland City Council. [Online] Available at: [BREEZ - Business Renewables Energy Efficiency Sunderland - Sunderland City Council](#)

- Michael Vasey, Durham County Council
- Stephen McDonald, Durham County Council
- Maggie Bosanquet, Durham County Council
- William Vincent, Durham County Council
- Lawrence Callender, Durham County Council
- Kelly Philpott, Durham County Council
- Andriana Christou, Durham County Council
- Caroline Taukulis, Durham County Council
- Caroline Hearne, Durham Country Council (former project manager/auditor)
- Helen Grayshan, Wakefield Council (former BEEP team member)
- David Orr, Newcastle Council (lead for the BEST project)
- Graeme Stephenson, Sunderland Council (lead for the BREEZ project)

The team has a diverse range of complementary skills.

- The project managers and the project support officer had previous experience working on the first iteration of BEEP, helping to provide effective support for the delivery of the second iteration of BEEP.
- The engagement officer was highly experienced in communication roles with knowledge of social media for maintaining the visibility of the project, providing critical support through COVID-19 to ensure the BEEP team remained in communication with SMEs.
- The team also included two trained energy auditors and one in training, all with technical knowledge in energy efficiency, renewable energy and energy storage technologies that have enabled the delivery of tailored audits.

In addition to the active energy savings that SMEs were advised to take, the auditors also took time to provide advice on the passive actions SMEs could take to reduce their energy consumption, which involved behavioural change advice. The combination of passive and active recommendations for energy efficiency improvements was intended to accommodate SMEs that were unable to accommodate the upfront payment required to receive grant funding.

Whilst audits were completed by individual energy auditors, there was a high level of collaboration between roles within the team to ensure each member was aware of the BEEP process from start to finish. This also supported the internally adopted process of collaborating on grant funding allocations, which was decided amongst the BEEP team to provide the appropriate level of support to each SME, thus avoiding overspending on measures with short-term payback times.

The small size and strong communication amongst the team created strong working relationships and delivered a high standard of service to SMEs. The level of collaboration can also be observed across teams at DCC in cases where SMEs did not meet the requirements for support under BEEP. Teams coordinated to internally refer SMEs to other potential projects and services such as the Try Before You Buy project delivered by DCC's Low Carbon Team.

*"There was a very strong and dedicated team."*

**BEEP Team Stakeholder**

Having applied the lessons learned from the first iteration of BEEP, the team were committed to providing continuity to SMEs who wanted consistent interactions with the same member of the BEEP team throughout the project.

Stakeholder feedback highlighted that whilst there was consistent knowledge and support for SMEs throughout the audit process, staff shortages reduced the ability of the BEEP team to reach all the SMEs that showed interest with 67 SMEs remaining on the waiting list.

COVID-19 resulted in staff shortages and a smaller team working consistently on the project, along with difficulties in recruiting new staff. The size of the team meant that meeting the number of SMEs interested in the project was challenging, especially considering not only the level of interest in BEEP but also the size of Durham with long travel times for site visits. There were also several part-time roles, including the engagement officer. BEEP would benefit from roles being full time in nature and permanently given the workload generated by the project. While staff turnover is unavoidable and out of the control of the project, it is recommended that staff consistency contingency plans are in place for future iterations of BEEP.

Stakeholders also highlighted that key to delivering success and ensuring SMEs completed the full BEEP process was having in-person interactions. However, COVID-19 restrictions prohibited this, leading to barriers to SME engagement. The team switched delivery to accommodate COVID-19 rules, meaning energy audits were carried out at empty sites and electronic signatures were used to evidence SME consent. However, this resulted in unique logistical challenges as many SMEs were unable to give electronic signatures due to a lack of IT literacy. As previously noted, there was conflict between internal DCC teams on the need for wet signatures. This conflict caused unnecessary delays until a resolution (the use of DocuSign) was found.

Stakeholders highlighted the benefit of the local authority managing and delivering the project. DCC has a trusted reputation with traceable accountability.

*"We were able to build relationships based on honesty and trust."*

**BEEP Team Stakeholder**

#### 4.4 BEEP process

This section covers the customer journey for SMEs engaging with BEEP.

**Step 1.** SME registers interest and the necessary forms are sent out to SMEs, including:

- Initial engagement forms (IEF), and
- State Aid forms.

These were then signed by the SME.

**Step 2.** An assessment was made by the BEEP team using the completed forms and other relevant documentation to understand whether the SME was suitable for BEEP support and grant funding.

**Step 3.** If the SME was eligible, a date was organised for the energy audit. SMEs could send over energy data prior to the audit or following the audit.

**Step 4.** The energy audit was conducted by a member of the BEEP team. This included a site visit. Face-to-face contact was preferred by SMEs although this was challenging given the context of COVID-19 pandemic restrictions. A risk assessment was undertaken to ensure compliance with regulations.

**Step 5.** A report was produced by the energy auditor with input from the wider BEEP team. This provided advice on energy efficiency measures and associated costs, and recommendations on the most cost-effective options using the data gathered through the audit.

**Step 6.** The report was shared with the SME to review and decide whether to make any of the recommended improvements and apply for grant funding. There was also back and forth between the SME and the auditor to provide guidance and resolve any queries. If the SME decided to undertake any of the recommendations, they had to find a contractor to undertake the work and obtain a quote which was then checked by the BEEP auditor. In the first iteration of BEEP, SMEs had to get a minimum of three quotes, but this caused difficulties and delays and so this requirement was reduced to one quote.

**Step 7.** The SME provided the auditor with the quote, and this was assessed for accuracy in terms of whether it was considered a reasonable cost and whether any wider works were involved. BEEP used this information to base their calculations on carbon savings and how much funding to allocate to the project. Provided the project was under £25,000, grants could be allocated to cover up to 20-40% of the project cost.

**Step 8.** The auditor then produced a grant offer letter describing the project and calculations for carbon savings and potential funding. This was then sent to the grant panel where each person on the BEEP team agreed on the amount to allocate. The grant letter was then sent to the SME.

**Step 9.** The BEEP team tracked the progress of the project to support the SME and ensure that the work was being completed. This helped BEEP to predict when the grant funding would need to be supplied to the SME. Generally, the SME had three months to complete the project however, there has been some flexibility on this requirement due to the impact of COVID-19.

Overall, the process was effective. However, COVID-19 presented unforeseeable and unique challenges to the team.

#### 4.5 BEEP SME reports

Stakeholder feedback, particularly from SMEs, was that one of the key successes of BEEP has been the quality of the reports given to SMEs.

*"It was really helpful to have an energy efficiency audit report from BEEP to understand how much we would be saving before committing to the project, and the grant towards the costs was an added bonus."*

**SME Stakeholder, Umi Commercial Ltd.**

While BEEP reports are technical in nature, SMEs were provided with information and recommendations that were tailored to their business to enable them to decide what solutions they wanted to implement. This information sharing raised knowledge and awareness within SMEs and increased their confidence to act to reduce their energy consumption.



*"The BEEP exercise was very useful in increasing awareness of our energy use, and it opened up doors for funding."*

**SME Stakeholder, Anonymous.**

SMEs were able to benefit from impartial advice from the council. While other energy audit services are available, through brokers, for example, SMEs had concerns over the impartiality and costs of such services.

There was some criticism from SMEs in cases where they were unable to implement the recommendations due to the need for fabric first improvements to take place before the BEEP recommendations. Several SMEs needed to improve the insulation of their buildings for them to take forward the BEEP recommendations. While these measures were included in the report, the SME couldn't receive funding for this due to ERDF restrictions. Similarly, there were SMEs that needed to make improvements to electrical capacity.

There was also a request from SMEs for additional guidance on trusted suppliers in the area. This can be difficult for local councils as they cannot be seen to be favouring one supplier over another. A spreadsheet listing all contractors that were known to the council was provided in the report to give SMEs a starting point, though it was made clear that this was not a list of recommended or approved suppliers. The BEEP team also supported the SMEs by reviewing quotes from suppliers to ensure they were adequate.

Finally, there was a request from an SME that was interviewed for their report to be reviewed considering increased energy prices. The team should consider re-engaging with those businesses that did not act previously as savings will have improved, and paybacks will be shorter.

#### 4.6 BEEP grants

Stakeholder feedback indicated the benefit that access to grant funding provided to SMEs enabling them to invest in energy efficiency of their business. For several SMEs it prevented them from having to close their business, indicating the substantial impact of the project.

*"The energy cost of electricity alone could directly close the business without any other negative impact alone. There is no way out and very little help, BEEP was the only assistance we have found."*

**SME Stakeholder, Anonymous.**

There was some dissatisfaction with the limitations and requirements of the grant funding and a request to make this clearer from the outset of the process. There were requests that the funding be more open, particularly for fabric first measures. There were also requests for support with electrical capacity and boiler upgrades. When asked how BEEP could be improved one respondent stated:

*"Fund insulation as it will have the biggest saving in heating, fund projects that look to upgrade to 3 phase electric connection so they can transition to low carbon technologies."*

**SME Stakeholder, Anonymous.**

Part of the reason why insulation, electrical upgrades and shop fronts were not included in the funding for BEEP was because it was an ERDF funding requirement that works be attributed to the business rather than the premises. This meant that the work had to be reversible or removable, which is not feasible for insulation, electrical upgrades, or insulation to shop fronts. In the cases where this type of work was desired by SMEs, they were still able to access the free audit and report and were referred to other sources of funding where possible.



The ERDF requirements state that funding would only be provided to projects under £25,000, for which up to 20-40% of the cost could be covered. It was an internal decision made by the grant panel on how much grant funding to allocate. Smaller projects such as LED lighting received less funding closer to the 20% mark and projects with longer pay back times and greater carbon savings, such as fitting solar PV panels, received closer to a 30% funding grant. This supported a flexible delivery and stretched the funding available across the project, but the lack of standardisation could result in unfairness given that each SME will have a different financial capacity to cover the project.

One SME expressed disappointment that funding for an EV charging station was denied despite a project with Beamish Park Golf Club receiving funding for a fleet of EV golf carts. The stakeholder had limited electrical capacity to install more than one EV charging station and ended up self-funding this. However, the EV charging stations couldn't be covered by the funding as the carbon savings from the work couldn't be calculated unlike the fleet of EV golf cars which replaced fossil fuel powered cars. This demonstrates that the BEEP team were unable to provide funding to every project, they did what they could with the funding and the restrictions involved in allocating it. There were additional access issues for SMEs with less financial capacity to pay for installations as funding could only be provided after the work was completed. When asked if they encountered any difficulties in implementing the recommendation from the BEEP reports several SMEs responded with difficulties relating to the upfront cost.

*"Sourcing the level of funds to progress with the implementation."*

**SME Stakeholder, Anonymous.**

*"The cost of the more far-reaching suggestions would be prohibitive without substantial grant funding."*

**SME Stakeholder, Anonymous.**

The BEEP team were unable to provide SMEs with grant funding upfront, requiring instead that SME pay for the work in totality, provide evidence of its completion and then receive the grant funding. This is different to previous projects and resulted in several SMEs who were unable to pay upfront and not being able to continue with the project. Consequentially, SMEs with greater financial capacity were better able to engage with the project and receive the benefits of the scheme, whilst SMEs with less financial capacity were restricted to the free energy audit, lower cost installations and behavioural changes.

This requirement, therefore, limited energy bill savings for SMEs in great need of support and has implications for the effectiveness of the project. It undermines the intention of the project in achieving both targets and is particularly detrimental given the context of extremely high energy bills. This view is supported by the BEEP team with their intention to have alternative funding options in future phases of BEEP.

## 5 Communication and engagement

### 5.1 Targeting

One of the key learnings from the first iteration of BEEP was the need for consistent online engagement. In this iteration of BEEP, a part time Engagement Officer was employed. This role was key to ensuring SMEs were aware of BEEP, its purpose and the kinds of projects it could support.

In the first phase of BEEP, it was common for the BEEP team to engage with SMEs by knocking on their doors following site visits with neighbouring businesses and informing them of the project, with word of mouth being a significant factor in targeting engagement. However, there was a need for expansion and greater visibility of BEEP. The Engagement Officer provided targeted messaging, marketing and communications to SMEs in Durham across all channels used. This was particularly crucial for maintaining support and project momentum during the COVID-19 lockdowns discussed further below.

The BEEP project was targeted at SMEs in Durham using the standard SME definition of PA4b projects. The project was open to any SME that met this definition and the ERDF funding requirements, there was no specific targeting of any type or size of SME. However, sector specific case studies were used to demonstrate to SMEs the variety of areas BEEP was able to support.

*"You can notice the difference as soon as you walk through the front door – previously it wasn't always obvious if the heating was on – but it is now!"*

**SME Stakeholder, St Catherine's Community Centre.**

The images below show example case studies of SMEs who engaged with the BEEP2 project:

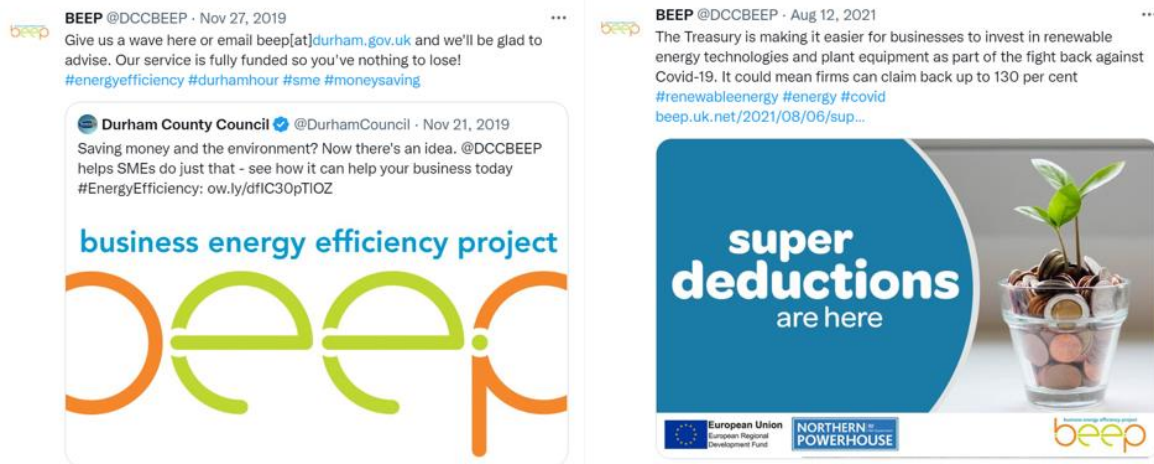


### 5.2 Messaging

Initial messaging for BEEP emphasised the steps SMEs had to take to engage with the process effectively. For example, how to organise an energy audit, when to expect the report and securing grant funding.

Feedback from SMEs suggests there is a need for clearer communication on the limitations and requirements of grant funding.

The reason for engagement for many SMEs initially was decarbonisation, the messaging from BEEP mirrored this to demonstrate how energy efficiency could help SMEs to reduce their carbon footprint. Some examples of initial engagement are included below:



Engagement with SMEs was critical during COVID-19 lockdowns in 2020 to demonstrate that the project was still ongoing. This period also offered an opportunity for many SMEs to invest in their places of work as their doors were closed to customers. The marketing of BEEP was able to support SMEs during lockdown by sharing the latest information on how COVID-19 was impacting the project, communicating how the project would still be delivered despite the closure of the council offices.

More recently in 2022 priorities shifted for SMEs given the energy price crisis and the need to reduce energy consumption to lower energy spending. BEEP messaging evolved along with this to demonstrate how investment in energy efficiency could support financial savings and build resilience to future price volatility. Some examples of the messaging in 2022 are shown below:



Throughout BEEP the messaging has come from a trusted and impartial source. This gives SMEs confidence to act.

### 5.3 Branding

A brand identity was developed from the first iteration of BEEP which enabled the second phase of BEEP to build on this and maintain familiarity and continuity with local SMEs. The branding has been used

consistently throughout the project as means of visually identifying the project on social media posts and across the different communication channels. It also works in conjunction with the requirements of the ERDF for different media and communications routes, with some examples shown below:



## 5.4 Channels

A significant amount of marketing activity was undertaken throughout the project. The basic materials from the first iteration of BEEP were already available including the website and some collaterals which provided a baseline. However, there was a clear understanding that better engagement and targeting were needed. The role of the Engagement Officer ensured no one channel was relied upon more for communication, with a committed approach to provide updates across all platforms including the website and social media, which included Twitter, LinkedIn and Facebook.

A majority of SMEs (20) who took part in the survey stated that they heard about BEEP through business support organisations, which in this case was Business Durham. Other popular routes included the council newsletter (11) and word of mouth (12).

As engagement levels continued to grow, particularly in 2022 as energy prices increased, marketing engagement was scaled back slightly as the capacity of the team and remaining funding were reduced.

## 5.5 Website

The BEEP website appears well-structured with clear navigation, attractive design elements and visible BEEP and ERDF branding. It feels fresh and dynamic whilst also being efficient in conveying information in a small number of pages. Although there are case studies provided that cover a wider range of businesses, the imagery on the website is not geared towards a specific business and instead portrays that a wide range of SMEs in Durham can engage with the scheme. The image below shows the homepage of the BEEP website:





The website was a busy repository of project information; however, there was limited new content dated after February 2022 as the project was inundated with SMEs following the energy crisis. This meant there was no need to attract more SMEs to engage with the project given that there were already SMEs on the waiting list.

The image below shows the 'News' page of the website:



The first step for applying to the scheme has been made accessible and concise via the website, requiring that SMEs simply complete a small number of questions on an electronic form. A brief indication of the next steps could have been provided to offer further clarity.

The image below shows the application form:

**Apply now for a fully-funded energy audit for your business**

The BEEP team at Durham County Council has helped hundreds of businesses across the area become more energy-efficient, save money and invest in new equipment.

Feel like you could be spending too much on your business energy bills? Not sure if your lighting and other equipment meets modern energy efficiency standards? Don't know where to start? Put in touch to find out what BEEP can do for your business. Simply complete our form below and a member of the BEEP team will be in touch to help you get started.

Note: The service is free to participating Small Medium Enterprises (SMEs), all staffing and material production costs are paid for by Durham County Council and the European Regional Development Fund (ERDF).

**\*Required Information**

Your Name\* (required)

Your Email\* (required)

Business Name\* (required)

Your Full Trading Address:  
 Address line 1\* (required)  
  
 Address line 2  
  
 City\* (required)  
  
 County\* (required)  
  
 Postal Code\* (required)  
  
 Company Registration Number\* (required)  
  
 Number of Employees\* (required)  
  
 Have you received Public Funding  
 Have you received public funds for any purpose within the last three years? (required)  
  
 If yes, what is the approximate amount of funding received?  
  
 Contact Telephone Number\* (required)  
  
 Does your business have a parent company? (required)  
  
 How did you hear about BEEP? (required)

**Get your free audit**

BEEP is supported by Durham County Council and the European Regional Development Fund

Again, the next steps section could have included how much time the SME should expect to wait for a response, details of how the energy audit will take place and details of the grant funding. Contact mechanisms are available on the website through an email address and a phone number, which accommodates businesses who would prefer to speak with an advisor from the BEEP team rather than solely communicate via email.

## 5.6 Social media

The activities shared across social media accounts, including Twitter, LinkedIn and Facebook, have largely been to promote progress made on BEEP and to connect followers to the services offered through the project. The accounts were also used to connect SMEs with other decarbonisation events in Durham and the Northeast as well as wider national events relating to the energy crisis and the transition to net zero including COP27 in October 2022.

The BEEP Twitter account (@DCCBEEP) has 273 followers which consist of SMEs or their employees, local Durham business groups and SME networks, business development agencies for the Northeast, sustainability organisations and professionals, and national business networking groups.

In addition to Twitter, information and project updates were posted on the LinkedIn page titled 'Business Energy Efficiency Project'. The page is followed by 225 people and regular updates are posted similar to those on the Twitter page.

The DCC Facebook page was also used as a tool used for communication. The BEEP team posted several updates on the page throughout the project and included the link to the BEEP page on the Durham County Council website where SMEs could find more information. The DCC Facebook page has 67,000 followers

so had a wide reach and helped to maintain the visibility of the project. An example of the online engagement through Facebook is included below:



However, there were not very high interaction rates with posts across all of the social media platforms used. Though this could suggest the posts are not visible to SMEs, engagement with social media is growing in importance for businesses and could be explained by SMEs not yet being confident on social media or preferring not to engage with the project in this way. The BEEP team can increase online interaction by letting the SMEs know that they can follow the project on these platforms.

In the first iteration of BEEP, there was no budget defined for marketing, however, £10,000 was allocated in the second phase of BEEP to span across the two years of the project. This demonstrates the application of lessons learned from the first project. However, there was consensus from the BEEP team that this amount was still insufficient to maintain marketing longevity and there was a need for the Engagement Officer to be a full-time position for a project of this size and duration. Overall, since the first iteration of BEEP, there has been a huge improvement with communication and engagement with clear attention paid across all channels used, a wide pool of SMEs engaged with, and a well-maintained webpage dedicated to BEEP on the DCC website that acted as a central location containing all relevant information.

## 5.7 Engagement

BEEP team stakeholders identified the following factors as key to successful engagement with SMEs:

- High level of awareness gained from the first phase of BEEP
- Providing impartial advice
- The dedication of and strong working relationships within the BEEP team
- Good quality audits that are tailored to the SMEs
- Building relationships based on honesty and trust
- SMEs interacting with the same person throughout the project
- Face-to-face interactions with SMEs



- Flexibility of working when it suited the SME
- Easy of the process for the SMEs
- Having the resources provided by ERDF funding to deliver results

*“ERDF funding was amazing as the grant encouraged engagement from SMEs and delivered real results.”*

**BEEP Team Stakeholder.**

Face-to-face, onsite engagement for the audit helped to build and sustain relationships, with SMEs feeling this meant auditors understood their business needs, limitations and ways of working. It also supported providing tailored reports to each SME. This was maintained through COVID-19 as the BEEP team visited sites when no one was present. The impartial advice provided by the council was key to maintaining these relationships as SMEs knew the council was not seeking financial gain. This was supported by the BEEP team as key to success as they became aware of the unfair treatment by energy brokers to SMEs seeking to invest in their business. The increased level of knowledge on energy efficiency improvements provided through BEEP gave SMEs the tools to act with confidence and avoid unnecessary high costs associated with support from energy brokers.

The BEEP team also made efforts to make the BEEP process easy for a SME by being flexible on the timing of their interactions and how much support was given, leaving it up to the SMEs to contact them as much or as little as they wanted. Though this impacted the C1 target it was the view of the BEEP team that taking up unnecessary time of SMEs was unjustified.

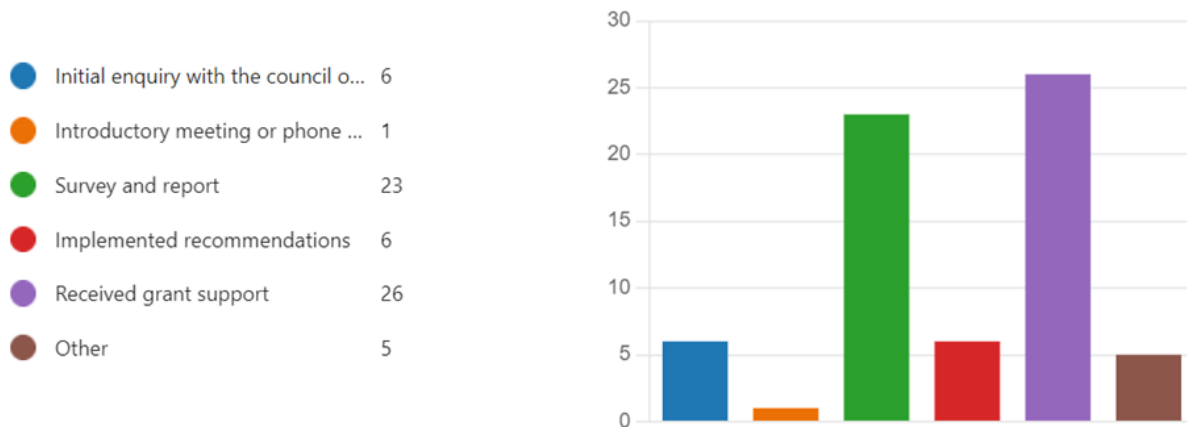
## 5.8 Partnerships

Throughout the second phase of BEEP the team were able to build strong working relationships with internal teams including the Low Carbon team, the Fleet team and Business Durham. There were referrals between programmes where SMEs did not meet eligibility criteria for example. Through these partnerships, the BEEP team were able to deliver a better service to SMEs and direct them to other funding opportunities. For example, it was possible to support community centres with BEEP funding but as the project was inundated with applicants and had limited capacity. The BEEP team were able to refer community centres to the Durham Community Action (DCA) fund instead where they could receive up to £5,000 of funding for energy efficiency. This decision meant that unnecessary delays could be avoided, and more SMEs could be supported through BEEP and the DCA overall. The BEEP team also remained on the steering committee for the Business Energy Savings Team (BEST) which ran a similar project supporting SMEs across multiple councils in the North of England. This was a useful partnership to ask for advice when needed. The BEEP team demonstrate effective use of partnerships and a commitment to providing a high-quality service to SMEs throughout the project.

## 5.9 SME engagement results

As part of the evaluation of BEEP, the ACE research team engaged with SMEs directly through an online survey, while a small number of SMEs were also interviewed over the phone. Our survey received 67 responses. Overall feedback was extremely positive. A summary of the feedback from the survey can be found below.

Respondents to the survey had got through various stages of the BEEP process, with the majority (26) getting to the stage of receiving grant funding. 23 got to the stage of receiving an audit and the report with six implementing some recommendations which did not require grant funding.

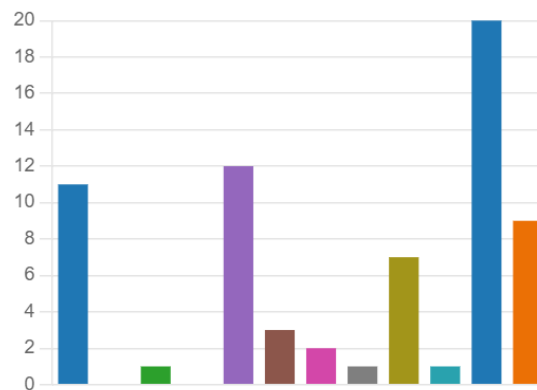


The main reasons that SMEs did not proceed further from receiving the report to receiving grant funding or implementing the recommendations include:

- Still part of the process and planning to implement changes without needing funding
- Still part of the process and waiting to receive acceptance of application for grant funding
- Funding limitations meant SMEs and the intended work did not meet the criteria to receive funding
- Could not afford upfront payment
- Impact of COVID-19 lockdown prevented continuation
- Limited capacity of BEEP team and lack of funding towards the end of the project.

The majority of respondents had heard about BEEP through word of mouth or business support organisations as detailed in the graph below.

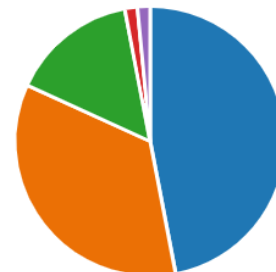
Council newsletter	11
Business rates flyer	0
Newspaper advert	1
Social media	0
Word of mouth	12
Search engine	3
Press release	2
Door to door	1
Supplier	7
Events	1
Business support organisation	20
Other	9



Respondents had very positive feedback on the length of time that the BEEP process took with the majority of respondents (24) stating that it was very good and 21 stating it was excellent. Only four respondents felt that it was poor and six stated it was fair. The remaining 12 respondents felt that the time taken was good. 29 respondents felt that the information they received was excellent and 25 felt it was very good. No respondents graded the information they received as poor or fair, with the remaining respondents stating it was good.

Respondents also had a very positive response to the quality of the report that they received as detailed in the graph below.

Excellent	31
Very good	23
Good	10
Fair	1
Poor	1



SMEs were asked how the BEEP process could be improved. This question resulted in some interesting insights. Key suggestions were to:

- Increase the number of staff on the BEEP team to reduce waiting times throughout the process
- Greater analysis of current energy usage
- Greater clarity on the limitations of the grant funding
- Simpler process for applying to get grant funding
- Communication on other available grants if BEEP is not available
- Funding for insulation and energy system upgrades, including grid capacity.
- Follow up on SMEs following their engagement with BEEP to give further advice, particularly given the change in circumstances relating to the energy crisis.

Several respondents (nine) stated they would not change anything indicating in their responses that:

*"No suggestions. Our liaison officer was knowledgeable and quickly grasped our plans and advised accordingly."*

**SME Stakeholder, Anonymous.**

*"I do not see how I could improve them."*

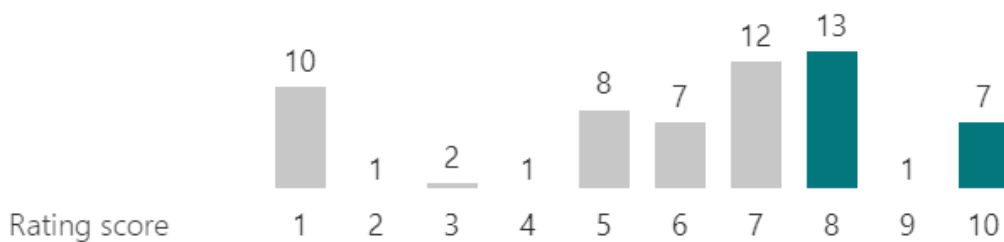
**SME Stakeholder, Anonymous.**

*"N/A. It was very helpful and supportive."*

**SME Stakeholder, Anonymous.**

When asked how much difference BEEP had made to their business on a scale of 1-10 (with one being no difference, and ten being a big difference) 34% rated between 8-10. The average score was 6.03.

Score distribution



Though there is a high number of respondents that gave BEEP a score of one in response to this question this is due to SMEs not continuing past the initial stages of the BEEP process.

When asked what positive benefits BEST had on their business apart from cost and carbon savings, the respondents highlighted that BEEP had:

- Helped to reduce risk of closure
- Improved the level of personal comfort for staff including heating and lighting
- Improved the level of personal comfort for customers
- Increased confidence of SMEs to take action to improve their energy efficiency
- Demonstrated their commitment to the environment to customers and partners
- Increased awareness on energy use and energy efficiency
- Increased the resilience of the business to future changes in the cost of energy.

One SME stated that their engagement with BEEP *"saved the business"*.

For those who got to the stage of implementing the BEEP recommendations, the main difficulties were:

- Waiting times to receive the initial report
- Waiting times to receive the quotes for recommendations
- The limitations of what work the funding covers
- The ability of SMEs to pay up front particularly for larger projects

- The impact of the cost of living and energy crisis on ability to pay
- The complexity of finding suppliers to install recommendations.

One respondent felt that the recommendations were not applicable to their business as in order to implement them they first needed support with upgrading the grid capacity of their building and address the lack of insulation, indicating the need for wider funding capacity and a recognition of the value of fabric first approaches.

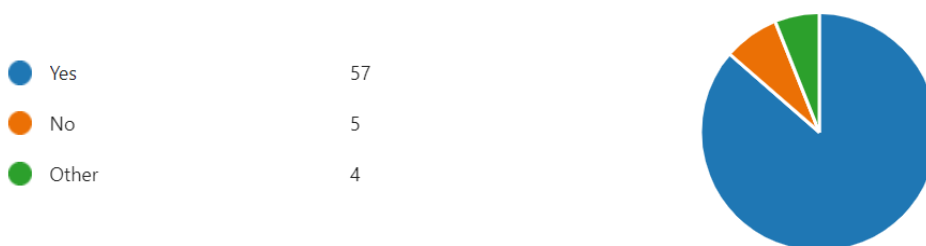
When asked if respondents had taken any further action to make their businesses more environmentally sustainable since BEEP support concluded, respondents stated that:

- They are looking to install solar panels, EV charging stations and have installed LED lighting
- Engaged with wider energy saving and environmental campaigns including a 'Turning Lights Off' campaign and the 'Going Green Together' campaign
- One has updated their heating system to modern electric heaters from old gas burners
- One has commissioned a company to refurbish their building
- Others stated they needed to invest in upgrading the electricity capacity, boiler system and insulation
- Others were unable to due to financial constraints.

When asked whether it was important that schemes such as BEEP exist to support SMEs, 64 out of 67 respondents agreed.



57 respondents also stated that they would recommend BEEP to other SMEs. Two stated they likely would once the process was completed, one stated that they already had, one was unsure and the remaining five stated they would not.



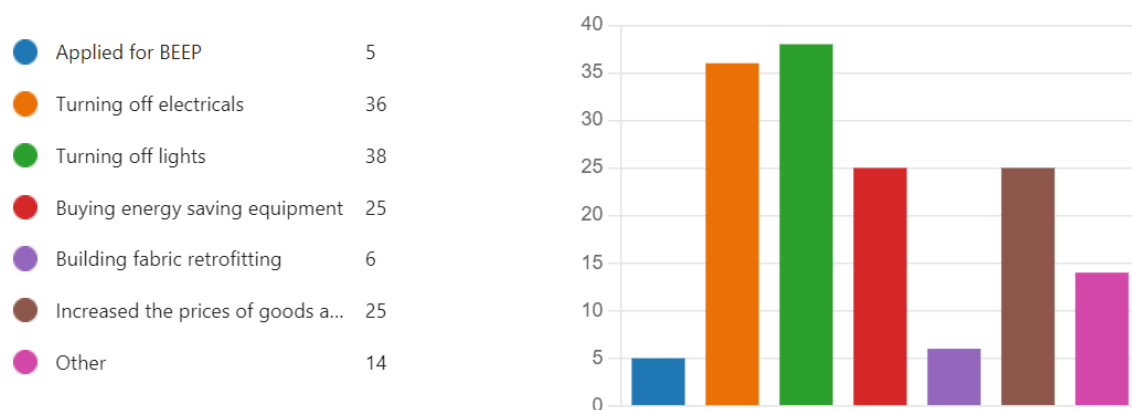
When asked what impact the current energy price crisis had on their organisation respondents stated:

- Increased operating costs and reduced margins
- Reduce output and delivery due to increased costs
- Reduced funding available to invest
- Increased risk of closure and bankruptcy
- Raised concern over energy use with monthly energy bills doubling
- Concern over the end of the price cap and return to market price

- Increased interest in energy efficiency
- Reduced opening hours
- Reduced the number of customers coming in
- Forced to increase price of goods and services
- Reduced or forgone staff wage increases
- Reducing capacity to grow as a business.

One respondent stated that the energy price crisis has been “devastating” with another stating “it cannot be understated” continuing to say that “BEEP was the only assistance we have found.”

When asked what action the SMEs have taken since the energy price increase the majority responded with low-cost efforts to reduce energy consumption including turning off electrical equipment and lighting, followed by purchasing energy saving equipment and increasing the price of goods and services, displayed in the graph below.



In the final survey question respondents were asked if they had any final feedback concerning BEEP. This feedback included:

- Indications of the helpfulness of the project and support provided by the BEEP team
- Indications of the usefulness of the project for increasing awareness on energy use and energy efficiency
- Indications that further engagement with BEEP or future projects would benefit the SMEs
- Indications that the grant funding was not a substantial amount but remained beneficial
- Further information sharing on available suppliers was requested

Some quotes from the feedback in particular include:

*“The BEEP report was very useful and highlighted some areas we have not considered yet.”*

**SME Stakeholder, Anonymous.**

*“Your services are excellent, and we need to engage further with you to truly benefit from everything you have suggested.”*

**SME Stakeholder, Anonymous.**

## 6 Impact

The BEEP team are understandably proud to have assisted SMEs across Durham to reduce their energy spend and have made many businesses – from micro-businesses to large SMEs – more financially stable and more sustainable as a result, and during a time of significant disruption from the COVID-19 pandemic and the current energy crisis. Feedback indicates that in some instances the project helped prevent SMEs from having to close, indicating the significance of the project.

The BEEP team have continued to build on their experience from previous projects in applying and administering EU grant funding, having learned from the shortcomings of the first phase of BEEP both in terms of communication with SMEs and the allocation of time and funding to each case. There has been growth in the collective understanding of the challenges that face SMEs in Durham and how energy efficiency measures can be an effective approach to mitigating these challenges, this is thanks to the commitment of the team to the project and strong working relationships with SMEs. This understanding has also enabled the team to identify where the project can be improved including by widening the scope of the project and available funding.

BEEP has strengthened relationships with local SMEs, the BEEP team and certain teams within DCC however, some of the delivery challenges have been attributed to a lack of communication between the BEEP team and the Funding and Programmes team which could be rectified by the BEEP team having direct contact with the funder and them having greater autonomy over tailoring the delivery to the needs of the project and changing circumstances rather than be beholden to another team's ways of working.

The impact felt by SMEs was notably the access to free and impartial expertise, which would not have been affordable without BEEP. This support enabled businesses to have increased awareness of their energy bills and how energy efficiency improvements including low-cost options and behavioural changes can reduce their operational costs, improve their comfort level at work and support decarbonisation. The knowledge built through the project has enabled SMEs to act with confidence knowing the advice came from a trusted source that did not have a financial stake in the project outcome. Where recommendations were implemented, the businesses benefited from the associated cost and carbon savings due to reduced energy demand. As of 2021, the BEEP project has accumulated financial savings of £600,000 per year for SMEs in Durham. This is based on current market rates and the number of kWh/litres of fuel saved as of December 2021. Local supply chains have also benefited from the increased demand for energy saving and low carbon heat upgrades, however, the value of this economic benefit has not been captured in reporting.

### 6.1 Unintended outcomes

BEEP has provided an opportunity for the council to strengthen relationships with local SMEs, local business organisations and across different council departments. It has encouraged regular communication between the Low Carbon team and Business Durham who provided support to SMEs and the BEEP team. BEEP has also enabled the development of working relationships and partnerships with similar projects including the Business Energy Savings Team (BEST) project which the BEEP team were able to reach out to for advice. The BEEP project led to the team participating in the SME Power Interred Europe project explained above, helping to spread energy efficiency improvements beyond Durham. Engagement from the BEEP team also meant that expertise and lessons learned could be shared and used to improve other projects.

BEEP has provided the team with additional experience in applying and administering EU grant funding and given the team a greater commercial focus. It has also provided an opportunity for the team to upskill in energy efficiency matters and wider net zero policy which will hopefully lead to additional delivery of savings through future schemes.

BEEP also increased the confidence of SMEs to act and engage with reducing their energy usage. For example, during COVID-19 when businesses had an opportunity to invest in their energy efficiency, BEEP provided them with the knowledge and support they needed. More recently, BEEP acted as a lifeline for many SMEs given the impact of the energy price crisis on their ability to stay open.

More widely BEEP has had an impact on other similar projects including being included as Good Practise as part of the SME Power Interreg Europe project which DCC is participating in<sup>8</sup>. This project aims to improve the energy efficiency of SMEs by learning from projects across Europe including from England, Ireland, Italy, Slovenia and Finland. In 2021, an online seminar was held amongst participants where good practise and lessons learned were shared. There was particular interest in the way the free audit element of the BEEP project helped to overcome challenges with engaging with SMEs. Four of the five international regions involved adopted aspects of the BEEP model and approach in their final Action Plans. The fifth partner did not as they went down a digital engagement route but were still able to learn from BEEP. In particular the Action Plan developed for the Better Energy Community Grant Scheme in Ireland was modified following the insight provided by BEEP including for the methodology used to reach out to SMEs and the added flexibility provided by a longer project time<sup>9</sup>.

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<sup>8</sup> Interreg Group., 2021, *Business Energy Efficiency Project 2*, Interreg Group. [Online] Available at: [Business Energy Efficiency Project 2 | Interreg Europe - Sharing solutions for better policy](#)

<sup>9</sup> SME Power Interreg Europe., 2022, *Irish Pilot Regional Engagement Campaign*, SME Power Interreg Europe. [Online] Available at: [Irish Pilot Regional Engagement Campaign with SMEs | Interreg Europe](#)



## 7 Assessing value for money

The current total project value is £1,730,017 with £1,038,010 in ERDF funding, £689,054 in matching funding from SMEs and £2,953 in match funding from DCC. To date this has supported 256 SMEs with their energy efficiency and use and has saved 591.73 tCO<sub>2</sub>e. However, there 331 SMEs that received support, but 197 SMEs required less than the qualifying 12-hour minimum requirement. In addition, there are several SMEs that have been supported by BEEP but have not yet registered their carbon savings meaning there is 400 tCO<sub>2</sub>e yet to be claimed and there are several SMEs that have not yet finished implementing the recommendations. It is estimated that there is an expected additional 800 tCO<sub>2</sub>e to contribute to the C34 target. Once accounted for this will bring the total carbon savings closer to the C34 target at 1,691.73 tCO<sub>2</sub>e.

We have been unable to quantify the economic impact of BEEP on the SMEs who participated, which was highlighted by the BEEP team as an aspect of the project they would like to change. Following up with SMEs following their engagement would give a stronger indication of the impact of the project both for carbon and cost savings as well as for improvements to personal comfort and performance. There was an indication from SMEs interviewed that this follow up would be welcomed particularly given the changes in wider circumstance given the energy price crisis and how this has influenced their approach to energy efficiency. Several SMEs stated that if they were to have the audit done again, they would engage with it more given these changes in circumstances. Collection of this data in the future would be beneficial to the BEEP project, although we recognise that it was not a requirement of the current project.

SMEs also valued the time taken to provide a considered and tailored report following the energy audits, which were made more effective by the commitment to in-person site visits and strong communication between the BEEP team and participating SMEs. From the SME survey, 47% of SMEs valued the information they received at excellent and 35% valuing it at very good, particularly in relation to the free audit and the report received as part of the process. Most SMEs also considered the length of time taken to receive the report as either excellent (31%) or very good (36%). The SMEs valued the time taken to provide a considered and tailored report which was made possible by the in-person site visits and strong communication between the BEEP team and participating SMEs.

### 7.1 Comparison with other Priority Axis 4b schemes

Table 6 below outlines other Priority Axis 4b projects to provide a comparison to what other services are offered to SMEs. This table has been included as a useful comparison between the scope of BEEP and other similar projects however, there were difficulties in obtaining the data for the comparison from DLUHC.

**Table 6: Service offerings from other SME support services**

Scheme	Grant (min to max)	% of support	Support	What the grant will fund
BREEZ <sup>10</sup>	£1,000 - £25,000	50	Offers funding towards microgeneration (e.g., solar PV), insulation, low-carbon	Free initial assessment - SME eligibility check, open discussion and walk-around

<sup>10</sup> Business Renewable Energy Efficiency Sunderland., 2022, *BREEZE - Business Renewable Energy Efficiency Sunderland*, Sunderland City Council. [Online] Available at: [BREEZ - Business Renewables Energy Efficiency Sunderland - Sunderland City Council](#)

			heating upgrades and LED lighting.  Grant support for upgrading business process equipment is also available.	survey to identify key objectives  Fully funded energy audit or energy savings opportunities report.  Grant funding.
DE-Carbonise <sup>11</sup>	£1,000 - £20,000	40	Improved insulation, lighting, heating and controls.  Efficient motors, compressors, and equipment.  Transport – vehicles, chargers.  Renewable energy.  Resource efficiency.  Waste reduction and recycling	Initial scoping phone call.  Business visit - carbon reduction audit and report.  Technical support, consultancy and process improvements based on recommendations from the carbon reduction report.  Cohort-based learning and development for smart manufacturing and sustainable supply chain innovation.  Grant funding to implement carbon reduction recommendations.
REBIZ <sup>12</sup>	£40,000	40	Energy-efficient LED-lighting, heating and insulation upgrades and Solar PV microgeneration.	Free resource efficiency audits.  Free circular economy consultancy of up to 30 days of intensive support including:  Identification of opportunities and options appraisal.  Research and review suitable process innovations and technologies.

<sup>11</sup> D2N2., 2020, *DE-Carbonise*, Midlands Engine HM Government. [Online] Available at: <https://d2n2lep.org/project/de-carbonise/>

<sup>12</sup> Leeds City Region Enterprise Partnership (LEP), 2022. Resource Efficiency, Leeds City Region Enterprise Partnership. [Online] Available at: [Resource efficiency - LEP | Business support and finance \(the-lep.com\)https://www.the-lep.com/business-support/sustainability/resource-efficiency/](https://www.the-lep.com/business-support/sustainability/resource-efficiency/)

				<p>Proof of concept.</p> <p>Stakeholder engagement.</p> <p>Market research, development and testing.</p> <p>Business model review, development, and planning.</p>
LOCASE <sup>13</sup>	£1,000 £10,000	- 40	<p>Energy efficiency measures installed for the cost of materials or equipment and any installation. Projects which save on fuel/mileage are also acceptable.</p> <p>If businesses offer low carbon (or “green”) goods or services, a business development grant is also available. Businesses can claim against costs such as marketing, consultancy, equipment, IT software, product/process development, accreditation and certification.</p> <p>In addition, support is also available for new product launches, software development, upgraded machinery and wider building refurbishments for new businesses.</p>	Training workshops and fully funded events
BEST		33.05	Machinery and equipment as well as traditional energy consumption areas such as heating, lighting and insulation upgrades.	<p>Free audit and report.</p> <p>Grant funding</p>
BEEP	Under £25,000	20% - 40%	<p>Energy efficiency improvements including;</p> <ul style="list-style-type: none"> <li>- LED lighting,</li> </ul>	Free audit and report.

<sup>13</sup> Low Carbon Across the South and East., 2022, LoCASE, Kent City Council. [Online] Available at: <https://locase.co.uk/>

			<ul style="list-style-type: none"> <li>- Upgraded heating systems including;               <ul style="list-style-type: none"> <li>o Infrared heating</li> <li>o Heat pumps</li> </ul> </li> <li>- Solar PV installation</li> <li>- Wind Turbine installation</li> </ul> <p>Advice was also given on behavioural changes which can save energy including turning off lights and machinery.</p> <p>The funding did not cover fabric first measures.</p>	<p>Advice and guidance on low to no cost measures for energy efficiency savings including behavioural changes.</p> <p>Access to grant funding.</p> <p>Advice on where to access grant funding through other projects if BEEP is not applicable.</p>
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## 8 Successes and lessons learned

This section considers the successes and lessons learned throughout the second iteration of the BEEP project, with a forward-thinking perspective that can be used to apply to future iterations of BEEP. The successes and lessons learned are as follows:

- BEEP has an effective, knowledgeable and dedicated team who have responded incredibly well to the challenges during delivery.
- BEEP is effective in its engagement with SMEs, including throughout periods of lockdown.
- Flexibility with the 12-hour support target is key to ensuring the future success of BEEP.
- The eligibility criteria for grants should be extended, decision making processes should be standardised and alternative, complementary funding should be developed.
- BEEP can and should be extended. There is need within Durham, including for those SMEs now on the waiting list and those yet to be reached by the team.
- A project of this size requires both technical and administrative staff. Consideration should be given for expanding the team, offering longer term roles which could aid retention and recruitment.

### 8.1 Recommendations

This report has collated reflections from the BEEP team and from SMEs, which have been assessed by ACE-R and presented as a set of recommendations based on each aspect of the delivery of BEEP. That to progress further with the C1 and C34 targets the BEEP project should take into consideration all recommendations given in this report.

#### Relevancy and Consistency

We consider:

- That to remain relevant and consistent to local SMEs and previous iterations of BEEP the BEEP project should continue to provide energy efficiency support going forward particularly given the context of the energy crisis.
- That taking a sectoral approach to engagement and delivery would be beneficial for focussing on improving the energy efficiency of SMEs in Durham.
- That remaining responsive to changes in energy policy and wider economic challenges faced by SMEs will support the consistent provision of relevant support through BEEP.

#### Progress

We consider:

- That the allocation of more realistic targets, particularly relating to carbon savings, would benefit the BEEP project.
- That a revision of the 12-hour minimum requirement would support attaining the C1 target and support the BEEP team's recommendation of including a variable level of support for different sizes of SMEs based on the size of the SME and the complexity of the audit. For example:
  - Micro businesses – up to 6 hours of support.
  - Small businesses – 6 to 12 hours of support.
  - Larger businesses – over 12 hours of support.

- That to get a full understanding of the progress relating to the C34 target there needs to be consideration for those SMEs still engaging in BEEP and those that remain on the waiting list.

### **Delivery and Management**

We consider:

- That by increasing the capacity of the BEEP team particularly by increasing the number of permanent and full-time staff as well as the number of auditors a higher number of SMEs could be supported through the process.
- That the successes in communication with SMEs can be built on through:
  - Having a permanent and full time Engagement Officer.
  - Revising the communications budget.
- That clearer explanations around the grant funding, including:
  - The requirement for an SME to pay up front
  - The limitation of receiving between 20-40% to better inform SMEs.
- That standardising the allocation of funding will provide SMEs with a clear indication of the funding available to them.
- That the BEEP team should have direct contact with the funder to reduce delays in delivery due to internal communication problems.

### **Impact**

We consider:

- That collecting data on the economic impacts of BEEP in terms of performance and comfort as well as cost savings and carbon reduction will help to better understand its impact over time.
- That wider funding and payment options are needed for SMEs unable to pay upfront costs.
- That funding should include grants for fabric first measures, electrical upgrades and upgrading shop fronts.
- That increasing the capacity of the BEEP team will support the attainment of the C1 and C34 targets.
- That the provision of Demand Side Response (DSR) or flexibility service offerings and support with Power Purchase Agreements (PPA) for local renewable and Combined Heat and Power (CHP) technologies would be beneficial to the BEEP project.

### **Value for Money**

We consider

- That wider funding and payment options are needed for SMEs unable to pay upfront costs.
- That funding should include grants for fabric first measures, electrical upgrades and upgrading shop fronts.
- That with greater capacity the BEEP team can reduce the waiting time for SMEs to engage with the project.

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