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Summative Assessment of the ERDF REBiz Project

Final Report

West Yorkshire Combined Authority

26th April 2023

J3319

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1 Introduction

1.1 Summative Assessment Aims and Objectives

Optimat Ltd was commissioned in August 2021 to undertake an ERDF compliant interim evaluation of the Resource Efficient Business (REBiz) programme, which was delivered in November 2021, and this Summative Assessment as the project approaches its completion date. The aim of this summative assessment was to review programme performance and to answer several specific questions as detailed in the European Structural and Investment Fund guidance document on evaluations[1], i.e.:

1. Project Context
    a. What was the project seeking to do?
    b. What was the economic and policy context at the time that the project was designed?
    c. What were the specific market failures that the project was seeking to address? Was there a strong rationale for the project?
    d. Was it appropriately designed to achieve its objectives? Was the delivery model appropriate?
    e. Were the targets set for the project realistic and achievable?
    f. How did the context change as the project was delivered and did this exert any particular pressure on project delivery?
    g. Bearing in mind any changes in context or weaknesses in the project design / logic model, can the project reasonably be expected to perform well against its targets?
2. Project Progress
    a. Has the project delivered what it expected to in terms of spend and outputs?
    b. What are the factors which explain this performance?
    c. When the project draws to a close, is it expected to have achieved what it set out to?
3. Project Delivery and Management
    a. Was the project well managed? Were the right governance and management structures in place and did they operate in the way they were expected to?
    b. Has the project delivered its intended activities to a high standard?
    c. Could the delivery of the project have been improved in any way?
    d. For projects with direct beneficiaries: did the project engage with and select the right beneficiaries? Were the right procedures and criteria in place to ensure the project focused on the right beneficiaries?
    e. How are project activities perceived by stakeholders and beneficiaries? What are their perceptions of the quality of activities / delivery?
    f. To what extent have the horizontal principles been integrated into and shaped delivery?
4. Project Outcomes and Impact
    a. What progress has the project made towards achieving the outcome and impacts set out in its logic model?

[1] ERDF Project Summative Assessment Guidance – Appendices, ESIF-GN-1-034 Version 1, 9 August 2017

   b. To what extent are the changes in relevant impact and outcome indicators attributable to project activities?
   c. What are the gross and net additional economic, social and environmental benefits of the project (where relevant and applicable to project activities)?
   d. Can these benefits be quantified and attributed to the project in a statistically robust way?
   e. To what extent has / will the project contribute to the achievement of ERDF programme result indicators?
   f. What are the main sources of Strategic Added Value that the project has created?
5. Project Value for Money
   a. Was value for money achieved?
6. Conclusions and Lessons Learnt
   a. What were the project strengths and weaknesses?
   b. Any specific lessons for the following audiences: the grant recipient / project delivery body, those designing and implementing similar interventions, and policy makers?

Regarding outcomes and impacts, the interim evaluation focused on qualitative feedback on performance as it was too early in the project to provide a quantitative assessment. In this summative assessment, we have used feedback from beneficiaries and data generated by the project team to provide a more quantitative assessment of outcomes and impact.

1.2 Assessment Methodology

The same methodology as that used in the interim assessment was employed in this summative assessment. It comprised a desk-based review of project documents and primary research in the form of telephone interviews with the REBiz project delivery team, telephone interviews and an online survey with a representative sample of direct beneficiaries of the project and telephone interviews with key regional stakeholders.

We received 61 survey responses, however only 35 of these answered all questions and the remaining were partially completed surveys. Regarding the interview programme, we completed 15 telephone interviews with beneficiaries and four interviews with stakeholders.

The evaluation commenced with a start-up meeting, which took place via MS Teams on 28th September 2022. Those in attendance were:

- Vincent McCabe, Programme Lead (Clean Growth & Innovation)
- Paul Collins, REBiz Senior Service Manager
- Kelly Handley-Marsh, REBiz Service Manager
- Joginder Fagura, Lead Consultant, Optimat Ltd

The overall aim of the start-up meeting was to understand any change in the project context, its delivery and the targets set since the interim evaluation. Our methodology for conducting the summative assessment was discussed and agreed, together with our plans to consult the delivery team and a representative sample of project beneficiaries. This was followed by a comprehensive review of the following REBiz documents:

- REBiz ERDF Full Application (Contract)
- REBiz Logic Model

- Periodic Claim Reports
- Steering Group Minutes
- Project Change Request
- REBiz Highlight Reports

The organisations consulted during primary research activities are listed in Appendix A.

2 Project Context

2.1 REBiz Project Aim and Objectives

The aim of the Resource Efficient Business (REBiz) programme was to support SMEs identify and implement improvements in energy and resource efficiency by providing SMEs with information, advice, guidance and financial support, where applicable and eligible.

REBiz builds on the success of the Leeds City Region Resource Efficiency Fund (REF) that was delivered between November 2016 and December 2019. The REF project was a Leeds City Region initiative that provided SMEs with free resource efficiency assessments, business support and 50% capital grant funding up to £10,000. The REBiz project aimed to provide an enhanced level of support to SMEs by incorporating the circular economy into the offering, providing larger grants and delivering the programme of support over a wider region.

The project had three strands of support:

1. Energy and resource efficiency,
2. Circular economy,
3. Grant funding to support projects.

REBiz aimed to provide non-financial support, in the form of expert advice and detailed information, through both the energy efficiency and circular economy strands of the project. In addition, financial support was provided in the form of a grant to qualifying SMEs to implement measures, with a 40% contribution towards the cost, up to a maximum grant contribution of £40,000.

In terms of energy and resource efficiency support, the project aims to benefit SMEs through:

- Improved understanding of their potential resource efficiency costs savings and environmental performance.
- Advice on potential measures that they could implement to reduce costs and improve their resilience.
- Support with implementing identified resource efficiency measures.
- Improved environmental performance and cost reduction.

For circular economy support, the project aims to:

- Improve understanding of circular economy business opportunities.
- Support the development of circular economy business plans.

As stated in the project application, the wider aims of the REBiz project included:

- Supporting investment in, and the use of, new resource efficient technologies within SME businesses.

- Encouraging new behaviours by the beneficiary SMEs' employees (and potentially the supply chain) and improved workplace environments.
- New circular economy business models and opportunities.

The REBiz project was delivered by the West Yorkshire Combined Authority and it initially had a broader geographic remit than the previous REF project. It targeted SMEs covering two Local Enterprise Partnership (LEP) areas, namely the Leeds City Region LEP and the York and North Yorkshire LEP. A map of project coverage is shown in the figure below.

Figure 1: The Original Geographic Scope of REBiz

As noted in the interim evaluation, York and North Yorkshire LEP ceased participation in the project in June 2021 and the geographic target area was reduced to the Leeds City Region only (please see Section 2.5 for discussion of this project change).

The programme of support was originally for a three-year period that commenced on 1st January 2020 with project activity to be completed by 31st December 2022, but in September 2021 approval was granted to extend by six months (see Section 2.5, below for details on the rationale for this extension). The total project budget was originally £6,099,239, comprising a contribution of £2,822,718 from the European Regional Development Fund (ERDF), £769,121 from the Local Growth Fund, and £2,507,400 in the form of match funding from SMEs.

The project falls within Priority Axis 4 of the European Regional Development Fund (Priority Axis 4: Supporting the shift towards a low carbon economy in all sectors) and Investment Priority 4b (Promoting energy efficiency and renewable energy use) of the European Structural & Investment Fund.

2.2 Project Rationale and Market Failure

It is stated in the project application that the REBiz project is designed to address the following market failures:

1. The negative externalities arising from the depletion of natural resources and carbon emissions.
2. Lack of information and awareness in SMEs surrounding energy, resource efficiency and the circular economy.
3. Access to finance to invest in energy, resource efficiency and circular economy business models in SMEs.

Decarbonising energy and resource intensive businesses is crucial to reducing carbon emissions and mitigating climate change. Clean growth is one the four grand challenges of the UK Government's Industrial Strategy and energy efficiency is a vital part of its ambition. Within its Clean Growth Strategy, the UK government identifies the need to improve the provision of information and advice to SMEs to encourage the uptake of energy efficiency technologies.

In our interim assessment we cited research conducted by The Carbon Trust[2] into SMEs' views of energy efficiency. It concluded that some fundamental barriers, such as lack of resources (time and money), continue to prevent SMEs from implementing energy efficiency measures. In terms of the support required, the research showed that access to funding and grants, training on how to become more sustainable and advice from local experts were the most sought-after services.

These barriers continue to be relevant but, since our interim assessment, energy security and the rising cost of energy, a major driver of the high levels of inflation currently being experienced in the UK, have been increasingly urgent issues for small businesses. In its most recent quarterly Small Business Index[3], the Federation of Small Businesses reported that 60.3% of survey respondents cited utilities as the main cause of increased business costs.

The original aim of the REBIZ project, which was to help SMEs in the target geographic area to overcome challenges in areas of energy and resource efficiency, and circular economy, by enabling access to information, expertise, advice and financial support, is, therefore, even more relevant now that when the project was commenced.

2.3 Project Design

A summary of the project design is presented in the logic model overleaf:

2 SMEs and Energy Efficiency, Carbon Trust, February 2020
3 https://www.fsb.org.uk/resource-report/small-business-index-quarter-3-2022.html

Context

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The Resource Efficiency Fund (REF) 2 is a key priority for the West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership (LEP)'s Strategic Economic Plan (SEP). It builds on REF programme which provides resource efficiency business support to SMEs. It is part of the LEP Growth Service, and was designed to remove the barriers that are currently preventing SMEs investing in cost effective resource efficiency measures. Resource efficiency is defined as any action or intervention that results in a reduction in waste, energy, water or greenhouse gas emissions. The LEP ESIF Strategy states that "for Leeds City Region businesses to be competitive now and in the future, we will need to put in place the right support to ensure that goods and services can be produced in the leanest, most efficient way." The ESIF Strategy highlights that there has been a lack of a surge in energy efficiency investment in the commercial sector despite projected benefits and that "SME's are particularly less likely to make such investments, as a result of both a lack of capacity to address the issue and the upfront cost of capital." To date REF has worked with nearly 500 businesses and nearly 200 SMEs have received support. REF2 is a new enhance programme building on the success of REF and offering a wider range of support including Circular Economy (CE) support and larger capital grants. CE is a new approach that challenges inefficient production, returning materials back to the economy. This is inline with our Government's Industrial Strategy.

Market Failure Assessment

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This project will address this challenge and reduce energy demand and carbon emissions in SMEs. With among the highest end user emissions in the UK, measures to decarbonise energy and resource intensive industries is crucial to reducing carbon emissions and mitigating climate change. Businesses also produce waste through inefficient production processes and use of resources. These negative externalities not only have an environmental impact but are also a financial cost to businesses.

The potential benefits and drivers of RE are significant and compelling. Despite these potential benefits there are considerable barriers to SME businesses in implementing RE measures. The fundamental rationale for the project is the persistence of market failure in resource efficiency investment. Such market failures largely relate to imperfect information regarding the opportunity for benefits for resource efficiency measures, and the difficulties of accessing finance for investment, even though typically, payback periods are often relatively short (less than two years). In addition, the failure to reflect environmental costs in market prices means that there is a reduced incentive for efficiency savings. Research by ENWORKS for DECC suggests that even the significant potential cost savings benefits are not enough to spur SMEs to action; even after receiving a full review identifying and quantifying savings and costs of possible energy efficiency actions, many SMEs failed to proceed with implementation of the measures. SMEs operate within bounded rationality and do not follow simple 'calculation – decision – implementation' models when it comes to energy efficiency improvements; that is, they are influenced by wider business considerations and are subject to multiple limiting factors beyond financial measures. The most significant barriers across resource and energy efficiency implementation are commonly lack of capital and lack of information, and a further barrier exists in SMEs struggling to prioritise resource efficiency actions due to competing priorities of day-to-day operations.

By addressing this challenge, SMEs have the opportunity to benefit from improved resource productivity, reduced energy costs and reduced carbon intensity of their products and services. It will enable

Project Objectives

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To establish a new business support programme that will remove barriers preventing SMEs investing in cost effective resource efficiency / CE measures that reduce waste, energy, water or greenhouse gas emissions, providing information, support and incentives to increase investment in resource efficiency / CE measures across the Leeds City Region and North Yorkshire's SME base.

The project aims to provide up to 392 SMEs with a diagnostic to identify energy and resource saving opportunities and provide information to businesses to overcome the information gap, and will support c171 businesses with grant fudning to bridge the fiancial incentive gap.

Up to 66 businesses will be supported with CE consultancy advice.

Dedicated account managers will provide wrap around support to help businesses focus on RE amongst their day-to-day priorities.

Rationale

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Implementation of resource efficiency / CE measures has the potential to generate costs savings resulting from a reduction in energy use (water, electricity, heat) and waste storage/ disposal. Cost savings achieved as a result of resource efficiency /CE measures can also result in productivity and other economic performance improvements for SMEs. Equally, it potentially reduces the risk of exposure to volatile and high commodity prices. Greater resource efficiency and circularity in SMEs also has the potential to enhance brand and marketability.

Inputs

What	Value
ERDF Funding	2822718
Local Growth/LEP Funding	769121
SME Match	2507400
Total	6099239

Intended Impacts

What
Resource efficient SMEs with an increased awareness and takeup of resource efficiency measures
Circular economy business pioneer leading the transition to a circular economy
Reduction in greenhouse gas emissions
Increased SME productivity

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Reduced business energy / fuel consumption	Estimated kWh reduction per annum	Business	£8,985,263	
2	Cost savings from reduced resource use	Estimated £ savings per annum	Business	£605,825	

Outputs

What	Value
Number of enterprises receiving support (C1)	237
CO2e (Greenhouse Gases) reduced annually (C34) (tCO2)	2064
Private sector match	

Activities

What
ERE assessments
CE support (initial diagnostic, development support and extended
Large and small ERE / CE grants

Figure 2: Project Logic Model

In terms of project context, as reported in the interim assessment, there is good alignment of the project with both regional and national priorities.

- The context statement provided in the logic model identifies REBiz as a key priority for the West Yorkshire Combined Authority and Leeds City Region LEP's Strategic Economic Plan (SEP). The project also aligns with the LEP's European Structural and Investment Funds (ESIF) Strategy which states that: *"for Leeds City Region businesses to be competitive now and in the future, we will need to put in place the right support to ensure that goods and services can be produced in the leanest, most efficient way."*
- With regards to national priorities, the project aligns strongly with the UK Government's 2017 Industrial Strategy, which includes clean growth and the development of low-carbon business practices and solutions. The government's Build Back Better plan highlights the need to support the transition to net zero by investing in new processes and business practices.

As result of the energy crisis and the subsequent increases energy costs, there is now a much greater demand for support from SME's to help them understand and implement resource efficiency and circular economy measures. Although small companies may have been more willing to invest in measures since the interim assessment because of a desire to reduce costs, there is clearly a need to provide access to high quality information to support such investment. The project was clearly aiming to address this market failure by providing detailed information, either in the form of detailed energy efficiency audits and/or through detailed circular economy consultancy projects. A summary of beneficiary feedback on their original reasons for engagement with the REBiz project is summarised in the figure below.

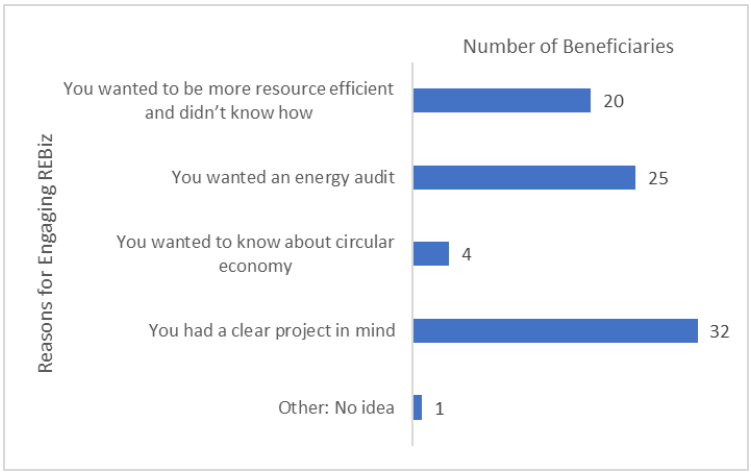

Figure 3: Beneficiary Reasons for Engagement with the REBiz Project

As shown in the figure above, 24% of the beneficiaries that responded to this question wanted to be more resource efficient but didn't know how and a further 30% wanted an energy audit to be undertaken. In addition, 39% of respondents had a clear project in mind when engaging with REBiz. The responses also show that only a small percentage of respondents wanted to know more about circular economy. Our analysis of these responses is discussed further later in this report.

The project rationale is clear, namely, to support the implementation of resource efficient and/or circular economy measures that have the potential to generate costs savings which can lead to productivity improvements.

The intended inputs, activities and outputs are consistent with the original project application and have been revised to correspond to the recent Project Change Request. In terms of outcomes and intended impacts these are also consistent and in accord with the overall aims of the project and intended activities.

Overall, we would conclude that the logic model clearly describes the rationale for the project, the market failings that the project aims to address, the objectives and activities that will be undertaken and the outputs and resultant impacts. The Logic Model is therefore still relevant and has been updated to include the revised project targets.

2.4 REBiz Activities and Targets

The REBiz project has three core activities:

- Increasing the understanding of energy and resource efficiency amongst beneficiary SMEs through the provision of information.
  Within the resource and energy efficiency stream, this is achieved by conducting an energy and resource efficiency audit of the beneficiary's site and operations and providing a detailed audit report to raise awareness of the opportunities to improve energy and resource efficiency and, thereby, reduce greenhouse gas emissions.
  Within the circular economy stream of the project, beneficiaries are initially engaged to raise awareness of the circular economy opportunities, and this is followed by consultancy support to detail the opportunity further.
- Offering expert advice and guidance to support beneficiary SMEs implement measures identified in the audits or pursue circular economy opportunities. This may include assistance with the preparation of business cases, guidance on how to procure contracts, transition to new business models (in the case of circular economy), and/or assistance with funding applications.
- Providing financial support for SMEs' looking to implement one or more of the energy and resource efficiency measures identified, detailed and costed. The project will provide a 40% contribution towards costs, up to a maximum of £40,000.

A schematic of the beneficiary journey through the REBiz support activities for the Energy Resource Efficiency (ERE) and Circular Economy (CE) strands of the projects were provided in the project application, as shown Figure 4 overleaf.

In terms of targets, originally, there were two contractual targets to be achieved (these have been revised as discussed in Section 2.5 below):

- ER/C/O/01 Number of Enterprises Receiving support total of 295
- ER/C/0/34 Established Annual Decrease of GHG total 2,572 tonnes

In achieving the above targets, the project aimed to:

- Support up to 392 SMEs with energy and resource efficiency assessments.
- Issue approximately 171 grants to SMEs.

- Support up to 66 SMEs with circular economy support packages.

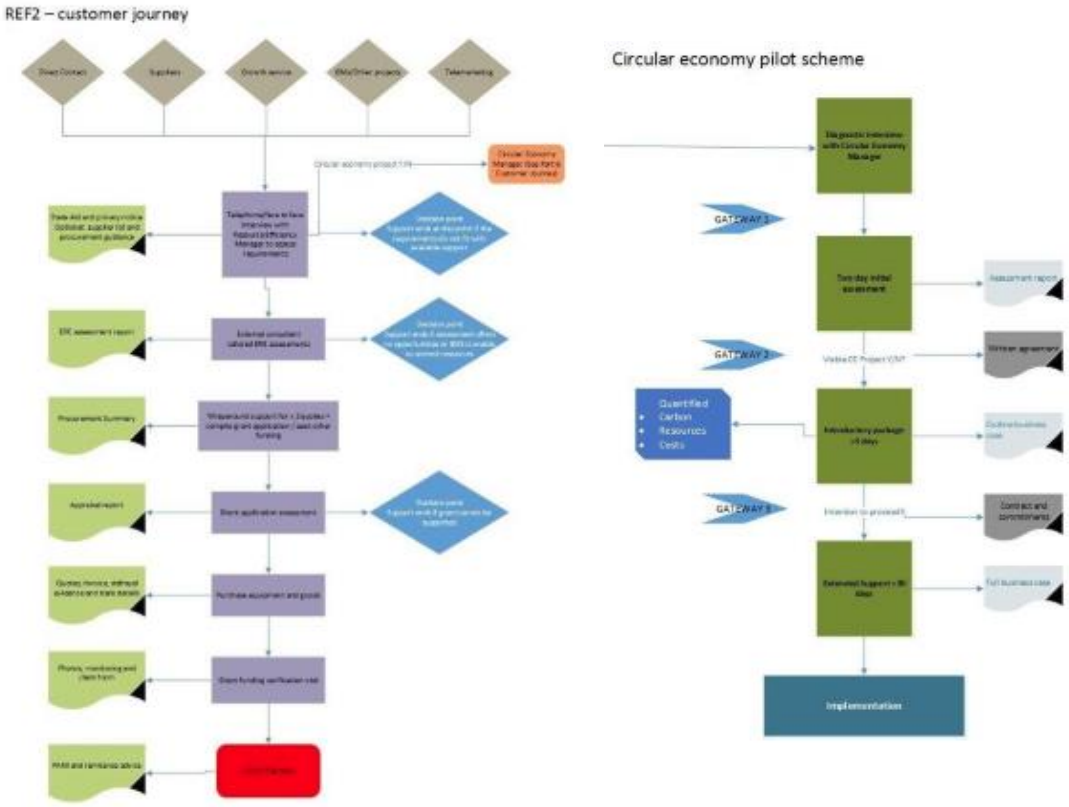

Figure 4: Beneficiary Journey Through REBiz Support Activities

2.5 Changes in Context / Design

As reported in the interim assessment, the REBiz project started in January 2020, just before the COVID-19 global pandemic began to have a major impact on the UK. In the early stages of the project the UK was placed into lockdown with only key businesses allowed to continue to operate and only essential travel permitted. This had a significant impact on the ability of project team to continue to deliver the planned support service as proposed in the full application. The project design, in terms of delivery, had to be adapted to avoid a complete standstill. The delivery team switched to an online approach, where resource efficiency audits were conducted remotely - as discussed in Section 3.2, it was very challenging to conduct the audits remotely.

Possibly as a consequence of the need to adjust priorities in response to the pandemic, resultant delays in the programme, the low levels of business engagement and concern over performance and the ability to achieve targets within agreed timeframes, York & North Yorkshire LEP decided to withdraw from the REBiz programme in June 2021. Again, the project needed to adapt its delivery plan, to no longer pursue beneficiary leads in the areas of North Yorkshire that are not within the Leeds City Region and to focus only on the Leeds City Region.

The above issues and how the project responded are discussed further in Section 3.2, below.

As result of these challenges the REBiz team submitted a Project Change Request in July 2021 requesting the following amendments:

- Extension of the programme end date to 30th June 2023 to provide an additional period for the programme to recover.
- Re-profiling spend and outputs over the revised timeframe.
- De-committing activity, spend and outputs in the York and North Yorkshire LEP area, where the LEP is no longer supporting the programme.
- Transferring resource into the Leeds City Region LEP area to bolster delivery for the next 2 years.

As a result of the change request, which was approved in September 2021:

- The total project budget was reduced from £6,099,239 to £4,891,9052.
- The C1 target (number of businesses receiving support) was reduced from 295 to 237.
- The C34 target (estimated annual decrease of GHG) was reduced from 2572 tonnes to 2064 tonnes.

The quarterly project targets were reprofiled as part of the Project Change Request, to account for the slower than anticipated project start and delays due to the COVID-19 pandemic.

There have been no further changes in the project context or design since the interim assessment.

Our assessment of performance against these revised targets is provided later in this report.

3 Project Progress

3.1 Spend and Outputs

The following table shows the profiled targets and outputs and the progress towards achieving these as of the end of quarter three in 2022.

Indicator	Targets		Performance at Time of Evaluation		Projected Performance at Project Closure		Overall Assessment
	Original	Adjusted	No.	% of Target	No.	% of Target	
Expenditure (£)	6,099,239	4,891,052	4,353,903*	89%	4,689,797	96%	Amber
C1. Number of Enterprises Receiving Support	295	237	250*	105%	250	105%	Green
C34. Estimated Greenhouse Gas Reduction (tonnes)	2,572	2,064	3,404.68*	165%	3,494*	169%	Green

Figure 5: Spend and Output Performance

** Based on REBiz Claim 13 Progress Report: April 2023*

In terms of ERDF targets C1 and C34, progress of the project has been excellent, with 105% of the C1 target achieved and 165% of the C34 target. However, expenditure is currently below target, with 89% achieved to date.

It is considered that the overall progress of the project to date has been good. The project is likely to end with a slight underspend, which is discussed further in later sections of this report.

Forecasted outputs for all the variables above are provided in Section 3.3.

3.2 Factors Influencing Performance

3.2.1 Factors Identified During Interim Assessment

During our interim assessment, which was completed in November 2021, we identified three factors that had influenced project performance to that point, namely:

1. The most significant factor in that period was the COVID-19 pandemic and the resultant lockdown, restrictions to travel and minimised personal contact. To begin the process of supporting SME beneficiaries to explore energy and resource efficiency and circular economy concepts, the REBiz advisors must first conduct an initial assessment of the business facilities and business operations. This was planned to be done through company visits, which were not possible during COVID-19 restrictions.
   Further, COVID-19 related lockdowns, supply chain issues and a loss of business placed extreme pressure on many SMEs. Business viability and potential employee redundancies became the main priority and so the opportunities to introduce potential beneficiaries to REBiz became very limited.
2. At the same time, potential and actual business disruption because of the UK's exit from the EU was a concern for SMEs. Many businesses were prioritising mitigation strategies, such as ensuring supply of raw materials, and were not in a position to consider implementing energy and resource efficiency measures.
3. The third influencing factor was the challenge that was encountered in recruiting beneficiaries from the York and North Yorkshire region. Based on feedback from the delivery team and regional stakeholders, there were several possible reasons for this:
   a. As a more rural area, energy efficiency and circular economy are lower priorities for businesses than would be the case in more industrial areas, where there are higher levels of manufacturing and engineering activity.
   b. There was a lack of personnel resource, within the LEP but external to the REBiz team, to support REBiz programme delivery over quite a large geographic area.
   c. The REBiz programme may not have been adequately prioritised within the York & North Yorkshire LEP.
   d. As a result of COVID-19, business support resources with the York and North Yorkshire LEP area had to be allocated to other initiatives and programmes.

In response to the first factor, and where possible, the REBiz team switched to online service provision. Meetings and facility tours were conducted virtually, and the assessments were done remotely. Of course, this approach had its limitations and could not match the detailed engagement and exchange of information that is possible through in-person site visits. Nevertheless, it did enable the project to continue to generate leads and 'enrol' beneficiaries.

In relation to the third factor, York and North Yorkshire LEP decided to withdraw from the REBiz project. The funding allocated to the programme by the YNY LEP had not been defrayed within the permitted timeframe of the Local Growth Fund allocation, mainly due to lack of progress with grants due to the

first two factors above. The LEP decided to not source alternative funding which led to the subsequent withdrawal of the LEP from the programme by mutual agreement. This was stated within a formal project change request and targets and funding were adjusted accordingly.

3.2.2 Factors Identified Since the Interim Assessment

Since the interim assessment, two factors have had an impact on project performance:

1. The high cost of energy, due to supply shortages and geopolitical events (Russia's invasion of Ukraine), has resulted in much greater awareness, in general, of the need to become more energy efficient and reduce energy waste whenever possible. The local authority business advisors and the REBiz team have witnessed a dramatic increase in SME interest in measures and support initiatives that can help reduce energy costs.
2. Retaining staff within key positions in the project team and recruiting suitably qualified personnel has been a continual challenge throughout the project duration. As reported in interim assessment there was a change in senior management soon after the project commenced due to restructuring within the combined authority. Subsequent restructuring and secondments within the combined authority have also impacted the marketing and senior server manager roles. The circular economy manager, recruited specifically for the REBiz project, left in late 2021 and the project has been unable to fill the position with an equally qualified replacement.

The increasing need for businesses to be energy efficient is clear and the message is being further promoted by UK Government initiatives such as the SME guide to energy efficiency[4] that provides information on many practical measures that companies can take to improve energy efficiency and, therefore, reduce costs. This includes actions that do not cost anything (such as turning off lights and equipment when not in use) to action requiring investment, such as installation of low energy lighting systems. The National Chairman of the Federation of Small Businesses stated that "*Almost a third of small firms highlight the cost of energy as a barrier to the growth and success of their business. Finding energy efficiency savings is the single best way of reducing these costs over the long-term. Small businesses need all the support and information they can get to help to make these savings wherever possible*."

The increased need for, and interest in, energy efficiency support has certainly assisted the REBiz project meet its ERDF targets, particularly as project delivery was so challenging during the period when COVID-19 restrictions were in place and then post COVID as businesses were focused on economic survival. Interest in the type of support REBiz is offering has remained high during this final quarter of the project and it is encouraging that the combined authority has committed to build on REBiz with a new programme of support in this domain.

[4] https://www.gov.uk/government/publications/sme-guide-to-energy-efficiency

3.3 Forecasts and Achievements

As highlighted in Section 3.1, the REBiz project has exceeded its ERDF C1 target, with 250 enterprises receiving support, and exceeded its C34 target, achieved a greenhouse gas reduction of 3404 tonnes CO_2 compared to a project target of 2064 tonnes CO_2.

The project's progress in achieving these targets is profiled in the figures below[5].

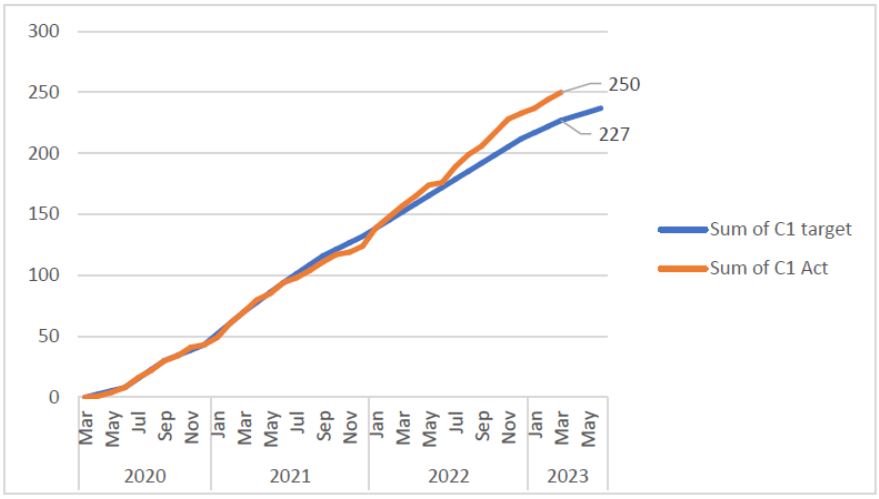

Figure 6: Forecast of C1 Target

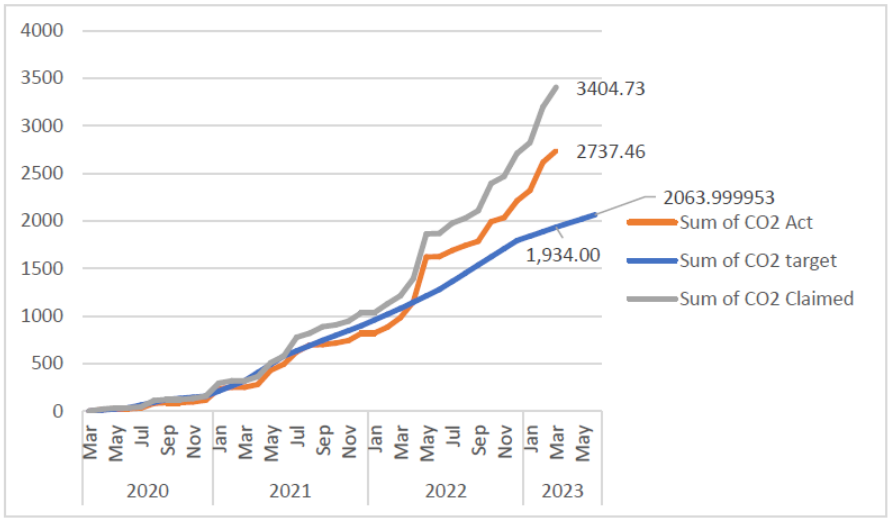

Figure 7: Forecast of TCO_2 Saved

It should be noted that the CO_2 claimed number in the above uses 2017 conversion factors, as required for ERDF reporting, whereas the CO_2 actual is based in 2020 conversion factors.

5 REBiz Highlight & Performance Report: September 2022

4 Project Delivery and Management

4.1 Project Governance and Management

The REBiz project is managed and delivered by a dedicated resource within the West Yorkshire Combined Authority. This dedicated delivery team is supported by additional resources within the Leeds City Region LEP to manage contractual matters, procurement and to provide marketing support.

The project is required to report quarterly to a Steering Group which is responsible for oversight of activity, spend and outputs/results. It was proposed in the application that the Steering Group would consist of representatives from the Combined Authority, York and North Yorkshire LEP, academia and the SME community.

We can confirm the steering group meetings have been held regularly, although there was a delay in the first period of the project due to the delay in project commencement and then the COVID-19 pandemic. Steering group minutes have been reviewed from July 2020 to December 2022.

Members of the Steering Group are listed in the table below:

Role	Name	Title	Organisation
Chair	Vincent McCabe	Programme Lead (Clean Growth and Innovation)	West Yorkshire Combined Authority
Member	Paul Collins	Senior Service Manager	West Yorkshire Combined Authority
Member	Kelly Handley-Marsh	Service Manager	West Yorkshire Combined Authority
Member	Katie Thomas	Senior Strategy Manager Low Carbon and Environment	York and North Yorkshire LEP
Member	Erin Wheeler	Circular Economy Officer	York and North Yorkshire LEP
Member	Bill Firth	Green Economy Panel Representative / General Manager	European Metal Recycling Group
Member	Dr Jonathan Busch	Research & Teaching Fellow	University of Leeds
Member	Louise O'Brien	Managing Director	Greyhound Box
Member	Emma Belolipeckaja	Programme Support Officer	West Yorkshire Combined Authority

Figure 8 REBiz Project Steering Group

The governance and management structures are considered by the delivery team, stakeholders, and beneficiaries to be effective. This was a consistent view from the programme of beneficiary interviews. As REBiz is a continuation of the REF project, with enhanced offerings, and some of the delivery team had worked on the REF project, the management structures have proved to be efficient and the relationship between all invested parties (including the local authority growth managers) are strong within the Leeds City Region LEP area.

4.2 REBiz Team Structure

It is stated in the project application that the REBiz project delivery team would be formed from the existing REF team, with new roles assigned to deliver the enhanced products and services, namely, the circular economy aspects of the project, and to ensure adequate covering across York and North Yorkshire.

The team was planned to consist of the following roles:

- Programme Manager – responsible for overall management of project activity and outputs and for the strategic delivery and day-to-day operations of the programme.
- Resource Efficiency Managers – to be SME client account managers throughout the process in relation to resource efficiency support.
- Circular Economy Manager – responsible for leading the circular economy strand of the programme, working with the resource efficiency managers, local partners, and a procured supplier to identify and engage potential clients and provide account management through the programme.
- Project Assistant – responsible for providing project and operation support to the REBiz delivery team as required.
- Monitoring and Compliance Officer – responsible for undertaking gateway eligibility checks for SME grants and advising resource efficiency and circular economy project manages on eligibility criteria and issues.
- Marketing and Communications Officer – responsible for planning, implementing and monitoring marketing activity.
- Technical Assessors – a framework of external consultants commissioned to deliver on-site resource efficiency assessment to SME clients.
- Circular Economy Consultancy – an external specialist consultancy service, delivering initial SME assessments, market research and business case development.

Members of REBiz Delivery Team are listed in the table below. There is inconsistency between the roles planned for within the project application and the current delivery team. This is due to several factors, including a change of job titles within Combined Authority, a consolidation of roles and as discussed below challenges in recruiting appropriately skilled staff.

Name	Title
Vincent McCabe	Programme Lead (Clean Growth & Innovation)
Paul Collins	Senior Service Manager
Kelly Handley-Marsh	Service Manager
Jim Porter	Resource Efficiency Manager
Jake Mason	Resource Efficiency Manager
Nick Edwards	Resource Efficiency Manager
Emma Urjasova	Programme Support Officer
Kathryn Sheard Post advertised	Marketing

Figure 9: REBiz Project Delivery Team

We have discussed the challenges the project faced in retaining staff and recruiting replacement staff in section 3.2.2. We note that the combined authority was unable to find an equally qualified replacement for the circular economy manager, despite numerous recruitment efforts. In order to fill this key position and continue to deliver this stream of support, an experienced business engagement executive was transferred into the role, albeit that this executive did not have experience specifically related to the circular economy.

4.3 Selection of Beneficiaries

A consistent and proven approach have been used to select beneficiaries for potential support throughput the duration of the project. The core element of this approach was the close relationship developed between the REBiz delivery team and Local Authority Growth Managers (GMs). This was identified as a key strength during the interim evaluation, and it has remained so as the project approaches completion. This relationship has been established for several years, with the REBiz project building on a similar programme of support provided in the region (the REF project as introduced earlier). We would agree that this has proved to be a very effective method of identifying suitable beneficiaries as the growth managers have regular engagement with regional SMEs to discuss the business challenges and to match these needs with business support programmes.

We asked beneficiaries that participated in the online survey how they became aware of the REBiz programme. For those that responded to this question, the results are shown in the figure below.

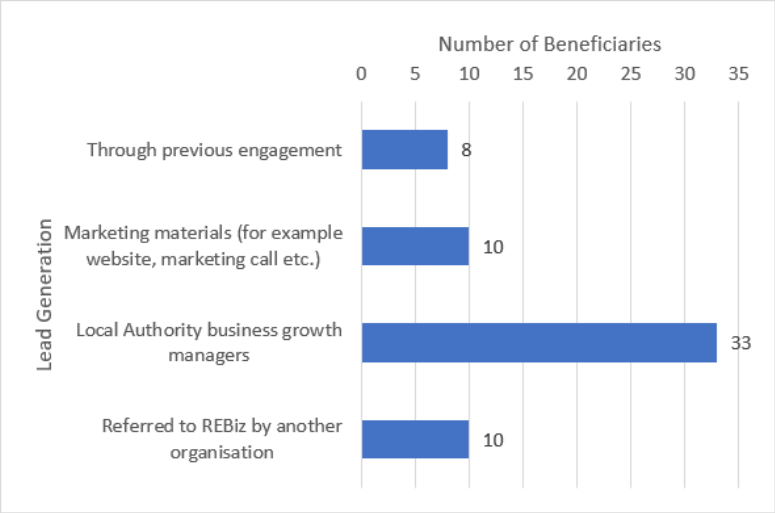

Figure 10: REBiz Lead Generation

Local Authority GMs account for most of the leads/referrals into the REBiz project in our sample of the beneficiaries, accounting for 54% (33 respondents). In addition, 16% (10 respondents) discovered REBiz via marketing materials and 13% (8 respondents) already had prior knowledge of the project through previous engagement.

Further 16% (10 respondents) were referred to REBiz via another organisation and respondents that identified these referrals listed the following: Leeds LEP, Huddersfield University and West Yorkshire Combined Authority. One beneficiary stated it was referred to REBiz via an 'independent consultant' and another was referred by another SME business.

How this breaks down between the three streams of the project and by geographic area is discussed in the following subsections.

4.3.1 Lead Generation for the Energy Efficiency Support

A total of 44 survey respondents stated that they had received REBiz support in the form of an energy efficiency audit. As shown in the figure below, half of these beneficiaries were introduced to REBiz via Local Authority GMs. The number of beneficiaries discovering the project though REBiz marketing efforts is relatively small, but considering the survey sample size and that SMEs rarely proactively search for business support programmes, we think this is reasonable. Also, only a small number of beneficiaries already had some previous engagement with the project, which suggests the project is successfully engaging with new beneficiaries.

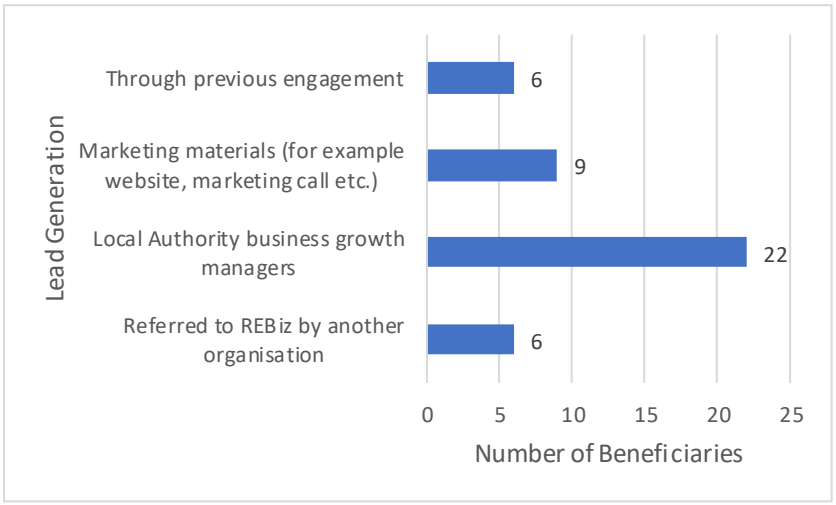

Figure 11: REBiz Lead Generation for the Resource Efficiency Stream

4.3.2 Lead Generation for the Circular Economy Support

As shown in the figure below, four of the five beneficiaries that received support though the circular economy stream of the REBiz project, and that completed the survey, already had some previous engagement with the project and the remaining beneficiary was introduced to REBiz via a Local Authority GM.

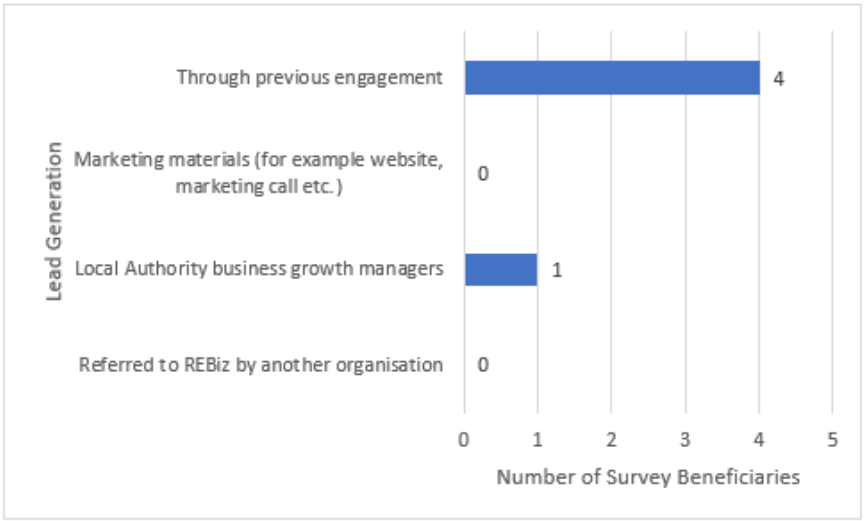

Figure 12: REBiz Lead Generation for the Circular Economy Stream

4.3.3 Lead Generation for REBiz Grant Funding

In terms of the grant funding stream of the project, the analysis is consistent with that for energy efficiency stream, namely that over 50% of leads were generated via Local Authority GMs. This is to be expected as the majority of beneficiaries receiving grants first progressed through the energy efficiency stream. In some cases, where the beneficiary had already implemented energy efficiency measures and had a specific project in mind, they progressed directly through to the grant stream.

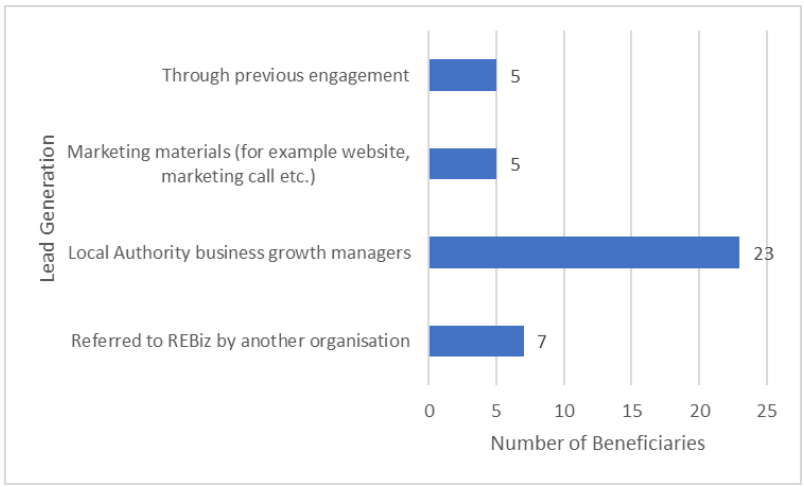

Figure 13: REBiz Lead Generation for Grant Funding

The above data highlights the importance of good engagement between ERDF project delivery teams, like REBiz, and the 'on-the-ground' business advisors, such the Local Authority-based GMs, to ensure projects are appropriately promoted.

4.3.4 Selection of Beneficiaries by Geographic Area

Analysis conducted on the geographic distribution of beneficiaries is summarised in the figure below.

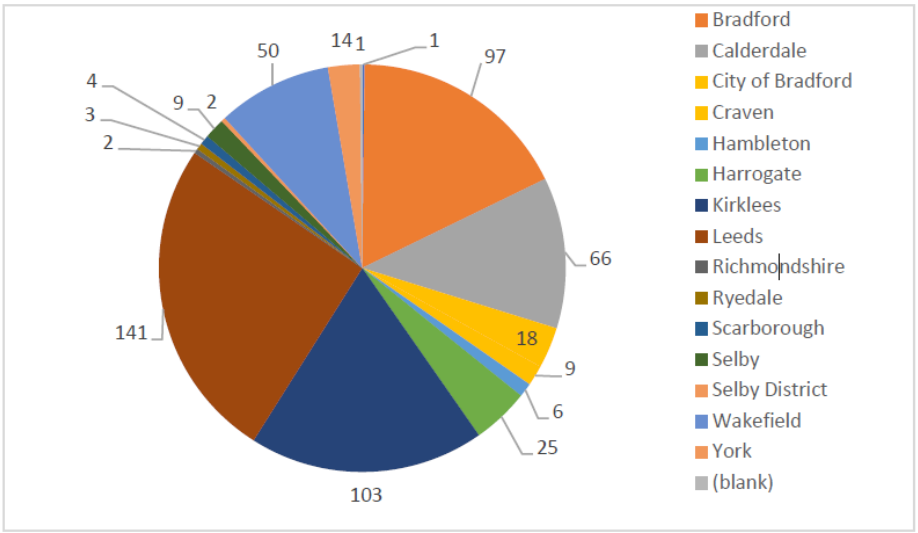

Figure 14: Geographic Distribution of Product Beneficiaries

The distribution reveals a concentration of beneficiaries in large urban and metropolitan areas such as Leeds, Bradford and Kirklees. This is not surprising as these areas have higher concentrations of traditional manufacturing businesses, which have a greater need to reduce energy and resource consumption, compared to smaller towns and more rural areas .

"It's quite natural that the project had the most success in areas that have a high population of industrial companies…but more effort is required if businesses in less industrially concentrated areas are also to be supported."

4.4 Quality of Delivery and Activities

In the online survey, beneficiaries were asked to rate the quality of the support provided, in terms of delivery and the professionalism of the REBiz team. As shown in the figure below, 80% of the respondents to this question gave REBiz, overall, a high score, with 27 out of 45 respondents to this question assigning a maximum score of five and a further nine respondents assigning a score four. Only three out of 45 respondents assigned a low score of either one or two.

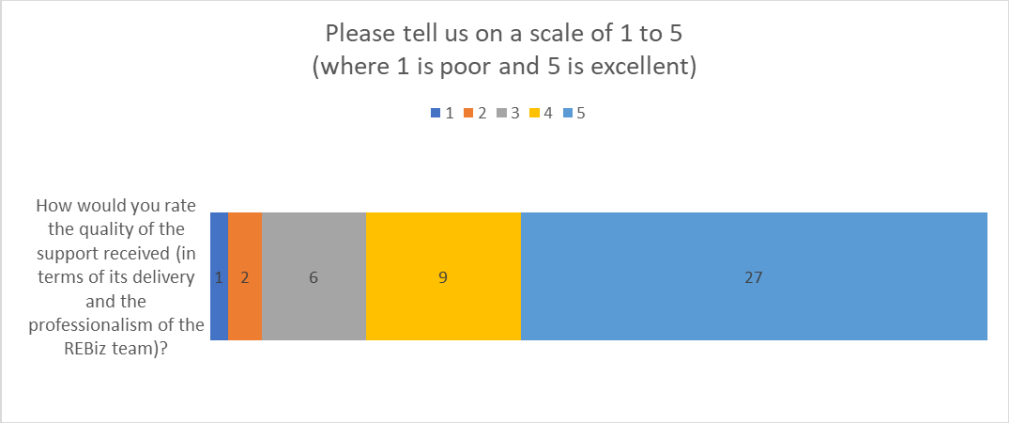

Figure 15: Rating of Overall Quality of Delivery and Activities

This was in accord with the feedback obtained by beneficiaries during the interview programme, where all said they would either rate the delivery as a four or a five.

"The team were very professional and approachable. I couldn't rate them any higher. I was impressed by their level of knowledge and the advice that was provided."

"I was impressed by the support provided, right from our first engagement with the local authority through to the audit and obtaining funding to help us reduce our energy needs."

In the sections that follow, analysis is provided on feedback on the quality of project delivery in each of the three streams of support. It should be noted that a number of respondents benefited from more than one type of support (e.g. they initially received energy efficiency support and then went on to receive grant support). Furthermore, as has already been noted, not all survey respondents answered all survey questions. This explains why there are discrepancies in the numbers in the analysis.

4.4.1 Delivery of Energy Efficiency Support

Survey recipients were asked if the energy efficiency support received via REBiz met their expectations, exceeded their expectations, or fell short of their expectations. As shown in the figure overleaf, 94% of the 50 respondents to this question were satisfied with the support received, with 72% (36 respondents) stating that the support met their expectations and a further 22% (11 respondents) stating that it exceeded their expectations. Only 6% (3 respondents) stated that the support fell below their expectations.

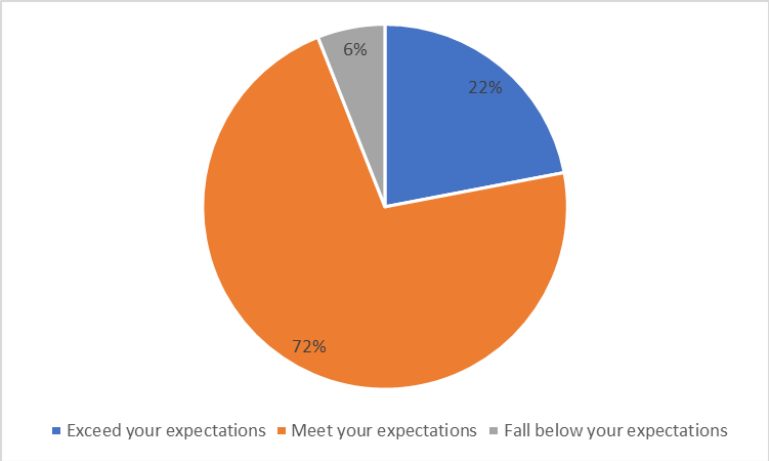

Figure 16: Delivery of Energy Efficiency Support

"We were really impressed by the level of detail in the energy audit. It really did open our eyes to the many possibilities of reducing our energy usage and therefore energy costs."

Based on this feedback, it can be concluded that the energy efficiency support stream of the REBiz project was delivered to a high standard.

4.4.2 Delivery of Circular Economy Support

Regarding the delivery of circular economy support, 21 responses were received. Overall, 76% (16 respondents) were satisfied with the support received, with 57% (12 respondents) stating that the support met their expectations and a further 19% (4 respondents) stating that it exceeded their expectation.

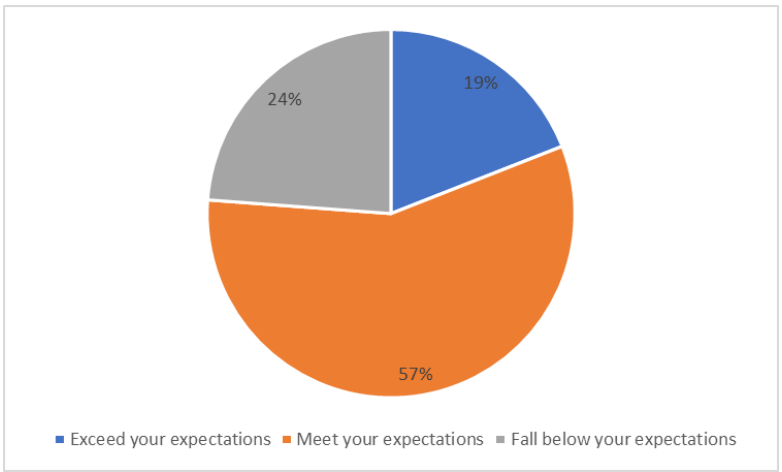

Figure 17: Delivery of Circular Economy Support

Based on this feedback, it is concluded that the circular economy support stream of the REBiz project was delivered to a satisfactory standard, although almost 24% of the beneficiaries that responded to this question stated that the support fell below their expectations.

4.4.3 Delivery of Grant Support

In terms of the grant support delivery, 43 responses were received. Of these 93% (39 respondents) were satisfied with the support received, with 63% (27 respondents) stating that the support met their expectations and a further 30% (13 respondents) stating that it exceeded their expectation. Only 7% (3 respondents) stated that the support fell below their expectations.

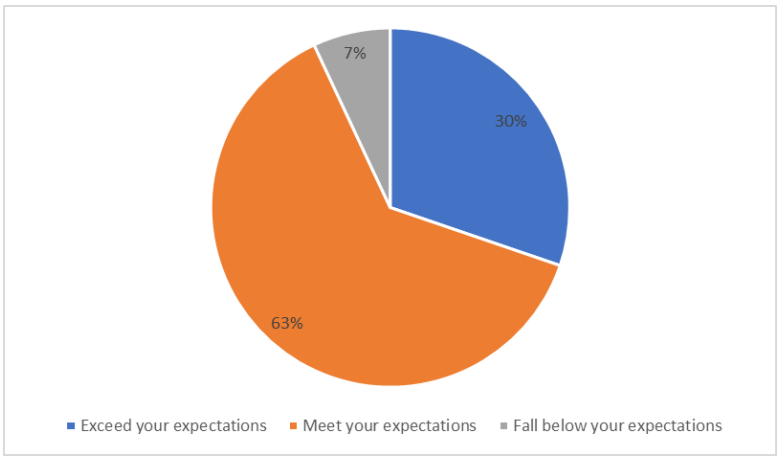

Figure 18: Delivery of REBiz Grant Support

"Without the grant support we probably would not have made the purchase of the new heaters."

Based on this feedback, the grant support stream of the REBiz project was delivered to an excellent standard.

4.5 Improvement of Delivery

Beneficiaries were asked if there were any areas of support that they wanted / needed, in terms of energy efficiency and circular economy, but that were not available through REBiz. As shown in the figure below the majority of the respondents that answered this question indicated that there were no additional support mechanisms required.

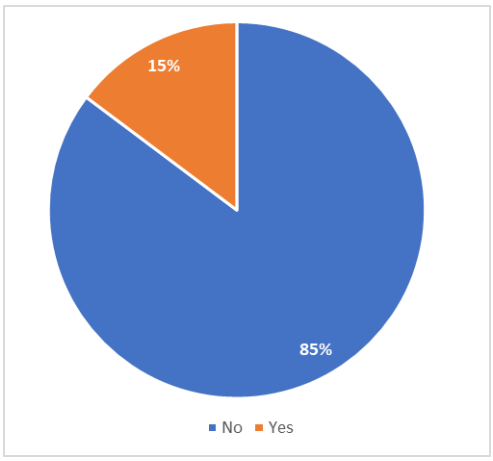

Figure 19: Requirement for Additional Support Mechanisms

Those that replied yes to requiring additional support in this domain made the following suggestion:

Were there any areas of support that you wanted that were not available through the project?
"I was looking for more support to reduce energy, but it was very complex and in the current business environment it is difficult to get any meaningful quotes from suppliers."
"Funding to install solar panels is required"
"Carbon reduction planning"

Figure 20: Beneficiary Suggestions on Additional Support

Based on the feedback from beneficiaries, via the online survey and interviews, and consultation with stakeholders, we would make the following recommendations on improving delivery:

- Greater support for the installation of solar panels – there was consistent feedback, both during the interim assessment and this final summative assessment, that more could be done to help businesses install solar panels. Originally, the carbon reduction payback was not sufficient, under the REBiz funding requirements, to support this energy reduction measure, however, we understand this was revised and more solar panel installations were supported.
- The tendering process for grant funding could be more flexible – beneficiaries reported that they were restricted to accepting the lowest priced bid, when tendering to receive grant support, when in some cases they would have opted for a higher bid to receive a higher quality service and a better product. Also, the same administrative process was applied to all grants irrespective of the amount. It was suggested that smaller grants, for example below £5,000 should have a more streamlined approach.
- More in-depth feedback to local authority growth managers – as discussed earlier, local authority GMs are the main route to accessing potential project beneficiaries. It was the view of the GMs that feedback from the REBiz team on the outcomes of interventions would greatly assist them with any future communications with potential beneficiaries. For example, if a company decided to not accept the offered support or not proceed with a grant application, feedback on the reasons why that decision was made would be very useful information to inform future offers of support.

Additionally, and as noted in the interim report, it was the view of stakeholders that more dedicated resource should be committed to promoting energy efficiency and circular economy in more rural areas of the region. It was felt that the project was focused on areas where there was a concentration of industry and should be expanded to include businesses in more rural areas, such as those in the agriculture sector, for example.

Also, there was a view from stakeholders that the scope should be expanded to include business-to-consumer SMEs. Currently, support through REBiz can only be provided to businesses-to-business SMEs, as a requirement under ERDF rules.

4.6 Horizontal Principles

In this section, we have considered progress and achievement against two ERDF Horizontal principles: sustainable development and equal opportunities.

Regarding sustainable development, it is a central core element of the REBiz project to support SMEs to improve energy and resource efficiency and explore circular economy business models. The projects supported will result in a reduction of greenhouse gas (GHG) emissions or resource use. More generally,

as stated in the project application, the project is underpinned by the Combined Authority's own Environmental and Sustainability Policies.

In terms of equal opportunities, it is stated in the application that the support provided through REBiz will be open to all SMEs and that issues such as language and accessibility will be assessed at the point of engagement to ensure no discrimination take place and reasonable adjustments will be made, as required, to ensure barriers to engagement are removed / addressed.

The issue of inclusion was discussed with stakeholders and the overall view was that, within the target region, there are areas where businesses are, traditionally, reluctant to engage in business support schemes. This is not a REBiz-specific challenge, but a wider social issue that will require, possibly, a social intervention to break down barriers. This is a major focus area with ongoing activities within local government business support service to address the issue.

Based on the information provided and feedback from stakeholders, we are confident that the horizontal principles of sustainable development and equal opportunities have been effectively addressed.

5 Project Outcomes and Impact

5.1 Outcomes and Impacts for Beneficiaries

The specific project outcomes and impacts, as set out in the project logic model, are listed in the table below:

Outcomes	Impacts
Reduced business energy / fuel consumption (Estimated kWh reduction per annum)	Resource efficient SMEs with an increased awareness and take-up of resource efficiency measures
Cost savings from reduced resource use (Estimated £ savings per annum)	Circular economy business pioneer leading the transition to a circular economy
	Reduction in greenhouse gas emissions
	Increased SME productivity

Figure 21: Specified Outcomes and Impacts

Feedback was obtained, via the online survey and the interview programme, on the outcomes and impacts from companies receiving support. Firstly, beneficiaries were asked to rate the value of the support received, in terms of the overall impact it has had/is likely to have on their business. A total of 45 beneficiaries responded to this question, and, as shown in the following figure, 71% (32 respondents) gave REBiz a high score, with 24 respondents assigning a maximum score of five and a further 8 respondents assigning a score four. Only 4 out of 45 respondents assigned a low score of either one or two.

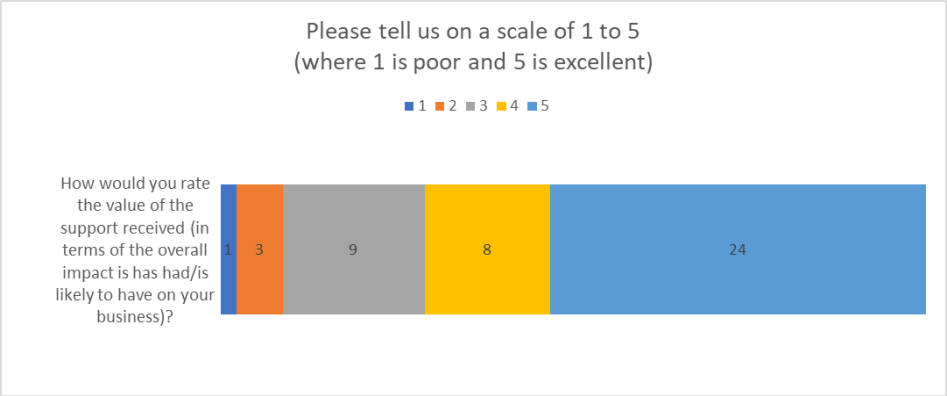

Figure 22: Rating of Overall Impact of the REBiz Project on Beneficiaries

This was in accord with the feedback obtained by beneficiaries during the telephone interview programme, where all said they would either rate the delivery as a four or a five.

"Thanks to the support received, we have been able to purchase new equipment and recycle more of our waste rather than it going to landfill. It resulted in one new job to operate that equipment."

In the figures that follow, analysis is provided on the feedback received on the impact of the project on beneficiaries, under each of the three streams of support. This analysis is based on the input received and it is highlighted, once again, that not all survey respondents answered every question.

Beneficiaries were asked to rate the impact of support against six different impact metrics, namely:

- Cost savings (such as energy savings).
- Operational change (such as procedures).
- Enhanced competitiveness.
- Strategic change (such as business direction).
- Jobs saved and job created.

The result of this feedback is summarised in the figures below:

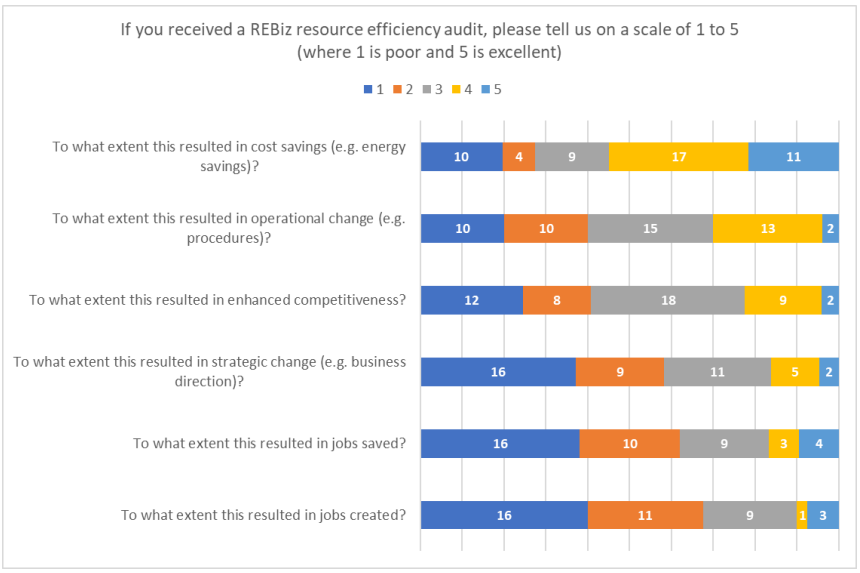

Figure 23: Impact of Energy Efficiency Support

A total of 51 respondents answered this question and, not unexpectedly, by far, the biggest impact of energy efficiency support on companies was in the form cost savings as result of a reduction in the use of energy. Almost 55% (28 respondents) rated this as very high, with a score of 5, or high, with a score of 4. 15 respondents also indicated that, following energy efficiency support, there has been at least some impact on operations with changes being put in place. Some companies have also benefited from enhanced competitiveness, which is likely to have arisen as a result of them managing costs more effectively and, therefore, not having to pass price increases on to customers, for example. Energy efficiency support had less of an impact on either job creation or job retention.

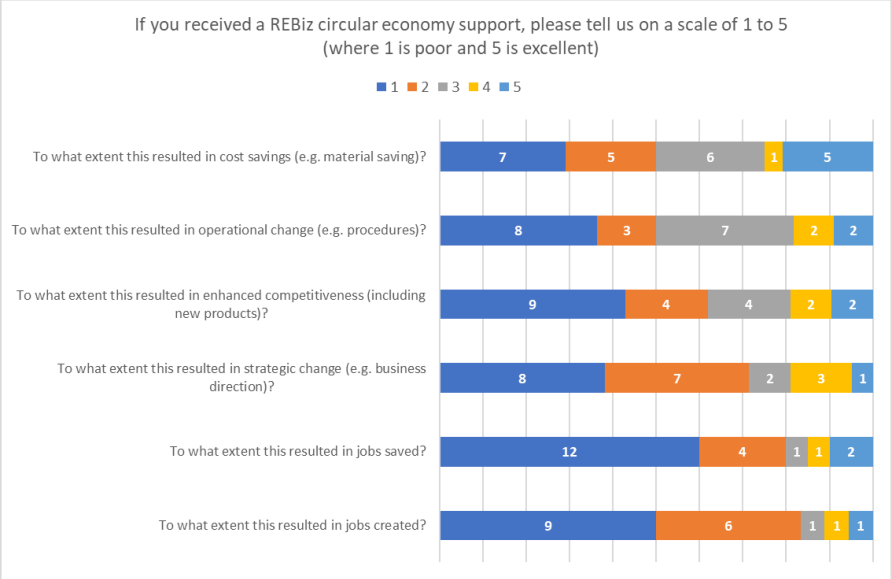

Figure 24: Impact of Circular Economy Support

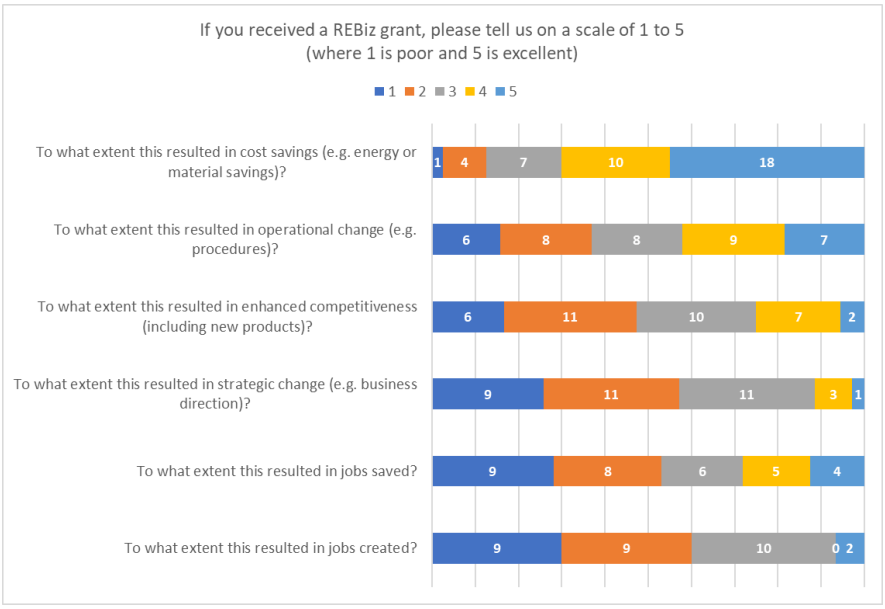

Figure 25: Impact of Grant Support

A total of 40 respondents answered this question and, again, by far the biggest impact was associated with cost savings. 70% (28 respondents) rated cost saving as very high (a score of 5) or high (a score of 4). More generally, the impacts accrued as a result of beneficiaries receiving grant support are broadly in line with the energy efficiency support impacts, with operational changes and improved competitiveness also being areas where some quite positive impacts were noted. Once again, this was unsurprising as the aim of the grant support stream was to provide funding to companies to procure and implement energy saving measures. In many cases, grant support was provided as a follow on to an initial energy efficiency support or as a result of a company already having identified the energy efficiency measure it wanted to implement.

As before, grant support had only a limited impact on either job creation or retention.

In summary and in accord with the REBiz project aim and objectives, the greatest impact of the support provided, across all three support streams, is within the metric of costs savings and, specifically, energy saving.

Some examples of more qualitative feedback provided by beneficiaries is included in the table below.

Please provide further detail on the impact of support provided through REBiz
"The grant was towards renewable electric which has given considerable savings in our electricity."
"Annual savings in gas & electricity of over £25k as a result of the measures implemented"
"The highlighting of our building costs was an eye opener and the suggestion for motion-detection LED lights and accompanying grant is saving us money daily"
"We had an energy audit to see how to save money and be more eco-friendly in heating the warehouse. Areas of air leakages and the cost attributed to that made us more vigilant in monitoring air leaks. We also updated the baler room lights to LEDs"
"We have improved efficiency in our production process, partly also through the grant support which supported the purchase of new machinery…the biggest impact is likely to be from the circular economy support we received…the research and advice we were given has helped us to launch a new returnable container scheme with our wholesale customers"
"The audit provided a clear saving in our energy footprint and savings available which allowed the Company to invest in additional machinery to grow the business creating further jobs in the near future"
"The idea's and information given helped us focus on the correct changes required to reduce electricity costs"
"It help us learn energy usage an how we need to manage our costs"

Figure 26: Beneficiary Feedback on Project Impact

It is clear from feedback that the REBiz project has a very positive impact on beneficiaries, from raising awareness of the potential to be more energy efficient and more circular, to actual and quantifiable reductions in energy costs. In section 5.3 we have provided some quantitative estimates of this impact.

6 Strategic Added Value

In terms of strategic added value, the REBiz project has resulted in the following:

- Additional, direct investment of £1,914,869.17 made by companies in resource efficiency and/or circular economy practices as a result of a total of £1,242,579.33 REBiz grant funding.
- Raising awareness of the benefits of accessing local government support in the domain of energy/resource efficiency and circular economy.
- Encouraging SMEs to continue to explore and implement further energy efficiency and circular economy initiatives.

As shown in the figure below, for over two thirds of the beneficiaries that responded to this question, this was the first time they had been involved in a local government support initiative of this nature. This demonstrates that the project is successfully raising awareness of local government interventions to support business growth and contribute to national net zero targets.

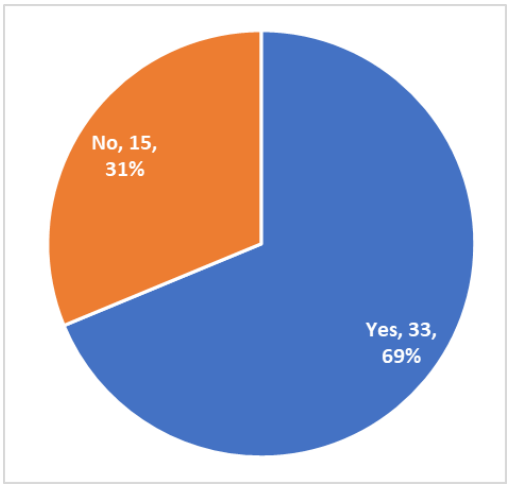

Figure 27: First Involvement in a Project of this Nature?

Further, 94% of respondents stated that they are likely to get involved in similar support projects in future based on their experience of REBiz.

"An excellent project, we would welcome another review to see if there is anything else which we could be helped with, if REBiz II is launched in the future."

"Everyone benefitted: our business, the economy (through efficiency), the national tax-take (we are more profitable and pay more tax), the environment (through reduced CO_2 emissions)."

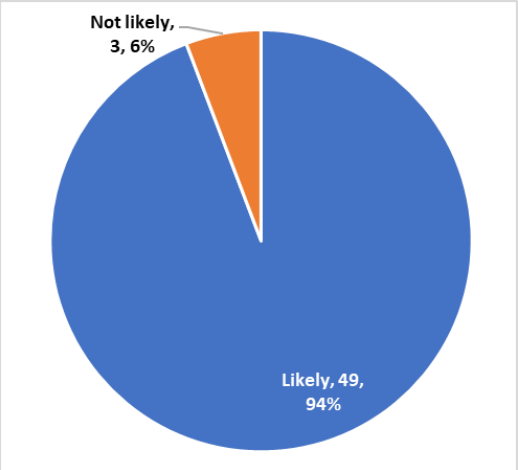

Figure 28: Likely to be Involved Again?

6.1 Gross / Net Benefits and Counterfactual Analysis

We note that project outcomes and impacts targets are not quantified in the project application and the logic model and, therefore, it is difficult to measure the direct and indirect impacts of the project in relation to beneficiaries, the industry and the economy.

The beneficiaries consulted for this evaluation were highly positive regarding the support provided through the REBiz project as summarised in Figure 26 above. Based on this feedback and from data generated by the project team, we highlighted the following direct benefits:

- A reduction in CO_2 emissions
- Cost savings
- Energy reduction

These benefits are quantified in the table below, which summarises identified benefits, as a result of the energy audits, and implemented benefits from grant funding. (It should be noted that this data refers to the ERE stream of REBiz support only and it was not possible to quantity the benefits accrued from the CE stream of support).

Identified Benefits		
CO_2 Reduction(tonnes)	Cost Savings (£)	Energy Reduction (kWh)
28,471	8,403,348	73,868,310
Implemented Benefits		
CO_2 Reduction (tonnes)	Cost Savings (£)	Energy Reduction (kWh)
3,404.68	1,088,925.84	9,754,897

Figure 29: Savings Identified and Implemented as a Result of the REBiz Project (ERE Stream only)

The following additional benefits have also resulted:

- Identified 46,995 m^3 of water savings
- Implemented the diversion of 201 tonnes of waste from landfill
- Identified a further 718 tonnes of waste that could be diverted from landfill

Regarding the counterfactual analysis, we would propose there are three scenarios to consider in establishing what beneficiary SMEs would have done without the support being available:

- Scenario 1 – beneficiaries would have made an industry average investment (in time or capital expenditure) to realise energy efficiency and/or circular economy initiatives.
- Scenario 2 – beneficiaries would have made very little investment in time or capital expenditure.
- Scenario 3 – beneficiaries would have made a high investment in energy and/or circular economy initiatives.

The REBiz project has spanned a very unusual period of business uncertainty, from the COVID-19 pandemic to recovery from this and then into the energy crises. We would consider the likelihood of businesses investing in energy efficiency and/or circular economy initiatives during the first two thirds of the project duration (during the COVID lockdown period and then business recovery this) to be well below the industry average, meaning support via REBiz was counterfactually significant, as companies would have, otherwise, not made such investments. However, during the final third of the project, because of the energy crisis, beneficiary SMEs would have been more likely invest above the industry average.

In seeking to understand an industry average (Scenario 1), we refer to a report by the British Business Bank plc (BBB)[6], which is a state-owned economic development bank established by the UK Government with the aim of increasing the supply of credit to SMEs as well as providing business advice services. The BBB conducted analysis on small business transition to net zero. A significant finding of the report was that most smaller businesses are at "*an early stage in their transition to net zero smaller business*", and that in terms of physical actions, almost all (94%) of these "*tended to be simpler, such as installing a smart meter*", which are unlikely to make any noticeable impact, with only 6% investing in more significant actions that would result in tangible reductions in cost and energy usage. On that basis, we have assumed that, in the absence of the REBiz project, the SME beneficiaries would have acted in the same way as the industry average with only a very small percentage (6%) investing in types of measures supported though REBiz. We, therefore, estimate that in the absence of REBiz, the implemented savings would be 6% of those shown above.

In terms of Scenario 2, it would be reasonable to assume that SMEs do not make any investment or commit any time, especially as the "industry average" is currently very low, which would mean zero companies and, therefore, zero reduction in CO_2, no cost savings and no reduction in energy usage.

[6] Smaller businesses and the transition to net zero, British Business Bank plc. October 2021

Finally, in Scenario 3, where there is a higher than average investment in actions we have followed the same approach that has been taken in Scenario 1 (i.e. as a %age of SMEs), we have assumed 40%[7] of SMEs have invested in actions resulting in tangible reductions. This is the scenario that we anticipate would have started to emerge during the final year of the project as companies sought to reduce their costs and energy / resource usage as a result of massively increased energy costs and inflation, more generally. We, therefore, estimate that in the absence of REBiz, the implemented savings would be 40% of those shown in Figure 29.

Based on the three scenarios above, and the underlying assumptions therein, the figure below demonstrates the potential difference that the REBiz project has made.

	REBiz Actual Implemented Benefits	Scenario 1 (Industry Average)	Scenario 2 (Do Nothing)	Scenario 3 (Energy Crisis)
CO2 Reduction (tonnes)	3,404.68	204	0	1,361.871
Cost Savings (£)	1,088,925.84	65,336	0	435,570
Energy Reduction (kWh)	9,754,897	585,294	0	3,901,958

Figure 30: Scenario Analysis

In order to benchmark REBiz, we have selected to compare performance against two similar projects within ESIF Priority Axis 4 (Supporting the Shift Towards a Low Carbon Economy), and particular projects that aim to increase the energy efficiency of SMEs through the implementation of low carbon technologies. These are:

- Low Carbon Business Evolution Programme (LCBEP), which was delivered by Staffordshire County Council. LCBEP was an environmental business engagement service delivering environmental advice, support and access to finance to SMEs to improve their productivity, energy efficiency and environmental performance by evolving into low carbon businesses. LCBEP was aiming to have the following impacts:
  - To engage businesses in the low carbon agenda.
  - To advise businesses on increasing their energy efficiency and renewable generation resulting in GHG reductions.
  - To encourage and enable investment in energy efficient low carbon technologies.
  - To provide skills to businesses to enable deployment of low carbon technologies.
  - To increase businesses innovation in developing low carbon technologies.
  - To encourage businesses to invest in innovating low carbon technologies.

[7] This is an Optimat estimation and is a very optimistic projection based on our judgement.

- Business Energy Efficiency Project (BEEP), delivered by Durham County Council, had the aim of supported SMEs to reduce their energy costs with energy efficiency improvements by providing independent analysis of a business's existing practices via an in-depth energy audit and data analysis. SMEs who wish to take forward BEEP recommendations (via the energy audit) are supported to apply for a BEEP grant to facilitate the installation of measures.

The LCBEP project resulted in 107 business supported with an expenditure of £879,993 which equates to an intervention rate of £8,224 per SME. The BEEP project supported 200 SMEs with an expenditure £889,811, resulted in an intervention rate of £4,449 per SME. The REBiz project is forecast to spend £4,689,797 and support 250 SMEs, which equates to £18,759 per SME. It is important to note that both LCBEP and BEEP projects were conducted at a much smaller scale than that of the REBiz programme which has had a maximum project size of £100,000, compared to a maximum project size of £24,999 for BEEP. Although comparable data for LCBEP was not available, based on the scale of the project, we would assume it had a similar maximum project size as BEEP. As a result, BEEP and LCBEP leverage less investment from SMEs (as the maximum project size is greatly reduced) compared to REBiz.

The grant support of the REBiz programme represents 26% of the total project value including the provision of circular economy support (based on £1,242,579 grant awarded and total expenditure of £4,689,797). In comparison, the grant support of the BEEP project represents 14% of total project value (based on £122,557 grant awarded and total expenditure of £889,811). Comparable data for LCBEP was not available but we would estimate a similar value to that of BEEP, at approximately 13-16%.

A comparison of the cost of reduction of a tonne of carbon is a useful indicator when comparing projects undertaking different sizes of investment. The REBiz project invested £365 to achieve a tonne of carbon savings (based on £1,242,579 grant awarded and 3,404.68 tonnes CO_2 reduction) compared to the BEEP project investing £139 (based on £122,557 grant awarded and 885.48 tonnes CO2 reduction). Again, comparable data for LCBEP was not available but we would assume a similar cost of reduction to that of BEEP. It should be noted that REBiz provided circular economy support, which was not provided by BEEP or LCBEP.

6.2 Performance Against the Logic Model

How the above analysis compares to the outcomes presented in the logic model is shown in the figure below. It should be noted that the baseline refers to targets set in the original logic model, which was not revised when the project was amended reducing the project grant pot by 24%.

Outcome	Baseline	Result
Reduced business energy /fuel consumption (estimated kWh reduction per annum)	11,184,189	9,754,897
Cost saving from reduced resource use (estimated £ savings per annum)	754,933	1,088,925.84

Figure 31: Achievements Against Logic Model Outcomes

As shown in the figures above, the support provided though REBiz has resulted in implemented energy reduction / fuel consumption of 9,754,897 kWh at the time of the report representing 87% of the

11,184,189 kWh in the original logic model. The project still has some outputs to claim in Claim 14 which is after this report but this demonstrates that the outcomes have reduced by a smaller ratio than the grant budget demonstrating a better kWh saving per pound of grant expenditure than was anticipated in the logic model. Also, the cost saving from reduced energy resource use as result of REBiz is currently at £1,088,925.84, compared to predicted £754,933. The project has therefore not achieved the predicted energy / fuel consumption (at the time of this report) but has exceeded the cost saving prediction. It is highly likely, that the current high energy price has result in the high cost saving figures but corresponding lower energy / fuel consumption as many businesses are seeking to reduce the amount of energy used by various means (e.g. reducing the temperature at which heating thermostats are set), not just by implementing resource efficiency measures.

It should be noted, however, that the REBiz project is projected to achieve and energy reduction of 10,363,116 KWh and cost savings of £1,175,474.68 by the time of its completion.

In term of the impact statements in the Logic Model:

- Resource efficient SMEs with an increased awareness and take-up of resource efficiency measures.

  The project has been a clear success in terms of raising awareness of resource efficiency measures. As discussed in Section 2.3 and demonstrated in figure 3, 24% of the beneficiaries that responded to this question wanted to be more resource efficient but didn't know how and a further 30% wanted an energy audit to be undertaken.

- Circular economy business pioneer leading the transition to a circular economy.

  Based on the survey results and beneficiary interviews, there is insufficient evidence to support this statement and much of the impacts identified by project beneficiaries focused on recycling rather than on the reuse and remanufacturing aspects of the circular economy or on innovative circular business models. We do believe, however, that this was a challenging impact to achieve as the development and implementation of circular processes or business models can require significant time and investment, which would have been difficult to achieve within the timescales over which the REBiz project was delivered. True circular economy processes and business models can require a fundamental rethink of how a company operates which, unless the companies have been set up with a circular economy focus in the first place or a tangible business opportunity has been identified, would be very difficult to achieve and could come with some quite high risks, especially in the current economic climate. Nonetheless, transitioning to a circular economy could be possible for SMEs in the region should longer term support be available.

- Reduction in greenhouse gas emissions

  As shown in analysis presented in Figure 5, the project has resulted in 3,404.68 tonnes reduction in greenhouse emissions. However, via the initial energy audits REBiz has demonstrated much greater potential for reduction amounting to 28,471 tonnes, which could be achieved if SME's can continue to be supported with energy reduction measures.

- Increased SME productivity

Most companies did not believe the type of measures implemented through this project had a significant impact on productivity directly, however, some did comment on the positive impact of switching lighting to LEDs has had on improving the working environment.

7 Conclusions and Lessons Learnt

The aim of the Resource Efficient Business (REBiz) programme was to support SMEs identify and implement improvements in energy and resource efficiency by providing SMEs with information, advice, guidance and financial support, where applicable and eligible. REBiz builds on the success of the Leeds City Region Resource Efficiency Fund (REF) that was delivered between November 2016 and December 2019. The REBiz project aimed to provide an enhanced level of support to SMEs by incorporating the circular economy into the offering, providing larger grants and delivering the programme of support over a wider region. The project was originally to cover the Leeds City Region and York and North Yorkshire LEP geographic areas, but with the York and North Yorkshire LEP withdrawing in June 2021, the project was focused on Leeds City Region SMEs.

Decarbonising energy and resource intensive businesses is crucial to reducing carbon emissions and mitigating climate change. Fundamental barriers, such as lack of resources (time and money), continue to prevent SMEs from implementing energy efficiency measures. These barriers continue to be relevant and even more so with concerns over energy security and the rising cost of energy, a major driver of the high levels of inflation currently being experienced in the UK. The original aim of the REBIZ project, which was to help SMEs in the target geographic area to overcome challenges in areas of energy and resource efficiency, and circular economy, by enabling access to information, expertise, advice and financial support, is, therefore, even more relevant now that when the project was commenced. Our assessment of performance would indicate that REBiz has achieved the project aims and objectives, namely:

- Additional, direct investment of £1,914,869.17 made by companies in resource efficiency and/or circular economy practices as a result of a total of £1,242,579.33 REBiz grant funding.
- Raising awareness of the benefits of accessing local government support in the domain of energy/resource efficiency and circular economy.
- Encouraging SMEs to continue to explore and implement further energy efficiency and circular economy initiatives.

We consider that REBiz has made excellent progress to date. In terms of ERDF targets C1 and C34, the project has overachieved, with 105% of the C1 target achieved and 165% of the C34 target. Further the project will underspend, which considering achievement against ERDF targets, demonstrates value for money.

In terms of project delivery, a consistent and proven approach have been used to select beneficiaries for potential support throughout the duration of the project. The core element of this approach was the close relationship developed between the REBiz delivery team and Local Authority Growth Managers (GMs). According to beneficiary feedback, project delivery was professional and of a high quality. The biggest impact of energy efficiency support on companies was in the form cost savings as result of a reduction in the use of energy. Some companies have also benefited from enhanced competitiveness, which is likely to have arisen as a result of them managing costs more effectively and, therefore, not having to pass price increases on to customers.

In terms of lessons learnt, we would highlight the following:

- <u>The importance of working closely with the local authority-based growth manager</u>

It is clear from the analysis conducted in this interim evaluation that growth mangers are a key link to SMEs. Based on the survey result, predominantly, referrals to the REBiz project were from this business advice and support service that is delivered via teams located across local authorities within the LEP region. It is therefore important to ensure the growth managers are fully briefed on the ERDF project, its aim and objectives and the type of support it can provide to SMEs. We acknowledge that the REBiz project has established a strong relationship with growth managers in the Leeds City Region. This would be further strengthened by providing more information on the eligibility criteria for support available through REBiz. We suggest that the development of case studies that highlight the type of measures that are eligible and have proven to be successful and of benefit to SMEs.

- The need to minimise staff changes and ensure suitably qualified personnel can be appointed. Retaining staff within key positions in the project team and recruiting suitably qualified personnel has been a continual challenge throughout the project duration. The West Yorkshire Combined Authority has undergone restructuring which has resulted in staff secondments and displacement in senior project roles. Also, the authority has found it difficult to recruit an equally qualified replacement for the circular economy manager, despite numerous recruitment efforts. These recruitment challenges should be considered more thoroughly at the application stage with clear mitigation strategies in place.

Delivery of the type of support offered through REBiz, particularly the circular economy stream, requires specific domain knowledge beyond business guidance and support and it is evident from this project that public sector organisations are finding it challenging to compete with the private sector to recruit and retain appropriately skilled delivery staff. The ability of public sector organisations to deliver this type of support should be carefully considered going forward, particularly as demand for skilled operates in this domain will increase as greater emphasis is placed on achieving net zero goals. Policy makers should encourage a more collaborative approach in delivering such projects, were for example, an academic partner is including in the delivery team to provide the necessary technical capability.

Overall, our assessment shows that the REBiz project has performed extremely well. The project results together with feedback from beneficiaries demonstrates there is clear ongoing demand from SMEs for this type of support.

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