



UK Government

RAF057/2324: Evaluation of the Business Energy Advice Service (BEAS) pilot

Process evaluation report

Authors

The evaluation was conducted by Technopolis Ltd, with support from IFF and David Tobin Consulting (DTEC).

Views expressed in this report are those of the authors and not necessarily those of the UK government.



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Executive summary

Programme overview

The Business Energy Advice Service (BEAS) was a pilot scheme funded by the Department for Energy Security and Net Zero (DESNZ) to support small and medium-sized enterprises (SMEs) across the West Midlands in reducing energy consumption and progressing towards decarbonisation. The scheme offered standard and Energy Intensive (EI) audits, along with match-funded grants to support eligible businesses in implementing energy-saving measures.

While BEAS aimed to deliver direct benefits to participating businesses, a central purpose of the pilot was to generate evidence to strengthen DESNZ understanding of how SMEs engage with energy efficiency support, what works most effectively, and where challenges remain. BEAS therefore had a dual function: as a support mechanism and as a data-gathering exercise to inform the future design, targeting, and delivery of SME decarbonisation policies.

Four principal stakeholders were responsible for delivering the scheme. DESNZ provided overall strategic direction, funding, and oversight. The West Midlands Combined Authority (WMCA) was the main delivery stakeholder and oversaw scheme coordination, programme management, communications and outreach, data management, and liaison with Delivery Partners (DPs). Primary Delivery Partners assessed applications and administered audits and grants, supported by Secondary Delivery Partners (ProEnviro, Coventry, MTC and Aston University) who conducted the audits through their specialist energy audit teams.

This evaluation assesses Phase 1 BEAS, covering the period from launch in October 2023 through to March 2025. The scheme received a one year extension for a second phase and will conclude in March 2026. In Phase 1, BEAS delivered a total of 2,178 audits, including 100 EI audits, and provided £2.7 million in grant funding to support 107 businesses. During the Phase 2 extension period, the scheme aims to carry out an additional c1,300 audits, including 160 EI audits, and allocate up to £10 million in grant funding.¹

Methodological approach

This report summarises the findings of the BEAS Phase 1 Process Evaluation undertaken in 2025-2026. The evaluation was conducted by Technopolis Ltd, with support from IFF and David Tobin Consulting (DTEC). It aimed to identify what worked well and where improvements were required in the design and delivery life cycle of BEAS Phase 1, and collected evidence to inform the design of future policies and programmes.

¹ This report was drafted in December 2025. Given the timing of publication, references to dates beyond December 2025 are written in the future tense to reflect the context at the time of drafting. Likewise, the number of audits and the allocated budget reflect the position at the time the report was written and may differ from what was ultimately delivered as part of Phase 2.

The evaluation methodology included focus groups with scheme delivery stakeholders, an SME survey, follow-up in-depth interviews with SMEs, in-depth interviews with auditors, a review of scheme documentation and the scheme's Monitoring Information (MI) database. Two evaluation frameworks were developed for the study. The first aligns the research questions with the most relevant evidence sources and data collection tools. The second is a Contribution Analysis Process Tracing (CAPT) framework designed to assess progress against the scheme's Theory of Change (the intended mechanisms through which the scheme expects to achieve impact).

Limitations of the evaluation include a reliance on self-reported evidence from surveyed SMEs. Findings may be influenced to an extent by unknown response biases despite triangulation with other data sources. In addition, some survey sub-samples were small and are therefore indicative.

Key findings

Key message 1: The BEAS pilot began later than originally intended, which limited delivery during Phase 1, although initial targets were highly ambitious and a pipeline of activity continued beyond Phase 1

The BEAS pilot was developed and launched within a compressed timeframe, as the opportunity to secure funding for BEAS arose due to underspend elsewhere within DESNZ. In addition, BEAS started around six months later than originally planned due to delays in finalising contracts with Delivery Partners (DPs). This shorter delivery window for Phase 1 reduced the time available for SME engagement, audit delivery, and progression to grant awards, affecting the overall scale of delivery, including the number of audits completed and grant funding allocated. However, the original goal to deliver 4,000 audits was perceived as very ambitious due to the short available time for delivery. By the end of Phase 1 in March 2025, a pipeline of grant applications had developed and continued to be processed and awarded under the Phase 2 extension. This extension was introduced in part to mitigate the impact of the delayed start and compressed delivery period, ensuring that momentum was not lost and that the investment pipeline already generated could be realised.

The smaller scale of delivery was largely attributable to the shortened delivery period rather than a lack of demand or suitability of the scheme. That said, additional factors were identified that constrained delivery and require improvement. These included repetitive data requests across multiple stages (for example, during registration and triage), which SMEs often perceived as burdensome. In some cases, this contributed to applicants withdrawing from the process.

Key message 2: Marketing activities and engagement with SMEs evolved during Phase 1, improving SME engagement over time. However, engaging EI SMEs proved more challenging

Marketing and promotion of BEAS during the early stages of Phase 1 were delivered in a decentralised manner via individual Delivery Partners. Stakeholders reported that the absence of a coordinated marketing strategy at launch resulted in inconsistent branding and messaging, which limited early awareness and uptake of the scheme. Midway through Phase 1, WMCA established a dedicated marketing team, introducing a central website, consistent branding, and a more strategic and data-driven approach to outreach, improving the effectiveness of marketing activities. These changes supported engagement of a more representative profile of SMEs in terms of geography, sector, and SME size for standard audits. However, engagement with larger and more energy-intensive SMEs remained challenging. EI audit uptake was lower than anticipated and more focused on manufacturing. Although this was expected, as manufacturing has more intensive energy usage, it was reported that engagement with SMEs operating in other energy-intensive industries was reduced. This was mainly driven by misunderstandings about eligibility criteria, including early confusion over what qualified as an energy-intensive business. Marketing approaches were also overly generic and shaped by Delivery Partners' stronger links to manufacturing, which narrowed outreach to other eligible sectors.

These challenges were recognised during delivery, and more targeted approaches to EI engagement were introduced in Phase 2.

Key message 3: Audit registration was generally perceived as straightforward, while assessment and triage processes were more complex and administratively demanding, particularly for smaller SMEs

The audit registration process was generally viewed positively by SMEs and was not seen as a significant barrier to engagement. Only a small number of SMEs, particularly smaller firms, reported difficulties in understanding the form or navigating the process. In contrast, the triage stage was consistently identified by both SMEs and Scheme Delivery Representatives as the most challenging element of the BEAS delivery process. The triage process, which determined whether businesses received a standard or EI audit, required SMEs to provide additional and more detailed information following registration. Stakeholders reported that this often led to duplication of data requests and repeated follow-up questions, which some SMEs found difficult to understand and time-consuming to address. Smaller businesses were more likely to find the administrative burden challenging due to limited internal capacity. This stage of the process was where most disengagement or drop-out occurred. In response, several changes were introduced in Phase 2, including simplifying and shortening the registration form, reducing duplication between registration and triage questions, and providing clearer guidance on the criteria used to determine eligibility for EI audits.

Key message 4: Energy audits were delivered effectively and were generally valued by SMEs. However, variation in quality assurance arrangements during Phase 1 led to inconsistencies in report quality

The delivery of energy efficiency audits under BEAS was generally described as smooth and well managed. Audits typically followed a consistent process from initial contact with SMEs to preparation of audit reports. Generally, SMEs valued on-site visits, noting that discussions with auditors helped them better understand their energy use and contextualise recommendations within their day-to-day operations. Auditors were reported to have appropriate knowledge and experience to deliver BEAS audits, with most holding relevant accreditations and several years' experience delivering energy efficiency audits under comparable schemes.

SMEs' overall perceptions of audit reports were positive. Survey evidence shows that a large majority of SMEs found their audit report easy to understand (82%) and relevant to their business (80%), providing clear and actionable steps to improve energy efficiency (78%). SMEs that received EI audits reported particularly high levels of satisfaction, reflecting the more detailed analysis, clearer implementation roadmaps, and structured post-audit discussions that accompanied EI reports.

Audit reporting under BEAS was supported by quality assurance processes, including peer review of audit reports within Delivery Partners. However, as a prescriptive centralised approach was not initially set out, quality assurance arrangements were applied differently across Delivery Partners. This resulted in variation in audit methodologies, report structure, and overall quality. In some cases, audit reports drafted by auditors contained errors or generic content, such as incorrect business details, copy-and-paste sections, or recommendations that were insufficiently tailored to the specific characteristics of the business or building. Stakeholders noted that a number of these issues were identified only after reports had been issued to SMEs, with the potential to affect SME confidence in the scheme. In response to the quality issues identified during Phase 1, several improvements were introduced in Phase 2, improving consistency and reducing errors in reporting.

Key message 6: Grant application and assessment processes were generally regarded as robust but administratively demanding, with extensive informal pre-application support provided to SMEs

Delivery Partners and auditors provided substantial pre-grant application support to SMEs, including helping businesses understand eligibility criteria, compile required documentation, and complete application forms. This support was particularly important for smaller SMEs. However, stakeholders noted that this level of support fell outside the funded scope of DPs contracts, creating additional resource pressures during delivery. SMEs reported mixed experiences of the grant application process. Just over half (55%) of surveyed SMEs who had applied for a BEAS grant, agreed that the grant application process was clear. Some SMEs felt that the process was administratively intensive and challenging, particularly in terms of the clarity of criteria and timescales. However, the majority of SMEs (61%) felt that the effort required to apply was proportionate to the value of the grant.

Key message 7: Supply chain capacity was generally perceived as sufficient to support implementation of common measures. However, SMEs faced challenges engaging specialist contractors for more complex interventions

SMEs were responsible for identifying and engaging suppliers to implement the measures recommended through BEAS audits. For more common or routine measures, such as lighting upgrades or standard electrical works, many SMEs reported that identifying suitable suppliers was relatively straightforward. However, SMEs reported greater difficulty when sourcing suppliers for more specialised or niche technologies, particularly where local supply was limited, for example air source Heat Pumps and replacement of cooling tower/tank. The requirement to obtain three quotes for grant applications was widely cited as challenging, with some SMEs reporting long delays, difficulties securing interest from installers, or quotes expiring before applications could be completed. These challenges were more pronounced for smaller projects or for SMEs operating in more demanding environments, where suppliers were sometimes reluctant to take on work perceived as low value or complex.

Key message 8: The BEAS governance structure supported learning and in-flight adaptation. However, the scheme's management processes, including data collection, monitoring and reporting needed improvement

As a pilot programme, BEAS incorporated a range of governance and oversight mechanisms intended to support learning, coordination, and in-flight improvements to delivery. These included regular DPs meetings, sponsor boards between WMCA and DESNZ, and structured lessons-learned workshops led by DESNZ. Stakeholders consistently reported that these forums were valuable in enabling the exchange of experience, identifying emerging delivery issues, and informing iterative changes to processes during Phase 1. Many of the adjustments introduced in Phase 2 were informed directly by insights gathered through these governance mechanisms.

However, delivery processes, mainly data management and information flows, needed significant improvement. The absence of a shared Customer Relationship Management (CRM) or central data portal meant that monitoring information had to be captured and managed across multiple spreadsheets and formats, often with frequent changes to data requirements. This led to duplication of effort, repeated requests for information from SMEs, and substantial administrative burden for Delivery Partners. Stakeholders reported that considerable time was spent cleaning, reconciling, and re-submitting data. In response, a central data portal was introduced in Phase 2, which stakeholders reported had improved the efficiency, consistency, and accessibility of data, although some challenges with validation rules and administrative burden remained.

Key message 9: BEAS support reduced financial constraints for some participating SMEs. However, cash-flow and match-funding requirements continued to limit implementation of energy efficiency measures for some businesses

Financial barriers were a key factor preventing SMEs from implementing energy efficiency and carbon reduction measures prior to BEAS. Among SMEs that reported financial barriers, nearly half stated that BEAS helped them to overcome these challenges. However, some financial barriers still persisted, constraining implementation of energy efficiency measures by some SMEs. These included upfront costs, cash-flow pressures and concerns about the financial return of measures. Match-funding requirements were a particular constraint, with a significant proportion of SMEs reporting that they were unable to afford the non-grant-funded share of costs, especially among micro businesses.

Key message 10: BEAS helped raise SME awareness and understanding of energy efficiency opportunities and improved readiness to implement measures. However, practical and structural constraints beyond the scheme's influence persist

BEAS played an important role in improving SME awareness of energy efficiency opportunities, their potential payback and how measures could be delivered. Most SMEs engaged actively with their audit reports and reported improved understanding and more informed decision-making as a result of participation. BEAS also helped SMEs by increasing the priority given to energy demand and carbon reduction. However, several barriers remained outside the scheme's direct control. These included planning and regulatory requirements, landlord approval processes for tenant-occupied premises, limited internal time and capacity within SMEs, and the suitability of recommended measures for specific buildings or operational contexts.

Key message 11: The BEAS Theory of Change broadly holds true, with evidence supporting the early causal pathways assessed through the process evaluation

The BEAS Theory of Change broadly holds for the elements within scope of this study, with consistent and credible evidence supporting the early causal pathways showing how programme inputs and activities overcome the key barriers faced by SMEs. Core activities, including scheme promotion, audit delivery and access to capital grants, were implemented largely as intended and contributed to the expected intermediate outcomes. Where elements of the Theory of Change were assessed as occurring only partially, this was generally attributable to delivery constraints associated with the pilot nature of the scheme such as compressed timescales and operational challenges, rather than weaknesses in the underlying causal logic.

This evaluation draws on BEAS monitoring information (MI) data and insights to develop recommendations for future policy, presented at the end of the report. Therefore, the evaluation contributes directly to the core BEAS pilot objective of strengthening DESNZ's evidence on SME engagement with energy efficiency support, what works, and where challenges remain, to inform future decarbonisation policy.

Key implications for future programme design and delivery

In addition to the findings summarised above, the BEAS pilot generated a number of strategic lessons that could inform the design of future SME energy support schemes:

- **Consider SME size and capabilities in scheme design:** Future schemes could introduce a tiered support threshold, potentially linked to annual energy use, to reduce burden on smaller SMEs while improving accessibility and targeting resources effectively
- **Consider alternatives to the three-quote requirement:** Allow applicants to justify cases where obtaining three quotes is impractical and/or offer scheme-approved supplier lists to streamline delivery and reduce unnecessary administrative friction
- **Ensure mechanisms to improve delivery:** Future programmes should embed structured learning and feedback mechanisms similar to those used as part of BEAS Phase 1 from the outset, within a clear framework that manages and limits the frequency of changes to avoid added complexity or delivery burden
- **Allow sufficient time to set up the scheme:** As far as practically possible, contracting, governance and delivery arrangements should be fully finalised well in advance of launch (e.g., at least three months), with contingency planning for delays
- **Improve consistency in delivery processes:** Establish clear, detailed and mandatory guidance from the outset covering audit methodologies, on-site expectations, report content and templates, and QA processes, alongside ongoing oversight from scheme leads
- **Have a centralised data portal in place:** Future programmes could implement a fully tested centralised system designed to collect information once and enable its use across multiple stages, with clear data flows and responsibilities agreed upfront
- **Provide clarity about data requests:** Agree and clearly justify essential data requirements before launch and ensure delivery partners understand them, balancing evaluation and learning needs with SME support objectives
- **Ensure proportionate resourcing for post-audit assistance:** Funding allocations for delivery partners and auditors should explicitly account for post-audit and pre-grant support so SMEs can be supported through applications and follow-up activities
- **Consider wider forms of finance to support implementation:** Future schemes should explore more flexible approaches to reducing financial barriers, such as zero- or low-interest loans or means-tested grants with lower match-funding requirements

Glossary

The following abbreviations are used throughout this report.

Abbreviation	Definition
BCC	Birmingham City Council
BEAS	Business Energy Advice Service
BEEP	Business Energy Efficiency Programme
CA	Contribution Analysis
CBAM	Carbon Border Adjustment Mechanism
CIC	Community Interest Company
CIBSE	Chartered Institution of Building Services Engineers
CQC	Care Quality Commission
CRM	Customer Relationship Management
DESNZ	Department for Energy Security and Net Zero
MHCLG	Ministry of Housing, Communities and Local Government.
DPs	Delivery Partners
EE	Energy Efficiency
EI	Energy Intensive
ERDF	European Regional Development Fund
GWh	Gigawatt-hour
ISO	International Organization for Standardization
LPG	Liquefied Petroleum Gas
M&V	Measurement and Verification
MI	Management Information
PV	(Solar) Photovoltaic
PT	Process Tracing
QA	Quality Assurance
SEU	Significant Energy Use
SME	Small and Medium-Sized Enterprise
ToC	Theory of Change
UKRI	UK Research and Innovation
UKSPF	UK Shared Prosperity Fund
WMCA	West Midlands Combined Authority

Introduction

Background and objectives of the Pilot BEAS

Small and medium enterprises (SMEs) play a key role in meeting the UK's legally binding commitment to reach Net Zero by 2050. However, SMEs face significant information and financial barriers to decarbonisation. Many SMEs lack clear, trusted guidance on practical energy-efficiency measures and technologies, limiting informed decision-making and leading to inefficient energy use. In addition, limited affordability and access to finance, often combined with a lack of time, further restrict investment in upgrades, leaving smaller firms exposed to rising energy costs and, a higher risk of closure.²

The Business Energy Advice Service (BEAS) was therefore developed as a government-funded pilot scheme. It was designed to support DESNZ in building a stronger evidence base to inform future SME decarbonisation policy by providing insights into the benefits of this support, the ongoing barriers SMEs face, and the most effective delivery mechanisms for implementing similar schemes. Data capture was therefore a key objective of the pilot scheme.

BEAS aimed to help SMEs in the West Midlands region³ to reduce their energy consumption and support their decarbonisation efforts. The scheme offers standard and energy intensive (EI) audits⁴, along with match-funded grants to support eligible businesses in implementing energy-saving measures.

The Pilot BEAS objectives were to:

1. Learn lessons and gather data to inform future policies on energy and carbon reduction. Part of the rationale for this pilot was that it would generate a dataset of useful information on SME Energy Efficiency behaviour and potential to supplement the existing intelligence.
2. Energy demand and carbon reduction in Micro, Small and Medium-sized companies to contribute to overarching government Net Zero targets.

Phase 1 of BEAS covers the period from first launch in October 2023 until the end of March 2025, the original endpoint of the scheme. In Phase 1, BEAS delivered a total of 2,178 audits, including 100 EI audits, and provided £2.7 million in grant funding to support more than 100 businesses (Table 1).

² Business Energy Service Advice (BEAS) 'Business Case, 2023' (not published)

³ Areas included as part of BEAS are Birmingham, Solihull, Sandwell, Dudley, Walsall, Wolverhampton, Coventry, Staffordshire and Stoke-on-Trent, Warwickshire, Worcestershire and The Marches (Herefordshire, Shropshire, Telford and Wrekin).

⁴ EI audits are more detailed audits that include road mapping conducted for SMEs that either have annual energy costs (including gas and electricity) that exceeded 10% of their turnover, or a total annual energy consumption greater than 0.75 GWh

The scheme received a one year extension, Phase 2, covering the period April 2025 to March 2206. In Phase 2, the scheme aims⁵ to carry out an additional c1,300 audits, including 160 EI audits, and allocate up to £10 million in grant funding.

Table 1: Phase 1 Audits and grants granted per audit type

Type of audit	Number of audits	Number of grants	Grant amount claimed (£)
Standard	2,078	76	£1.3m
Energy Intensive	100	31	£1.4m
Total	2,178	107	£2.7m

Source: BEAS Monitoring Information (MI) data

BEAS is funded by DESNZ. Phase 1 was also supported by UK Shared Prosperity Fund (UKSPF)⁶ funding. This consisted of UKSPF funding used in the delivery of audits which cannot be distinguished from DESNZ audit funding and is covered by this evaluation. UKSPF also offered funding for grants, with distinct eligibility criteria, separate from the BEAS scheme. These UKSPF grants are not a focus of this evaluation but are referred to where relevant in understanding how BEAS audit recipients implemented recommendations.

Delivery was led by the West Midlands Combined Authority (WMCA), in partnership with primary and secondary (audit) Delivery Partners (Figure 1).

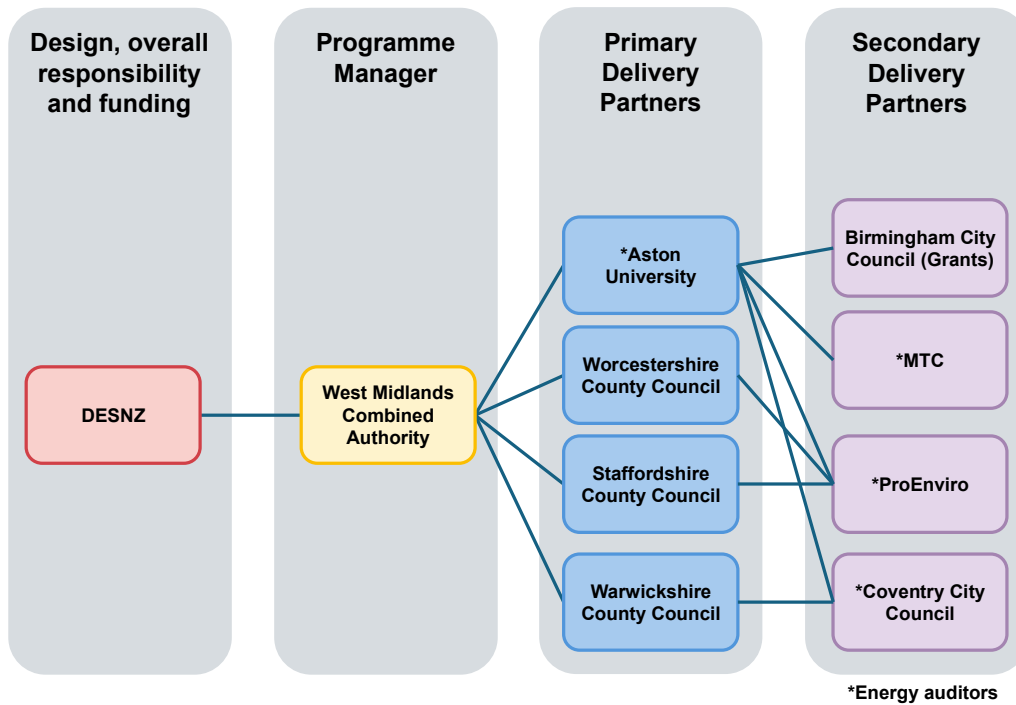
Figure 1 shows the scheme’s governance structure. The four principal scheme stakeholders had the following roles and responsibilities.

- DESNZ provided overall strategic direction, funding, and oversight, including setting eligibility criteria and managing scheme-level risks. Rather than being designed in isolation, BEAS was developed using the existing processes and delivery framework created under UKSPF.
- WMCA was responsible for scheme coordination, programme management, communication and outreach, data management, and liaising with Delivery Partners.
- Primary Delivery Partners were responsible for assessing applications for both audits and grants. They also administered the grants, other than Aston who delivered audits in the WMCA city region with grants administered by Birmingham City Council (BCC).
- Secondary Delivery Partners delivered the audits on behalf of the Primary Delivery Partners and had audit teams who conduct the audits (i.e. energy auditors). The lines in the figure show which Secondary Delivery Partners were contracted by which Primary Delivery Partners.

⁵ This report was drafted in December 2025. Given the timing of publication, references to dates beyond December 2025 are written in the future tense to reflect the context at the time of drafting.

⁶ [UK Shared Prosperity Fund](#)

Figure 1: Pilot BEAS governance structure



Source: Technopolis, adapted from DESNZ 2024⁷; * = delivered energy audits directly.

Evaluation of BEAS Phase 1

Technopolis, supported by IFF and David Tobin Consulting (DTEC), was commissioned by DESNZ to deliver a Process and Impact Evaluation of the Pilot BEAS Phase 1. The objectives of the evaluation are to:

- identify what worked well and where improvements are required
- gather insights on impacts, including energy and cost savings as well as any secondary benefits
- inform the design of future policies and programmes

The process evaluation focused on the following objectives:

- identify key insights arising from the design and full delivery life cycle of BEAS
- collect evidence to help shape the design and delivery of wider schemes
- examine stakeholder and market experiences, with particular attention to supply chain capability and capacity
- collect evidence relating to the 'Inputs', 'Activities' and 'Barriers Overcome' elements of the Theory of Change (which sets out how BEAS is expected to generate outcomes and impacts)

This report presents the findings of the Process Evaluation.

⁷ 'BEAS Pilot extension, 2025' (not published)

Methodology

The evaluation was framed around a set of research questions (Annex B) aimed at understanding the scheme's processes, stakeholder experiences and the scheme Theory of Change (ToC). Two evaluation frameworks were developed for the study. The first aligns the research questions with the most relevant evidence sources and data collection tools. The second is a Contribution Analysis Process Tracing (CAPT) framework (described in Annex F, with full methodology in Annex B) designed to assess progress against the scheme's ToC. A process map (Figure 2) was also developed to provide a clear understanding of the scheme's processes, as well as the roles and responsibilities of the different stakeholders involved.

A mixed methods approach was used to collect and triangulate evidence. Primary data collection took place between August and October 2025 and included:

- **Focus groups:** Three focus groups were held separately with the three types of scheme delivery representatives: DESNZ; WMCA; and Primary and Secondary Delivery Partners.
- **SME survey:** All SMEs who received BEAS support (an audit and/or grant) during Phase 1 were invited to participate in a survey. 436 responses were received, a 20% response rate. Survey data was weighted to adjust for small differences, on a few key characteristics, in the profile of survey respondents compared with the wider population of SMEs who received BEAS support.
- **Qualitative interviews:** Six interviews were conducted with energy auditors (from a larger population of about 50 auditors), alongside 25 follow-up interviews with surveyed SMEs. Qualitative samples were selected to represent a range of auditors and SMEs in relation to key characteristics.
- **Document review and data analysis:** Programme documentation was reviewed by members of the study team during mobilisation, to inform the design of research tools and to support familiarisation prior to interviews. Additional documents were used for programme assessment and analysis, including the scheme's Monitoring Information (MI) database.

Following data collection, evidence was collated within a coding framework. This was used for structured analysis and triangulation against each research question. Annex D provides a more detailed description of the evaluation methodology and details of the primary data collection samples achieved.

Presentation of findings

Qualitative primary data collection findings are presented as follows:

- For the focus groups conducted with scheme delivery representatives, to ensure anonymity, the evaluation does not attribute findings to specific organisations or roles. Instead, the term ‘Scheme Delivery Representative’ and ‘Scheme Delivery Representative groups’ are used throughout to refer to WMCA, DESNZ and/or Delivery Partners.
- For auditors, the following categories are used to indicate the extent of findings: (i) one auditor reported (only one mention), (ii) a few or some auditors reported (more than one but fewer than half), (iii) most or the majority of auditors reported (more than half), and (iv) all auditors reported (every auditor).
- For SMEs, the same reporting convention is applied (one SME reported, a few or some, around half, most or the majority, all). SMEs are also referred to according to the type of audit received (standard SME or EI SME). Where relevant, findings are also disaggregated according to whether the SMEs received a BEAS grant or not.
- Differences in survey findings by SME characteristic are only reported where these are statistically significant, unless otherwise specified. The small size of the sample of EI audit recipients meant that it was unlikely we would identify statistically significant differences between EI and Standard audit recipients. However, given interest in any differences between these groups, where the data suggests there may be a difference we have noted this.

Limitations

- In analysis for this report, we have triangulated evidence from SMEs with that of scheme delivery representatives, auditors and secondary monitoring information (MI) data where available. However, the report still relies heavily upon SME responses. The profile of the SME survey sample was large and had a similar profile to the BEAS audit recipient population as a whole in terms of key characteristics such as sector, size, and delivery partner. However, it is still possible there was some other unknown bias to the profile of SMEs who chose to participate (for example, in their level of satisfaction with the scheme and the extent to which positive outcomes are attributed to BEAS rather than other scheme or sources of funding) which will influence the findings presented here.
- Some survey sub-samples, notably those who received EI audits and those officially recorded as having received a BEAS grant, were small and as such findings are indicative for these sub-samples only.
- We have only collected data from SMEs who received BEAS audits. We were not able to identify SMEs who showed initial interest but did not progress to have an audit. This was because the MI data did not offer a comprehensive database of all SMEs who registered interest. This has also limited our ability to assess the effectiveness of scheme marketing.

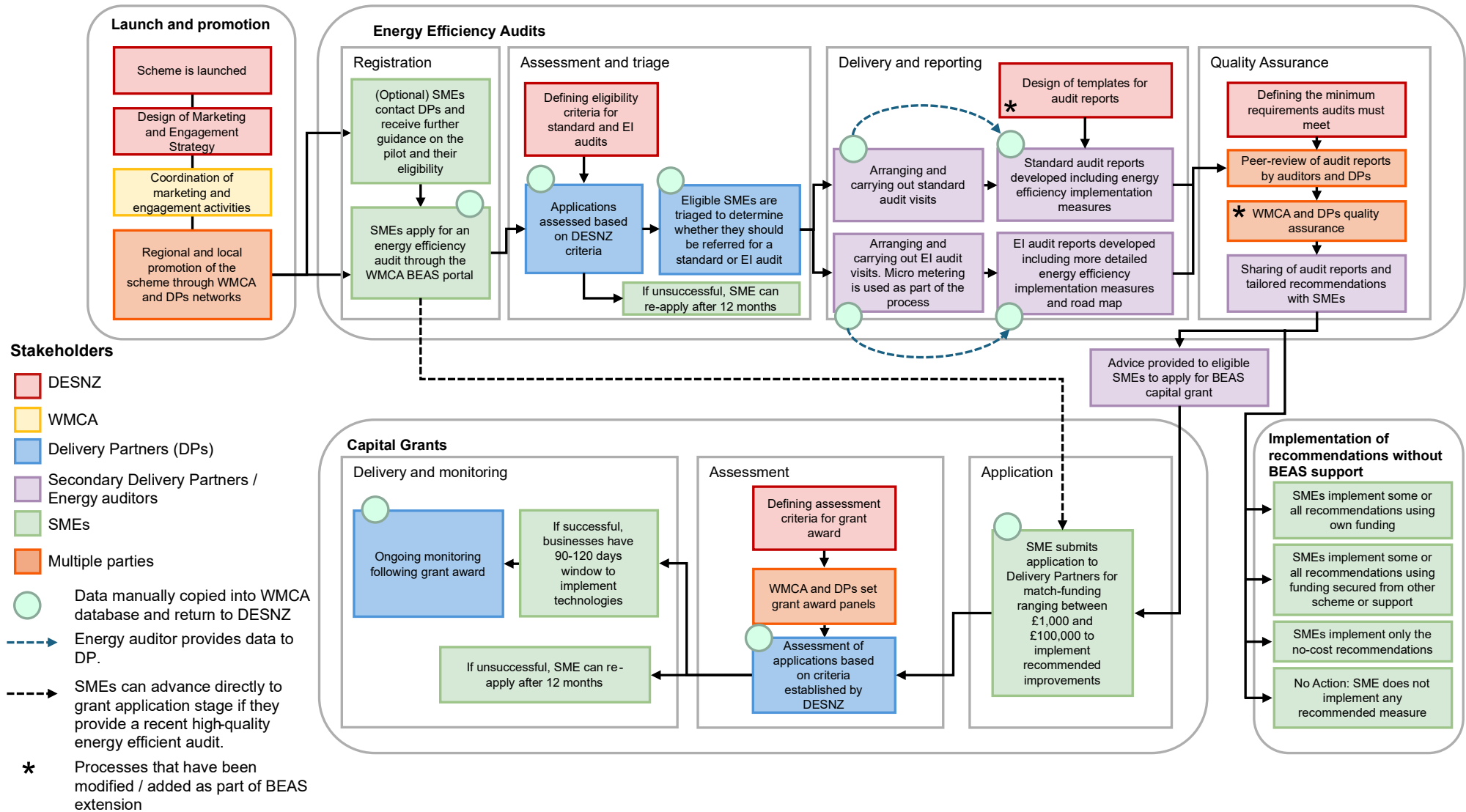
- A number of surveyed SMEs that were not identified on the BEAS MI database as having received a BEAS grant reported that they had received BEAS funding. This may be due to errors in the MI database; SMEs receiving a BEAS grant after the end of Phase 1; SMEs receiving a UKSPF grant instead; or SMEs confusing BEAS funding with support received through another scheme. One implication for the evaluation is that some SME responses may reflect experiences of grants that were not part of BEAS Phase 1.
- All stakeholders were asked specifically to focus upon BEAS Phase 1 in their responses. However, given that fieldwork took place during BEAS Phase 2 and the distinction between the two phases was largely administrative, it is possible that some responses included some coverage of BEAS Phase 2.

BEAS delivery structure

Figure 2 below presents an overview of the BEAS process map. It illustrates the scheme's delivery structure by outlining each step in the applicant journey and identifying the stakeholders responsible for the processes at each stage. This broadly mirrors the structure of this report.

In the Process Evaluation report, each step of the application journey is introduced at the start of its corresponding section within a text box. Annex C provides a more detailed description of each process.

Figure 2: Process map diagram



Source: Technopolis, using BEAS programme documentation

Process evaluation findings

This chapter explores the effectiveness of the scheme's delivery processes. As BEAS Phase 1 was a pilot scheme, one of its objectives was to test delivery mechanisms, understand which were most effective, and adapt in real time. Some of the views presented in this chapter may appear strong or critical. However, they should be interpreted within the context of a pilot environment, where learning through testing and refining processes during delivery was a fundamental feature of the scheme.

BEAS launch and contracting

Whilst there was a clear strategic rationale for the BEAS scheme, the opportunity to secure funding for BEAS arose due to underspend elsewhere within DESNZ. This meant that the pilot had to be designed and delivered within a more limited timeframe than would usually be the case. Thus, some scheme processes were finalised alongside the launch of the scheme. In addition, BEAS officially started six months later than originally planned. Scheme Delivery Representatives attributed this delay largely to contractual issues, particularly delays in finalising and signing contracts with primary and secondary Delivery Partners.

One Delivery Partner (DP) chose to work at risk, committing resources to recruit SMEs before contracts were formally signed. This supported progress against audit targets, particularly for energy-intensive businesses. However, Scheme Delivery Representatives noted that this approach was not feasible for smaller DPs and highlighted the importance of delivery commencing on a secure contractual basis.

Most DPs prepared for delivery by recruiting and training energy assessors in advance, but were unable to begin audit delivery and fully plan staffing until contracts were finalised. In some cases, assessors moved to other roles during this period of uncertainty. The late scheme launch also reduced the time available to recruit SMEs, contributing to the scheme falling short of its original ambition of delivering 4,000 audits.

However, all Scheme Delivery Representative groups emphasised that the 4,000 target was very ambitious, having been set according to analytical expectations rather than a realistic assessment of delivery capacity or the available timeframes.

Marketing and promotion of BEAS

BEAS was promoted at the local and regional levels through WMCA and the DPs' networks. According to Scheme Delivery Representatives, the marketing activities that proved most effective were:

- Digital activities, including Google Ads, which helped the WMCA marketing team to monitor the activities that were driving traffic to the landing page and tailor their recruitment strategies accordingly.

- Telemarketing, which helped to increase SME engagement.
- Direct outreach by DPs, which was effective in engaging SMEs that had not previously taken part in similar schemes, for example, retail and other smaller, service-based businesses.

This aligns with the information provided by SMEs interviewed, most of whom became aware of BEAS through existing communication with their local councils (DPs for the scheme), as well as telemarketing and direct contact from ProEnviro (an audit Secondary Delivery Partner). SMEs also became aware of BEAS through Growth Hubs, through recommendations by partners or suppliers who had previously applied, or by proactively seeking funding opportunities and coming across BEAS.

All Scheme Delivery Representatives groups noted that, at the start of Phase 1, marketing activities operated independently across DPs without central coordination. At the time of the scheme launch there was no dedicated marketing team in place, and each DP operated different websites to attract SMEs. While this allowed flexibility and helped some DPs make use of their local networks, it led to inconsistent branding and messaging. Stakeholders thought this contributed to fewer SMEs participating in the scheme than originally envisioned.

WMCA established a dedicated marketing team midway through BEAS Phase 1, which according to all Scheme Delivery Representatives groups improved the promotion of the scheme. The new marketing team introduced a consistent brand identity and dedicated website, designed a shared marketing and engagement strategy, and aligned messaging across DPs.

“Bringing in the WMCA Marketing team made a huge difference. They’ve taken a much more strategic, data-driven approach, tailoring campaigns to reach those higher energy users and supporting Delivery Partners with consistent branding, messaging, and timing. You can really see the improvement.”

Scheme Delivery Representative

This facilitated more targeted outreach, helping to ensure that the scheme reached the right SMEs and that recruitment was more balanced in terms of SME sector, size and location.

Scheme Delivery Representatives also reflected that Phase 1 marketing tended to place greater emphasis on the availability of energy audits than on the grant funding element, even though access to financial support was considered a primary motivator to apply to BEAS by many SMEs. Given evidence in the next section confirming that some SMEs were motivated to register for an audit because of the potential availability of funding, this may have limited engagement to an extent.

Furthermore, one Scheme Delivery Representative group mentioned that the delivery in parallel of BEAS and UKSPF grants caused some confusion amongst SMEs around eligibility which also affected the number of applications received for BEAS audits and grants.

Effectiveness of marketing activities to engage a wide range of SMEs

The initial marketing challenges, along with delays in establishing the scheme (as outlined previously), resulted in fewer registrations than anticipated and a lower number of audits than originally targeted.

However, marketing activities were generally seen by Scheme Delivery Representatives as effective in maintaining balanced regional and sectoral coverage for standard audits. This view is corroborated by scheme monitoring information (MI) data that shows a balanced distribution of SMEs receiving audits across local authorities and indicates strong sector coverage for standard audits across nineteen sectors.

Scheme Delivery representatives also mentioned that marketing activities proved effective in attracting small businesses. However, according to all Scheme Delivery Representative groups, reaching and generating leads for larger, more energy-intensive firms was more difficult.

Challenges identified in reaching businesses suitable for EI audits were mainly attributed to misunderstandings around the eligibility criteria, which led some DPs to assume that only manufacturing SMEs qualified for this type of audit.

“There was also, at a very early stage, a lack of understanding of definition in terms of what constituted an energy-intensive business. The actual criteria were changed and bounced around quite a bit and there was a lot of discussion about changing that partly through the programme [...] The key issue with the marketing of EI was that it was just simply far too generic. There was a simplistic assumption that only if you were a manufacturing company there’s a good chance you would be energy intensive, but that is not to be the case at all.”

Scheme Delivery Representative

Two Scheme Delivery Representative groups also noted that the DPs who were responsible for EI recruitment had limited marketing experience and strong ties to the manufacturing sector. This narrowed their focus and reduced engagement with SMEs operating in other energy-intensive industries. As a result, EI uptake in Phase 1 was considered lower than expected and more focused upon manufacturing, with 95 (out of 100) EI audits delivered to manufacturing SMEs.

In Phase 2, efforts have been made to increase the number of EI audits by introducing more targeted marketing activities, with a stronger focus on engaging larger, high energy-intensive businesses. The criteria used to determine whether an SME should receive an EI audit was also updated⁸, giving DPs clearer guidance and better tools to identify and recruit EI businesses and better supporting the triage process (further explained below).

⁸ Businesses must either have annual energy costs (including gas and electricity) that exceed 10 percent of their turnover, or a total annual energy consumption greater than 0.75 GWh.

SME motivations to apply for BEAS

Standard and EI SME interviewees reported that the fact that energy-efficiency audits were free of charge was their main reason for applying to BEAS. Several SMEs⁹ stated that they would not have applied, or would not have commissioned an audit independently, had there been a cost involved. Many SMEs also reported that they were already exploring the options for implementing energy efficiency improvements and saw the audit as an opportunity to gain further insights or validate existing plans. For some, taking part in the audit was perceived as an opportunity to apply for funding subsequently. A small number of SMEs were motivated by compliance with regulatory requirements; for example, one SME applied to demonstrate compliance with the Care Quality Commission.¹⁰

EI SMEs also cited high energy consumption and the associated high energy costs as a primary driver. Some noted that the audit could inform their investment decisions. The need to respond to new policies was also mentioned as motivation by two EI SMEs, with one SME mentioning the introduction of the Carbon Border Adjustment Mechanism¹¹ as its main motivation.

In relation to applying for a BEAS capital grant, most standard SMEs interviewed mentioned that they applied to be able to install measures on a larger scale or to implement more measures than would have been possible otherwise. Most interviewed EI SMEs said their main motivation was to shorten the payback period.

Audit registration, assessment and triage

Audit registration process

SMEs were invited to complete a short online registration form available on the WMCA BEAS website to apply for an energy audit. The registration process was designed to take approximately ten minutes and consisted of three sections. SMEs from all sectors were eligible to apply, with the exception of those operating in agriculture, forestry, and fishing. To be eligible for either a standard or an EI audit, businesses had to meet the following criteria:

- Have fewer than 250 employees and an annual turnover under £50 million or a balance sheet total under £43 million
- Be a commercial or profit-seeking entity, such as a partnership, limited company, or Community Interest Company (CIC)

⁹ As outlined in the presentation of findings section, results from SME interviews are reported using the following terms: (i) one SME reported (only one mention), (ii) a few or some SMEs reported (more than one but fewer than half), (iii) most or the majority of SMEs reported (more than half), and (iv) all SMEs reported (every SME). Findings from the SME survey are presented as percentages.

¹⁰ [Care Quality Commission website](#)

¹¹ The Carbon Border Adjustment Mechanism, set to start on January 1, 2027, will put a carbon price on certain imported, carbon-intensive goods, including iron, steel, aluminium cement, and fertilisers: HM Treasury (2025) '[Factsheet: Carbon border adjustment mechanism \(CBAM\)](#)'

- Operate from a registered commercial address (not a residential property)
- Have paid their own business energy bills for at least the past 12 months
- Be officially registered and active for at least 12 months, with supporting financial records
- Be located in the West Midlands
- Applicants were also asked to explain their motivation for applying, describe any previous energy efficiency actions taken, and identify any barriers preventing implementation

The majority of Standard and EI SME interviewees felt that the audit registration process was straightforward and similar to other scheme applications. Most described it as quick and intuitive and not requiring an excessive amount of documentation.

In most cases, SMEs completed the registration process independently, without requiring support from their DPs. Only a small number of interviewed SMEs reported receiving direct assistance or requesting clarifications. One SME noted that the support provided by their secondary DP was very valuable, as the DP completed nearly the entire form on their behalf, significantly reducing their registration time.

Where clarifications were sought, SMEs described the support received from DPs as clear and constructive. The questions typically related to application requirements or the type of audit - i.e. how it was determined whether a company should be assigned an EI or a standard audit, and what the differences between the two were.

However, a few smaller SMEs interviewed found the process more difficult, describing it as slightly confusing or unclear. Some SMEs reported having back and forth communications with their DPs as they were unsure to whom the form was ultimately being submitted. Others noted the need to provide additional clarifications about their businesses which lengthened the process.

Two Scheme Delivery Representative groups also reflected that differences in SME size and internal capabilities influenced their ability to submit an application. They noted that these differences should be considered when deciding how much information is requested from SMEs. Some felt that smaller SMEs should not be expected to provide the same level of detail or meet the same requirements as larger businesses.

Scheme Delivery Representatives also reflected on the format and length of the online registration form, stating it had functional limitations. This was echoed by one Standard SME who expressed that the format of the questions was restrictive and some questions difficult to interpret.

In Phase 1, the format and length of the registration form were managed by the Delivery Partners. To address the challenges identified, DESNZ and WMCA introduced a standard, shorter form as part of Phase 2.

Assessment of applications for audits

The assessment of applications was conducted by DPs using the established eligibility criteria, as stated in the [Audit Registration section](#). The assessment process was designed to ensure only eligible companies received support, while also minimising the administrative burden on businesses.

The eligibility assessment for audits was generally viewed by most Scheme Delivery Representatives as robust and without complication. They explained that it mainly involved a checklist, with clear criteria to determine whether a business qualified for an audit. However, one Scheme Delivery Representative group felt the process was overly rigid, only allowing yes/no responses, leaving little room for practical judgement.

One example cited was the 12-month eligibility rule¹², which required businesses to have been operating from the same premises for at least 12 months to be eligible for an energy audit and grant. This requirement was not arbitrary and was intended to avoid grants acting as a motivator for businesses to move premises. However, Scheme Delivery Representatives noted that while appropriate for new businesses, it excluded established SMEs that had recently relocated or expanded, even though energy auditors could still determine a baseline and provide energy efficiency recommendations.

Triage of audit applications

Once an application had been approved, DPs carried out a triage process to determine whether the SME would receive a standard or EI audit. To qualify for an EI audit, in addition to meeting the general eligibility criteria mentioned above, businesses had to either have annual energy costs (including gas and electricity) that exceeded 10% of their turnover, or a total annual energy consumption greater than 0.75 GWh. As a matter of practical judgement, very small businesses for whom an EI audit would not have represented a proportionate or effective use of resources were instead allocated a standard audit.

All Scheme Delivery Representatives groups described the triage process as the most complex part of the scheme from a management perspective.

One Scheme Delivery Representative group noted that the term 'triage' might not have accurately reflected the process. Rather than using registration data to categorise businesses as Standard or EI, SMEs were asked to provide additional information so DPs could complete the assessment. According to some Scheme Delivery Representatives, there was no clear guidance on how this extra data should be collected, resulting in each DP applying their own method. This made the process more challenging for businesses and created additional difficulties for DPs to capture information consistently.

¹² Be officially registered and active for at least 12 months, with supporting financial records.

Two Scheme Delivery Representatives groups also reflected on the triage questions, stating that they were overly complex and often appeared more focussed on market research than supporting businesses to access an energy audit or determine their eligibility for it.

“A lot of those questions were themed far more around market research than about why you might want an energy review, how the energy review might be useful to you, or properly qualifying companies into the programme. For the SMEs themselves, the triage questions felt like there were constant requests – continual questions that just didn’t really make sense to a business in terms of why we were asking them.” Scheme Delivery Representative

Nevertheless, there was a rationale underpinning the structure of these questions. They were designed to generate evidence to support DESNZ in strengthening the evidence base for future SME decarbonisation policy, thereby contributing to one of the scheme’s objectives. Scheme Delivery Representatives acknowledged this rationale but noted that the way the questions were formulated could have been more carefully considered.

Two Scheme Delivery Representative groups also felt there was duplication between the data requested at registration and during the triage stage, which left some SMEs unsure why certain information was relevant to their application. One Scheme Delivery Representative noted that this was the point in the process where most drop-outs were reported and where businesses came closest to ending their application.

“There were too many headings, questions, and criteria for both delivery partners and businesses, which made the process inefficient. We also faced constant changes to spreadsheets—new fields each month, new data formats, and constant retrospective edits.” Scheme Delivery Representative

To make the process more efficient, WMCA conducted a mid-way review of the registration questions to identify areas that could be streamlined, avoiding duplication with the triage stage as well. It was found that some questions were not suited to all business types and created unintended barriers to engagement. In response, for Phase 2, DESNZ and WMCA reduced the complexity of the registration form addressing the feedback they received from SMEs and DPs.¹³

Despite these challenges, auditors reported that most SMEs were satisfied with the type of audit they received. None of the auditors recalled any SMEs expressing dissatisfaction, and businesses were generally appreciative of the support provided, regardless of the audit type. One auditor noted that in earlier rounds, very small companies were sometimes assigned audits where the audit cost outweighed the potential of energy saving benefit.¹⁴ However, even in these cases, SMEs remained largely satisfied with the audits.

¹³ Improvements and challenges relating data management are further discussed in the [scheme governance section](#) below.

¹⁴ In Phase 2 a new threshold for energy use was implemented to prevent cases where the cost of the audit was unjustified when compared with business energy costs.

Delivery of Energy Efficiency Audits

Audit delivery process

Auditors described a broadly consistent approach to the delivery of the audits, with only minor differences in the level of support provided to SMEs. A general summary of the process is outlined below.

The first step in the audit delivery process involved SMEs being contacted by their assigned energy assessor to discuss how the audit would be carried out and to arrange an on-site visit(s). Some auditors also noted that introductory meetings or phone calls are scheduled before the visit to explain the purpose of the programme, set expectations, and understand what businesses hoped to gain from the audit.

Auditors collected energy data (e.g. energy bills) ahead of the on-site visits to help prepare. During on-site visits, auditors took a tour of the premises, captured photos, inspected energy use and equipment, reviewed energy data, and asked follow-up questions. The number of on-site visits varied depending on the type of audit, with EI audits requiring more on-site visits. Data collected during on-site visits included 12 months of energy bills (if not provided in advance), operating hours, technical specifications and asset information.

After completing the site visit, auditors prepared an energy audit report with a clear breakdown of recommendations, estimated energy and cost savings, carbon reductions, and payback periods. For Standard audits, the report was shared with the SME after its completion. For EI audits, a structured workshop-style follow-up meeting was often organised to review findings in person. Within EI audits, a roadmap that sets out how to implement the recommendations was also provided

Evidence from auditors and SME interviewees shows that audit delivery worked well and was described as a smooth and well-managed process. The majority of SMEs interviewed were satisfied with how responsive DPs and energy auditors were during delivery. SMEs praised the quality of on-site visits.

“They visited at least twice. But then we had regular, ongoing meetings and discussions. They were fantastic. We’ve worked very closely with them now for a number of months.” EI audit SME (without grant in Phase 1)

Auditors noted that strong communication with SMEs supported the delivery of audits. They prioritised understanding each business’s needs and operational context before making recommendations, and emphasised the value of practical, collaborative engagement with SMEs during on-site visits. Some auditors used these visits to share initial findings with SMEs and to resolve questions in real time, rather than waiting until the final report.

“What also worked was our curious nature of interacting with the business. So understanding their problems first, rather than telling them what to do. We try to get their side of the story in terms of their energy efficiency journey.”

Standard audits Energy Auditor

Auditors highlighted that both standard and EI audits were effective. However, EI audit delivery was recognised as a particularly effective approach. Some auditors explained that EI audits allow them to spend three to four days on manufacturing sites, which helped them gain a deeper understanding of operations and collect more detailed data. Auditors also reflected that micro metering, used in some EI audits, helped to reduce uncertainty in estimated energy consumption and to provide more targeted and accurate recommendations.

Audit delivery timelines

Auditors had differing views on the average timeframe required to deliver an audit, from initial contact with SMEs to submission of audit reports. For standard audits, this typically took from five to seven working days to two to three weeks. Some auditors noted that, at times, SMEs were less engaged, requiring follow-ups to obtain data, which extended the process for two to three months. EI audits generally took an additional two weeks compared to standard audits due to the inclusion of micro metering.¹⁵

The majority of auditors reported that BEAS audits, from SME contact to report drafting, generally took longer to complete than comparable audits outside BEAS. They attributed this to additional administrative requirements within the BEAS process, such as mandatory documentation and data entry tasks, as well as the need for coordination with multiple parties (i.e. DPs, SMEs and WMCA) during report submission.

However, some auditors felt BEAS audits were shorter. One auditor noted that standard audits outside BEAS typically include micrometering, which lengthens the process, whereas under BEAS, only EI audits involved micrometering.

The majority of SMEs interviewed felt the audit delivery process had an acceptable timeframe with no delays faced. However, some SMEs described having to chase the energy auditors for the report two to four months after the on-site visits. Some SMEs also noted a gap between submitting their registration and the audit. Two SMEs attributed this primarily to external factors, including a change in government that may have created uncertainty about whether the scheme would continue.

¹⁵ Micro metering was the temporary installation of sub-meters on specific equipment or circuits to capture high-resolution, equipment-level energy consumption data. It was used to get more accurate consumption data, reducing uncertainty and improving confidence in audit calculations and recommendations.

Delivery resourcing

Overall, auditor feedback suggests that there was a sufficient number of auditors to meet demand most of the time. Most auditors and Scheme Delivery Representatives reported that teams could generally manage the workload and support each other when needed. When demand did exceed capacity, this was primarily a result of the compressed delivery windows, rather than due to persistent under-resourcing.

Two types of Scheme Delivery Representatives also noted that maintaining the right number of auditors was challenging as the flow of work was inconsistent. One Scheme Delivery Representative group highlighted that break clauses in DP contracts made planning more difficult, as there was uncertainty around contract renewal. This uncertainty reduced confidence in hiring and retaining auditors long-term and, in some cases, contributed to staff leaving for more secure employment. WMCA implemented a break clause in DPs' contracts because BEAS funding was released in stages to manage delivery risk and ensure quality. In this case, the timing of the break clause created a challenge.

Several mitigation strategies were used to reduce resource challenges during busy periods. In some cases, DPs recruited more auditors than necessary to minimise the risk of bottlenecks. They also introduced practical changes, such as assigning staff to multiple roles to support audit delivery during busy times and delegating simpler administrative tasks (e.g. entering monitoring data into the BEAS database) to other team members. This allowed auditors to focus on the more technical aspects of delivery.

During peak periods, some auditors reported working longer hours and noted occasional delays in producing final audit reports. However, auditors emphasised that these issues were not common.

Audit methodologies used

The evaluation team reviewed the audit methodologies used by the four Audit Delivery Partners (ProEnviro, Coventry, MTC and Aston University) to assess whether the approach used for audit recommendations was robust. This included assessing each DP's methodology and undertaking a light-touch review of one completed audit report per DP. The review considered alignment with recognised energy audit standards (e.g. ISO 50002 for energy audits, CIBSE energy efficiency guidance, or other national guidelines), the rigour of analysis and reporting, and whether the approach was sufficiently transparent for another competent assessor to replicate. It also highlighted any weaknesses or deviations from standard practice and summarised differences in quality across the DPs.

Findings from the analysis are presented in Annex E. To ensure anonymity, the names of the DPs were removed and replaced with randomly assigned numerical identifiers. DPs 3 and 4 conducted a substantial proportion of the audits. DPs 1 and 2 undertook a minority of the audits between them.

The data from the analysis showed that the approach of DP3 was aligned with standards, well documented and replicable, and provided the strongest analytical basis for recommendations.

DP1 and DP2 delivered audits that were broadly in line with accepted practice, but did not clearly reference formal standards, set out a structured methodology, or provide transparent calculations. DP4 applied the least rigorous approach, with no formal methodology, simplified assumptions, and limited alignment with recognised best practice.

Auditor capabilities

Despite differences in and limitations to the audit methodologies used, auditors themselves reported that they had sufficient knowledge of energy efficiency, decarbonisation, and audit methodologies to carry out BEAS audits with confidence. However, it is unlikely that auditors themselves might want to report gaps in their capabilities. Yet, most auditors also supported their assertions in terms of holding relevant accreditations and having three to four years' experience delivering audits for similar programmes (e.g. the Business Energy Efficiency Project (BEEP) and the European Regional Development Fund (ERDF)).

Most auditors said that no additional training was needed to deliver the audits. However, one auditor suggested that additional training would have been beneficial for EI audits, particularly on assessing complex heating systems, as some businesses required a more in-depth assessment of these assets before providing recommendations.

All auditors felt confident making recommendations to SMEs on energy efficiency improvements. However, some noted that the conditions and context for implementing recommendations affected what type of recommendations could be proposed, for example, some measures required planning permission, making the process more difficult at times. Auditors also described situations where they had to balance business interest in specific measures with a realistic assessment of the potential for energy savings.

“There have been cases where businesses asked for something very specific, such as triple glazing, which adds a third layer of insulation to windows. In these situations, it can be challenging to judge whether the measure will genuinely deliver energy savings or whether it is primarily a business requirement linked to accessing grant funding. These instances have been challenging, but we have always received support from WMCA in handling these types of recommendations.” Standard Energy Auditor

Auditors also reflected that no funding was available to cover changes or updates to audit reports once they had been issued. They explained that some businesses initially rejected certain recommendations, such as heat pumps, meaning these measures were not included in the final report. However, businesses sometimes reconsidered later, requiring auditors to revisit and amend reports without additional payment.

Most SMEs interviewed were satisfied with the auditors' capabilities and advice received. They praised the auditors' professionalism and noted how thorough and responsive they were. The majority of SMEs also highlighted auditors' willingness and openness to discuss energy efficiency plans during the on-site visits.

However, some SMEs felt that some auditors lacked the skills and knowledge to deliver more effective audits and pointed to gaps in basic decarbonisation knowledge. This is illustrated in the quote below.

"We talked about power optimisation and they didn't seem to have heard of it...and it's quite common...so I just think there was a lack of knowledge"
EI audit SME (without grant)

Two SMEs reported a lack of clear guidance and engagement from their auditors. One SME felt the recommendations were not sufficiently tailored to their setting, noting that recommended measures were not helpful or compatible to the needs of their building, as it was a grade II listed building and this was not considered. Another SME reported that the auditor was not receptive when they raised building-specific issues during the visit, resulting in recommendations that are not suitable for their business.

"I was making remarks to draw his attention to specific aspects of the building, which cause a day-to-day problem in terms of energy efficiency, so it's got a flat roof, for example. They weren't particularly receptive, almost as if they were slightly irritated that I had a view." Standard audit SME (without grant)

These few differences in opinions from SMEs on the quality of their audits echoed the views shared by all Scheme Delivery Representative groups, noting differences in the quality of audit delivery across auditors. One group suggested that, for future programmes, it would be helpful if the programme management team¹⁶ organised a joint briefing session for all energy auditors to ensure alignment from the outset on standards, methods, and reporting approaches.

Audit reporting and quality assurance

Following the completion of data collection and analysis, energy auditors prepared either a Standard or EI audit report. Audit reports and accompanying data underwent a peer review process, carried out by DPs and energy auditors, before being shared with SMEs. This was typically followed by one or more follow-up conversations, during which SMEs could ask questions or request clarification. The approach to sharing reports, and the number and nature of follow-up conversations, varied by DP.

Audit reports were to include a clear action plan covering a full range of measures, including behavioural, operational, maintenance and technological recommendations. Reports also needed to present standardised information for each recommendation (e.g. estimated annual energy savings, projected carbon savings, payback periods, and the auditor's confidence level in key estimates). EI audits additionally included a roadmap setting out how the recommendations would be implemented.

¹⁶ WMCA was the programme manager for Pilot BEAS

Peer review of audit reports

Most auditors praised the peer-review processes for quality assurance of audit reports. They noted that the approaches were similar to internal practices used within their organisations to assess audit quality. Typically, one or two reviewers assessed each audit, highlighting any elements that needed amending or further consideration.

“We keep a set list of experienced internal reviewers¹⁷, it doesn’t go to just anyone. We don’t only check grammar or calculations; we apply practical experience. We’ll say, ‘That’s not something I’d recommend there,’ or ‘Have you considered the potential in this area?’ The aim is to provide a second, informed view so recommendations aren’t made without considering other options.”

Standard and EI Auditor

Auditors also reflected on opportunities to share learning within their organisations. Most reported having regular meetings with colleagues to discuss challenges, mitigating options, and lessons learned of the different approaches used across the team. This helped to maintain internal consistency in audit quality.

“The peer review was great. We had multiple team sessions where we discussed the challenges and successes from our audits. It was important and helpful to see the different approaches other auditors took.” Standard Auditor

However, at the scheme level, auditors reflected that the opportunities to share learnings, and the materials available to ensure consistency, were limited.

This was echoed by all Scheme Delivery Representative groups, who stated that report templates, data submission and QA processes were not aligned between DPs. Two Scheme Delivery Representative groups noted that this led to inconsistency in report quality, with some audit reports presenting errors that could affect SMEs’ confidence in the process and the scheme. Examples included having the wrong company name in the audit report, copying and pasting sections without adapting them to business needs, and some areas of the report not being filled out.

All Scheme Delivery Representative groups recognised that some of these errors and differences in reporting were unavoidable to a certain extent, given the scale and ambition of the audits and the pilot nature of the scheme. However, one Scheme Delivery Representative group felt that some BEAS Phase 1 reports had not been subject to sufficiently robust quality assurance. A significant number of errors were identified, in some cases after reports had already been issued to SMEs. While reports were expected to pass through multiple quality checks, the volume of issues identified suggested that these checks were not consistently effective and that higher level oversight of the quality assurance process was limited.

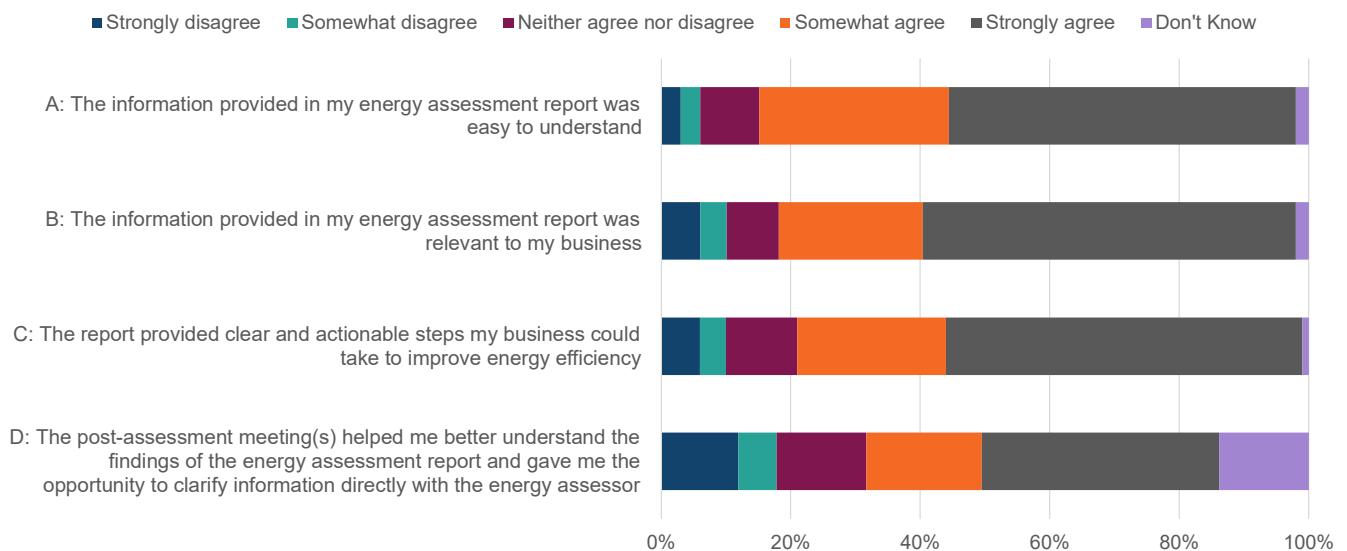
¹⁷ Secondary Delivery Partners maintained their own lists of internal peer reviewers within their organisations, all of whom had prior experience delivering similar audits or were actively involved in delivering BEAS. Quality assurance processes were conducted primarily in-house, with no cross-Delivery Partner review.

Recognising the need for greater consistency and more quality outputs, BEAS Phase 2 introduced a standardised audit report template. This template is now mandatory for all DPs and energy auditors, to ensure consistent reporting and alignment with DESNZ standards. In addition, quality assurance processes have been strengthened with DPs. This includes periodic reviews of audits by WMCA and DESNZ, as well as DESNZ colleagues attending selected audits to gather insights and support continuous improvement.

Value of audit reports

Figure 3 shows SMEs had a positive view on the quality and usefulness of audit reports. The majority of SMEs surveyed stated that the audit report was easy to understand (82%) and relevant to their business (80%)¹⁸. Furthermore, 78%¹⁹ of respondents said the report provided clear and actionable steps to improve energy efficiency.

Figure 3: SME perceptions of the quality of their energy assessment report and post-audit report meetings



Full survey question: C1: Please tell us the extent to which you agree or disagree with these statements

Statements A, C, D: n = 436 weighted and unweighted. B: n = 437 weighted, 436 unweighted

Source: BEAS evaluation survey of SMEs

The survey data indicates that SMEs who received a BEAS grant held slightly more positive views of audit quality than others. All grant recipients reported that their audit was easy to understand and the information useful, compared with SMEs that did not receive a grant, 20% of whom disagreed with these statements.

¹⁸ n=436 weighted and unweighted

¹⁹ n=436 weighted and unweighted

Survey data and qualitative feedback also indicate that SMEs receiving EI audits were generally more satisfied with their audit reports. For example, all EI SMEs surveyed stated that the information provided was easy to understand and relevant to their business²⁰, whereas 79% of SMEs who had standard audits reported that their report was easy to understand and 77% percent felt that the information was relevant to their business²¹. These differences are not statistically significant. However, this may be due to the small EI sample.

Interviewed SMEs who received EI audits found the audit report to be clear and robust. They noted that the report provided more detailed information than they had expected. The reports offered a strong description of potential energy savings, practical measures with good payback periods, and detailed explanations of available grant funding options, including BEAS funding.

"I don't think [any improvements were needed]. As I said, we [auditors and SME] have worked very closely on it. We've appreciated the cooperation that we had and the input we had to make sure that the report was accurate."

EI audit SME (without a BEAS grant)

"The various sections [of the report] were easy to understand, with in-depth information in each one, including how much saving each measure would give us." Standard SME (without a BEAS grant)

This feedback aligns with auditors' views on the added value of the roadmaps provided to businesses that received EI audits. Most auditors agreed that the roadmaps created additional value, as they included a summary table at the beginning of the report outlining a clear plan, timeframe, and estimated costs for SMEs to consider in more detail.

Conversely, most SMEs interviewed with a standard audit but without a BEAS grant felt that the audit report lacked depth in its recommendations. For example, one standard SME expected more detailed insights into their machinery and its associated energy use, but the report focused mainly on the business premises, with recommendations provided at that level. Additionally, one SME noted that some recommendations discussed during the on-site visit were either missing from the report or included without any indication of costs.

SMEs also reflected on the advice received in their audit reports regarding funding opportunities for implementing the recommended measures. Some SMEs interviewed felt that they were given sufficient information and guidance to apply for funding. However, most SMEs in Phase 1 said they were not made aware of grant eligibility or match funding requirements, and many expressed disappointment upon later discovering the upfront costs and long payback periods. This discouraged them from applying for grants, even though they were interested in implementing the recommended energy efficiency measures. To avoid these misunderstandings, the characteristics of BEAS capital grants are now clearly and centrally stated for all SMEs as part of BEAS Phase 2 centralised branding and website.

²⁰ n = 20 weighted, 22 unweighted.

²¹ n = 416 weighted. 414 unweighted

Post-audit report meetings

After receiving their audit reports, auditors reported that many SMEs contacted them via email, phone calls, or arranged on-site meetings. The types of questions asked varied, but most businesses sought clarification on BEAS grant application processes.

One Scheme Delivery Representative noted that the post-application support provided to SMEs often extended beyond the BEAS grant process. For example, DPs and auditors guided SMEs toward other funding opportunities, such as the UKRI-funded Made Smarter Programme²² and Innovate UK schemes. They also actively researched local opportunities relevant to each SME and offered advice when BEAS did not fund certain measures, such as solar PV installations in Phase 1. Auditors felt that this proactive approach helped build trust with applicants and increased the overall value of the audits.

Just over half of SMEs surveyed (55%²³) agreed that these post-assessment meetings helped them better understand the findings of the energy assessment report and provided an opportunity to clarify information directly with the energy assessor. Another substantial proportion (28%) of respondents were unsure or neutral about the usefulness of these meetings, possibly because they did not hold such meetings.

Survey data shows that SMEs undergoing EI audits tended to view the post-assessment meetings more positively.²⁴ Specifically, 80%²⁵ of EI SMEs agreed that the meeting(s) helped them better understand the findings and gave them the opportunity to clarify information directly with the assessor, compared with only 54%²⁶ of standard SMEs. This difference is expected, as most EI audits were followed by a workshop-style post-audit report meeting, whereas for standard audit SMEs the follow-up meeting was optional.

Capital grant processes

After receiving their audit reports, eligible businesses were invited to apply for a BEAS match funded grant ranging between £1,000 and £100,000 to implement recommended improvements. This funding could cover up to 50% of the cost of installing energy efficiency measures.

The eligibility criteria for a grant included the following:

- Businesses needed to have been operating for at least 12 months.
- Grants had to support the energy-efficient replacement or upgrade of existing industrial processes or buildings. This excluded relocation or new premises but included retrofitting for the purpose of installing a heat pump.

²² [Made Smarter Innovation Network](#)

²³ n = 436 weighted and unweighted.

²⁴ This difference is not statistically significant, probably due to the small number of EI audit respondents.

²⁵ n = 20 weighted, 22 unweighted.

²⁶ n = 416 weighted, 414 unweighted.

- Assurance had to be provided that the project would not proceed without this financial support, and that the business was not seeking funding to comply with existing legal obligations or regulatory standards.
- All projects had to demonstrate a minimum payback period of two years.
- For rented buildings, assurance was needed that the remaining lease term was sufficient to ensure the assets would be retained for at least three years; or that the lease was being renegotiated (where it was about to run out) to allow for this; or that the equipment being invested in could be moved were the business to move premises.
- As part of the application process, SMEs had to contact their assigned Delivery Partner, who provided detailed guidance on the requirements and documentation needed. SMEs were required to complete an application form and provide three quotes for the proposed energy efficiency installations.

Pre-grant application support

All Scheme Delivery Representatives groups noted DPs and auditors provided substantial support to SMEs throughout the grant application process. This included helping SMEs compile the necessary information, complete application forms, and prepare quotes for energy efficiency installations. One Scheme Delivery Representative group described this support as essential, particularly for smaller SMEs that often lacked the in-house expertise or administrative capacity to navigate the grant application process. This aligns with the views from interviewed SMEs – mainly small standard audit SMEs that received BEAS grants - who reported receiving valuable support from their DPs and auditors during the application process.

However, all Scheme Delivery Representative groups also noted that, while this support was very important for SMEs, it fell outside the funded scope of the DPs' contracts. As a result, DPs had to absorb the cost of providing this pre-application assistance, diverting time and resources from other delivery priorities. As a suggestion for future schemes, Scheme Delivery Representatives proposed that a funded role dedicated to providing pre-application support to SMEs should be established from the outset.

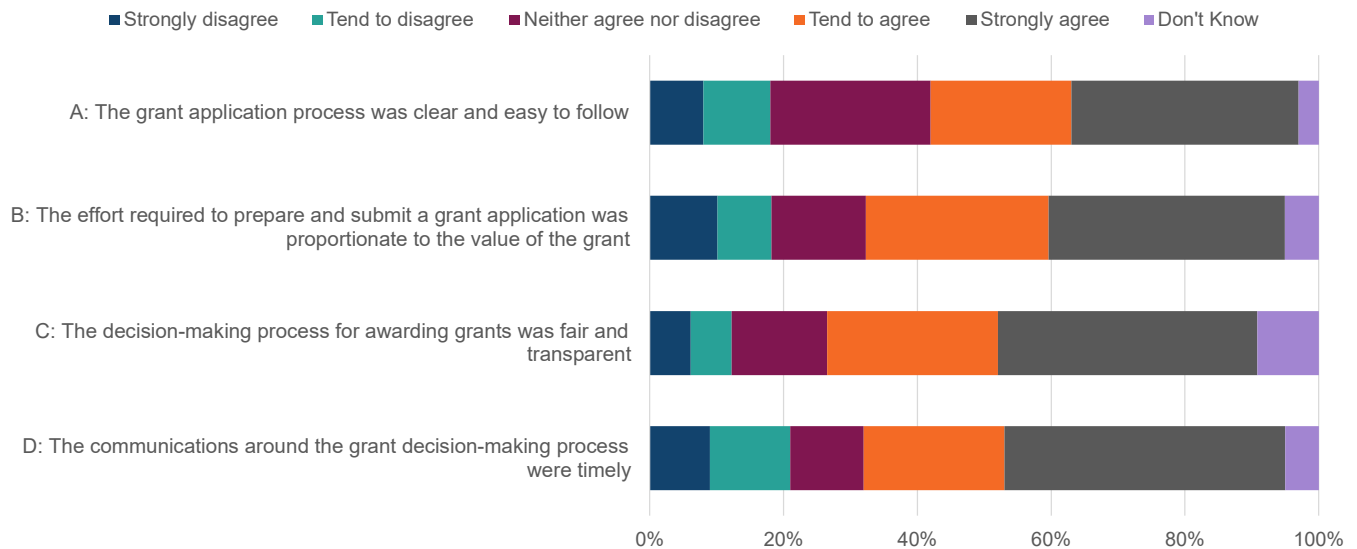
“Ideally, there should have been a recognised and funded role for post-audit or pre-application support. DPs have essentially done this voluntarily, using their own resources. It’s unfair and unsustainable.” Scheme Delivery Representative

Some Scheme Delivery Representatives also noted that in some cases, the level of support required (mainly by small SMEs accessing standard audits) was disproportionately high compared to the amount of grant funding SMEs would receive. In contrast, the support needed by SMEs that had EI audits was seen as less demanding and proportionate to the funding available and to the type of interventions these SMEs typically applied for.

Grant application

Figure 4 shows SME survey responses to questions about the grant assessment process which are discussed throughout the following sections of the report.

Figure 4: SME perceptions of BEAS grant application and assessment processes



Full survey question: C5: Below are a series of statements that focus on your experience of applying for a grant through the Business Energy Advice Service, please tell us to the extent to which you agree or disagree

Statements A, B, D: n = 153 weighted, 159 unweighted. C: n = 154 weighted, 159 unweighted

Source: BEAS evaluation survey of SMEs

Amongst surveyed SME respondents who said they had applied for a BEAS grant²⁷, just over half (55%) agreed that the grant application process was clear and easy to follow, while only 19% felt that the process was unclear. Fewer SMEs (7%)²⁸ that had received a capital grant found the process difficult compared with SMEs that did not receive a grant (28%)²⁹.

Most interviewed SMEs viewed the grant application process positively, describing it as straightforward and simple, with the length and format of the forms seen as appropriate and manageable. Some SMEs noted that they were familiar with online or grant application processes, which made applying easier.

²⁷ n = 153 weighted, 159 unweighted

²⁸ This refers to SMEs who were identified on the BEAS MI database as receiving a BEAS grant during Phase 1. Some other SME survey respondents reported receiving a BEAS grant in the survey. This could have been because: there was an error on the MI database; they may have received a BEAS grant more recently after the end of BEAS Phase 1; they may have received a UK SPF grant instead; or they may have received a grant from another support scheme.

²⁹ This refers to SMEs who were not identified on the BEAS MI database as receiving a BEAS grant during Phase 1 and did not report receiving a BEAS grant during the survey.

However, some interviewed SMEs felt that the process was administratively intensive and challenging, particularly in terms of the clarity of criteria and timescales. One SME noted that, as a small company with fewer than ten employees, it was hard to spare the time for an application. Likewise, some SMEs complained about the format in which information needed to be submitted, pointing out that it was time intensive to adapt data to DESNZ templates.

“Most of it was reasonable... they asked for the last two years of statutory accounts, that was fine... but then they wanted two years of Management Accounts and they wanted them re-formatted to BEAS formatting... very time consuming on a small business... It’s taken a lot longer than I’d hoped... but they’ve got to have it.” EI audit SME (with a BEAS grant)

Scheme Delivery Representatives also highlighted difficulties with the grant application process. The main issues raised were that it was disproportionately long, that SMEs struggled to meet the three-quote requirement (discussed further in the [Supply chain capacity section](#) below), and that the process was generally complex. All Scheme Delivery Representative groups expected more applications to follow the audits, but felt that many SMEs lacked the time and resources to deal with the level of bureaucracy involved.

One Scheme Delivery Representative group also noted that the information requested from SMEs, such as outputs from energy data, was often repetitive.

“I think it was mainly the grant side of things where most businesses struggled, for many of the reasons already mentioned. The process took much longer than anyone anticipated, largely because it wasn’t clearly articulated from the start. There was no clear sense of a pipeline — no feeling of moving through defined stages. Instead, it felt like businesses were continually ‘throwing things over the wall’ and starting again, which they found very frustrating.”

Scheme Delivery Representative

This feeling was echoed by SMEs, who said they were sometimes confused about why the same information was requested from them multiple times.

“And when we got everything together, we had submitted it all. And then, as I say, after four weeks I asked again and then they came back saying we need some more information and I felt we’d [already] given that information.”

EI audit SME (without grant)

Scheme Delivery Representatives suggested improving data capture systems and enabling audit report data to be shared automatically with DPs and the Grant Award Panels, so that SMEs would not have to resubmit the same details multiple times. One Scheme Delivery Representative group noted that these recommendations have been partially implemented in Phase 2 through the introduction of a data-capture portal and a light-touch redesign of processes to reduce duplication, for example by changing the questions asked of SMEs at different stages.

Proportionality of application effort to grant value

Despite the evidence of duplication across application phases, amongst surveyed SMEs that applied for a BEAS grant, the majority (61%³⁰) agreed that the effort required to prepare and submit the application was proportionate to the value of the grant. Only 19% of respondents felt that the grant application process was too much effort for the value of the grant, and 15% were neutral, neither agreeing nor disagreeing.

Many interviewed SMEs noted that having up to 50% of project costs covered by BEAS justified the time and information required to submit an application. Some interviewed SMEs also reflected that, given the use of public money, it was reasonable to expect a degree of administrative scrutiny.

Eligibility criteria

Two Scheme Delivery Representative groups noted that the capital grant eligibility criteria was not well-defined, with some requirements being open to interpretation. This caused confusion amongst SMEs and for the DPs supporting their application process.

Two Scheme Delivery Representative groups reported finding it difficult to explain why some measures recommended in audit reports were not eligible for support (e.g. installation of solar panels). They also explained that the lack of alignment, or clear differentiation, between BEAS and UKSPF³¹ funding opportunities created further confusion among SMEs. Some SMEs decided to apply to UKSPF or other schemes because they believed these would offer faster approvals or involve less bureaucracy. Other schemes, such as UKSPF, were also perceived as more attractive where they provided funding for solar measures, which were in very high demand but not eligible for grant funding in BEAS Phase 1.

“We lost a few to other programmes just because their processes were quicker and easier. Businesses don’t have time for all this duplication.”

Scheme Delivery Representative

“Solar PV was by far the most common request from businesses. Almost every SME we spoke to wanted to explore solar panels and whether BEAS could fund them.”

Scheme Delivery Representative

For Phase 2, some of these challenges have been mitigated. For example, the new memorandum of understanding between WMCA and the DPs includes clearer guidance on the grant capital assessment criteria. In addition, Phase 2 funding measures have been revised to include technologies that were not applicable for Phase 1, for example, solar panels.

³⁰ n = 153 weighted, 159 unweighted.

³¹ Alongside BEAS, the UK Shared Prosperity Fund (UKSPF) also offered grants, administered by local authorities, for local energy-efficiency initiatives, including potentially some BEAS recommended measures. Unlike BEAS Phase 1, UKSPF covered the installation of solar PV systems and heat pumps. Capital-grant support varied by local authority but typically accounted for 40% to 70% of total installation costs, with a lower level of funding available (£2,000 - £20,000), compared to BEAS (£1,000 to £100,000).

Grant assessment

The assessment of grant applications was carried out by Grant Award Panels established by the Delivery Partners. Panel members were selected for their relevant expertise, local knowledge, and understanding of the scheme's objectives to ensure that funding was awarded to the most suitable projects. Each application was reviewed against the following criteria:

- **Energy and resource efficiency impact:** Evidence was required on the estimated payback period for the project, with a minimum payback period of 2 years.
- **Additionality:** Clear justification was required that the project would not have proceeded, or would have been significantly delayed, without support from the scheme.
- **Deliverability:** An assessment was made of whether the proposed project could be completed within the required timeframe.
- **Risk Management:** Potential risks were identified, and appropriate mitigation strategies were demonstrated.
- **Applicant Capability:** Evidence was provided that the SME had the necessary expertise, capacity, and resources to successfully manage and deliver the project.

Each criterion, except for energy and resource efficiency impact, was scored on a scale from 1 (not satisfactory) to 5 (excellent), with a minimum passing score of 3. The minimum payback period of 2 years was used as a key metric to decide whether projects could be offered funding.

Once a grant was awarded, SMEs were given a window of 90 days to implement the recommended measures. To receive grant payments, SMEs had to provide proof of purchase or installation to the relevant Grant Delivery Partner.

Grant award panel and assessment process

Overall, Scheme Delivery Representative groups expressed positive views on the grant assessment process. They noted that Grant Award Panels had strong local expertise, clear decision-making structures, and a robust approach to reviewing applications. This helped ensure that awards aligned with regional needs and gave SMEs confidence in the fairness and transparency of the process.

Two Scheme Delivery Representative groups also praised the consistent improvement in the assessment process from Phase 1 to Phase 2. For example, in Phase 1 the Grant Award Panels took a long time to make decisions because all applications and supporting documents were read during the meetings. In Phase 2, documents are shared with panel members in advance, so meetings are used only for decision-making. This gives panels more time to discuss applications and reach decisions on a greater number of cases during each meeting.

Evidence from SMEs supports Scheme Delivery Representatives' views on the grant assessment process. Overall, the majority (64%³²) of surveyed SMEs that applied for a BEAS grant agreed that the decision-making process for awarding grants was transparent and felt that decisions on their applications were timely (63%³³). As expected, perceptions were significantly more positive among SMEs that received a BEAS capital grant, with 89% considering the process fair and 82%³⁴ viewing it as timely. In contrast, businesses that did not receive funding were much less likely to share these views, with only 35% perceiving the process as transparent and 36%³⁵ considering decision-making to be timely.

Grant payment process

Most of the SMEs interviewed did not have a strong opinion on the grant payment process. However, some SMEs identified specific areas for improvement. They highlighted the requirement to pay for measures upfront and then claim the money back as a key concern. There was no notable difference in perceptions by company size: both smaller and larger SMEs considered this arrangement inefficient and, in some cases, not feasible given cash-flow constraints. This approach is standard practice for government-administered grant schemes. While such controls are a key mechanism for mitigating fraud risk and ensuring the appropriate use of public funds, cash flow concerns were frequently raised by BEAS SMEs as a significant issue and should be considered in the design of future schemes.

Only one Scheme Delivery Representative group commented on the grant payment process. They described the payment process as efficient and effective but noted some confusion among SMEs about which documents were acceptable as evidence of purchase, a requirement before grant funds could be released.

Supply chain capacity

SMEs were responsible for sourcing and contracting their own suppliers for the implementation of measures. Support during this stage was generally informal, with auditors tailoring their approach depending on the area and needs. Many businesses already had preferred suppliers, but those that did not could receive informal support from auditors or Delivery Partners.

Interviewed SMEs reported mixed experiences when trying to find suppliers for the implementation of their measures. Some SMEs felt that sourcing suppliers was straightforward, depending on the type of measure. For example, they noted that finding suppliers for lighting and more routine electrical work was very easy. Several SMEs also reflected that, for solar PV, oversupply in the market had reduced costs and made it easier to find specialist companies, with no delays to installation. In these cases, SMEs often relied on existing contractor relationships, simple online searches, or lists of installers provided by their councils.

³² n = 153 weighted, 159 unweighted

³³ n = 153 weighted, 159 unweighted

³⁴ n = 38 weighted, 42 unweighted

³⁵ n = 61 weighted, 60 unweighted

However, some SMEs described engaging with the supply chain as more difficult when the work was complex or highly specialised. These SMEs saw the grant eligibility requirement to secure three quotes³⁶ as time consuming and hard to meet, particularly where there were only one or two suitable providers locally (for example, for radiant heaters). This was echoed by Scheme Delivery Representatives, who noted that securing three quotes could take several months, with quotes sometimes expiring before the process was completed. Furthermore, towards the end of Phase 1 of the scheme, tight timescales meant that some businesses were unable to obtain three valid quotes in the time needed and therefore deferred their grant applications to BEAS Phase 2.

Some SMEs reported problems finding engineers willing to work in dusty or challenging factory environments, or to take on one-day jobs such as modifying existing gas and LPG plant or replacing ageing cooling towers. They felt that installers often saw this type of work as not commercially viable i.e. they would not be able to charge what they needed. This suggests a lack of capacity in contractors to implement more complex installations.

"It was quite hard work to go and get three quotes for each measure ...so it was time consuming." Standard audit SME (with grant)

"When you come into our factory, it's a very dirty environment [due to the dust]. They either didn't want to get involved, didn't want to take the project on, or it was too much for them." Standard audit SME (with grant)

One Scheme Delivery Representative group also reported that smaller SMEs, and those less familiar with grant applications, were more likely to need support finding installers. Support was usually provided in the form of directories of installers that other businesses had used, rather than direct recommendations.

One Scheme Delivery Representative suggested that a useful legacy of BEAS could be the creation of a regional supplier directory of trusted companies for energy efficiency measures. They felt this would support both DPs and auditors (who may not be aware of every installer operating in the market) and SMEs. However, government programmes typically avoid nominating or endorsing specific suppliers due to the risk of perceived conflicts of interest and the limited ability to verify the quality of individual companies or their outputs.

³⁶ SMEs were required to provide quotes for all project expenditure items. One quote was required for items valued up to £2,499, while three quotes were required for items valued between £2,500 and £24,999.

Governance structure and monitoring

As outlined in the [Background and objectives of the Pilot BEAS section](#), four principal scheme stakeholders (DESNZ, WMCA, Primary and Secondary DPs) held specific roles and responsibilities within the scheme's governance structure.

In relation to monitoring, WMCA was responsible for overseeing the implementation of due diligence and monitoring processes to ensure compliance with relevant subsidy control regulations and grant conditions. This included ensuring that Delivery Partners adhered to agreed standards throughout the scheme's lifecycle.

Delivery Partners were required to upload data regularly to WMCA's databases, which served as the primary mechanism for tracking scheme activities. This information was subsequently shared with DESNZ to support oversight and coordination. For grants, Delivery Partners were accountable for monitoring the implementation of all funded projects through to completion.

Monitoring activities were further supported by stakeholder delivery group engagement including biweekly meetings, scheme boards, lessons learned workshops, and one-to-one meetings.

Overall, all Scheme Delivery Representative groups felt that the governance structure was broadly appropriate and reflected the roles and responsibilities typically expected for a scheme of this nature. Communication channels between stakeholders were generally viewed as functional and well organised. These included internal boards, sponsor boards (between WMCA and DESNZ), bi-weekly DP meetings, and ad hoc forums between DESNZ, WMCA and the DPs.

The monthly DP meetings and DESNZ lessons learned workshops were especially praised. All Scheme Delivery Representative groups felt they provided a useful space for sharing experiences, informing adjustments to delivery processes and identifying common challenges across DPs that required intervention at the scheme level. Insights from the lessons learned workshops fed directly into adjustments for BEAS Phase 2.

Auditors interviewed felt that their duties were straightforward and that the division of regions was clear, helping to avoid overlap. A few auditors suggested that it would have been better to be involved throughout the audit and grant to better support businesses at every stage:

"Making sure that the energy auditors and indeed the entire consortium of [DP name], are more involved in the grant stages rather than just the audit delivery, that would allow us to help the business through the entire process, not just during the audit stage." Energy auditor

Despite these positive views, most auditors felt that the governance structure could have been improved. Two auditors noted that too many people were involved at different levels, which made the process feel fragmented. This feeling was echoed by Scheme Delivery Representatives who reported that the number of stakeholders made processes more complicated.

One Scheme Delivery Representative group suggested that reducing the number of DPs in future schemes could help streamline delivery. However, whilst this may be the case, the larger number of DPs helped to diversify contractor risk for DESNZ and for speed of delivery. Given the time constraints, DESNZ adopted the existing UKSPF delivery model, which was already established and delivered through the West Midlands counties and regions, rather than standing up an entirely new delivery structure. This approach enabled alignment with UKSPF governance arrangements and allowed DESNZ to utilise existing UKSPF audit information for BEAS data set.

Scheme Delivery Representatives also reflected on the effectiveness of the scheme's management processes, including data collection, monitoring and reporting. These processes were described as challenging and in need of significant improvement.

The main challenge identified by Scheme Delivery Representatives was the absence of a shared data management system or central portal to capture monitoring data. At the start of the scheme, there was an expectation that a CRM-style platform would be set up by WMCA. This platform would be available for DPs and auditors to record and share data between them and with WMCA and DESNZ, bringing all information together and supporting consistent, accurate records. However, due to technical constraints, this system was not in place for Phase 1.

As a result, Scheme Delivery Representatives reported that information had to be captured across multiple spreadsheets, with DPs often using different templates and formats. This led to inconsistencies, errors and missing data. Scheme Delivery Representatives reported spending substantial time manually cleaning and reconciling information, diverting effort away from other aspects of delivery. Despite the issue being identified early in the scheme, this was not addressed quickly. The lack of a central portal also increased administrative workload for DPs and reduced confidence in the reliability of the data being shared.

“Everything ended up lost in different spreadsheets, and it was wholly inefficient in terms of data. You need to put that [data management system] in place upfront if you're going to run a programme like this, so all partners can see what's coming through and have regular reviews. Otherwise, you spend a lot of time copying data from one format to another. The data management in Phase 1 was awful, and there was a lot of cost and inefficiency as a consequence.”

Scheme Delivery Representative

To address this challenge, a dedicated data portal has been introduced for Phase 2. Scheme Delivery Representatives agreed that the new system has made data capturing more efficient and more straightforward than during early Phase 1, with improvements to the completeness and accessibility of information. However, one Scheme Delivery Representative group felt the portal is still not fully fit for purpose, citing restrictive data validation rules and noting that some data-quality issues and administrative burden persist. Another Scheme Delivery Representative group noted that these data validation rules were intentionally introduced to address the data quality and consistency issues mentioned above.

All Scheme Delivery Representative groups noted frequent changes to data-capture requirements that created confusion and additional work for delivery stakeholders. These changes were partly a result of the scheme's pilot nature, with Delivery Partners requesting amendments to improve operational delivery. However, the continual adjustments were accompanied by repeated data requests, with SMEs being asked to provide similar information at multiple stages of the process, as outlined in the sections above. One Scheme Delivery Representative commented that the scheme risked losing sight of its business support purpose.

"We became very data-driven and actually what we ended up doing is forgetting the really important thing, which was the SME and the delivery of the programme." Scheme Delivery Representative

Some Scheme Delivery Representatives viewed a mismatch in how the objectives of BEAS were understood and communicated between delivery stakeholders as the underlying cause of these issues. From the outset, as outlined in the Introduction above, BEAS had two main objectives: data capture to inform future policy, and regional support.

Some Scheme Delivery representatives reported that communications and contracts with DPs clearly stated that the primary objective of the scheme was to collect data and lessons to inform future policy which could include provision of funding for a wider scheme in future, while generating regional impact through business support was a secondary objective. This was cited as the main reason why the data requirements were particularly complex when compared with alternative delivery approaches, whose primary focus is on achieving local impact.

However, some delivery stakeholders viewed BEAS primarily as a business support and decarbonisation scheme.

"I think there's a real lesson to be learned here about how much we try to stuff in from an analytical requirement—just because something is interesting or useful doesn't always mean it needs to be collected through the live programme. It's about finding the right balance." Scheme Delivery Representative

Scheme Delivery Representatives also discussed the challenges created by the absence of a well-defined and unified delivery process, as well as consistent output templates (e.g. audit report templates) during Phase 1. They felt that the guidance on delivery processes was unclear, prompting DPs to rely on their own internal systems and established ways of working. As a result, approaches varied across the scheme, making it harder to assess performance, compare outputs, and determine which elements of the BEAS model were working effectively.

Across all Scheme Delivery Representative groups, there was broad agreement that delivery would have been stronger if clearer processes had been in place from the outset, rather than developed and adjusted once Phase 1 was already underway.

“Being in a position where, if you could go back in time, we would absolutely design the process first. That’s where the problem came from. The project was moving so quickly, and so the requirement for those processes only came about once we’d already started delivering.” Scheme Delivery Representative

Assessment of progression against BEAS ToC

This chapter presents the findings of the assessment conducted on the progression and accuracy of the earlier stages (Inputs>Activities>Barriers Overcome) of the BEAS Theory of Change (ToC). It also includes a summary narrative of the findings of the Contribution Analysis and Process Tracing (CAPT) assessment included within the scope of this phase of the evaluation. A more detailed description of the evidence identified against the Contribution Analysis Process Tracing tests is provided in Annex F.

Much of the evidence referenced in this chapter draws on findings already presented in the [process evaluation chapter](#). To avoid duplication, this chapter provides a concise summary of that evidence, with more detailed discussion included only where new findings are introduced or where evidence has not been previously reported.

BEAS Theory of Change

Figure 5 shows the Theory of Change diagram for the BEAS scheme, developed by the DESNZ BEAS Monitoring and Evaluation team in 2023. The elements within the scope of this Process Evaluation are³⁷:

- Inputs (Boxes 1-3)
- Activities (Boxes 4 -7)
- Barriers overcome (Boxes 8,9,11,12,15 & 16)

The ToC diagram was accompanied by a Theory of Change Supplement (Annex F) which makes the assumptions behind the causal story explicit and identifies the evidence needed to test the ToC causal linkages. The Theory of Change Supplement informed the development of the Contribution Analysis Process Tracing framework for this evaluation (Annex F). This framework was used to test the validity of the ToC elements and causal pathways, and to identify external factors that may also be contributing to the achievement of the scheme's outcomes.

Using the CAPT framework the evaluation team gathered and triangulated evidence to assess each ToC element in scope and judged the extent to which it was delivered as expected. The evaluation team also tested whether the corresponding causal pathways held true.

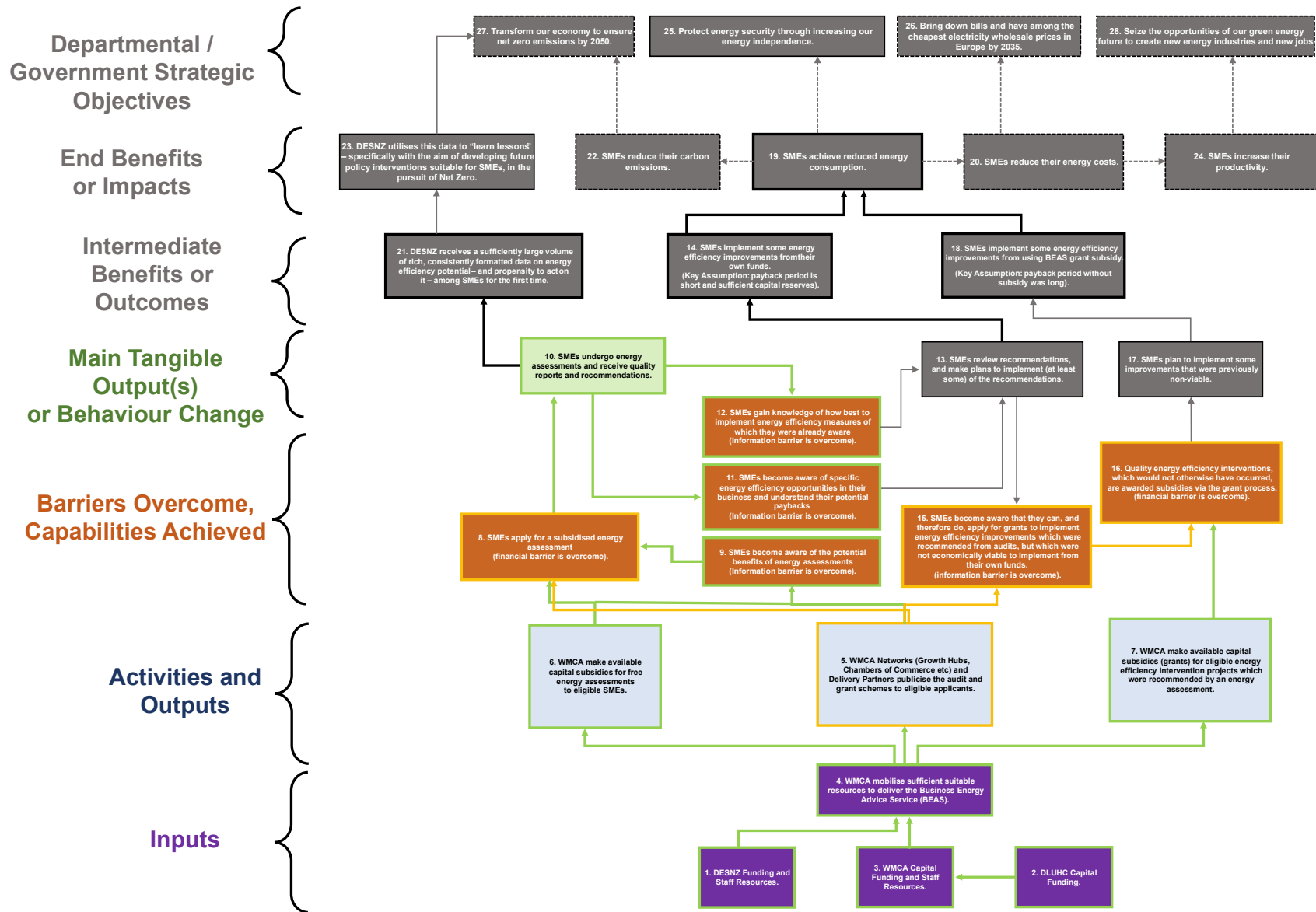
To summarise the results of the ToC assessment, Figure 5 presents the colour-coding applied to the ToC elements and causal pathways that were within the scope of this evaluation, using the following colour key:

- **Boxes and arrows highlighted with a solid green outline** indicate ToC elements and causal pathways that hold true and have been achieved, supported by consistent and credible evidence.

³⁷ The elements shown in grey in Figure 5 are outside of the scope of this evaluation and have been assessed as part of the impact evaluation.

- **Boxes and arrows highlighted with solid amber outline** indicate elements or pathways that appear to hold true or have been achieved only to some extent, and for which evidence is mixed.
- **Boxes and arrows highlighted with solid red outline** indicate elements or pathways that did not hold true, and where the evidence shows that the ToC expectation was not met. No boxes or arrows were found under this category as part of the assessment; therefore, no elements are highlighted in red in the ToC diagram.

Figure 5: Pilot BEAS RAG rated Theory of Change diagram



Source: Technopolis using original ToC developed by DESNZ

The remainder of this chapter presents the evidence used to assess progress through the first parts of the Theory of Change (ToC). The chapter is structured to mirror the ToC pathway. Each section begins with a box outlining the relevant causal pathways and how these link specific elements of the ToC, followed by a narrative discussion and the evidence supporting the RAG rating of this pathway of the ToC.

For some key causal pathways within the ToC, we have undertaken Contribution Analysis. For this, we have constructed a Contribution Claim i.e. a claim about how the BEAS scheme contributes to a specific output/outcome/impact for testing. We have also constructed related 'Alternative Explanations' i.e. an alternative hypothesis about how other factors (external to BEAS) have contributed or limited the same output/outcome/impact of interest. The Contribution Claim and Alternative Explanation can both be true. Strong evidence for the contribution claim does not rule out other factors influencing outcomes, and vice versa. The assessment aims to determine the extent of BEAS activities' contribution to outcomes, while recognising that these occur within a broader system where other factors also affect results. This enables us to consider the contribution of BEAS relative to other external factors which may also play a role. Contribution claims, alternative explanations and an assessment of the evidence supporting or refuting these is presented in the sections where this has been used.

Process Tracing was used to develop a set of tests for each Theory of Change (ToC) element in scope of the evaluation, to assess the strength of the available evidence in supporting or challenging each element. The results of these tests were used as the primary mechanism for RAG rating the ToC.

Inputs

Causal pathway: [DESNZ funding and staff resources] (Box 1), [MHCLG capital funding] (Box 2) and [WMCA capital funding and staff resources] (Box 3) lead to [WMCA mobilising sufficient suitable resources to deliver BEAS] (Box 4) because the financial and human resources enable the scheme to proceed.

In Phase 1, a total of £9.1 million Resource Departmental Expenditure Limit (RDEL) and £6 million Capital Departmental Expenditure Limit (CDEL) was allocated by DESNZ to WMCA to oversee and deliver BEAS scheme.

The funding allocated to BEAS broadly aligned with the business case and was adequate to deliver Phase 1, including both audits and grants. Resource mobilisation was initially affected by delays in finalising contracts for the Primary and Secondary Auditors, as outlined in the [launch and contracting section](#). Once these issues were resolved, Scheme Delivery Representatives stated that the resources in place were sufficient to deliver the scheme.

However, the late start of the scheme, alongside additional factors such as difficulties in the application process, dropouts during the triage stage, and some SMEs facing financial barriers that limited their ability to match grant funding, contributed to some DPs not reaching their target number of audits and in a reduced number of grant applications compared with expectations.

For internal staff supporting delivery and monitoring of the scheme, two Scheme Delivery Representative groups highlighted that initially not enough personnel were in place to support the delivery of BEAS. Combined with the high number of data requests, this created a heavy workload for scheme delivery stakeholders. In response, scheme delivery stakeholders allocated more resources throughout Phase 1 than originally planned. A clear example of this was WMCA's decision to hire additional staff and establish a dedicated Marketing team, which strengthened the overall delivery of the scheme.

Activities

BEAS promotion

Causal pathway: [WMCA resources mobilisation] (Box 4) leads to [WMCA Networks and DPs publicise the audit and grant schemes to eligible applicants] (Box 5) because the resources available enable WMCA and DPs to use their local relationships, which reach across the entire BEAS target area.

As outlined in the [marketing and promotion section](#), BEAS was promoted locally and regionally by Delivery Partners (DPs) and WMCA through a range of channels including social media, newsletters, direct outreach, attendance at relevant events, case studies, local radio and DP websites.

Marketing activities were mostly effective in engaging SMEs, but initial marketing challenges - such as inconsistent messaging and branding, which led to confusion over SMEs' eligibility for BEAS - along with delays in establishing the scheme resulted in fewer registrations than anticipated. However, as outlined in the [effectiveness of marketing section](#), the marketing and promotional activities were effective in reaching a good geographical and sectoral spread.

Likewise, it was noted that marketing activities were effective in engaging small businesses, while engaging larger EI SMEs proved more challenging.

Capital subsidies and resources for the delivery of energy audits

Causal pathway: [WMCA resources mobilisation] (Box 4) leads to [WMCA making available capital subsidies for free energy efficiency assessments to eligible SMEs] (Box 6) because there are sufficient capital funding and enough resources for DPs to identify and engage a suitable number of technically capable suppliers.

Scheme Delivery Representatives explained that the funding made available for audit delivery was released as expected and was mostly sufficient to cover all required activities. This included marketing, application assessment, triage and the delivery of the audits. However, as noted in the [pre-grant application support section](#), both auditors and Scheme Delivery Representatives highlighted that the allocated funding did not fully account for the additional time and effort required to support businesses during the grant application process. This concern related to the grant application stage and did not lead to a broader perception that overall resources were insufficient.

Scheme Delivery Representatives also noted that, despite some periods of high workload, no significant bottlenecks emerged in mobilising auditors, as highlighted in the [resource sufficiency to meet demand section](#). Feedback from most SMEs interviewed reinforced this view, as they reported that the timeframe for audit delivery was acceptable. This suggests that resource capacity was sufficient to deliver audits.

Capital subsidies and processes in place for the delivery of capital grants

Causal pathway: [WMCA resources mobilisation] (Box 4) leads to [WMCA make available capital subsidies (grants) for eligible energy efficiency intervention projects which were recommended by an energy assessment] (Box 7) because adequate resources are in place for the WMCA and DPs to convene a robust grant award panel and application process.

BEAS Phase 1 had clear and robust procedures for assessing grant applications. As outlined in the [grant assessment section](#), most Scheme Delivery Representatives and SMEs felt that the assessment processes were transparent and well designed. Scheme Delivery Representatives also noted that the Grant Award Panels were sound and fit for purpose. Taken together, this indicates that sufficient internal capacity was in place to deliver capital grants effectively.

However, the total capital funding awarded by DESNZ during Phase 1 was £2.6 million, which was lower than the £6 million budget available for capital grants. Scheme Delivery Representatives attributed this shortfall to the late start of the scheme and the timelines to go through the audit and grant processes, which limited the time available for SMEs to apply for grants, rather than to any insufficiency of funding.

However, they also noted that such challenges are normal in a pilot scheme. They viewed these challenges as valuable insights and an important output of the scheme, as the learning can inform the design of future schemes. As noted throughout the report, some learnings have also already been applied to Phase 2 of BEAS.

Barriers overcome

Engagement with BEAS audits

Causal pathway: [WMCA making available capital subsidies] (Box 6) leads to [SMEs to apply for energy assessments] (Box 8) because the subsidy level is sufficient and the application process straightforward enough to induce application.

As mentioned in the [process evaluation chapter](#), the total number of audits delivered in Phase 1 was significantly lower than the 4,000 target set in the business case. This shortfall was largely attributed to the late launch of the scheme, and the target being overly ambitious. However, additional factors - such as some SMEs, particularly smaller organisations, perceiving the application process as burdensome - also contributed to this gap.

Despite these challenges, as noted in the [audit registration section](#), most standard and EI SMEs interviewed reported that the audit registration process was straightforward and comparable to other scheme applications. This indicates that the level of support provided, along with the application process in place, was adequate to support a reasonable number of applications.

Effectiveness of marketing activities

Causal pathway tested: [WMCA and DPs publicising the audit and grant scheme] (Box 5) leads to [SMEs to apply for energy assessments] (Box 8) because pilot BEAS communications are effective and targeted at eligible SMEs.

Contribution Claim 1³⁸ . Summary of BEAS contribution over engaging eligible SMEs – There was strong evidence that BEAS communications activities were effective at targeting some eligible businesses. The evidence shows that BEAS marketing helped some SMEs understand the benefits of energy assessments and encouraged them to apply.

Alternative Explanation 1. Contribution of non-BEAS factors – There was also strong evidence that some SMEs were already aware of the potential benefits of energy assessments because other information sources have communicated this to them. This shows that BEAS marketing was not always necessary for all SMES to explain the benefits of energy assessments.

³⁸ As explained above, the contribution claim and alternative explanation can both be true. Strong evidence for one does not exclude other factors. The assessment therefore estimates BEAS activities' contribution while recognising that outcomes are also shaped by broader factors outside BEAS influence.

There is strong evidence that BEAS marketing activities helped SMEs understand the benefits of an energy audit and encouraged them to apply for the audits offered through the scheme. Survey results indicated that most SMEs (77%)³⁹ felt BEAS communications helped them understand the benefits of an energy assessment.

In addition, as outlined in the [SME motivation to apply section](#) of the report, interviewed SMEs were primarily influenced to apply for a BEAS audit by factors directly linked to the scheme's design - such as the audit being free of charge and the opportunity to apply for a grant following the audit.

However, some SMEs also referred to motivations outside BEAS's direct control, including compliance with regulatory requirements, the need to address high energy consumption, and rising energy costs. Furthermore, some SMEs were already aware of the benefits of undertaking energy-efficiency audits and viewed BEAS as an opportunity to validate their decisions to implement energy-efficiency and sustainability measures within their businesses.

Information barriers overcome

Causal pathway tested: [Quality audit reports and recommendations] (Box 10) leads to [SMEs to SMEs gaining knowledge of how best to implement EE measures and understand the potential payback] (Box 11,12) because audit reports are accessible to SMEs, with tailored recommendations that include reasonably accurate cost-benefit estimates and support is provided to SMEs to develop action plans aligned with their energy efficiency profile and business needs.

Contribution Claim 2. Summary of BEAS contribution to overcome information barriers for the implementation of EE measures – There was strong evidence that most SMEs were satisfied with the quality of the audit reports and reported that BEAS improved their awareness of energy efficiency opportunities, associated payback periods, and practical suggestions for implementation.

Alternative Explanation 2. Contribution of non-BEAS factors – There was also moderate evidence that SMEs drew on other information sources to overcome informational barriers. However, some SMEs perceived these sources as providing information that was similar to, or of lower quality than, that offered through BEAS.

Most surveyed SMEs (85%)⁴⁰ reported engaging with their energy audit report and actively considering the recommendations provided through the BEAS audit (84%)⁴¹. In addition, as noted in the [value of audit section](#), most surveyed and interviewed SMEs were satisfied with the quality of their audit report.

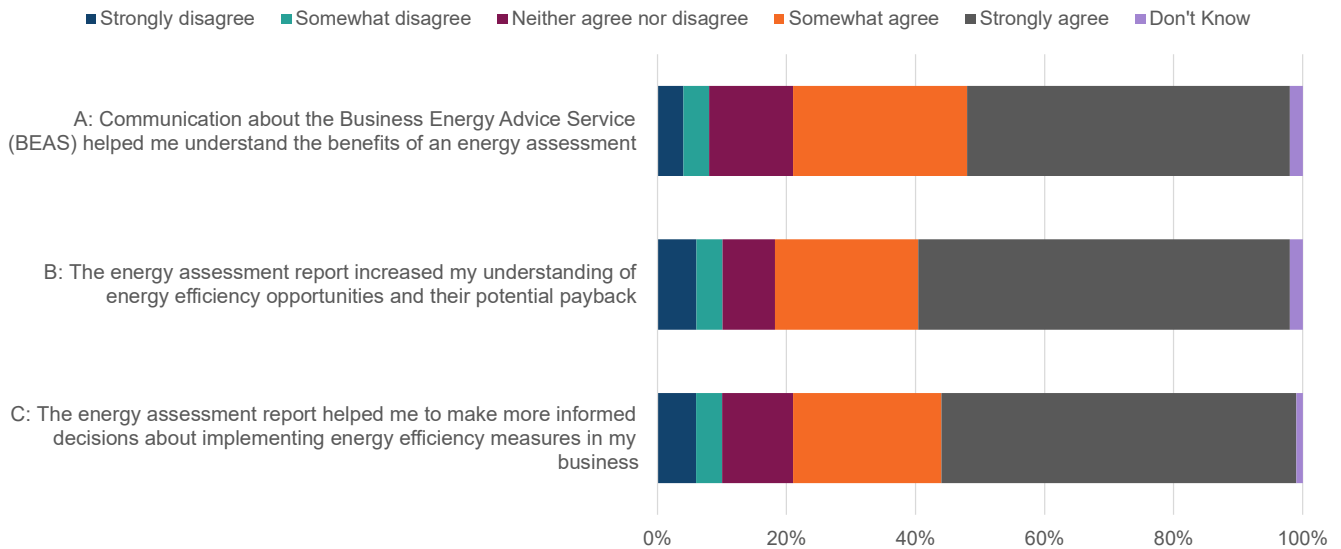
³⁹ n=436 weighted and unweighted

⁴⁰ n = 337 weighted, 342 unweighted

⁴¹ n = 337 weighted, 342 unweighted

Survey findings also indicated that most SMEs gained valuable insights from their energy assessment. The majority (70%⁴²) reported that the audit improved their understanding of energy efficiency opportunities and potential payback periods. Additionally, the majority (72%⁴³) also stated that the report helped them make more informed decisions about implementing energy-efficiency measures.

Figure 6: SME perceptions of the value of BEAS communication and energy audit reports



Full survey question: C1: Please tell us the extent to which you agree or disagree with these statements

A: n = 435 weighted, 436 unweighted. B,C: n = 436 weighted and unweighted

Source: BEAS evaluation survey of SMEs

However, there is some evidence that perceptions of the value of the audits varied across SMEs. Most interviewed standard SMEs that did not receive a grant felt that the audits were not sufficiently thorough, noting missing information on energy-efficiency opportunities and payback periods, and that the recommendations were not well tailored to their businesses. These views suggest that audit quality differed depending on the auditors responsible for their delivery.

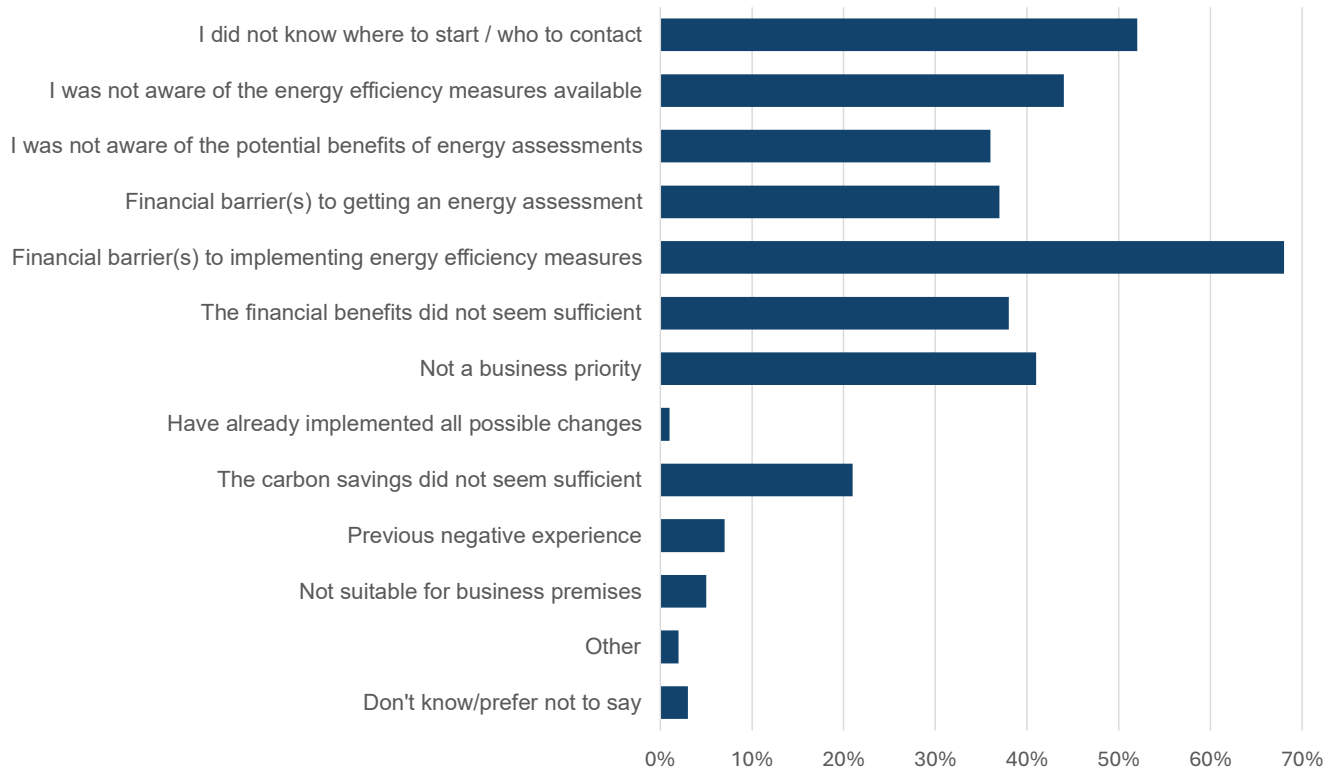
Scheme Delivery Representatives and auditors echoed this feedback, noting that audits generally provided useful recommendations and insights that helped SMEs understand their energy consumption and consider next steps. However, there was variation in audit quality and report usefulness depending on the Secondary DPs delivering the audit.

⁴² n = 436 weighted and unweighted

⁴³ n = 436 weighted and unweighted

In addition, more than half of surveyed SMEs reported that informational barriers had previously prevented them from implementing energy demand and carbon reduction measures. They mainly mentioned not knowing where to start / who to contact (52%), or which energy efficiency measures were available (43%)⁴⁴.

Figure 7: Past barriers to implementing energy and carbon reduction measures faced by SMEs



Full survey question: C6: What has prevented you from implementing energy demand and carbon reduction measures for your business in the past?

n = 436 weighted and unweighted

Source: BEAS evaluation survey of SMEs

Among SMEs that reported facing information barriers prior to BEAS, the majority noted that BEAS helped them overcome some of these barriers (Figure 8). For example, by clarifying where to begin/who to approach (82.3%), what measures exist (80%), and the potential benefits of undertaking an energy assessment (78.2%)⁴⁵. These findings suggest that BEAS has played an important role in addressing information barriers related to energy-efficiency opportunities and implementation options.

⁴⁴ n = 436 weighted and unweighted

⁴⁵ n = 405 unweighted, 404 weighted

However, most SMEs (59%) reported also having used other information to guide their energy-efficiency improvements, also supporting them to overcome their information barriers. The most commonly mentioned were professional networks (12%), online searches (12%), local authorities (10%), and other non-BEAS energy auditors or consultants (10%)⁴⁶. Despite this, interviewed SMEs who reported receiving information from other sources noted that it was generally similar to what they obtained through BEAS. In some cases, they perceived the external information as more basic and of lower quality compared with the information provided by BEAS.

[BEAS promotion activities] (Box 5) leads to [SMEs become aware and apply for capital grants] (Box 15) because WMCA Networks/EE reports are successful in making SMEs aware of the potential for subsidy for otherwise non-economically viable improvements, and SMEs deem that those improvements would be worthwhile if the payback period was to be reduced.

All Scheme Delivery Representative groups noted that the overall number of applications for capital grants was lower than expected. The total value of capital funding awarded to SMEs during Phase 1 was also lower than the available grant budget. As mentioned earlier, Scheme Delivery Representatives largely attributed this underspend to delays in launching the scheme, which left SMEs with less time to prepare and submit applications. One Scheme Delivery Representative group also pointed out that by the time Phase 1 finished, a pipeline of applications was still waiting to be assessed. Since then, as part of Phase 2, some of these applications have been awarded funding.

Around half of the SMEs interviewed said that their BEAS audit report, together with support from auditors and Delivery Partners, helped them understand the range of financing options available to fund their energy efficiency improvements. Some interviewees also mentioned being made aware of external funding opportunities, such as the Net Zero Worcestershire grant and the UKSPF Business Boost grant.

However, most interviewed SMEs without a grant felt they had not been given enough information about BEAS grants or other finance routes. They suggested that more guidance would have been helpful particularly regarding: options for alternative payment structures rather than having to pay the full upfront costs of measures; tenants' rights when applying for BEAS grants; and support in finding suitable suppliers.

Financial barriers

[SMEs become aware and apply for capital grants] (Box 15) leads to [quality energy efficiency interventions, which would not otherwise have occurred] (Box 16) because SMEs request grants for projects which are additional and eligible, and the WMCA allocation process appropriately filters to assure this.

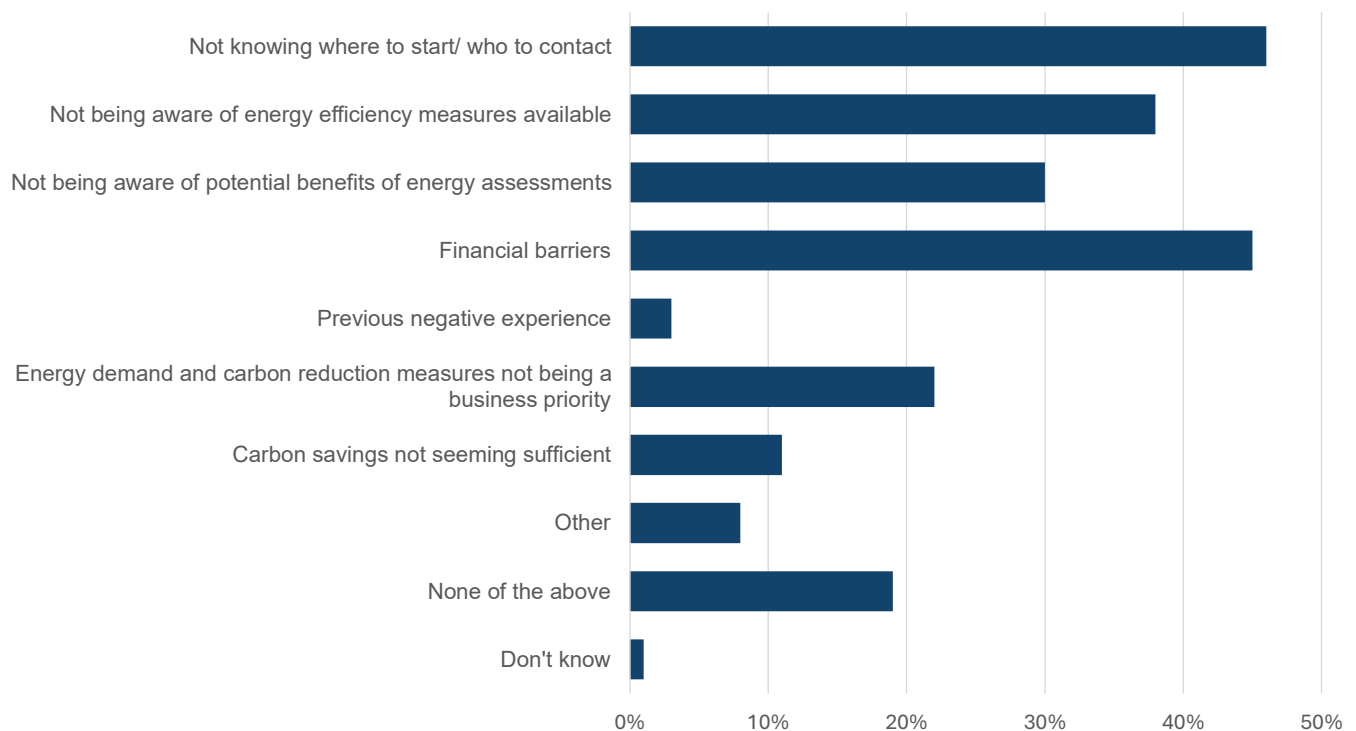
⁴⁶ n = 242 unweighted, 235 weighted

Most surveyed SMEs (77.9%)⁴⁷ reported that financial barriers were the main factor preventing them from implementing energy efficiency and carbon reduction measures in the past. More than one-third (38%) indicated that perceiving the financial benefits as insufficient had discouraged them from implementing measures and 37% of respondents mentioned financial barriers to getting an energy audit as a key limitation.

Among SMEs that identified financial barriers as a main barrier, slightly more than half (53.8%)⁴⁸ stated that BEAS helped them overcome these challenges. As expected, SMEs that received a BEAS grant were more likely to report that BEAS helped address financial barriers (96.4%)⁴⁹, compared with SMEs that did not receive a grant (35.8%)⁵⁰.

Of the remaining SMEs who still faced financial barriers, the most common issues cited were not being able to afford high initial costs (19%), poor cash flow (17%), low likelihood of return on investment (17%), and broader economic pressures or efforts to keep the business afloat (15%)⁵¹. A few interviewed SMEs said the financial benefit did not seem sufficient to justify action, meaning measures remained low priority for their businesses even when affordable.

Figure 8: Barriers that BEAS has helped to overcome



Full survey question: C7: Of the barriers you previously selected, which one(s) do you feel the Business Energy Advice Service (BEAS) helped your business overcome?

n = 404 weighted, 405 unweighted

Source: BEAS evaluation survey of SMEs

⁴⁷ n = 436 weighted and unweighted

⁴⁸ n = 405 weighted, 404 unweighted

⁴⁹ n = 38 weighted, 42 unweighted

⁵⁰ n = 314 weighted, 308 unweighted

⁵¹ n = 148 weighted, 147 unweighted

Survey data also showed that match funding requirements were a primary reason SMEs chose not to apply for a BEAS capital grant. This suggests that the requirement to match fund half of the costs remained prohibitive for many SMEs. 42%⁵² of respondents who decided not to apply reported that they were unable to cover the non-grant-funded portion of the costs. This constraint was more pronounced among micro businesses⁵³, just over half (52%) of whom reported they could not afford the required 50%⁵⁴ match. As Figure 9 shows, other reasons for not applying were not wanting to implement measures mentioned in the energy assessment report and feeling the application process was too burdensome to apply.

Figure 9: SMEs reasons for not applying for a BEAS capital grant



Full survey question: C4: What were the main reasons for not applying for the grant through the Business Energy Advice Service (BEAS)?

n = 179 weighted, 176 unweighted

Source: BEAS evaluation survey of SMEs

Some SMEs reported having used other sources of funding to implement their measures mainly internal funding (70%)⁵⁵ and other regional or government support (6%).

⁵² n = 179 weighted, 176 unweighted

⁵³ 1–9 employees

⁵⁴ n = 70 weighted, 69 unweighted

⁵⁵ n = 235 weighted, 242 unweighted

Additional barriers for implementation of energy efficiency measures

Beyond informational and financial barriers, surveyed SMEs also selected additional factors that had previously prevented them from implementing energy efficiency measures. The most cited barriers were implementation of measures not being a business priority (41%) and perceptions that carbon savings were insufficient (21%), followed by previous negative experiences (7%) and measures being unsuitable for their building or premises (5%)⁵⁶.

Survey data indicates (Figure 8) that BEAS helped some businesses overcome these barriers, with 22% reporting that energy demand and carbon reduction had become a business priority, 11% stating that carbon savings now appeared sufficient, and 3% indicating that BEAS helped them overcome previous negative experiences.⁵⁷

Interviewed SMEs also reflected on additional barriers that continue to limit their ability to implement energy and carbon reduction measures. Aside from financial constraints, the most commonly cited barriers related to planning and regulatory requirements. Several SMEs reported that planning permission processes, particularly for measures such as rooftop solar installations, prevented them from progressing with energy efficiency improvements, even where there was clear interest and intent to invest.

In addition, some SMEs highlighted landlord control over premises as a significant barrier. These businesses noted that landlords were often required to approve upgrades such as new boilers, windows, or solar panels, and that landlords typically control decisions around energy suppliers. Approval processes were described as time consuming and uncertain, which limited tenants' ability to implement energy efficiency measures or apply for funding. This may represent a potential qualifying criterion for future schemes. For example, applicants could be required to confirm that they operate in landlord-owned premises and have landlord support in place to implement energy efficiency initiatives. This could help avoid conducting audits on sites where delivery is unlikely from the outset.

A small number of interviewed businesses noted that energy costs were not perceived as sufficiently significant within day-to-day operations to prioritise energy-efficiency investments. In addition, a few interviewed SMEs reported that the time and effort required to compile quotes, figures, and supporting information for grant applications was onerous, particularly for smaller businesses, even though the financial support itself was valued.

⁵⁶ n = 436 weighted and unweighted

⁵⁷ n = 404 weighted, 405 unweighted

Lessons learned and conclusions

Process evaluation

The Business Energy Service Advice (BEAS) pilot has generated several important lessons for the design and delivery of future programmes and policies in this area. As discussed throughout this report, the pilot nature of BEAS has enabled lessons to be identified during delivery and has allowed processes to be adapted in real time to improve both implementation and overall impact.

This section summarises the most significant lessons learned from the pilot and provides some recommendations. Where relevant, it is noted that some lessons learned and areas of concern have already been addressed or modified for Phase 2 of the scheme.

Lesson 1: Consider SME size and capabilities in scheme design

SMEs varied in capacity and internal expertise when registering for audits and applying for grants. Smaller SMEs were more likely to struggle to provide data or documentation than larger SMEs, slowing their application progress. However, additional support for smaller SMEs needs to be justified. In some cases, relatively small potential savings may not justify additional resource. BEAS Phase 2 introduced a new eligibility threshold, requiring companies to have a minimum annual energy consumption of 25,000 kWh to qualify for the scheme. Smaller businesses that fall below this threshold are instead encouraged to seek guidance on energy efficiency through resources such as the UK Business Climate Hub.

Recommendation:

Similar to BEAS Phase 2, future schemes could consider introducing a tiered support threshold to reduce burden and improve accessibility. This could potentially be linked to annual energy use.

Lesson 2: Consider alternatives to the three-quote requirement

In several asset categories, the local supply base was too thin for SMEs to secure three competitive quotations. This slowed progress and created administrative inefficiencies.

Recommendation:

Allow applicants to justify cases where three quotes are impractical, and/or offer scheme-approved supplier lists, to streamline delivery and reduce unnecessary friction.

Lesson 3: Ensure mechanisms in place to improve delivery

BEAS Phase 1 had several mechanisms in place to identify challenges, share learning and improve delivery, many of which proved effective. These included DESNZ lessons learned workshops, monthly Delivery Partner (DP) meetings, and regular forums between DPs, WMCA and DESNZ. These mechanisms enabled issues to be identified and addressed during delivery and supported iterative improvements, most of which were implemented in Phase 2.

Recommendation:

Future programmes should embed structured learning and feedback mechanisms from the outset, similar to BEAS. This should be within a clear framework to manage and limit the frequency of changes so that continuous improvement does not create unnecessary complexity or delivery burden.

Lesson 4: Allow for sufficient time to set up the scheme

Delays in launching BEAS Phase 1, combined with the need to work at pace to utilise the available funding before 31 March 2025, reduced the overall scheme delivery period. This shortened timeframe impacted the effectiveness of marketing activities, reduced SME engagement and ultimately lead to lower delivery than originally targeted.

Recommendation:

As far as practically possible, future schemes should ensure contracting, governance and delivery arrangements are fully finalised well in advance of launch (for example, at least three months beforehand), with contingency planning for timeline extensions if delays occur, while carefully considering funding and spending review constraints.

Lesson 5: Improve consistency in delivery processes

Most SMEs were satisfied with BEAS delivery and audit quality. However, the evaluation identified inconsistencies in audit methodologies, report quality and QA processes across delivery partners. Some SMEs reported that their audit reports were insufficiently tailored, lacked depth, or contained inaccuracies, which affected how the scheme was experienced and influenced perceptions of value and outcomes. These inconsistencies highlight the consequences of variable delivery processes across DPs.

Recommendation:

Future schemes should establish clear, detailed and mandatory guidance from the outset on audit methodologies, on-site delivery expectations, audit report content and templates, and quality assurance processes (with continuous oversight from scheme leads).

Lesson 6: Having a centralised data portal

The absence of a fully functioning centralised data portal during Phase 1 created significant challenges, including fragmented data capture, inconsistent data quality, and duplication of information requests. While a CRM system was originally planned and expected, it was not successfully implemented, resulting in continued reliance on spreadsheet-led processes.

In Phase 2, a new data portal was introduced, representing a substantial improvement in data management given the extremely limited funding available. Although this solution did not constitute a best-in-class CRM, it provided a more structured and efficient alternative to the Phase 1 approach. Despite these improvements, delivery stakeholders reported ongoing limitations and noted that the system was still not fully fit for purpose.

Recommendation:

Future programmes could have a fully tested centralised data system in place, designed to collect information once and enable its use across multiple stages (e.g. audit assessment and grant assessment), with clear data flows and responsibilities agreed upfront.

Lesson 7: Provide clarity about data requests

The BEAS scheme's first objective was to build an evidence base for future policy, whilst also supporting SMEs. However, this was not consistently communicated to or clearly understood by all Delivery Partners. BEAS was therefore perceived by many delivery stakeholders as highly data driven, with extensive data requests, some of which were not clearly linked to delivery needs or ultimately used. As a result, data requirements were experienced as burdensome, contributing to frustration among SMEs and Delivery Partners. This highlights an important lesson around the need for clearer and earlier communication of policy intent, particularly for pilot schemes, which are inherently likely to be more data-intensive than other schemes.

Recommendation:

Future schemes should agree and clearly justify essential data requirements before launch and ensure all Delivery Partners are clear about these, whilst still balancing evaluation and learning needs with SME support objectives.

Lesson 8: Proportionate resourcing for post-audit assistance

Scheme Delivery Representatives and auditors reported providing substantial post-audit and pre-grant application support to SMEs, particularly smaller businesses. This support was essential to enable grant applications but due to limited funds was not funded within delivery contracts, placing additional pressure on DPs and diverting resources from other activities. Similar support was also required to clarify audit findings and address report inaccuracies.

Recommendation:

Where possible within budgets, funding allocations for delivery partners and auditors should explicitly account for post-audit and pre-grant support requirements, ensuring sufficient resourcing to support SMEs through grant applications and follow-up activities without relying on unfunded delivery effort.

Theory of Change assessment

The Theory of Change assessment shows that BEAS largely delivered its intended inputs and activities, with funding and staff resources enabling the mobilisation of delivery partners, the promotion of the scheme, and the delivery of free energy audits and capital grants. This indicated that early causal links in the ToC largely held true.

BEAS helped to address a range of barriers faced by SMEs to implement carbon and energy saving measures. Evidence shows that the scheme reduced information barriers by clarifying who to approach for support and the nature of energy efficiency measures available and their benefits. However, barriers related to planning and regulatory requirements, landlord control over premises, and limited internal capacity within smaller SMEs continued to constrain implementation for some businesses.

Lesson 9: Consider wider forms of finance to support implementation

Financial barriers were partially overcome through BEAS, particularly for SMEs that received BEAS capital grants. However, financial constraints remained the most significant barrier overall, especially for SMEs that did not receive a BEAS grant or other grants. These businesses often felt that the 50 per cent match funding requirement was not affordable and that having to pay the full cost of measures upfront placed too much pressure on cash flow.

Recommendation:

Future schemes should consider alternative and more flexible approaches to reducing financial barriers for SMEs. This could include zero interest or low interest loans to cover all or portions of the costs, with some costs then reimbursed via the grant once the energy efficiency measure is successfully installed. A means tested approach could be considered for providing grants with a lower requirement for match funding.

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