Leeds City Region
Enterprise
Partnership

Jolly Sailor saves 550,000 pints of water and reduces costs following support from the Resource Efficiency Fund

Resource Efficiency Fund

Summative Assessment Report

add specialists
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CONTENTS

Executive Summary

This Summative Assessment is focussed on the Resource Efficiency Fund (REF) project. The project was awarded funding of £1,144,989 from the European Regional Development Fund (ERDF) towards a total cost of £2,658,782 as outlined in the original Funding Agreement. The total project cost rose to £2,848,403 during the course of delivery and the ERDF contribution rose to £1,143,951.

The REF project contributes to Priority Axis 3 '*enhancing the competitiveness of small and medium-sized enterprises (SMEs)*', and Investment Priority 3c which aims to '*support the creation and the extension of advanced capacities for product and service development.*' The project began on 1st November 2016 and is due to conclude on 31st December 2019. This Summative Assessment report focusses on the period from the start date through to the 30th September 2019. However, projected performance through to 31st December 2019 is included in the analysis.

The project has been independently evaluated by add specialists and key findings are:

- **The project was designed very effectively** and drew on bespoke research including a focus group with small businesses to understand their perception of resource efficiency, and the barriers they face when considering investment.

- Businesses had a wide range of initial aims when contacting the service. The most common aims were obtaining financial support (31% of responses); gaining expertise and help (22% of responses); and, reducing energy use (21% of responses).

- Project activities were delivered effectively and **89% of businesses were either highly satisfied or satisfied overall.** 97% of businesses agreed, or strongly agreed that the resource efficiency assessment was 'thorough and explored all relevant areas of the business.'

- **Stakeholders were very positive about the project's design, delivery and impact.** For example, 93% of stakeholders agreed, or strongly agreed that the 'project had clear aims, objectives and overall rationale.' 91% of stakeholders agreed, or strongly agreed that the project management team was effective.

- **The project clearly delivered on its objective to assist businesses to invest in resource efficiency.** 24% of businesses supported had not previously invested in resource efficiency and the most significant barrier identified was 'other competing pressures on time and money' with 95% of total responses.

- **28% of businesses stated that they invested in measures above and beyond those listed in the grant application** at an average cost of £11,937. Multiplying this average cost by the 284 enterprises supported by the project equates to total additional expenditure of £0.95M.

- **On average businesses safeguarded or created 9.87 jobs over the 3 year REF delivery period, and attributed 11.5% of them to REF support. This equates to 322 jobs and Gross Value Added of £15,001,336 across the 284 enterprises supported over 3 years.**

The evaluation team conclude that the Resource Efficiency Fund project was well designed and delivered, and demonstrates significant good practice.

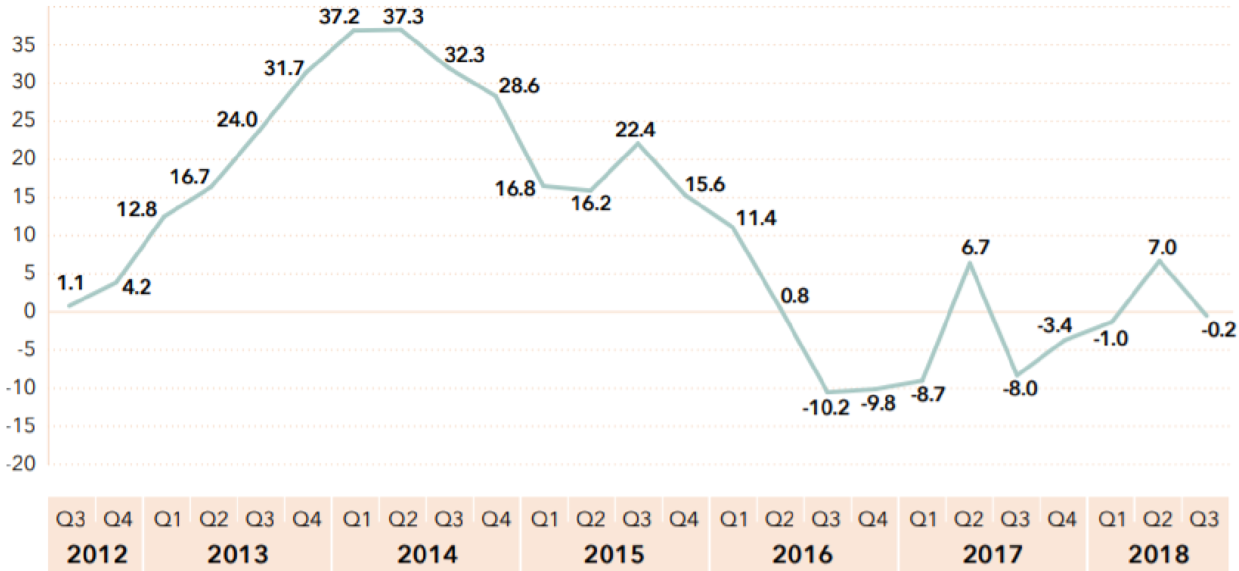
Chapter 1: Project context

1.1 - Economic and policy context:

The development of the Resource Efficiency Fund (REF) project began in early 2015. The Outline Application was submitted in September 2015 and the Full Application in February 2016. The Grant Funding Agreement (GFA) was signed on 19th September 2016 and the project commenced in November 2016.

With regards to the **economic context,** the project commenced following the referendum on the United Kingdom's (UK) membership of the European Union (EU). Key trends and changes during the course of delivering are outlined below.

i) There has been a **fall in business confidence** which commentators attribute to the uncertainty of the UK's trading relationship following an exit from the EU.

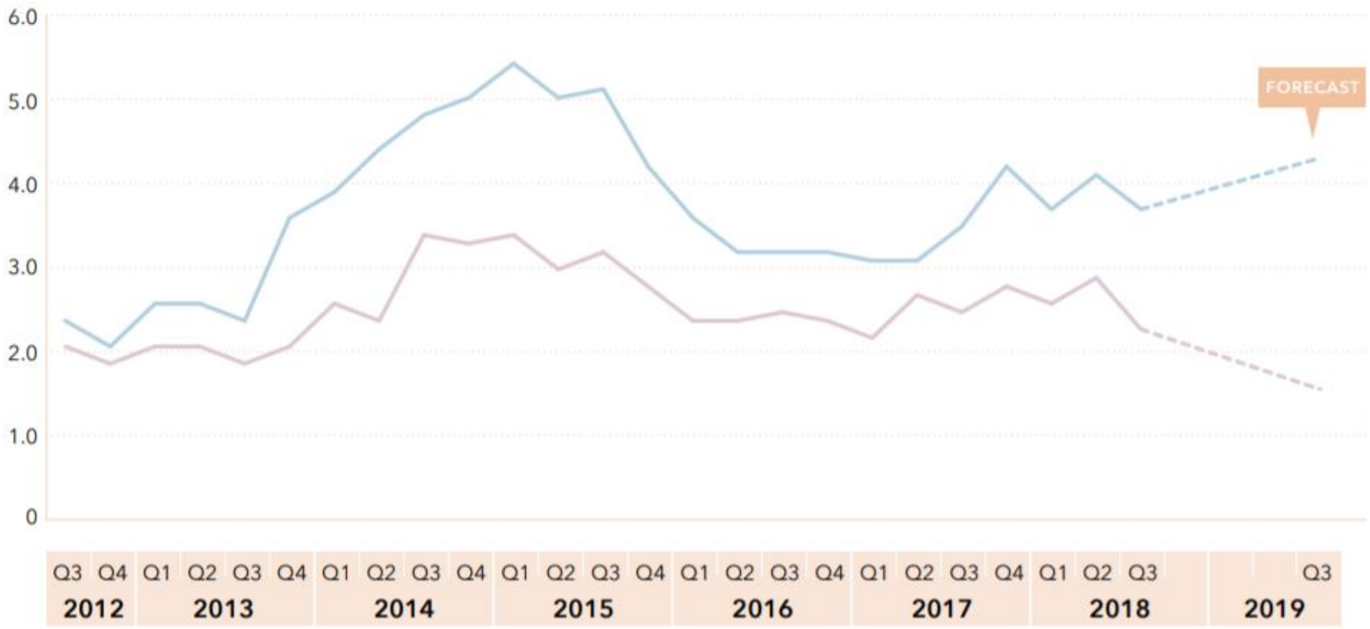


The chart above is taken from data and analysis undertaken by The Institute of Chartered Accountants in England and Wales's (ICAEW) 2018 Business Confidence Monitor (Source). The data is based on around 4,000 telephone surveys each year with ICAEW members working in industry and commerce. Each respondent is asked '*Overall, how would you describe your confidence in the economic prospects facing your business over the next 12 months, compared to the previous 12 months?*' A Confidence Index of +100 would indicate that all survey respondents were much more confident about future prospects, while -100 would indicate that all survey respondents were much less confident about future prospects.

The chart shows that business confidence has fallen from a peak of 37.3 in Quarter 2, 2014 to a low of -10.2 in Quarter 2016. When the programme was launched in January 2017, confidence was -8.7 and whilst there has been an overall increase to the current date, confidence is still considerably lower than it was in 2014.

ii) Alongside the fall in confidence there has been a **fall in business investment expectations.** The chart on the following page is again taken from the 2018 Business Confidence Monitor. The chart on the following page shows companies' expectations of profit growth in blue and capital investment growth in red.

Capital investment growth slowed in Q3 2018, to 2.2% year on year compared with 2.4% this time last year.



Spending on both Staff Development and Research & Development is also increasing markedly more slowly than profits, at 1.8% and 2.1% year on year respectively in the 12 months to Q3 2018. This implies that lack of confidence is probably the main reason for weak investment growth.

iii) There has been a **fall in the value of the pound against the euro**. The chart below is taken from Bank of England data (Source) and shows the value of the pound from September 2013 to September 2018.

The reduced value of the pound has both advantages and disadvantages for UK businesses. The chief advantage is that exported goods will be cheaper for European consumers to purchase. Businesses that export a high proportion of their goods will therefore benefit.

iv) There has been a **rise in energy prices**. While a full review of energy price changes is beyond the scope of this report, energy prices emerged as an important economic factor that influenced business decisions and interest in resource efficiency during the course of the project. This emerged within the workshop with business support partners, where rising energy bills (as well as the prominence of climate change and green issues) were seen as drivers for the REF programme having "*gone up the priority list, especially in the last few months*". This correlated to points made in a business interview, where a manufacturing company said that REF had become more relevant to them: "*energy bills had become an issue after rising considerably between 2015 and 2018*".

Brief analysis of data backs up this trend on energy prices with electricity prices for 'average' non-domestic UK consumers having risen by 11.9% over two years (between Q2 2017 and Q2 2019) and gas prices by 14.1% over the same period[1]. Rising prices will have acted as an extra motivator for businesses to take action to save energy and to engage with the REF to do so.

v) **The labour market has tightened.** Employment nationally, and in Leeds City Region, has risen during the course of the project. In Leeds City Region, the percentage of working age people in employment rose from 70.6% in 2014 (Jan-Dec) to 73.3% in 2018 (Jan-Dec)[2], and this impacts on vacancies within sectors, more difficulty in recruiting staff, and greater importance of staff retention. While not directly impacting upon resource efficiency, this could impact on the benefits of energy and lighting improvements to workplace environments and staff morale.

Overall, the economic context has been challenging. In particular the fall in business confidence and investment levels represents a potential barrier that the project had to overcome.

With regard to **policy context**, the following main factors are relevant:

i) **Position within the Leeds City Region Strategic Economic Plan (SEP).** The project was identified as a priority within the 2014 Strategic Economic Plan (SEP) developed and published by Leeds City Region Local Enterprise Partnership (LEP). The FA highlights that data from the LCR business survey 2015 reveals that business engagement with resource efficiency had dropped over the previous 4 years, and this may have been one factor that supported inclusion in the SEP.

Despite energy and environmental issues often not being seen as a high priority issue in 2015, the refreshed SEP for 2016-2036 retained '*Clean Energy and Environmental Resilience'* as one of its four Priorities and '*Resource Efficient Business'* was identified as one of four Action Areas within this. There is a specified action to "*deliver advice and financial support to businesses who want to reduce costs associated with environmental resources like waste, water and energy."* Clearly this maps very closely to the REF and provides a clear strategic fit which has underpinned the existing programme and supports its future renewal.

ii) **Government Policy has become increasingly supportive.** The publication of the new UK Industrial Strategy[3] included an emphasis on Clean Growth and resource efficiency. It included positive messages about low carbon solutions and resource productivity and included Clean Growth as one of its four *Grand Challenges*: "*The move to cleaner economic growth – through low carbon technologies and the efficient use of resources – is one of the greatest industrial opportunities of our time*".

This, and the more recent setting of binding targets to become carbon neutral by 2050 have set an increasingly positive policy climate for action on energy and climate change which is likely to have benefited the project, and how it is viewed. Indeed, this emerged in one of the workshops which noted that the REF project had risen up the LEP agenda in terms of perceived importance with more emphasis on climate change in national policy and with a number of local authorities within the city region declaring a climate emergency.

iii) **There has been a general increase in the prominence of climate and environmental issues.** Whilst businesses may, or may not, have been aware of the nuances of government and regional policy agendas, they will have noticed the increased prominence of these issues within the national media. In particular, extra focus on climate change given its increasing impact and high profile campaigns such as Extinction Rebellion, and focus on the damage associated with single use plastics, have been high profile.

[1] https://www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector
[2] https://www.nomisweb.co.uk/reports/lmp/lep/1925185551/subreports/ea_time_series/report.aspx?
[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

This is likely to have led to environmental issues as being seen as more important by the population as a whole – including business owners and their workforces. This was backed up by the workshops and business interviews, where one said that "*it fits with our principles - everybody likes to feel that we're making progress*". Others talked of the importance of having a good environmental policy in terms of securing orders and conveying the right impression to customers.

1.2 - Logic model:

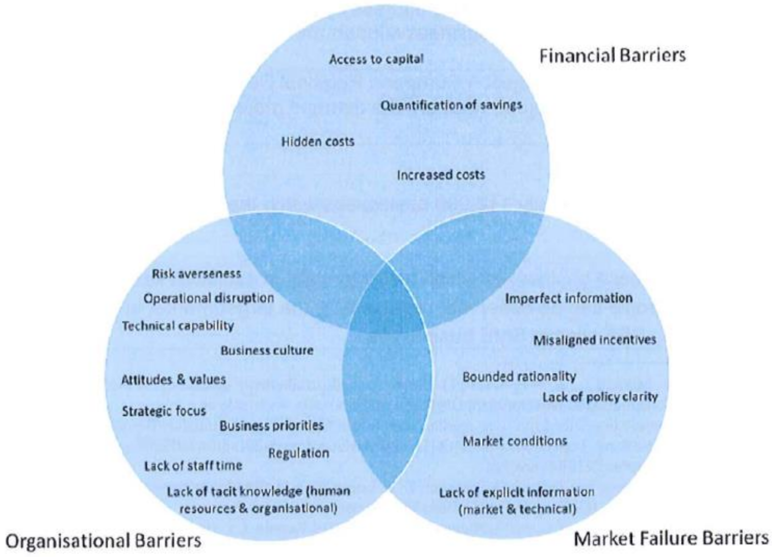
The **context** provided in the logic model is that the Leeds City Region Strategic Economic Plan (SEP) highlighted the need for a scheme to support small and mediums sized enterprises (SMEs) to take measures to improve resource efficiency. Resource efficiency is defined as any action or intervention that results in a reduction in waste, energy, water or greenhouse gas emissions.

The need for the project was also identified in the Local Enterprise Partnership's (LEP) European Structural and Investment Funds (ESIF) Strategy which states that: "*for Leeds City Region businesses to be competitive now and in the future, we will need to put in place the right support to ensure that goods and services can be produced in the leanest, most efficient way*." The ESIF Strategy highlights that "*SME's are particularly less likely to make such investments, as a result of both a lack of capacity to address the issue and the up-front cost of capital.*"

The **market failure assessment** highlights the following factors:

- imperfect information regarding the benefits for resource efficiency measures;
- difficulties of accessing finance for investment, despite short payback periods; and,
- competing investment pressures in individual SMEs.

The market failure assessment summarised in the logic model is augmented by the following diagram in the Full Application (FA). The diagram reflects research undertaken when the REF project was being designed and highlights the financial, organisational and market failure barriers that SMEs face in relation to resource efficiency. As outlined in the FA: "*cost savings alone are not a sufficient catalyst to action… other barriers interact to limit the uptake of energy efficiency measures.*"



The logic model outlines that the **project objective** is to: "*establish a new business support product that will remove barriers preventing SMEs investing in cost effective resource efficiency measures that reduce waste, energy, water or greenhouse gas emissions, providing information, support and incentives to increase investment in resource efficiency measures across the City Region's SME base.*"

The **rationale** provided for the project in the model is that there are clear benefits for SMEs investing in resource efficiency measures including cost savings, increased productivity, and reduced exposure to volatile and high commodity prices. The project aims to address the market failures detailed above through the provision of detailed advice; guidance on suitable sources of funding; wrap around business support to SMEs to increase the implementation rate from assessment to improvement; and, funding of up to 50% of cost with grants from £1,000 to £10,000.

The logic model confirms that the main **inputs** are ERDF funding of £1.145M matched with £0.72M from the LEP's Local Growth Fund and £0.8M from SME's investing in resource efficiency measures. Key **activities** funded with these inputs are free resource efficiency assessments; up to 2.5 days wraparound business support per SME; and grants of between £1,000 and £10,000 at an intervention rate of 50%.

The forecast **outputs** from the logic model are replicated in the table below:

Output	Forecast
SMEs receiving support	303
SMEs receiving non-financial support	200
SMEs receiving grant support	133
SME match for grant support	£931,694
SMEs receiving information, diagnostic and brokerage support	75

These outputs lead to the following forecast **outcomes**:

Outcome	How measured	Baseline
Reduced energy/fuel use	Estimated kWh reduction per annum	1m kWh
Waste diverted from landfill	Estimated tonnes diverted from landfill per annum	6,000 tonnes
Reduced water use	Estimated m^3 reduction per annum	12,000 m^3
Cost savings from reduced resource use	Estimated financial savings per annum (£)	£491,000

Finally, the model forecasts the following **intended impacts**:

- Increase in awareness and take-up of resource efficiency measures amongst SMEs;
- Reduction in greenhouse gas emissions; and,
- Increased SME productivity.

Overall the logic model is clear and consistent. The logic model clearly describes the project's purpose and there are clear linkages from the market failure assessment through to the inputs, outcome and impacts. The logic model suggests that the project has a clear purpose and focus and subsequent sections of this Chapter will explore the project's design in more detail.

1.3 - Delivery approach:

The Full Application (FA) highlights that the REF project's design was informed by an extensive review of resource efficiency schemes operating in the United Kingdom (UK). As outlined in the FA the research on projects with similar aims "*directly influenced the delivery model for the REF*" including "*supporting the introduction of wrap-around business support to increase conversion of recommendations to implementation by addressing business priority and resource issues.*"

The applicant for the REF project was West Yorkshire Combined Authority. Resource efficiency is defined as '*any action or intervention that results in a reduction in waste, energy, water or greenhouse gas emissions.*' It is made clear in the FA that the project cannot proceed until a contract is in place for ERDF funding. A detailed **milestone** table is provided and some key extracts are provided below:

Milestone	Start date	Completion date
Recruitment process for delivery team	01/09/2019	25/11/2016
Procurement for Technical Assessors (ITT)	22/02/2016	16/05/2016
Technical Assessors contracting	08/08/2016	30/09/2016
Fund launch	January 2017	January 2017
First business assisted	January 2017	January 2017
Last business assisted	October 2019	October 2019

The project's **key activities** are outlined as follows in the FA:

- Provide SMEs with detailed advice on potential measures that they could implement to reduce costs and improve their resilience;
- Provide wrap-around business support to SMEs to increase the implementation rate from assessment to implementation; and,
- Support SMEs in implementing identified resource efficiency measures through a 50% match-funded grant of between £1,000 and £10,000.

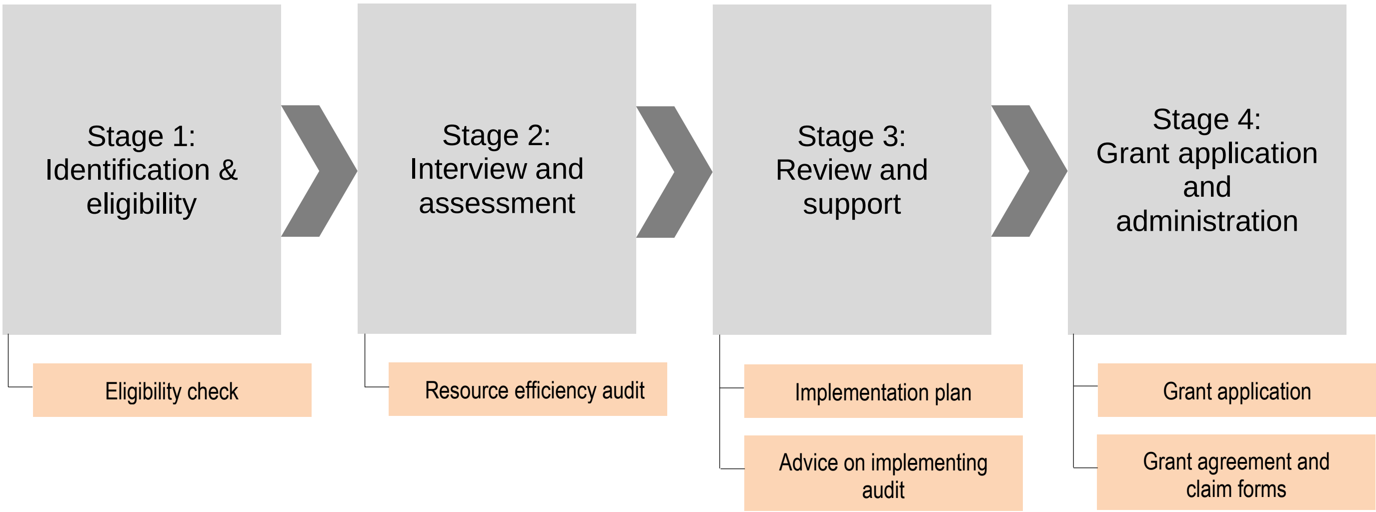
The application outlines the Combined Authority's commitment to ensure that support offered is demand-led and tailored to individual businesses' needs. The project is described as being open to all **sectors** but priority will be given to 'high resource impact' businesses in the following key growth sectors: food and drink; advanced and innovative manufacturing; health and life sciences; creative and digital; low carbon and environmental; and, financial and professional services.

With regards to **staffing** the FA outlines that West Yorkshire Combined Authority, as the lead accountable body, will employ individuals to fulfil the following roles:

- 1 x Programme Manager: responsible for overall management;
- 2 x Resource Efficiency Managers: engaging with SMEs and providing advice and support; and,
- 1 x Programme Assistant: support with monitoring and reporting and administrative tasks.

Leeds City Council (LCC) is identified as a **Delivery Partner** in the FA. The Council will provide resources from their grant administration team and will assess applications; process funding claims; and, collate and verify evidence of cost defrayal. The FA sets out that West Yorkshire Combined Authority will procure Technical Assessors who will complete on-site resource efficiency assessments for SMEs. These assessments will explore opportunities for improving SMEs' resource efficiency.

The project's **customer journey** is described as consisting of four stages as summarised in the diagram prepared by the evaluation team below.



Stage 1 - Identification and eligibility:

The REF project will be integrated with the LEP's Growth Service which will handle initial enquiries generated by marketing efforts. The FA states that "*marketing costs will be used mainly to fund small sectorally and geographically focused events and the production of marketing collateral... Where possible the marketing activities will be undertaken in an integrated manner with other LCR Business Growth Service activities to avoid duplication and increase value for money.*"

The FA outlines that Growth Managers are seen as a "*source of lead generation*" for REF project. A basic eligibility check will be completed before the business is passed to one of the Resource Efficiency Managers. The FA sets out the initial expectation that "*the Growth Service will have an online eligibility tool.*"

At the point the FA was submitted there were 89,020 SMEs in Leeds City Region (LCR) – 99.5% of the total business stock. The FA outlines that there are 7,400 manufacturing businesses, the highest of any core city LEP, and such businesses "*are particularly suited to resource efficiency support in terms of maximising potential impact on cost and greenhouse gas emission savings.*"

The FA also outlines that analysis of the LCR Business Survey 2015 reveals that "*around 15% to 30% of businesses are planning to engage in actions… that fit REF.*" Applying this figure to the 89,020 SMEs equates to a possible target group of 13,500 to 26,700 SMEs.

Stage 2 - Interview and assessment:

In the interview the Resource Efficiency Manager will determine whether a type I or type II assessment will be needed. A type I assessment is selected where the Manager identifies obvious, but limited, opportunities for efficiency improvement (for example, lighting, heating, windows, or insulation). Type I assessments typically takes 1 day for a Technical Assessor to complete. A type II assessment is selected where a more, in-depth resource efficiency assessment is required. Technical Assessors are given 2 days to complete Type II assessments.

The FA outlines that the REF will draw on the experience of a panel of Technical Assessors. At the point the FA was submitted the procurement of these Assessors was on-going.

The assessment will review opportunities for savings across energy, water and waste along with an estimate of the cost of implementation and the savings that could be achieved enabling businesses to make a judgement about the balance of costs and benefits, and the payback period.

As outlined in the FA if a business has previously had an assessment through another scheme, a review will be undertaken in order to fast track the grant application.

Assessors obtain bills from businesses covering the past 12 months and this enables a calculation of a baseline consumption use. Reported savings are based on the projections in the assessor's report.

Stage 3 - Review and support:

Once the assessment has been completed the Resource Efficiency Manager will agree an implementation plan with each business which will "*include additional wrap-around support needed by the business to implement recommendations.*" The FA outlines that businesses will obtain 3 quotes from suppliers before submitting a grant application.

Stage 4 - Grant application and administration:

The FA outlines that businesses will be given advice on how to effectively complete the REF grant application and procure suppliers to implement the assessment recommendations. LCC will appraise submitted applications and as part of the validation process procurement documentation will be reviewed. LCC will issue a grant agreement where applications are approved. Once a business has completed the improvements and paid their procured suppliers they will submit a claim for 50% of the cost to LCC.

The FA outlines that businesses may receive the following **benefits**:

- Increased awareness of potential resource efficiency opportunities;
- Increased understanding of how to implement resource efficiency interventions;
- Reduced resource costs improving competitiveness;
- Increased resilience to future resource price increases;
- Increased potential for job creation and safeguarding as a result of improved profitability; and,
- Improved environmental credentials enabling businesses to sell their Corporate Social Responsibility to customers.

The FA outlines that West Yorkshire Combined Authority's expectation that the evaluation will be completed in-house and states that "*while the REF is not designed, or expected, to generate significant employment and productivity related outputs, where possible the evaluation will capture and consider perceived impacts (via a beneficiary survey) on other aspects which may include increases in productivity; energy efficiency; and, in the number of SMEs deploying low carbon practices, processes, services or products.*"

In addition to the **outcomes** shown in the logic model the FA outlines an aspiration that the implementation of resource efficiency measures may lead to new behaviours by SME employees.

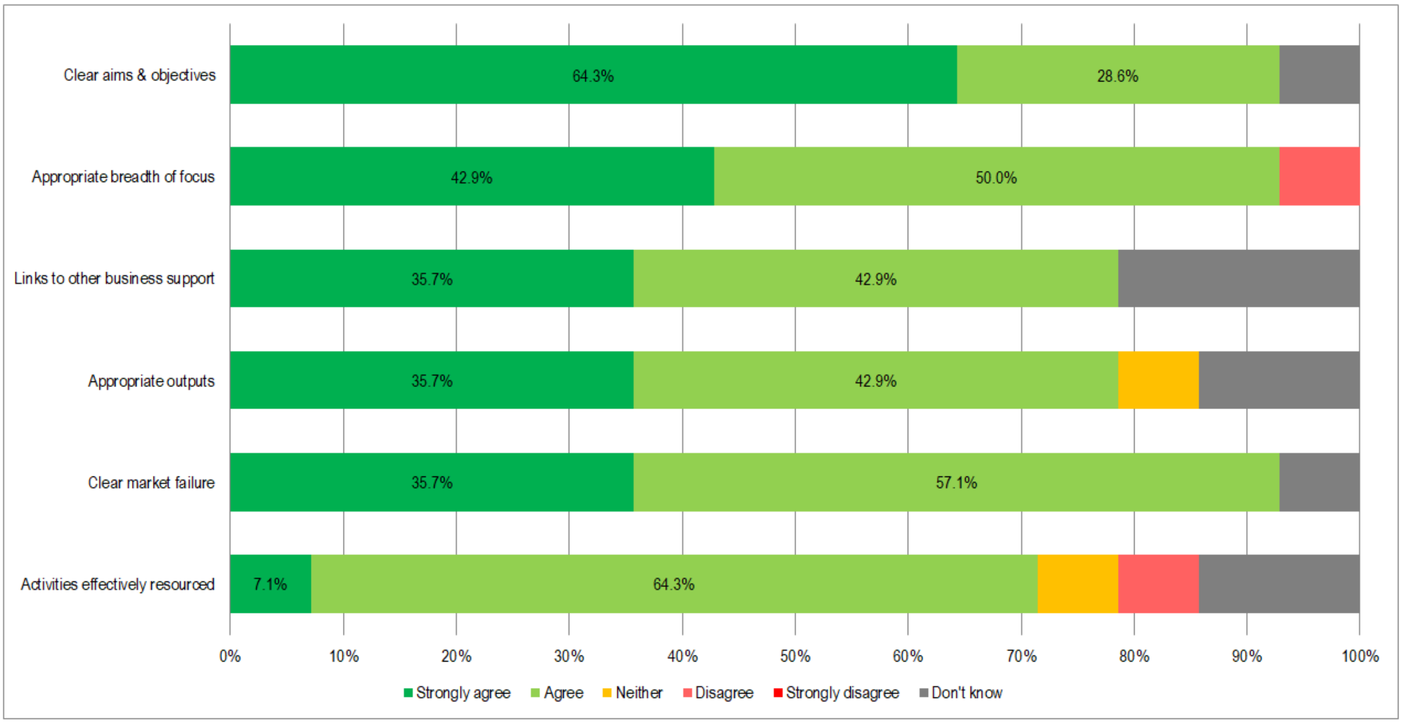
Stakeholders were asked for their views on the project's design. Specifically they were asked to identify the extent to which they agreed or disagreed with the following statements:

- The project was designed to address a clear market failure.
- The project had clear aims, objectives and overall rationale.
- Key activities including marketing and staffing were effectively resourced.
- The breadth of the resource efficiency focus which included water consumption, energy consumption and waste reduction was appropriate.

- The project's output targets were appropriate given the scale and proposed activities.
- The project's design included links to other relevant business support activity in the City Region.

Analysis of their responses is provided in the table and chart below:

	Strongly agree	Agree	Neither	Disagree	Strongly disagree	Don't know
Addresses clear market failure	35.7%	57.1%	0.0%	0.0%	0.0%	7.1%
Clear aims and rationale	64.3%	28.6%	0.0%	0.0%	0.0%	7.1%
Key activities were resourced	7.1%	64.3%	7.1%	7.1%	0.0%	14.3%
Breadth of focus was appropriate	42.9%	50.0%	0.0%	7.1%	0.0%	0.0%
Output targets were appropriate	35.7%	42.9%	7.1%	0.0%	0.0%	14.3%
Effective links to other business support	35.7%	42.9%	0.0%	0.0%	0.0%	21.4%



As can be seen, 93% of stakeholders agreed, or strongly agreed that the 'project had clear aims, objectives and overall rationale.' This is a very encouraging response and suggests that stakeholders are strongly of the view that the project had a clear rationale expressed through aims and objectives. Furthermore, 93% of stakeholders agreed, or strongly agreed that the 'project was designed to address a clear market failure.'

93% of stakeholders also agreed, or strongly agreed that 'the breadth of the resource efficiency focus which included water consumption, energy consumption and waste reduction was appropriate.' This suggests that the project team set an effective scope for the resource efficiency activities.

As can be seen responses on the other 3 questions were also positive, with 79% agreeing that there were effective links to other business support and the same proportion agreeing that output targets were appropriate. Finally, 71% agreed that ‘key activities including marketing and staffing were effectively resourced’ and the remaining 29% either didn’t know, disagreed or neither agreed, nor disagreed.

Stakeholders were also asked if they had any strong views about the project's design. Comments to this open text question included:

“*Outputs were determined to a certain extent by the available funding sources which do bring some restrictions in terms of being able to fully and flexibly respond to individual business needs.*”

“The breadth of the project in terms of the resources targeted was appropriate, but a broader perspective that addresses the underlying reasons for resource inefficiency would be better - i.e. taking a circular economy approach that also targets business model innovation.”

“There were some minor faults in the initial design but I believe the lessons of these have been learnt for REF2. A simple example would be that the projected carbon reductions for the project at design stage were over-stated (and consequently not achieved) as no allowance was made for grid decarbonisation over the project period.”

The evaluation team completed two workshops – one with the delivery team, and one with stakeholders. Participants were asked about their understanding of the project’s aims and its breadth of activity. The ensuing discussion in both workshops pointed to clear understanding of (and support for) the project’s aims and activities.

There was more variation in view around the project’s breadth. Some participants in the first workshop (with the project team and suppliers) highlighted that there are some types of measures that businesses would like REF to support that it currently does not, including transport (electric vehicles), renewables and circular economy measures. And in the second workshop, suggested improvements included “*do more than energy – widen it out to other business environmental issues and circular economy opportunities*”.

1.4 - Funding Agreement variations:

The Grant Funding Agreement (GFA) was signed on the 19th September 2016. Five Project Change Requests (PCRs) were submitted and approved during the course of the project and they are summarised below. Some minor amendments were also approved but they did not require the issue of formal variation. These minor amendments are also summarised below.

Variation 1:

A PCR was submitted in February 2017 and outlined factors that resulted in the start of the project being delayed. For example, the PCR explains that whilst the Full Application (FA) was submitted in March 2016 a decision on it was not received until August. "*West Yorkshire Combined Authority has a policy not to recruit during August. At the point of recruitment in September, there was a further 3 week delay due to the introduction of a new Combined Authority corporate decision to change from job descriptions to role profiles.*" The PCR outlines that the Programme Assistant role was not filled at the first opportunity and "*by the time notice periods were accounted for this meant the team was not fully staffed until 3/1/17.*"

As explained in the PCR this delay not only reduced expenditure on staffing. "*Delays to resourcing the programme meant that fewer than expected clients were seen at the end of 2016, having a knock-on effect on commissioning technical assessments.*" Furthermore, "*delays meant that no businesses were in a position to apply for and draw down grant funding in 2016.*"

The PCR did not change the total output forecast but did amend the profile of outputs, with none being achieved in the 2016 calendar year. The variation was issued on 20th April 2017.

Variation 2:

A PCR was submitted in June 2017 and outlined that Leeds City Council (LCC) wished to change their staffing structure. The PCR outlines that LCC plan to remove the Economic Development Officer (EDO) role and replace it with 2 Project Support Officers. The PCR didn't request any amendment to either expenditure or output profiles. This change was agreed in writing by MHCLG and didn't require a formal variation.

A PCR was submitted in December 2017 and sought MHCLG's approval to introducing a variable intervention rate for grants. As outlined in the PCR, "*the REF currently offers a fixed level of grant to SMEs of 50% of the total project cost. The SME's 50% contribution is recorded as a C6 output… It is proposed to change this to allow a variable contribution towards project costs of between 10 and 50% depending on the resource efficiency investment concerned.*" This minor amendment was agreed by MHCLG over email and did not require a formal variation.

The PCR included analysis that to date the average grant request was £7,490 against a forecast average grant of £6,300. In order to reduce the average grant request, and thereby achieve the full C2 output (enterprises receiving grants) West Yorkshire Combined Authority sought approval to introduce a variable rate and implement a 25% rate for LED lighting projects. "*There has been a big demand for support for these projects to the extent that they have dominated the pipeline to date. Reducing the grant level for LED lighting is forecast to reduce the overall average grant levels over time and may have the added benefit of calming demand for these projects.*"

Variation 3:

A PCR was submitted in May 2018 and outlined a number of changes to cost headings as summarised below:

- Salaries: a 6% reduction was requested due to LCC spending less than forecast, and West Yorkshire Combined Authority bringing grant processing in-house.

- Other revenue costs: a 67% reduction was requested as staff have made use of public transport at no cost to the project and less workshops were being delivered than initially forecast.
- Marketing: a 24% reduction was requested with savings delivered by completing written case studies in-house.
- Consultancy: a 12% fall in the cost of assessments, explained as follows: "*the split of assessment types has been significantly different from original predictions, resulting in a lower average cost of assessment.*"
- Building & construction and plant & machinery: a 74% rise in building and construction costs in grant expenditure and a 45% fall in plant and machinery grant expenditure.

The PCR requested an overall fall in revenue expenditure offset by a rise in capital expenditure. Essentially, the project was costing less to deliver than forecast and the Combined Authority used this under-spend to increase the value of grants issued to SMEs. This led to a rise in the following outputs:

- C2: Enterprises receiving grants – rise from 129 to 133;
- C4: Enterprises receiving non-financial support – rise from 174 to 200;
- C6: Private investment matching grants – rise from £812,700 to £931,694; and,
- P13: Enterprises receiving brokerage – rise from 18 to 75.

The PCR was formalised with a variation to the GFA signed in June 2018.

<u>Variation 4:</u>

A PCR was submitted in March 2019. No amendments to output forecasts were sought and the focus was on expenditure forecasts. The project's overall value increased to £2,811,703 as a result of increased private sector match levered in by transferring ERDF underspend from revenue to capital.

Amendments to individual cost headings were requested with a slight reduction in salaries, marketing and consultancy costs. There was a reduction in capital forecast on building and construction and an increase on plant and machinery. As detailed in the PCR: "*overall capital funding has increased by just over £32,000 as a result of re-allocation of revenue funding. This has resulted in a decrease in the ERDF intervention rate on capital to 38.69% for the final quarters of the project. The additional SME match required to support the lower ERDF intervention also increases the overall costs. As overall ERDF requirements have not changed, it is not proposed to change the outputs targets as this will allow the final few capital grants to be larger if necessary.*"

Finally, this PCR requested that the Summative Assessment be completed by an independent external agency, rather than in-house as originally planned. A variation was issued by MHCLG in March 2019.

A PCR on the new template was issued in May 2019. The PCR outlined the REF Programme Manager had been promoted to Interim Head of Business Support at West Yorkshire Combined Authority, but will cover project management on a 0.3 FTE basis. This created additional budget which the project team sought approval to re-allocate to additional grant funding. Some minor adjustments were made to cost headings and no changes were made to the output forecasts. The request was approved in June 2019 but did not require a formal variation to the GFA.

Variation 5:

A PCR was submitted in September 2019 outlining that the "*follow on programme (REF2) has been delayed in appraisal and we do not now expect to be able to launch this until January 2020. It is critical for the success of the follow-on programme to retain continuity of staffing and support… There is capacity within the budget to manage this by moving funds between the consultancy and salaries/FRICS budget categories without impacting on any other contracted costs or outputs. This will enable the 2 Resource Efficiency Managers to be retained until 31 December 2019, but also requires an adjustment to the Activity End Date so that they can continue with productive work which will also contribute towards successful delivery of REF2 (i.e. client engagement and assessment work). A two month extension will also enhance the project's ability to meet C1 targets which have been under pressure due to a higher than anticipated take-up of both 12 hours support and grant (due to the project's unanticipated success).*"

In summary the PCR requested:

- Adjustment of activity end date from 31/10/2019 to 31/12/2019;
- Minor amendments to some cost headings; and,
- Expenditure forecast in Q1 2020 for salaries and consultancy costs.

A variation to the GFA approving these changes was issued on 17th September 2019.

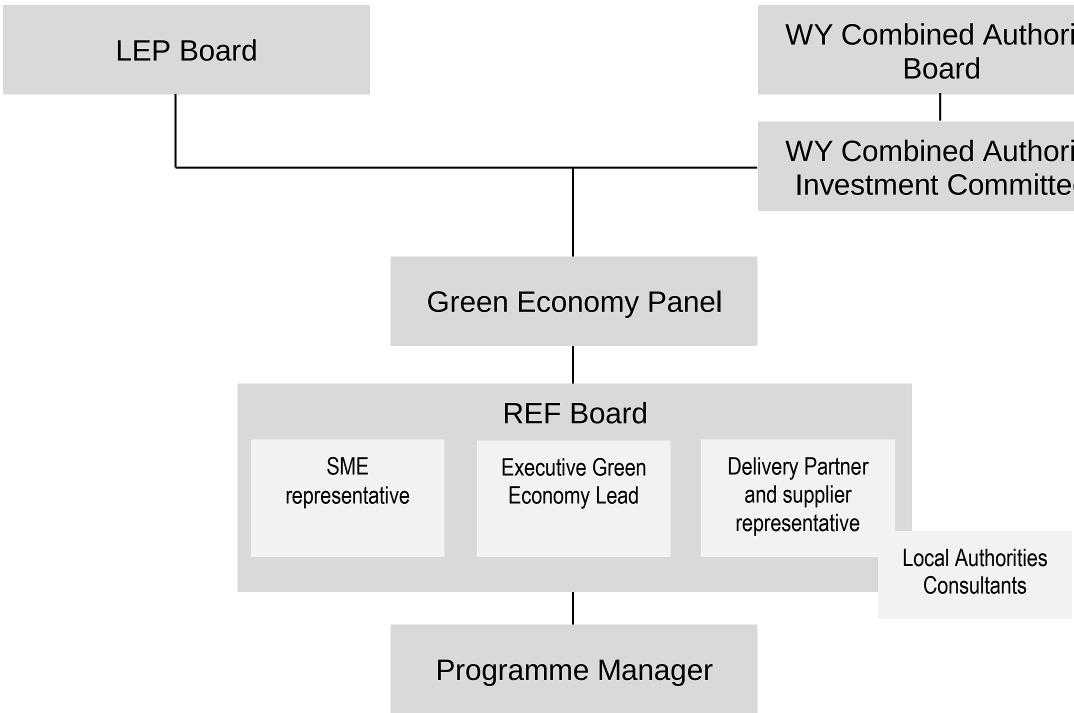
1.5 - Management and governance:

With regard to project management the FA outlines that "*day to day delivery will be managed by a central team led by a full-time Programme Manager (PM).*" This central team will "*take a lead role in co-ordinating the project including:*

- *Overseeing delivering of the fund, including all monitoring and reporting requirements, and marketing the scheme*
- *Administering the grant approval, verification and monitoring processes; and,*
- *Working with the Combined Authority's finance team to process and validate quarterly claims.*"

The PM will co-ordinate delivery across internal Combined Authority resources, external delivery partners and suppliers. With regard to **governance** the PM will report quarterly to the REF Board which will be responsible for oversight of activity, spend and outputs. The FA outlines that the Board will consist of representation from West Yorkshire Combined Authority Management, the Delivery Partner (Leeds City Council) and the SME sector.

The Green Economy Panel will be responsible for ensuring that the project continues to meet its strategic objectives and deal with any issues escalated from the Board. As outlined in the FA, "*the Green Economy Panel is a sub-panel of the LEP Board, chaired by a LEP Board Member responsible for policy and delivery of programmes linking carbon reduction with economic growth.*" The FA states that the "*ultimate decision making body for the REF will be the* West Yorkshire Combined Authority *Board.*" The diagram below, is based on one in the FA.



Based on the information in the FA, the project team appears to have sufficient resource, and the roles appear appropriate. The inclusion of a full-time Programme Manager is critical as this provides one individual with overall operational responsibility. The governance arrangements appear to be strong, with a direct line from the project team through to the Board, the Green Economy Panel and ultimately the Boards of the LEP and the Combined Authority. It is worth noting that the project transferred to Economic Services after the submission of the FA and oversight fell jointly between the Green Economy Panel and the Business Innovation and Growth Panel. Comments at the project team and supplier workshop supported the conclusion on having appropriate resources and governance.

1.6 - Conclusion:

To conclude this Chapter, the evaluation team find that the REF project was well-designed. It had a clear rationale which recognised that there are benefits for SMEs investing in resource efficiency measures including cost savings, increased productivity, and reduced exposure to volatile and high commodity prices. However, market failures discourage small businesses from investing and these barriers include imperfect information regarding the benefits for resource efficiency measures; difficulties in accessing finance for investment, despite short payback periods; and, competing investment pressures in individual SMEs.

The economic context at the point the project was being designed was relatively stable but delivery commenced against a challenging backdrop with falling business confidence and investment levels. The economic context did make delivery more challenging in the evaluation team's view, although rising energy prices and interest in 'green issues' will have offset this to some extent by increasing appetite to engage and the benefits for businesses accessing the project. The policy context at the point the project was being designed was supportive, but awareness of the need to help businesses reduce resource consumption and waste has risen dramatically during delivery, linked to increased focus on the climate emergency and broader environmental issues.

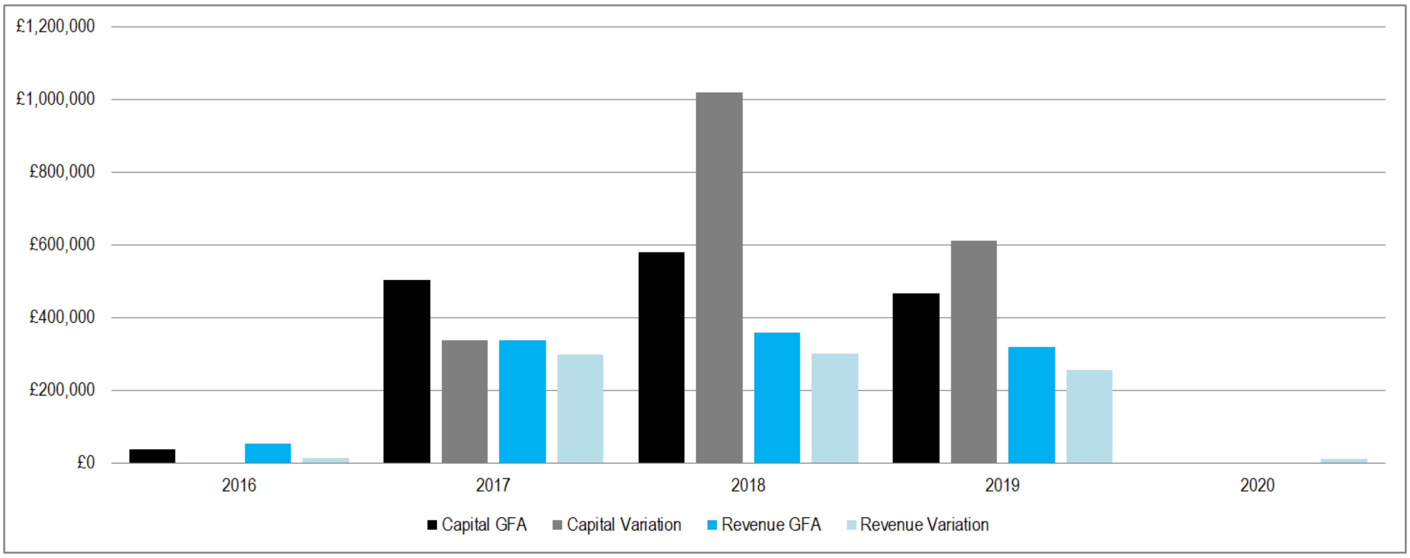
The project's delivery model again was carefully thought through. The project team reviewed other resource efficiency schemes in operation across the UK and incorporated best practice. The inclusion of wrap-around support in particular was wise given the identified complex market failures. The output targets appear appropriate given the project's aim and objectives, and the level of resource.

Chapter 2: Project progress

2.1 - Performance on expenditure and output targets:

The table and chart below shows the total **expenditure profile** from the original Grant Funding Agreement (GFA) and the most recent variation.

		2016	2017	2018	2019	2020	TOTAL
GFA	Capital	£37,800	£504,000	£579,600	£466,200	£0	£1,587,600
	Revenue	£52,590	£337,459	£358,294	£317,571	£0	£1,071,182
	Total	**£90,390**	**£841,459**	**£937,894**	**£783,771**	**£0**	**£2,658,782**
Latest variation	Capital	£0	£337,978	£1,019,310	£611,615	£0	£1,968,903
	Revenue	£13,542	£298,048	£299,982	£256,247	£11,680	£879,500
	Total	**£13,542**	**£636,025**	**£1,319,292**	**£867,862**	**£11,680**	**£2,848,403**
Difference	Capital	-£37,800	-£166,022	£439,710	£145,415	£0	£381,303
	Revenue	-£39,048	-£39,411	-£58,312	-£61,324	£11,680	-£191,682
	Total	**-£76,848**	**-£205,434**	**£381,398**	**£84,091**	**£11,680**	**£189,621**



As can be seen, expenditure in 2016 and 2017 was lower than expected (actual spend of £649,567 against original target of £931,849). Expenditure was higher than forecast in the GFA in both 2018 and 2019 and overall the project is forecast to spend £189,621 more overall. With regard to the balance of capital and revenue expenditure, the original GFA had capital at 60% and revenue at 40%. In the latest variation capital has increased to 69% of total expenditure, with revenue at 31%.

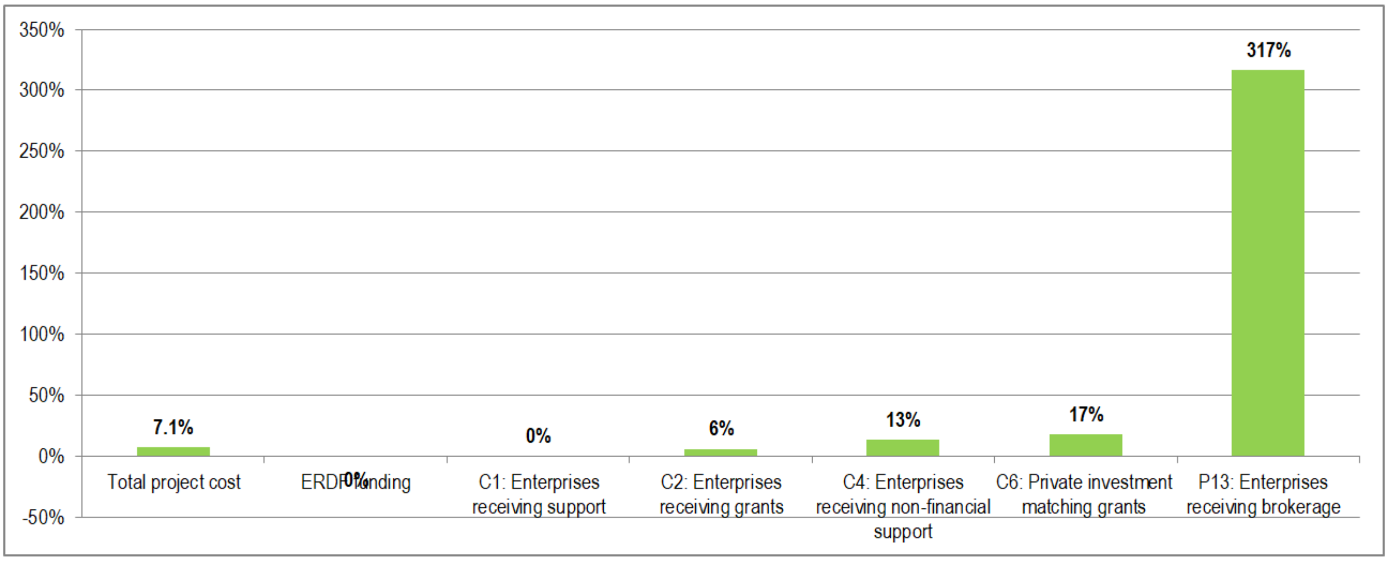
The table below shows the output profile from the original GFA, and the variation signed on 22nd May 2018 which was the last variation that amended the output forecast.

		2016	2017	2018	2019	2020	TOTAL
C1: Enterprises receiving support	GFA	7	99	110	87	0	**303**
	Variation	0	94	107	102	0	**303**
	Difference	-7	-5	-3	15	0	**0**
C2: Enterprises receiving grants	GFA	3	40	46	37	0	**126**
	Variation	0	22	74	37	0	**133**
	Difference	-3	-18	28	0	0	**7**

		2016	2017	2018	2019	2020	TOTAL
C4: Enterprises receiving non-financial support	GFA	4	59	64	50	0	**177**
	Variation	0	89	55	56	0	**200**
	Difference	-4	30	-9	6	0	**23**
C6: Private investment matching grants	GFA	£18,900	£252,000	£289,800	£233,100	£0	**£793,800**
	Variation	£0	£168,989	£510,981	£251,724	£0	**£931,684**
	Difference	-£18,900	-£83,011	£221,181	£18,624	£0	£137,884
P13: Enterprises receiving brokerage	GFA	1	5	6	6	0	**18**
	Variation	0	12	48	15	0	**75**
	Difference	-1	7	42	9	0	**57**

The enterprises receiving support (C1) output drives the majority of the other outputs as they are a sub-set of it. As can be seen, the project had a slightly slower start than forecast on the C1 output. This was compensated by a higher forecast in 2019 than the original GFA. This pattern is visible across all outputs but it is worth noting that the project has delivered an increase on all outputs with the exception of C1. The largest increase is on the enterprises receiving brokerage output with a 317% increase from 18 to 75.

The chart below shows the percentage change difference in the total project budget, the ERDF funding, and each of the outputs.



The table below is required by the MHCLG (Table F.1) and summarises the actual position on expenditure and outputs up to the end of Q3 2019, and forecast through to the end of Q4, 2019.

Indicators	Targets		Performance up to 30/09/2019		Project performance by 31/03/2020		RAG rating
	Original GFA	Latest variation	Number	% of target	Number	% of target	
Capital Expenditure	£1,587,600	£1,968,903	£1,775,827	90%	£1,957,566	99%	Green
Revenue Expenditure	£1,071,182	£879,500	£806,510	92%	£871,684	99%	Green

As can be seen, as at the end of Q3 2019 capital spend is 90% of target and revenue spend is 92% of target. The evaluation team have forecast that by the activity end date the project will achieve 99% of the expenditure targets. This is based on discussion with the project team.

Indicators	Targets		Performance up to 30/09/2019		Project performance by 31/12/2019		RAG rating
	Original GFA	Latest variation	Number	% of target	Number	% of target	
C1: Enterprises receiving support	303	303	251	83%	284	94%	Green
C2: Enterprises receiving grants	126	133	139	105%	160	120%	Green
C4: Enterprises receiving non-financial support	177	200	224	112%	239	120%	Green
C6: Private investment matching grants	£793,800	£931,684	£921,407	99%	£931,684	100%	Green
P13: Enterprises receiving brokerage	18	75	83	111%	83	111%	Green

As can be seen, as at the end of Q3 2019 the majority of outputs have already been achieved or exceeded. The only significant exception is the enterprises receiving support (C1) output which is at 83% of target. The evaluation team forecast that all output targets will be fully achieved by the activity end data with the exception of the enterprises receiving support (C1) output. A forecast of 94% has been provided by the evaluation team based on discussion with the project team.

2.2 - Factors that explain performance:

The Project Change Requests (PCR) set out the factors that led to delays in expenditure in 2016 and 2017, and the factors that led to increases in output forecasts. Stakeholders were also asked if they could identify any factors that led to delays in project activity and expenditure. A summary of the key issues is provided below:

As detailed in the previous section, the project is forecast to be within 1% of its expenditure forecast, and has over-achieved on all output measures, with the exception of enterprises supported which is forecast to be within 6% of the target. There are a number of factors which influenced this position:

Reasons for lower spend and slight under-performance on the C1 target include:

i) It is intrinsically difficult to get small businesses to invest in resource efficiency.
As detailed in the Full Application: "*cost savings alone are not a sufficient catalyst to action… other barriers interact to limit the uptake of energy efficiency measures.*" Barriers can be categorised as organisational, financial and market failure related. Organisational barriers include:

- Business culture;
- Risk aversion;
- Business priorities;
- Lack of knowledge; and
- Lack of technical capability.

Financial barriers include:

- Access to capital;
- Hidden costs;
- Increased costs; and,
- Quantification of savings.

The project was carefully designed to overcome these barriers, and the targets set were based on a review of similar projects. In the evaluation team's view, the project has performed well but it is important to recognise that getting businesses to engage with, and invest in, resource efficiency is challenging.

ii) The economic backdrop was challenging.
As outlined in Section 1.1 the economic backdrop during project delivery was challenging. There were significant declines in business confidence and investment. This backdrop magnified the barriers outlined above, and commentators agree that many businesses have moved into a holding position and are delaying major investment until there is clarity about the UK's relationship with the European Union.

Set against these, factors that explain over-achievement on most outputs include:

i) Grants awarded (the C2 output) were higher than expected - because of savings made elsewhere in the project which enabled a greater proportion of resources to be directed to businesses and actual improvement. This should be seen as an efficiency rather than a failing.

ii) The C6 output on private sector match was higher than anticipated because of the reasons above (i.e. it is proportionate to grants awarded) and because variations allowed a lower percentage grant rate where justified. Again this points to efficient use of public money.

iii) Enterprises receiving brokerage (P13) and non-financial support (C4) outputs have exceeded forecast targets, and this reflects both efficient and effective project management and operation, and initial underestimation of the importance of the brokerage element of the project.

2.3 - Performance on cross-cutting themes:

2.3.1 - Sustainable Development:

The Full Application (FA) confirms that the whole basis of REF is focussed on sustainable development. As outlined in the application "*in addition to receiving financial and non-financial support to improve resource efficiency, beneficiary SMEs will be encouraged to consider behavioural improvements that consider the consequences of their actions so as to maximise the positive environmental effects and minimise the negative effects.*"

The application also contains a commitment to favour potential suppliers in the procurement process who can "*demonstrate due concern for sustainability principles including the use of local labour to maximise social and economic benefits and minimise environmental impacts from transport.*"

Given the nature of the project, stakeholders were not asked through the online survey to identify whether sustainable development had been considered and achieved. It is clear that the project's whole rationale is to help businesses to reduce their consumption of resources, and this delivers economic benefits.

2.3.2 – Equality:

The Full Application (FA) commits that West Yorkshire Combined Authority and its partners will take steps to "*ensure that they do not discriminate, and that they promote equal opportunities… Access to the REF will be open to all regardless of gender, ethnic group or other demographic disposition… We expect Resource Efficiency Managers and suppliers to be mindful of SME needs and to provide the required support to address barriers to participation – whether these be physical, social or cultural.*" There is a commitment to ensure all events and support are accessible and that "*issues such as language and accessibility will be assessed… to ensure that reasonable adjustments be made.*"

Stakeholders were asked whether they could identify how the project has been designed, or delivered, to reflect equality and diversity considerations. Only 23% of stakeholders stated that they could identify how these considerations had been included in design or delivery. One stakeholder offered the following statement in relation to equality and diversity: "*the project was available to a wide range of businesses across a large geographical area.*"

The evaluation team are of the view that the project team were aware of equality and diversity issues during the course of delivery. For example, geographical take-up of support was closely monitored and strong efforts were made to increase awareness in areas where businesses did not appear to be engaging. The project team recognise, that despite their efforts, it remained difficult to achieve proportional take-up in some Districts, and considered whether cultural issues may partly explain the position. For the next phase of the scheme, the evaluation team recommends that businesses from under-represented areas and demographics are engaged through a focus group, or individual interviews, with a focus on how the project could successfully engage similar businesses.

2.4 – Conclusion:

The evaluation team conclude that the project has performed well on both expenditure and output targets, and has done so against a challenging backdrop with falling business confidence and investment. Whilst the project is forecast to have under-spent, the proportion is relatively modest and reflects on-going challenges in encouraging businesses to invest during a time of uncertainty in the wider economy level. The underspend also reflects efficiency in delivery with for example savings made in project transport costs and staff taking on tasks such as case study development and West Yorkshire Combined Authority bringing grant processing in-house.

The project team, and stakeholders, have a good understanding of the factors that have led to slight reduction in overall expenditure and the forecast position on the C1 output, enterprises receiving support.

The project's performance on the sustainable development cross-cutting theme has been very strong. In the evaluation team's view the performance on equality and diversity has been adequate. This certainly isn't an area that the project team have not been cognisant of, but there perhaps could be further work in the next phase.

Chapter 3: Project delivery and management

3.1 – Overview of surveys:

This Chapter draws heavily on analysis of a business beneficiary survey, and a stakeholder survey. The evaluation team designed and delivered a bespoke online survey to businesses to establish their satisfaction with the support received, and identify the benefits they felt they had received.

The business survey was issued to 403 firms that had either benefitted from a resource efficiency assessment, or a grant. Email addresses for these businesses were supplied by the project team and the survey was issued by the evaluation team. 29 email addresses were no longer in operation and 12 businesses unsubscribed reducing the total number of possible responses to 362. In practice, 99 survey responses were received equating to a response rate of 27.3%.

Responses were received from businesses in each of the nine Local Authority areas served by the project. 51.5% of businesses operated in the one of the priority sectors as set out in the Strategic Economic Plan (SEP). 75.8% of the businesses stated that they had received a resource efficiency assessment, and of these 69.3% stated that they then received a grant. 5.1% of businesses stated that they didn't receive an assessment but did receive a grant.

The stakeholder survey was issued to individuals on the Steering Group, the Green Economy Panel and responsible for delivering other business support schemes in Leeds City Region. The survey was issued by the evaluation team to 17 individuals, and staff at the Combined Authority issued it to Green Economy Panel members.

3.2 - Marketing and registration:

Discussions with the delivery team and suppliers revealed that a range of different methods were tested to **market** the project and attract businesses. These included:

- Tele-marketing;
- Linkedin;
- Video case studies;
- Referrals from other projects; and,
- Referrals from Growth Managers.

The delivery team's perception (which was confirmed in workshop discussions) was that the project would have benefitted from a dedicated marketing and communications lead, as the Combined Authority's team has lots of competing priorities.

Businesses were asked how they heard about the project and the table below shows their responses:

How did your businesses hear about REF?	Percentage of respondents
I saw some marketing information.	12.1%
I was told about it by another business.	12.1%
I was directed to it by the Growth Service.	25.2%
I was directed to it by staff at a Local Authority.	29.0%
I was directed to it by a Chamber of Commerce	3.0%
I was directed to it by the Government's national business support helpline.	3.0%
I can't recall.	12.1%

As can be seen, the most commonly source of information for businesses about REF was Local Authorities making up 29% of all responses. This is closely followed by the Growth Service which 25.2% of business respondents highlighted. It is encouraging that 12.1% of businesses were referred to REF by another business. The results fit with messages from the project team workshop which suggested that Growth Managers provided the greatest number of referrals, although with significant variation across the LEP area, and managers in some areas seemingly being better than others at proving referrals.

Stakeholders were asked how effective they thought marketing activity was and their responses are provided in the table below.

How effective was marketing?					
Highly effective	**Effective**	**Neither**	**Ineffective**	**Highly ineffective**	**Don't know**
0%	46%	0%	15%	0%	38%

Stakeholders were given the opportunity to comment on any delivery challenges that the project encountered and a four comments relating to marketing were provided. For example, "*marketing channels were unable to successfully reach eligible businesses. Marketing spend came in late when unable to talk about grants which is a draw for many businesses. Didn't have much to communicate only - "save money on energy, waste, water) - needed more triggers.*"

With regard to **registration**, both the delivery team and suppliers were of the view that the registration process was effective, though there was a preference to move the initial eligibility form online in the future. The delivery team shared information on the volume of registrations and as at the end of September 2019 there were 696 business contacts, 684 business visits with 361 assessments commissioned. There is a very low drop-out rate from initial contact to the completion of a visit. The drop-out rate from visit to assessment is higher (47%) and this reflects that the visit reveals that some businesses are not suitable, but also that some businesses do not require an assessment and can proceed with a grant application.

Stakeholders were asked how effective they thought the registration of businesses was and their responses are analysed in the table below.

How effective was registration?					
Highly effective	**Effective**	**Neither**	**Ineffective**	**Highly ineffective**	**Don't know**
21%	50%	0%	0%	0%	29%

71% of stakeholders were of the view that the registration process was either effective, or highly effective, and no one was of the view that it was ineffective. The project team and supplier workshop also pointed to an effective registration process. Furthermore, the initial Resource Efficiency Manager meeting was seen as important in screening out some businesses that can't be helped as whilst they have high energy bills there is little scope to reduce them.

With regards to the **profile of businesses**, the FA stated that the project would be open to all sectors with priority will be given to 'high resource impact' businesses in the following key growth sectors: food and drink; advanced and innovative manufacturing; health and life sciences; creative and digital; low carbon and environmental; and, financial and professional services.

Businesses responding to the online survey were asked to indicate which sector they operate in. Analysis of responses received reveals that 51.5% of businesses were in one of the target sectors and the remaining 48.5% were in other sectors. The table below provides the detailed analysis of sectors.

Sector	**Percentage of respondents**
Advanced and innovative manufacturing	33.3%
Creative and digital	2.0%
Financial and professional services	0%
Food and drink	10.1%
Health and life sciences	5.1%
Low carbon and environmental	1.0%
Other sector	48.5%

It is clear that businesses in the manufacturing sector have been major beneficiaries, and this is logical given that they are likely to be larger energy and resource users than some other sectors.

Businesses responding to the survey were also asked to indicate which Local Authority area they are based in. The table below shows this information, alongside the percentage of SMEs in each location based on data from the Inter-Departmental Business Register (IDBR).

Location	**Percentage of survey respondents**	**Percentage of SMEs in location**
Bradford	15.2%	14.48%
Calderdale	10.1%	7.50%
Craven	2.02%	3.22%
Harrogate	5.05%	8.48%
Kirklees	11.1%	13.48%
Leeds	32.3%	26.75%
Selby	4.04%	3.44%
Wakefield	9.09%	9.45%
York	3.03%	7.24%

As can be seen, the following Districts were over-represented in the survey: Bradford; Calderdale; and, Leeds. The remaining Districts were under-represented.

Survey respondents were also asked to indicate how aware their business was before they contacted REF of the need for, and benefits of, investing in resource efficiency. 45.4% said they were highly aware, 53.6% said they were partly aware and 1.03% said that they were not aware.

Respondents were then asked: "*had the business ever invested in measures to reduce waste, energy or water usage, or greenhouse gas emissions?*" 76.4% stated that the business had previously invested in resource efficiency measures and of this percentage, 37.3% stated the measures were significant in scale and cost, and 62.7% stated the measures were minor in scale and cost. 23.6% of respondents stated that the business had not previously invested in resource efficiency measures.

One of the market failures the project sought to address was imperfect information regarding the benefits for resource efficiency measures. It is therefore encouraging that 54.63% of the survey respondents were either only partly aware or not aware of the need for, and benefits of investing in resource efficiency, and that 23.6% of respondents had not previously invested in resource efficiency measures in the past.

3.3 – Resource efficiency assessment:

Stakeholders were asked how effective they thought the completion of resource efficiency assessments has been throughout the project. 79% of stakeholders stated that they were highly effective or effective, with the remainder selecting the “don’t know” option.

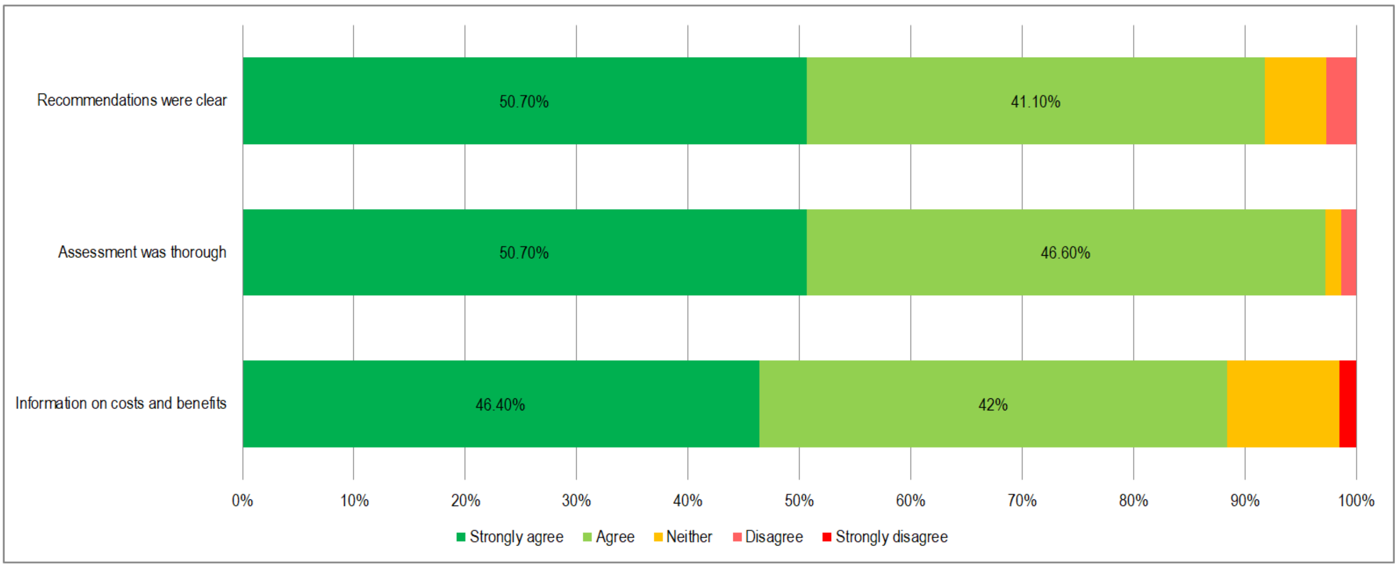
How effective were the resource efficiency assessments?					
Highly effective	**Effective**	**Neither**	**Ineffective**	**Highly ineffective**	**Don't know**
14%	64%	0%	0%	0%	21%

Businesses responding to the online survey were asked if they had received an assessment. 75.8% of the businesses stated that they had, and they were then asked to indicate to what extent they agreed or disagreed with the following statements:

- The assessment was thorough and explored all relevant areas of the business.
- The assessment recommendations were clear.
- The assessment provided information on the likely costs and benefits.

The table below contains the analysis of the results.

	Strongly agree	Agree	Neither	Disagree	Strongly disagree
Assessment was thorough	50.7%	46.6%	1.4%	1.4%	0%
Recommendations were clear	50.7%	41.1%	5.48%	2.74%	0%
Information on costs and benefits	46.4%	42%	10.1%	0%	1.55%



97.3% of businesses stated that the agreed, or strongly agreed that “*assessment was thorough and explored all relevant areas of the business.*” This is a very positive result and suggests strong consensus amongst businesses that the assessment was comprehensive.

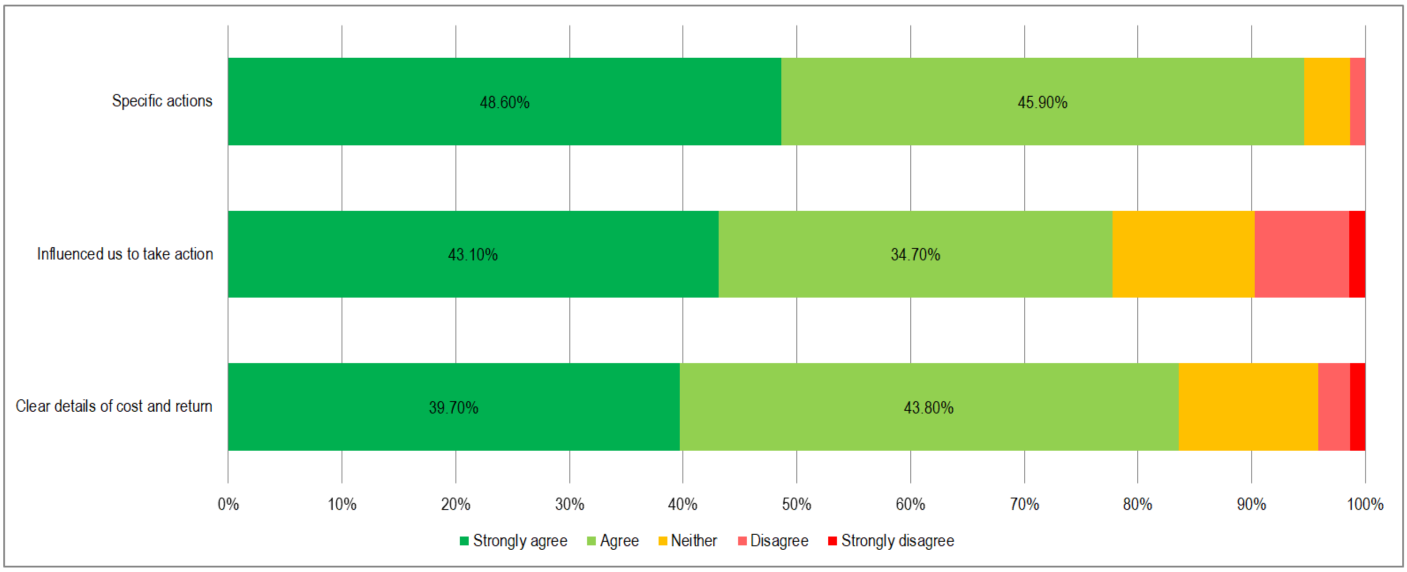
Similarly encouraging is the result that 91.8% of businesses agreed, or strongly agreed that “*the assessment recommendations were clear.*” Finally, 88.4% of businesses agreed, or strongly agreed that the assessment “*provided information on the likely costs and benefits.*”

Businesses that had received an assessment were also asked to identify the extent to which they agreed or disagreed with the following statements:

- The assessment identified specific actions we could take to reduce waste, energy or water consumption.
- The assessment provided clear details of the likely cost and return of specific actions.
- The assessment influenced us to take action on resource efficiency.

Analysis of responses is provided in the table below.

	Strongly agree	**Agree**	**Neither**	**Disagree**	**Strongly disagree**
Specific actions	48.6%	45.9%	4.05%	1.35%	0%
Clear details of cost and return	39.7%	43.8%	12.3%	2.74%	1.37%
Influenced us to take action	43.1%	34.7%	12.5%	8.33%	1.39%



Again, the responses suggest that the assessment has been highly valued by businesses that received it. 94.5% of businesses agreed, or strongly agreed that the assessment "*identified specific actions we could take to reduce waste, energy or water consumption.*" 83.5% of businesses stated the assessment "*provided clear details of the likely cost and return of specific actions*" and 77.8% agreed, or strongly agreed that the "*assessment influenced us to take action on resource efficiency*." All of the interviews with businesses conveyed the same messages about assessments completed being comprehensive and were very positive about the professionalism and helpfulness of those involved: "*It went through everything, looked at everything, took all the information on bills and came up with recommendations…very professional*".

As highlighted earlier, one of the market failures the project sought to address was imperfect information regarding the benefits for resource efficiency measures. The results above suggest that the assessment played a key role in addressing this market failure, particularly given the percentage of respondents that stated the assessment influenced them to take action on resource efficiency.

3.4 - Resource efficiency grant and wrap-round support :

The delivery team and suppliers cited wrap-around support as crucial in maintaining a high rate of businesses progressing from initial registration through to completion of a resource efficiency investment.

Stakeholders were asked how effective they thought the wrap-around support (including advice on resource efficiency and help with procuring suppliers) had been throughout the project. 57% of stakeholders felt that the wrap-around support had been effective or highly effective, and the remaining stakeholders indicated that they didn't know.

How effective was the wrap-around support?					
Highly effective	**Effective**	**Neither**	**Ineffective**	**Highly ineffective**	**Don't know**
29%	29%	0%	0%	0%	43%

Stakeholders were also asked how effective they thought the provision of grants to fund resource efficiency activities had been. As can be seen, 79% felt that grants were effective or highly effective.

How effective were grants?					
Highly effective	**Effective**	**Neither**	**Ineffective**	**Highly ineffective**	**Don't know**
29%	50%	0%	0%	0%	21%

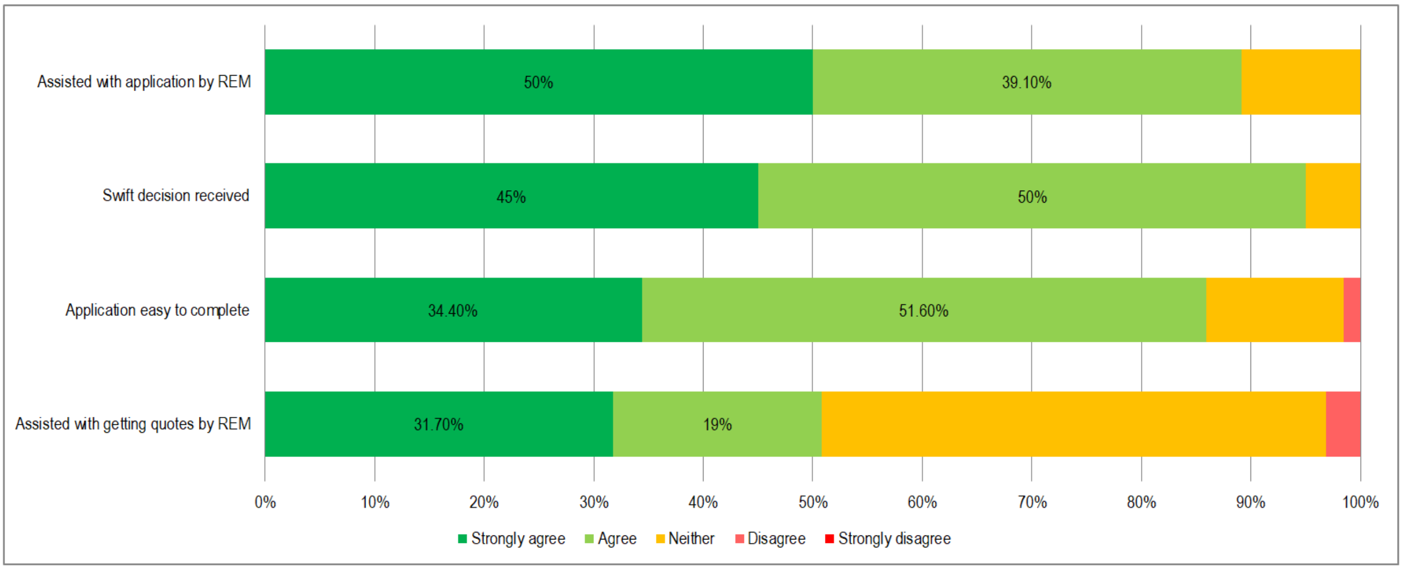
Businesses completing the survey were asked whether they had applied for a grant, and 68.7% stated that they had, and of this percentage, 97% stated that their application was successful. Businesses that didn't secure a grant were asked if they invested in resource efficiency without a grant and 50% stated that they had.

Businesses that did receive a grant were asked to indicate the extent to which they agreed or disagreed with the following statements:

- The grant application was easy to complete.
- We were assisted through the grant application process by a Resource Efficiency Manager (REM).
- We were assisted to get 3 quotes from possible suppliers.
- We received a swift decision on our application.

The table below, and chart on the following page, shows the analysis of responses received.

	Strongly agree	**Agree**	**Neither**	**Disagree**	**Strongly disagree**
Application easy to complete	34.4%	51.6%	12.5%	1.6%	0%
Assisted with application by REM	50%	39.1%	10.9%	0%	0%
Assisted with getting quotes by REM	31.7%	19%	46%	3.2%	0%
Swift decision received	45%	50%	5%	0%	0%



As can be seen, businesses appear to be highly satisfied with each of these four aspects. There is particularly strong agreement on the swiftness of decision received (95% strongly agreed or agreed). 89% of businesses agreed, or strongly agreed, that they were assisted through the grant application process, and 86% agreed that the application was easy to complete. The figures for ease of completion and swift processing are exceptionally high compared to typical perceptions of such schemes and set against other examples of grant schemes we are aware of. Businesses interviewed agreed with this sentiment: "*Very efficient, not too much paperwork" and "all very smooth...unusually smooth for these sorts of things*."

The team involved deserve credit for managing the process in a way which businesses (and participants in the Business Growth Managers workshop) perceived to be highly efficient, and to shield businesses from bureaucracy as far as possible. Comments by businesses about the help from Resource Efficiency Managers included: "*I can't speak highly enough of how painless the grant process was and how helpful Jim was*", and "*Nadia was helpful throughout and came out to visit us very quickly*".

These businesses were then asked to what extent they felt they had received the following potential benefits as a result of applying for a resource efficiency grant:

- Completing the application has given us confidence to apply for other grants in the future.
- We now have a better understanding of public procurement requirements.

100% of businesses stated that they received both benefits. On the confidence to apply for other grants 59.3% of respondents strongly agreed, and a further 40.7% agreed. In relation to gaining a better understanding of public procurement requirements, 44.7% of respondents strongly agreed, and a further 55.3% agreed.

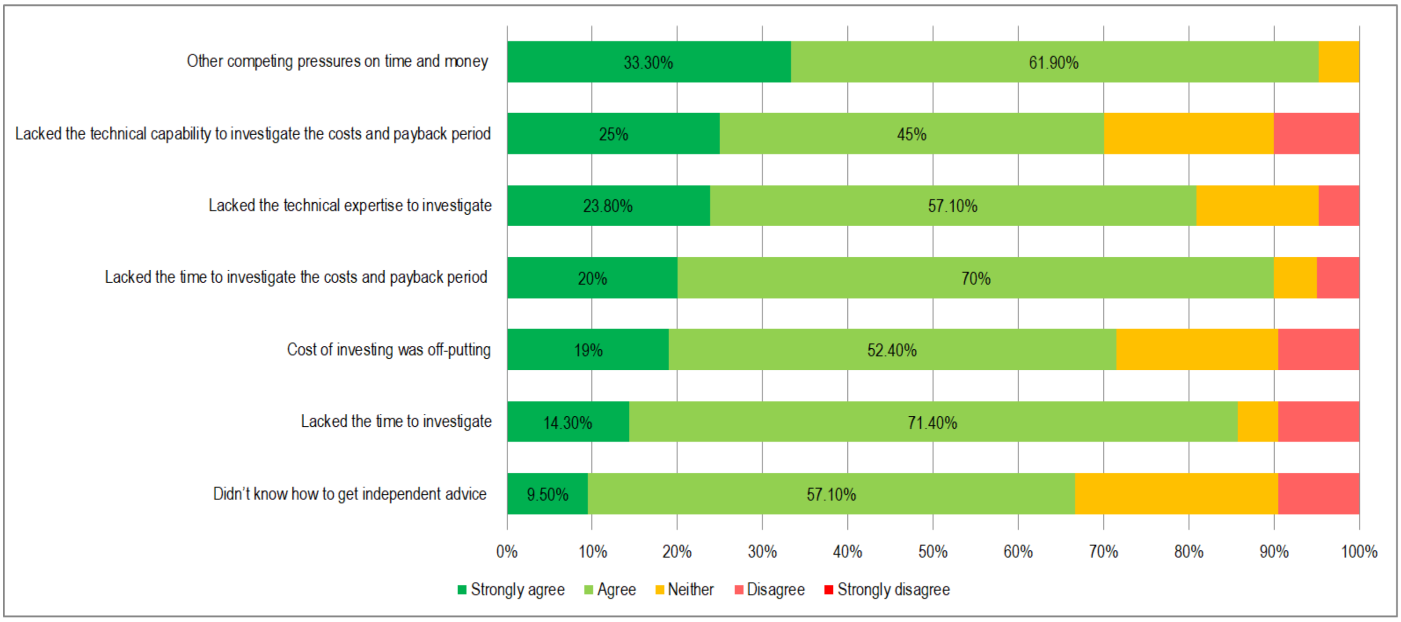
Based on this feedback from businesses Resource Efficiency Managers appear to have delivered a major secondary benefit of building confidence to apply for other grants, and building knowledge and understanding of procurement requirements. Business interviews provided examples of this in practice, were for example one business had gone on to apply for a grant for a new software system through an enterprise grant scheme, and another was looking at a LEP grant towards capital investment to support business expansion.

3.5 - Resource efficiency investment:

Businesses were asked if they had invested in resource efficiency measures before engaging with REF. Twenty-one businesses (23.6%) of the total stated that they **hadn't** previously invested (this figure was expected to be quite low given the question framing was about doing this at any point previously and for measures of any scale).

Businesses that hadn't previously invested in resource efficiency were asked why this was the case. The table below shows the factors which they identified as barriers:

Barriers	Strongly agree	Agree	Neither	Disagree	Strongly disagree
We didn't know how to get independent advice or where to find information about resource efficiency.	9.5%	57.1%	23.8%	9.5%	0%
We lacked the time to investigate resource efficiency issues in the business.	14.3%	71.4%	4.8%	9.5%	0%
We lacked the technical expertise to investigate resource efficiency issues in the business effectively.	23.8%	57.1%	14.3%	4.8%	0%
We lacked the time to investigate the costs and payback period of investing in resource efficiency issues.	20%	70%	5%	5%	0%
We lacked the technical capability to investigate the costs and payback period of investing in resource efficiency issues.	25%	45%	20%	10%	0%
We had other competing pressures on time and money in the business.	33.3%	61.9%	4.8%	0%	0%
The cost of investing in resource efficiency measures was off-putting.	19%	52.4%	19%	9.5%	0%



The top 5 barriers in priority order were therefore:

1) Other competing pressures on time and money (95.2% agree or strongly agree);

2) Lacked the time to investigate the costs and payback period (90% agree or strongly agree);

3) Lacked the time to investigate resource efficiency issues in the business (85.7% agree or strongly agree);

4) Lacked the technical expertise to investigate resource efficiency issues in the business effectively (85.7% agree or strongly agree); and,

5) The cost of investing in resource efficiency measures was off-putting (71% agree or strongly agree).

These results do reflect the research outlined in the Full Application that a broad range of issues coalesce to discourage businesses investing in resource efficiency. The assessment addresses three of these barriers namely the lack of time to investigate resource efficiency generally; the lack of time to investigate specific measures; and lack of technical expertise to investigate specific measures.

Based on the feedback from businesses, the assessment does appear to be absolutely integral to encouraging SMEs to invest in resource efficiency. Business interviewees also revealed that the measures introduced through REF support were often ones that had needed doing eventually, but in reality they were secondary to other priorities for business time, which meant the businesses didn't in practice get round to making the changes themselves.

Businesses were asked whether they had invested in resource efficiency following support from the REF project. 78.8% stated that they had invested in measures, and of this percentage, 27.6% stated that they invested in measures above and beyond those listed in the grant application.

These businesses were asked to describe the extra measures they invested in, and their responses included air source heat pumps, additional LED lighting and double-glazed windows. Businesses were asked to estimate how much these extra measures cost. Analysis of responses reveals an average cost of £11,937. If one assumes that the survey data is representative of the 284 enterprises that were supported through the project (C1 output), then one can conclude that 78 of them (27.6%) invested in extra measures, and that their total additional expenditure is in the order of £0.95 million.

Around a half of the business interviewees also noted further improvements they had made (or would make) themselves following on from REF support, and these included solar energy installation, LED lighting, doing more on waste management and recycling (e.g. reducing polythene waste by 30%), and introducing an environmental management system.

The businesses that **didn't** invest in resource efficiency following support from the REF project were asked why this was the case. Twenty-one businesses provided responses and the analysis is provided in the table below.

Factors	Percentage of responses
We had to focus on other issues within the business.	38.1%
The potential savings were too small.	28.6%
The measures seemed too costly.	19%
The measures seemed too complex.	9.52%
We were not convinced about the benefits.	4.76%

The fact that there were other pressures in the business matches the feedback from businesses that hadn't ever invested in resource efficiency prior to REF. The fact that the savings were too small suggests that the payback is a major factor for businesses, and perhaps reflects the falling business investment given the challenging economic backdrop. Again the factors in the table above do support the market failure assessment in the Full Application that a range of issues can coalesce to discourage investment in resource efficiency.

3.6 – Business satisfaction:

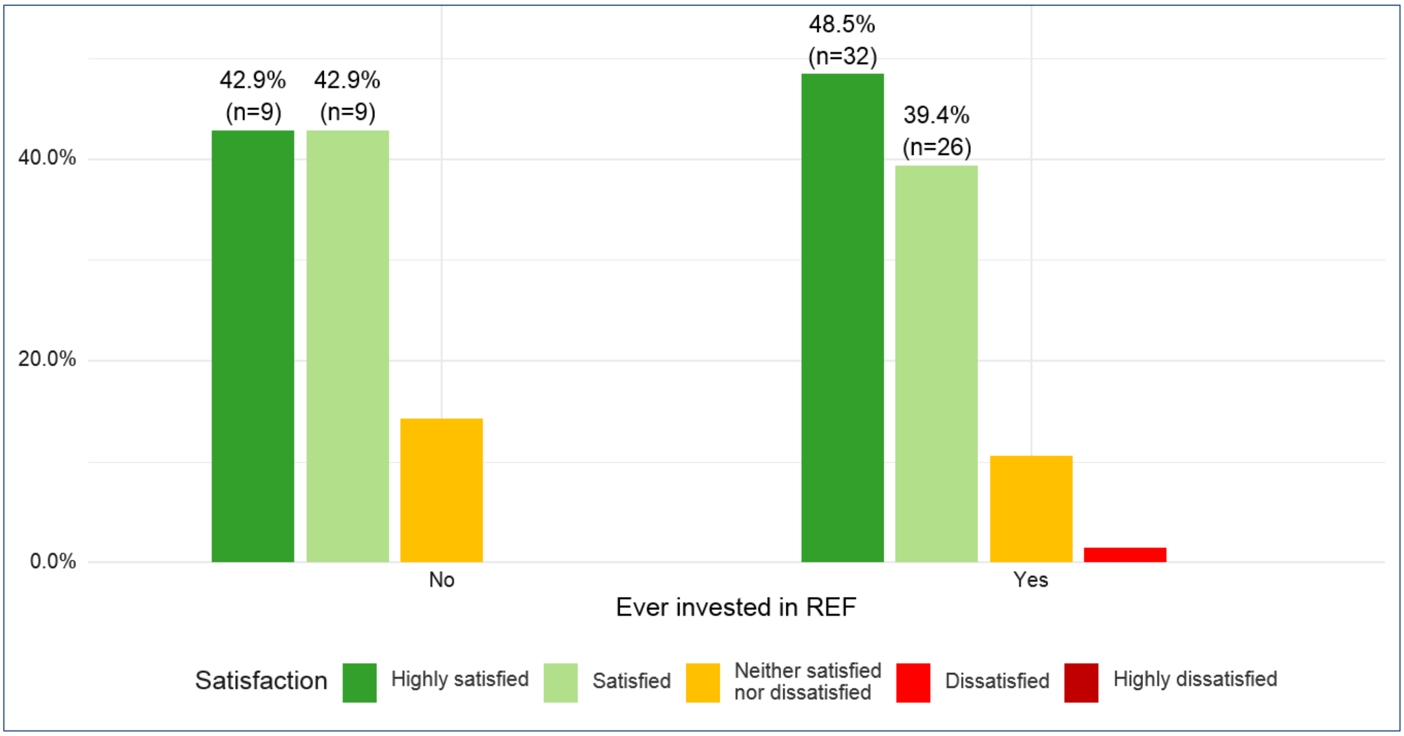
Businesses were asked to indicate how satisfied they were with the support received from the REF project. The table below shows their responses.

Satisfaction	Highly satisfied	Satisfied	Neither	Dissatisfied	Highly dissatisfied
How would you rate your overall satisfaction?	48.5%	40.2%	20.3%	1.03%	0%

88.7% of businesses were therefore either highly satisfied or satisfied. The evaluation team explored whether satisfaction varied by the following factors:

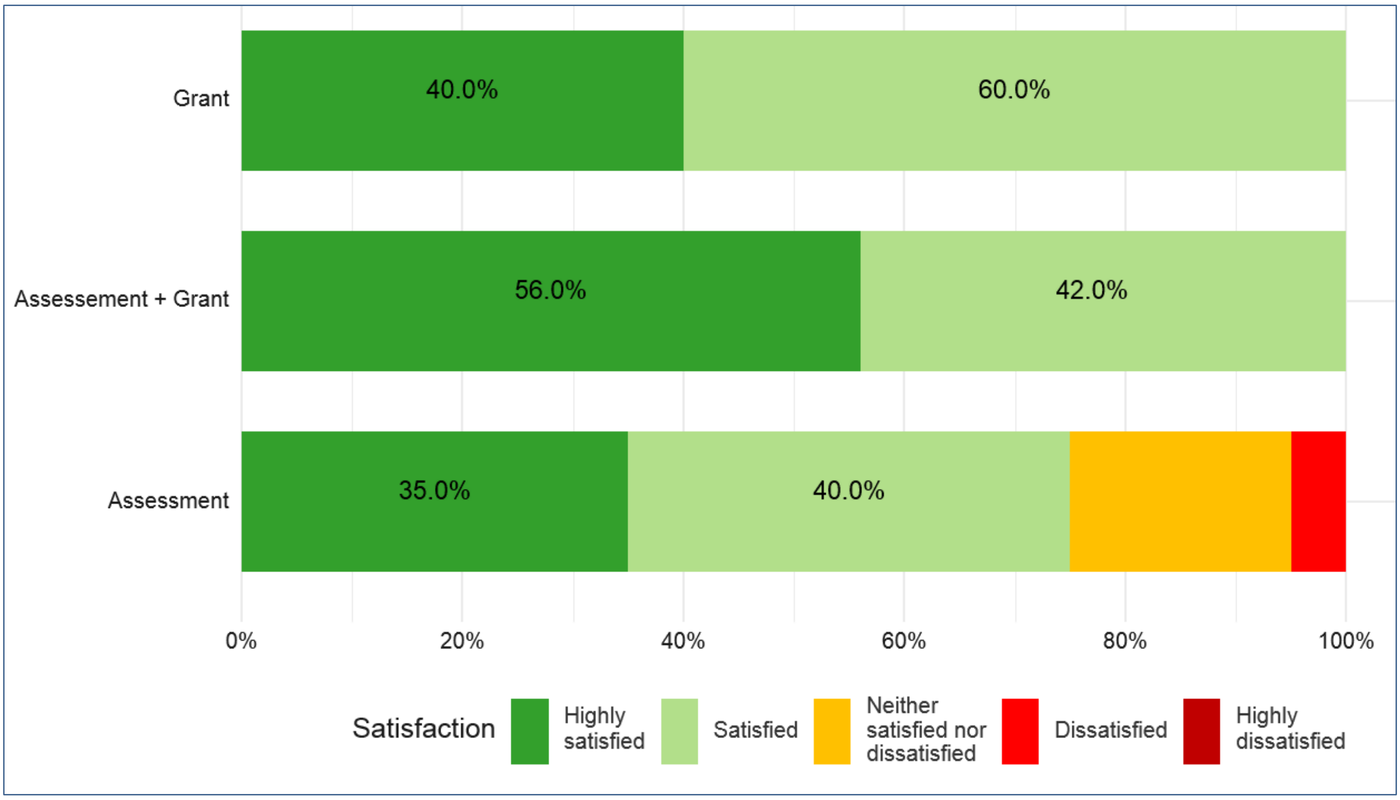
- Whether businesses had previously invested in resource efficiency; and,
- Whether business had just an assessment, just a grant, or an assessment and a grant.

On the first factor, the evaluation team conducted statistical analysis using the Fisher-Exact test which showed that the distribution of responses was not significantly different between groups (P = 0.876). Therefore whether or not the business had previously invested in resource efficiency before engaging with REF has no bearing on their level of satisfaction.



On the second factor, statistical analysis completed using the Mann-Whitney test showed that satisfaction was significantly different between businesses that received an assessment only and business that received an assessment and a grant (P = 0.016).

As the chart on the following page shows, satisfaction was highest (100%) amongst businesses that received only a grant, or received an assessment and a grant. Satisfaction was lowest (75%) amongst businesses that only had an assessment and didn't get a grant – although even for this group dissatisfaction was very low (around 5%) and may have reflected hopes of receiving a grant that were not realised, for example due to eligibility reasons or lack of a scheme that would deliver sufficient benefit to meet the scheme's criteria.



Businesses were asked to identify what they were hoping to achieve when they contacted REF, and then to what extent these aims had been met. Businesses provided a wide range of statements and the evaluation team categorised them as presented in the table below. Please note that the total of 116 reflects the fact that businesses could select more than one option from the list provided in the survey.

Initial aims	Count	Percentage
Obtaining financial support	36	31%
Expertise and help	25	22%
Reduce energy use	24	21%
Reduce costs	15	13%
Business improvement	9	8%
Reduce environmental impact	5	4%
Health & Safety	1	1%
Increase sales	1	1%
Total	**116**	

As can be seen, obtaining financial support was the initial aim cited the most times, and accounts for 31% of responses. Comments categorised as relating to financial support included: "*funding to help with reducing costs and use of resources*" and "*to assist with costs on projects we were looking at for waste and energy reduction.*"

The fact that financial support was the most commonly identified aim is of interest. It may reflect that business investment levels have fallen and businesses seek public support to reduce the risk of committing their own expenditure. It may also reflect the issue that businesses report of having other competing pressures on time and money and hence is simply a commercial logic. It may also reflect that it is easier to market a business support scheme by promoting the grant element.

The second highest category related to expertise and help. This represented 22% of all initial aims and relevant comments include "*get some valuable support and information*;" "*to gain advice & support on energy efficiency projects*;" and, "*we were looking for strong expertise in helping us to evaluate our energy use with recommendations and support on how to reduce consumption, with a view of reinvesting savings back into the business for future growth.*"

21% of initial aims related to reducing energy use. Comments that typified this category included "*savings in energy consumption*;" and, "*find and evaluate possible methods of reducing energy consumption.*"

With regards to whether businesses' aims were met the analysis is shown in the table below.

Aims	Fully met	Partly met	Not at all met
To what extent have your initial aims been met?	65.3%	29.6%	5.1%

Participants in the Business Growth Managers workshop emphasised the point about the importance of advice rather than just money through grants and stressed how valuable expert and impartial advice was on potential savings – so that businesses could trust the recommendations made. Comments by businesses interviewed all backed up the high levels of satisfaction with the scheme and typically described their overall rating of the project and its help for their business as excellent: *"It's been excellent, can't fault it. When we've wanted information or a visit it's come flying back*".

3.7 - Delivery challenges and good practice:

Stakeholders were asked if they aware of any specific **challenges** in relation to the project's delivery, and if so, whether these issues had been adequately addressed. Their responses to this question reveal a number of themes.

The main challenge highlighted by stakeholders relates to marketing. For example, one stakeholder commented: "*marketing has not been as good as it could have been. We seem to struggle to promote successful case studies.*" Another stated: "*I feel the team had little marketing support.*" Another stakeholder felt that "*marketing channels were unable to successfully reach eligible businesses. Marketing spend came in late when unable to talk about grants which is a draw for many businesses."*

Obtaining quality referrals was highlighted as a challenge: "*getting good quality referrals into the scheme from the wider network has also been an on-going challenge*." Workshop discussion noted excellent levels of referrals from some areas and some managers but low levels in others, suggesting this is about individual based reasons and awareness. Various suggestions were made to proactively inform and market the scheme to business growth managers, and not to rely on them already knowing or having contact with those delivering the REF project.

Stakeholders feel that the size of grants available has limited the project's scope. For example, one stakeholder commented: "*the size of the grants also restricted the number of more impactful projects that could be supported, i.e. some businesses were investing much more than the maximum of £25,000.*"

A stakeholder also questioned whether an assessment was necessary when measures completed by the business could be quite modest, like LED lighting for example. Another stakeholder would like the project team to consider widening the membership of the Steering Group, commenting: "*the project would perhaps have benefitted from a slightly larger steering group, offering a broader range of perspectives*."

With regards to **good practice**, stakeholders highlighted the following activities:

- Wrap-around support including hands-on assistance with the application and procuring suppliers;
- Monitoring of engagement in each Local Authority area within the Combined Authority, and targeting of resource to address under-representation;
- The Steering Group as good vehicle to engage partners and secure their buy-in to the project; and,
- Effective project management including effective reporting and use of risk registers.

Businesses were asked if they could identify any **service improvements** for the project's next phase. Fourteen businesses stated that they couldn't identify any improvements, and twenty-one businesses offered suggestions. Where a suggestion was made more than once it was categorised as follows:

- 5 businesses asked for a higher overall grant and intervention rate;
- 2 businesses asked that windows and insulation be permitted; and,
- 2 businesses asked for a more up-to-date and comprehensive list of possible suppliers.

3.8 - Management and governance:

3.8.1 – Project management:

Stakeholders were asked to indicate the extent to which they agreed or disagreed with the following statements relating to the project's management:

- The project management team were well resourced.
- The project management team were effective.
- The management of the suppliers completing audits was effective.
- The management of Leeds City Council as a Delivery Partner was effective.
- The management of expenditure was robust and effective.
- The management of performance on outputs was robust and effective.

The table and chart below shows the results of statements relating to **project management**.

	Strongly agree	Agree	Neither	Disagree	Strongly disagree	Don't know
Project management team were well resourced	14%	50%	14%	0%	0%	21%
The project management team were effective.	36%	36%	7%	0%	0%	21%
Management of the suppliers completing audits was effective	15%	23%	8%	0%	0%	54%
Management of Leeds City Council was effective	14%	29%	14%	7%	0%	36%
Management of expenditure was robust	36%	36%	7%	0%	0%	21%
Management of output performance was robust	29%	50%	7%	0%	0%	14%

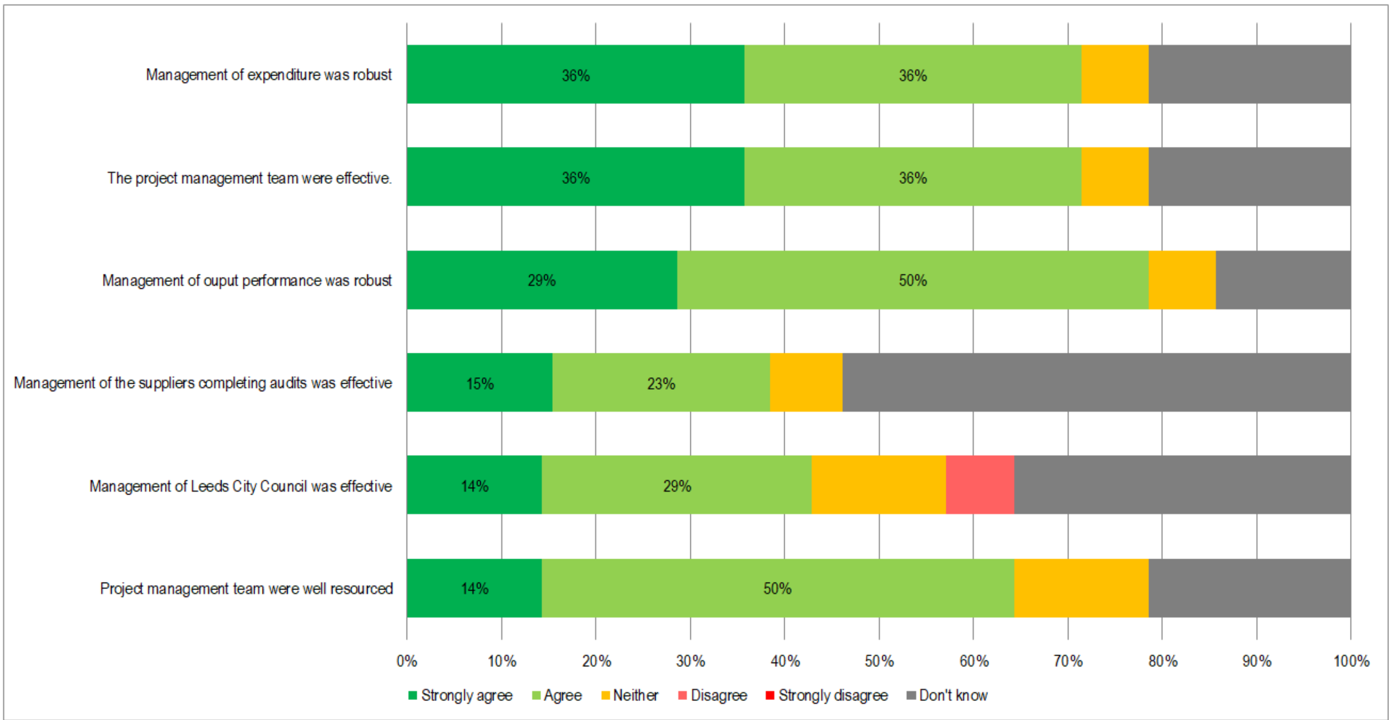
Stakeholders were most positive about the management of outputs with 79% agreeing or strongly agreeing that 'the management of performance on outputs was robust and effective.'

This is closely followed by the management of expenditure with 71% either agreeing or strongly agreeing that management of expenditure was robust. The same proportion of stakeholders agreed that the project management team were effective.

The level of agreement on the three factors was a little lower with:

- 64% agreeing or strongly agreeing that the project management team were well resourced;
- 43% agreeing or strongly agreeing that the management of Leeds City Council as a delivery partner was effective; and,
- 38% agreeing or strongly agreeing that the management of the suppliers completing audits was effective.

On these three factors a high proportion of stakeholders selected the don't know option, reflecting the fact that the questions were quite detailed and understandably a number of stakeholders didn't possess that level of operational detail. The project team and supplier workshop provided more information on the supplier issue, and pointed to effective supplier management, with suppliers being managed in a way that focused their time on what they do best (the technical work on audits, etc.) with Resource Efficiency Managers covering process related points such as grant applications. This was described as best practice by those involved.



3.8.2 – Governance:

Stakeholders were asked to indicate the extent to which they agreed or disagreed with the following statements relating to the project's governance:

- The project benefitted from having a Steering Group / Board and clear accountability lines.
- The Steering Group / Board consisted of individuals with suitable skills and experience.
- The Steering Group / Board had effective oversight and took mitigating action when it was needed.

Analysis of the responses received is provided in the table below.

	Strongly agree	Agree	Neither	Disagree	Strongly disagree	Don't know
Steering Group & clear accountability	29%	29%	21%	0%	0%	21%
Steering Group members had suitable skills	29%	29%	21%	0%	0%	21%
Steering Group had effective oversight	29%	21%	21%	0%	0%	29%

As can be seen, 57% of stakeholders either agreed, or strongly agreed that 'the project benefitted from having a Steering Group / Board and clear accountability lines' and that the 'Steering Group / Board consisted of individuals with suitable skills and experience.'

50% agreed, or strongly agreed that the ‘Steering Group / Board had effective oversight and took mitigating action when it was needed’. Whilst these percentages may at first appear low, it is worth highlighting that between 21% and 29% of stakeholders selected the don’t know option on the three statements.

3.9 - Conclusion:

The evaluation team conclude that the project was well managed, with strong governance arrangements. The project delivered the activities set out in the Full Application, and based on feedback from businesses and stakeholders, did so to a very high standard.

The project does appear to have engaged with, and selected appropriate beneficiaries. As indicated earlier, there could perhaps have been more pro-active engagement with under-represented businesses to try and establish the reasons that their peers are not engaging, but the evaluation team accept that it is hard to make time for such action given other project delivery pressures.

The project's delivery has been very strong and businesses have identified a range of benefits they obtained from the resource efficiency assessment and grant process. Stakeholders perceive that the project has been very effective, and they are very supportive of it continuing in a new phase.

Chapter 4: Project outcomes and impact

4.1 – Counter factual and gross to net adjustment:

With regards to the **counter-factual approach**, given the relatively modest size of the REF project, and the budget available to complete the Summative Assessment, the evaluation team asked businesses through the survey to identify the extent to which their investment would have proceeded at the same scale and timing if the REF had not existed.

The beneficiary survey included questions to attempt to identify where the support was not additional. There are several possibilities why this might be the case:

- *Deadweight* refers to those outcomes that might have been achieved anyway, in the absence of the support.
- *Leakage* occurs where some outcomes benefit those outside of the target area or group.
- *Displacement* occurs when the benefits are offset by a reduction in outcomes elsewhere in the target area.
- *Substitution* refers to those individuals or businesses that change their behavior to take advantage of public sector assistance (when they might anyway have achieved the outcome with private means).

Where the support did not fall into any of those categories, it is considered an additional contribution (the net impact).

4.1.1 – Deadweight:

With regard to **deadweight** survey respondents were asked several questions. Firstly, they were asked to consider how their turnover and employment levels would have changed if the project had not existed. The table below contains the analysis of responses received.

Deadweight statement	Percentage of respondents
We would still have invested in the same resource efficiency actions in the same timescales.	8.08%
We would still have invested in the same resource efficiency actions but over a longer timescale.	29.3%
We would have invested in some less costly resource efficiency actions in the same timescales.	9.09%
We would have invested in some less costly resource efficiency actions over a longer timescale.	36.4%
We would not have invested in any resource efficiency actions.	17.2%

The most robust definition of deadweight using these responses would include responses to the first four statements equating to 82.8% A strong definition would only include responses to the first prompt which equates to just 8.08%. In comparison the benchmark suggested in Table B4 by the Department of Business Innovation and Skills (BIS) in their Occasional Paper 1: Research to improve the assessment of additionality (2009) is 45.5%. Given that the benchmark falls between the most robust definition and strong definition, the evaluation team has adopted the benchmark.

4.1.2 – Leakage:

The evaluation team has reviewed the beneficiary data provided by the project team and cannot identify any businesses that received support outside of the target area of, and on this basis leakage could be set at 0.0%. However, the benchmark value of 11.5% taken from the BIS

Occasional Paper 1: Research to improve the assessment of additionality was used for consistency.

4.1.3 – Displacement and substitution:

The survey included two questions to identify **displacement and substitution**: how would you describe the market you operate in and how would you describe the nature of your competition? The table below shows how businesses responded to these two questions.

Nature of market	Response	Nature of competition	Response
Growing strongly	18.2%	All competitors are based in North or West Yorkshire (NWY)	3.0%
Growing moderately	42.4%	Majority of competitors are based in NWY	16.2%
Remaining broadly static	30.3%	Around half of competitors are based in NWY	22.2%
In moderate decline	9.1%	A minority of competitors are based in NWY	46.5%
In strong decline	0%	No competitors are based in NWY	12.1%

As can be seen, the majority of respondents felt that the market was growing moderately (42.4%) and that a minority of competitors are based in North or West Yorkshire (46.5%). Based on the data above the evaluation team calculated a displacement value of 30.1% which compares favorably to the benchmark of 32.7% provided in the BIS Occasional Paper 1: Research to improve the assessment of additionality.

The evaluation team explored whether displacement and substitution varied by whether the business is in one of the following target sectors: advanced and innovative manufacturing; creative and digital; financial and professional services; food and drink; health and life sciences; or, low carbon and environmental. The results are show in the table below:

Categories	Displacement value
In one of target sectors	25.3%
In another sector	29.7%

Statistical analysis using unpaired t-test showed that the distribution of displacement is not significantly different between businesses from the target sector and businesses from other sectors (25.3% vs. 29.7%, respectively, $P > 0.05$). This indicates that the average displacement is not significantly different between business from and outside the target sector although displacement is slightly lower in businesses that operate in a target sector.

4.1.4 – Multipliers:

Finally, the survey included a question to enable a judgement on **multipliers** to be made. Respondents were asked what proportion of your suppliers would you estimate are based in North and West Yorkshire? The mean response was 35.8% suggesting strong spill-over benefits to suppliers of REF business beneficiaries. Given that the approach to multipliers in the survey was necessarily simplistic, the evaluation team has adopted the benchmark.

The gross to net values are summarized in the table below.

Gross to net factor	Scheme value	Benchmark
Deadweight	45.5%	45.5%
Leakage	11.5%	11.5%
Displacement and substitution	30.1%	32.7%
Multipliers	1.5%	1.5%

4.2 - Achievement of logic model outcomes and impacts:

4.2.1 – Forecast outcomes:

The logic model contains the following forecast outcomes:

Outcome	How measured	Baseline
Reduced energy/fuel use	Estimated kWh reduction per annum	1m kWh
Waste diverted from landfill	Estimated tonnes diverted from landfill per annum	6,000 tonnes
Reduced water use	Estimated m^3 reduction per annum	12,000 m^3
Cost savings from reduced resource use	Estimated financial savings per annum (£)	£491,000

The project team recorded detailed information on each of these outcomes at beneficiary level. The resource efficiency assessments capture the baseline position on electricity, gas and water consumption as well as waste created by the business. The assessment also details the savings that can be achieved for each proposed investment.

Reduced energy and fuel use:

As at the end of September 2019 the REF project had identified 67,745,287 kWh of energy reduction measures, and business had completed projects which led to energy reduction of 7,062,050 kWh. The logic model predicted reduced energy and fuel use of 1,018,335 kWH. The project has therefore substantially exceeded the forecast.

Waste diverted from landfill:

As at the end of September 2019 the REF project had identified 4,404 tonnes of waste that could be diverted from landfill. 209.2 tonnes of waste had been diverted as a result of businesses completing projects with grant support from REF. The logic model forecast that 6,000 tonnes of waste would be diverted from landfill per annum. The achievement of 209.2 tonnes to date represents just 3.5% of the logic model forecast. As explored in Section 2.2, the initial assumptions about the amount of waste that the REF project could divert from landfill proved to be optimistic. In reality during the course of the project recycling rates increased dramatically reducing the opportunities for REF to deliver on this outcome.

Reduced water use:

As at the end of September 2019 the REF project had identified 9,575 m^3 of water savings, of which 9,263 m^3 had been implemented by businesses with grant support from the REF project. The logic model forecast 12,000 m^3 of reduced water use per annum. The achievement to date represents 79.8% of the logic model target.

Cost savings from reduced resource use:

As at the end of September 2019 the REF project had identified £5,417,655 of costs savings from reduced resource use. However, implemented projects had achieved cost savings totalling £572,488. The logic model forecast £491,000 of financial savings per annum.

4.2.2 – Forecast impacts:

The logic model forecasts the following **intended impacts**:

- Increase in awareness and take-up of resource efficiency measures amongst SMEs;
- Reduction in greenhouse gas emissions; and,
- Increased SME productivity.

Increase in awareness and take-up of resource efficiency measures:

As identified earlier, the survey asked businesses to indicate how aware their business was, before they contacted REF, of the need for and benefits of, investing in resource efficiency. 45.4% said they were highly aware, 53.6% said they were partly aware and 1% said that they were not aware.

Of the businesses that said they were highly aware of the need for, and benefits of, investing in resource efficiency before they contacted REF, 84.1% ultimately invested in resource efficiency measures. Of the businesses that said that they were either partly or not aware before contacting the project, 73.6% went on to invest in resource efficiency measures. Chi-square test of independence showed that the distribution of responses was significantly different between the two groups ($P = 0.016$). Businesses that were highly aware of resource efficiency before engaging with REF were therefore statistically more likely to ultimately invest following REF support. This perhaps reflects that they are already engaged with the policy agenda and are committed to improving their business' environmental performance.

Businesses were asked: "*had the business ever invested in measures to reduce waste, energy or water usage, or greenhouse gas emissions?*" 76.4% stated that the business had previously invested in resource efficiency measures and of this percentage, 37.3% stated the measures were significant in scale and cost, and 62.7% stated the measures were minor in scale and cost. 23.6% of respondents stated that the business had not previously invested in resource efficiency measures.

Finally, businesses were asked to what extent they agreed or disagreed that they "*have an increased awareness of potential resource efficiency opportunities*" following support from REF. 27.6% strongly agreed and a further 62.2% agreed. In contrast, 1.02% disagreed and strongly disagreed. They were also asked whether they agreed that they "*have an increased understanding of how to implement resource efficiency interventions.*" 17.7% strongly agreed and a further 58.3% agreed. In contrast, none of the businesses disagreed and strongly disagreed.

One of the market failures the project sought to address was imperfect information regarding the benefits for resource efficiency measures. It is therefore encouraging that 54.6% of the survey respondents were either partly aware or not aware of the need for, and benefits of investing in resource efficiency, and that 23.6% of respondents had not previously invested in resource efficiency measures in the past.

Reduction in greenhouse gas emissions:

The business survey did not explicitly ask respondents to comment on greenhouse gas emissions. However, businesses completing the survey were asked to indicate whether they as a result of the REF project they "*have gained improved environmental credentials which can be used to promote our business to customers.*" The table below shows how the 95 businesses that selected this benefit responded.

Potential benefit	**Strongly agree**	**Agree**	**Neither**	**Disagree**	**Strongly disagree**
Improved environmental credentials	11.6%	36.8%	43.2%	8.42%	0%

The REF project team record the kilograms (kg) of carbon dioxide (CO2) saved through implemented resource efficiency measures and as at the end of September 2019, savings totalled 2,422,300 kg.

Increased SME productivity:

Businesses completing the survey were given a list of potential benefits and asked to indicate whether they thought they had received them. One of these benefits was "*we have reduced resource costs thereby improving competitiveness*" and the table on the following page shows how the 94 businesses that selected this benefit responded.

Potential benefit	**Strongly agree**	**Agree**	**Neither**	**Disagree**	**Strongly disagree**
Reduced resource costs and improved productivity	18.1%	41.5%	33%	7.45%	0%

As is evident, 59.6% of businesses either agreed, or strongly agreed that REF has helped them reduce resource costs thereby improving productivity. Only 7.45% of respondents disagreed that they had experienced this potential benefit.

4.3 – Employment growth and Gross Value Added:

The business survey asked respondents to identify how many full-time equivalent jobs they created or safeguarded between November 2016 and December 2019, and of these how many would they attribute to REF. 99 respondents answered these questions and indicated that they had created or saved 9.87 on average jobs over the 3 year period. On average businesses attributed 11.5% of jobs created to the support they received so this equates to 1.14 attributable jobs saved or created per firm over 3 years.

The evaluation team forecast that the project will report that 284 enterprises received support (output C1). If we assume that all these businesses create or safeguard the average number of jobs and attribute them at 11.5%, this equates to 322 jobs over REF's 3 year delivery period.

Data from the Office for National Statistics (ONS) (Sub-Regional Productivity, estimates from Table B4: Nominal (unsmoothed) GVA (B) per filled job (£) for West Yorkshire in 2017) shows an average GVA per filled job of £46,588. We can therefore calculate that GVA of £15,001,336 was created over 3 years. In this calculation the level of attribution assigned by businesses acts as simplified gross to net calculation.

Given that the REF project was not designed to facilitate the creation or safeguarding of jobs, this is a good return on investment. Costs per impact can be derived for increases for GVA. As identified earlier, total forecast project expenditure is £2,829,250 and **the return in GVA is therefore £5.30 for every pound of expenditure**.

One of the requirements of the Summative Assessment is the completion of the table below. For this table, the evaluation team have removed the attribution of jobs and used the following figures for the gross:

- 2,803 jobs created or safeguarded (9.87 * 284 enterprises support); and,
- £130,589,891 Gross Value Added (2,803 jobs * £46,588 GVA per filled job)

Indicators	**Gross to net factors**	**Impact area 1: More developed (100%)**	
		Measure	Adjustment
Employment (FTEs)	**Gross**	2,803	
	Deadweight	1,528	45.5%
	Displacement / substitution	1,352	11.5%
	Leakage	945	30.1%
	Multiplier	14	1.5%
	Net additional	959	
Gross Value Added (GVA)	Gross	£130,589,891	
	Deadweight	£71,171,491	45.5%
	Displacement / substitution	£62,986,769	11.5%
	Leakage	£44,027,752	30.1%
	Multiplier	£660,416	1.5%
	Net additional	£44,688,168	

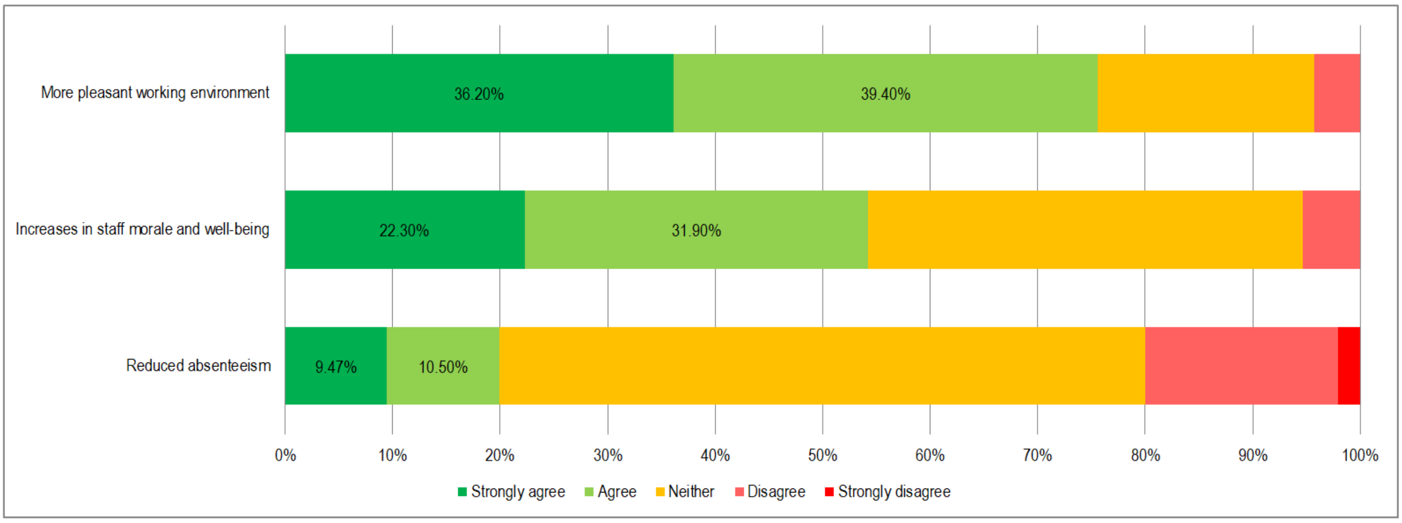
4.4 - Achievement of wider benefits:

In addition to the benefits that have already been explored the evaluation team asked businesses responding to the survey whether they felt they have gained any wider benefits. The evaluation team also conducted telephone interviews with 5 businesses and these are presented to provide a more in-depth account of benefits that businesses have gained. The benefits have been grouped into several categories.

4.4.1 - Improved working environment and spill-over benefits:

The table below shows the statements that businesses completing the survey were asked to rate, and the analysis of their responses.

Potential benefit	Strongly agree	Agree	Neither	Disagree	Strongly disagree
We have gained a more pleasant working environment.	36.2%	39.4%	20.2%	4.26%	0%
The improved working environment has led to increases in staff morale and well-being	22.3%	31.9%	40.4%	5.32%	0%
The improved working environment has led to reduced absenteeism.	9.47%	10.5%	60%	17.9%	2.11%



As can be seen 75.6% of businesses stated that they gained a more pleasant working environment. 54.2% of businesses stated that the improved working environment has led to increases in staff morale and well-being. There was less agreement on the question of reduced absenteeism with only 20% of businesses agreeing or strongly agreeing, 17.9% disagreed and 60% neither agreed nor disagreed.

Benefits of an improved work environment also led to increased productivity in some instances. For example, one business interviewee described how new, improved LED lighting had reduced picking errors in a warehouse and enabled more space-efficient storage which improved their capacity and efficiency.

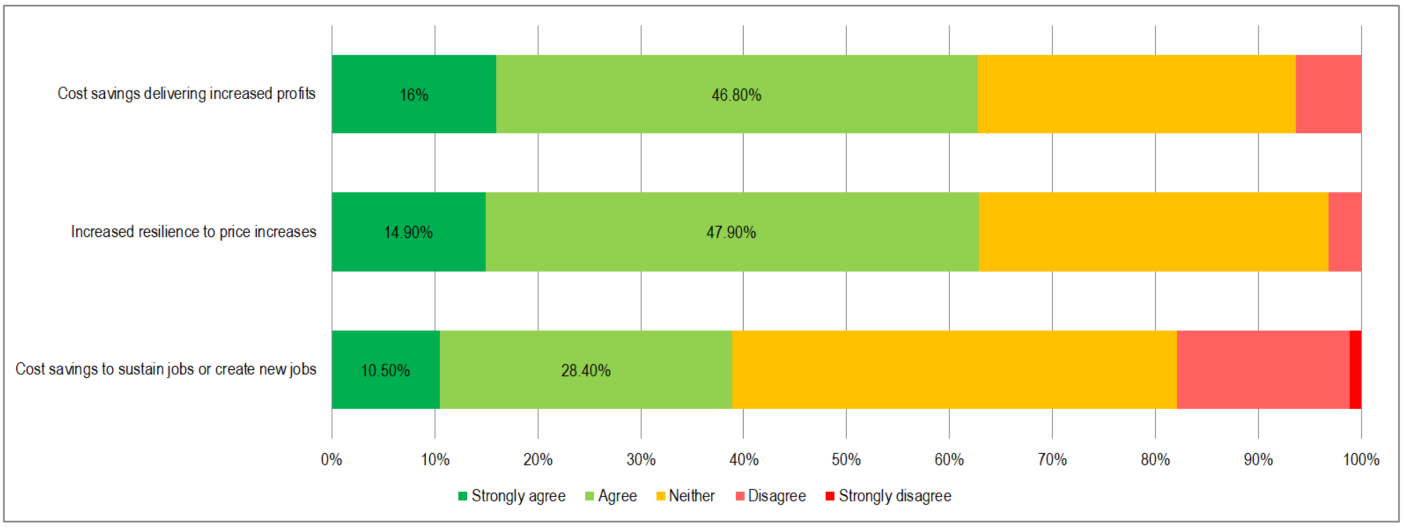
An example of a business that identified an improved working environment, with spill-over benefits is Bailey Hague Joinery, which also realised benefits in terms of capacity for increased production. The evaluation team completed a telephone interview with them and the key themes are presented on the following page.

How did the business get involved with REF?	Bailey-Hague Joinery was made aware of the project through a chance social conversation. Their owner had no previous contact with business support and stated "*I hadn't realised there were grants out there – I wish I had known six year ago when I set up the business!*" The business was visited by one of the Resource Efficiency Managers and received the assessment and then applied for a grant. The actual resource efficiency work was completed within about 2 months from first contact with the project. The business reported that the timescale would have been even shorter were it not for delays in the business getting quotes for the work.
What resource efficiency measures have been completed?	The business was supported to install a wood burning stove that uses waste wood from the business. The business paid for insulation in the workshop walls. The business outlined that they may have got round to doing the work eventually, but other things were greater priorities for business investment so it would have been some years downstream if at all.
What difference have the measures made?	The business reported the following benefits: ▪ Less waste going to landfill; ▪ Energy saving benefits (the business previously had inefficient gas burners); ▪ Cheaper energy bills; ▪ Better work environment and benefits for staff morale – "*we've finally got a warm workshop and the team are happier.*" ▪ The products dry quicker. Drying times for glues was a big problem, as would only work above 10 degrees Celsius and the gas heaters did not always achieve that in winter. Quicker drying times means they have capacity to do more work, and less time spent clearing offcuts and sawdust to the skip.
Did the process lead to any other changes?	The business are now also speaking to a company about getting software for window manufacturing through a separate grant scheme. They may also do some further energy improvements (e.g. LED lighting) – either themselves or through applying for another grant in the future.
Is the business satisfied with the support?	"*Excellent - more than happy with it. Everything ran smoothly everybody was helpful, all good.*"

4.4.2 - Reduced costs and related benefits:

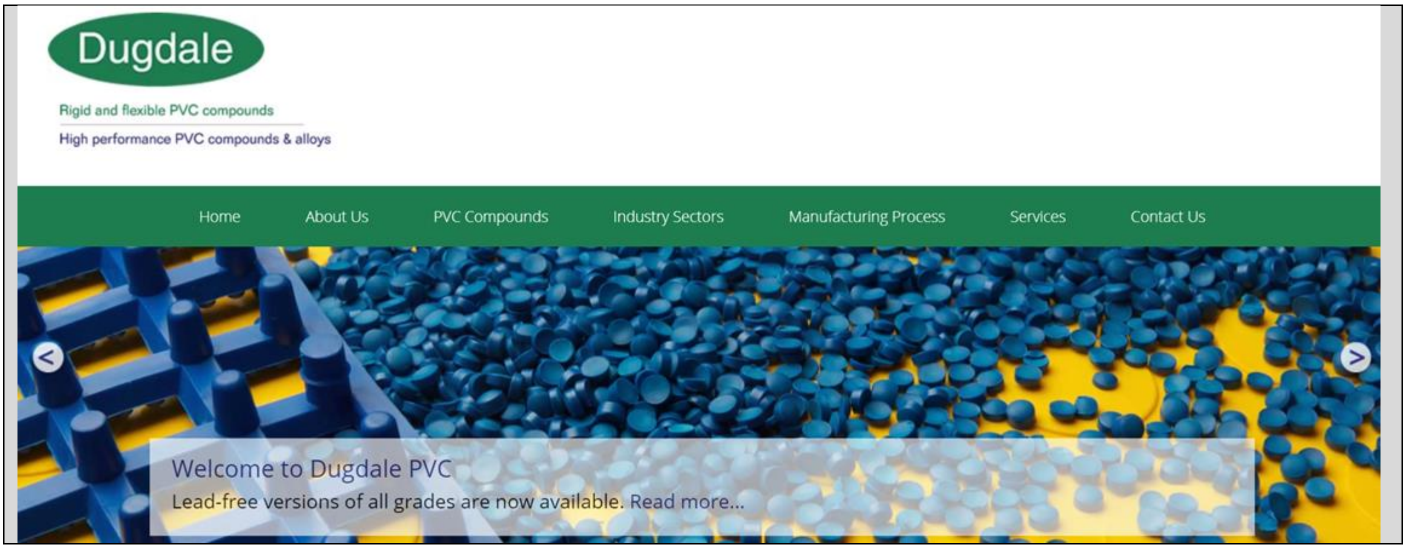
The table below shows the statements that businesses completing the survey were asked to rate, and the analysis of their responses.

Potential benefit	Strongly agree	Agree	Neither	Disagree	Strongly disagree
We have gained increased resilience to future resource and energy price increases.	14.9%	47.9%	34%	3.19%	0%
We have made cost savings delivering increased profits.	16%	46.8%	30.9%	6.38%	0%
We have made cost savings enabling us to sustain jobs that would have been lost, or to expand and create new jobs.	10.5%	28.4%	43.2%	16.8%	1.1%



63% of businesses agreed or strongly agreed that they had received the following two benefits - increased resilience to price increases; and, cost savings delivering increased profit. 38.9% of respondents agreed or strongly agreed, that they "*have made cost savings enabling us to sustain jobs that would have been lost, or to expand and create new jobs.*"

An example of a business that identified a cost savings as a benefit is Dugdale. The evaluation team completed a telephone interview with them and the key themes are presented below.



How did the business get involved with REF?	The business owner had his first contact with the LEP in 2015 after the floods, and Dugdale secured a grant to help them get back up and running. The business had various meetings with a Resource Efficiency Manager and was supported through the process and commented "*I can't speak highly enough of how painless the grant process was and how helpful the Resource Efficiency Manager was.*"
What resource efficiency measures have been completed?	The project installed new LED lighting, which improved how well lit the warehouse was as well as energy efficiency, and enabled new 'narrow rack' warehousing storage and a narrow aisle truck to be used which made better use of space. The REF funded a 'good part of the cost of the lighting' while the business funded the rest and invested £30k in new racking, and more on a lease of a narrow aisle truck. The business confirmed that support from REF was "*integral to doing the project earlier.*"
What difference have the measures made?	The business said the working environment was poorly lit before the resource efficiency measures, and some picking errors resulted from bad lighting. Following the investment the business has: • Reduced energy bills; • Gained more space efficient racking and storage of materials than previously, which has slightly reduced external storage costs; • Reduced picking errors and less accidental damage to goods; • Benefitted from a more productive and efficient operation; • Gained an improved environment creating a better impression for customers who visit as it looks more modern and professional; and, • Grown from 74 to 82 staff in the last 12 months and is looking to expand further.
Did the process lead to any other changes?	The business is now looking at further capital investment in its premises (warehouse expansions and a new bar coding system for more efficient warehousing) and to access grant funding from the LEP to enable this.
Is the business satisfied with the support?	The business owner is very positive about REF and how helpful it and its staff had been, and how straightforward the grant process had been. REF has "*helped us tremendously in pushing the project forward.*"

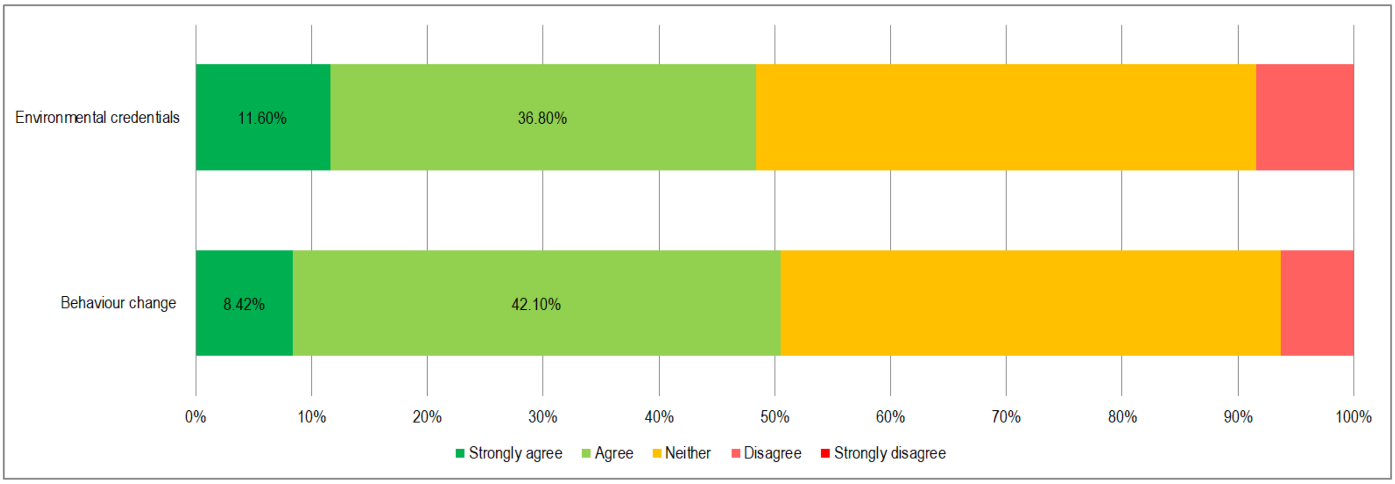
4.4.3 - Environmental credentials and behaviour changes:

The table below shows the statements that businesses completing the survey were asked to rate, and the analysis of their responses.

Potential benefit	Strongly agree	Agree	Neither	Disagree	Strongly disagree
Encouraged Directors and employees to change their behaviour	8.42%	42.1%	43.2%	6.3%	0%
Gained improved environmental credentials which we can use to promote the business	11.6%	36.8%	43.2%	8.4%	0%

As can be seen 50.5% of agreed or strongly agreed that the support has encouraged Directors and employees to change their behaviour in relation to water, energy and waste and 48.4%

agreed or strongly agreed that they had gained improved environmental credentials which can be used to promote the business.



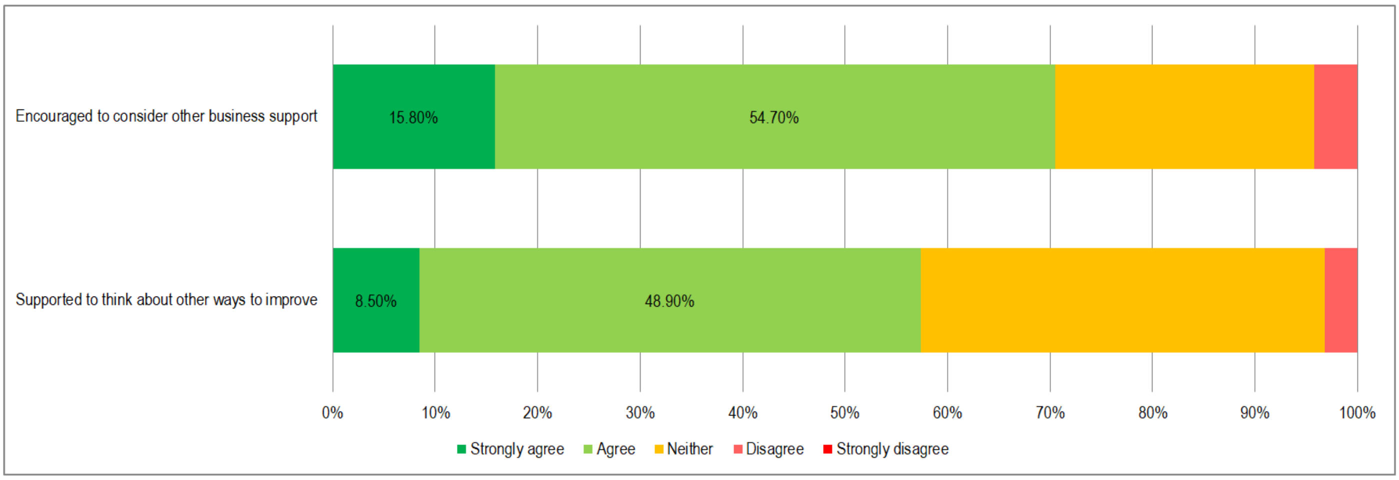
An example of a business that identified a cost savings as a benefit is JTS Cushions. The evaluation team completed a telephone interview with them and the key themes are presented below.

How did the business get involved with REF?	The business owner outlined that he was contacted directly by one of the Resource Efficiency Managers who visited them and "*was very professional and looked over everything.*"
What resource efficiency measures have been completed?	A new boiler was purchased to replace a second-hand one which was certified, but the business had concerns about around efficiency, reliability and health and safety. The business would have had to replace the boiler in the future, but it was a big cost and not an immediate priority.
What difference have the measures made?	The business is now more energy efficient and the new boiler is smaller than the old one creating more space for stock and other items. Reduced expenditure on energy has made the business more competitive. The business feels much more confident about health and safety aspects and the new boiler appears much more reliable and can be run all day every day if needed – crucially expanding its confidence and ability to handle more orders without reliability worries preventing that and company growth. The interviewee highlighted that the investment is good for the culture of business. It helps them demonstrate an ethical profile to major customers along with professionalism in having up-to-date, reliable equipment.
Did the process lead to any other changes?	The investment in the new boiler has prompted the business to look at wider energy and environmental measures. For example it has since replaced fluorescent lights with LEDs at its own expenses, and done more on waste management so that it knows waste is recycled rather than landfilled, and it will reduce polythene waste by 30%. The business commented "*we have a massive drive on environmental issues and some great ideas for 2020.*" As the company is now "competing with the majors" it sees having a good record and story on environmental and health safety and ethical practice as important in securing orders – it needs to meet what major customers are expected in these areas.
Is the business satisfied with the support?	Steve rated the support the business received as excellent and commented "*we don't expect anything for nothing, but this helped out*".

4.4.4 - Business growth:

The table below shows the statements that businesses completing the survey were asked to rate, and the analysis of their responses.

Potential benefit	Strongly agree	Agree	Neither	Disagree	Strongly disagree
We have been supported to think about other ways to improve the business.	8.5%	48.9%	39.4%	3.19%	0%
We have been encouraged to consider other business support that may be available.	15.8%	54.7%	25.3%	4.2%	0%



As can be seen, 70.5% of business respondents to the online survey agreed or strongly agreed that they had been "*encouraged to consider other business support that may be available.*" In total over half (57.4%) of businesses agreed or strongly agreed that "*we have been supported to think about other ways to improve their business.*"

These themes were explored through telephone interviews with businesses and a number of businesses highlighted how they had grown alongside support from REF. For example, JTS Cushions outlined that whilst the business was already growing at the time of engagement with the REF, it has continued to grow further. It expects to have expanded by 10 to 15 staff by the end of January 2020 from the time of REF engagement. The business contacted highlighted that whilst not all of this was due to REF, the project has assisted.

As outlined earlier, businesses responding to the survey attributed 11.5% of job safeguarding and creation over the past 3 years to the REF project.

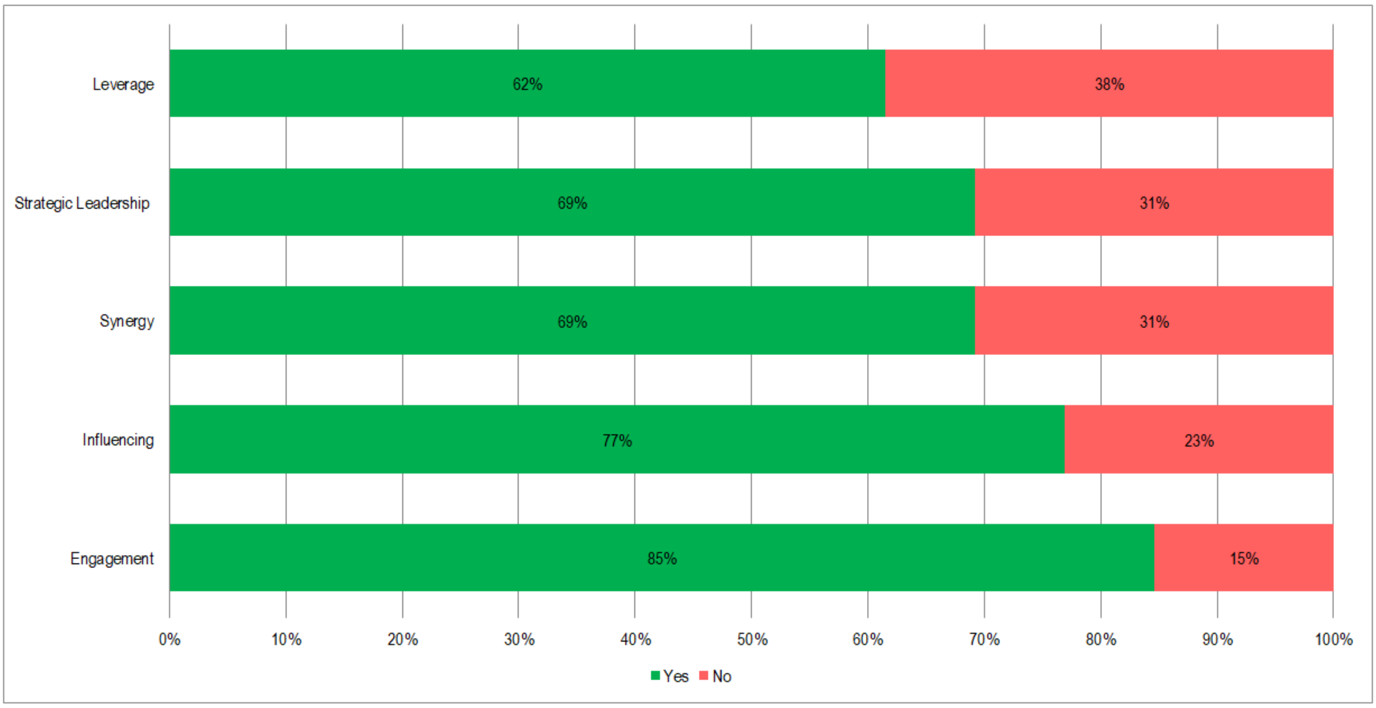
4.5 - Strategic Added Value:

Stakeholders were asked whether they felt the REF project had delivered the five components of Strategic Added Value (SAV), which are:

- Delivered a **strategic leadership** role by articulating regional development needs to partners & stakeholders in the region and elsewhere.
- Delivered an **influencing** role by getting partners to commit to shared strategic objectives and to allocate resources accordingly.
- Achieved **leverage** by providing incentives to mobilise partner and stakeholder resources.
- Achieved **synergy** by co-ordinating activity with partners and stakeholders.
- Achieved effective **engagement** by engaging partners & stakeholders in the Programme's design and delivery.

The table below contains the analysis of responses to this question:

SAV	Yes	No
Strategic leadership	69%	31%
Influencing	69%	31%
Leverage	77%	23%
Synergy	62%	38%
Engagement	85%	15%



As can be seen, the strongest SAV in the view of stakeholders was **engagement** with 85% of stakeholders able to state that the project had delivered it. Comments from stakeholders included: "*the Steering Group and Partnership Group are good examples of this and the regular promotion of the project to the LCR SME Support Network and the Professional's Perspective Network.*"

The next highest SAV category was **influencing** with 77% of stakeholders stating that it had been delivered. A comment relating to influencing made by a stakeholder was that "*an obvious example is the request from the York, North Yorkshire and East Riding LEP to deliver the next phase of the programme across that geography as well.*"

4.6 - Conclusion:

The evaluation team conclude that the project has made strong progress in achieving the outcomes and impacts set out in its logic model.

The project substantially exceeded the outcome forecast for reduced energy and fuel use. The performance on waste diverted from landfill was lower than forecast in the Full Application but reflects the fact that during the course of the project the amount of waste that businesses send to landfill fell significantly reducing the opportunities for REF to deliver on this outcome. The logic model forecast three intended impacts and the project performed well on all of them, particularly increasing awareness and take-up of resource efficiency measures amongst SMEs.

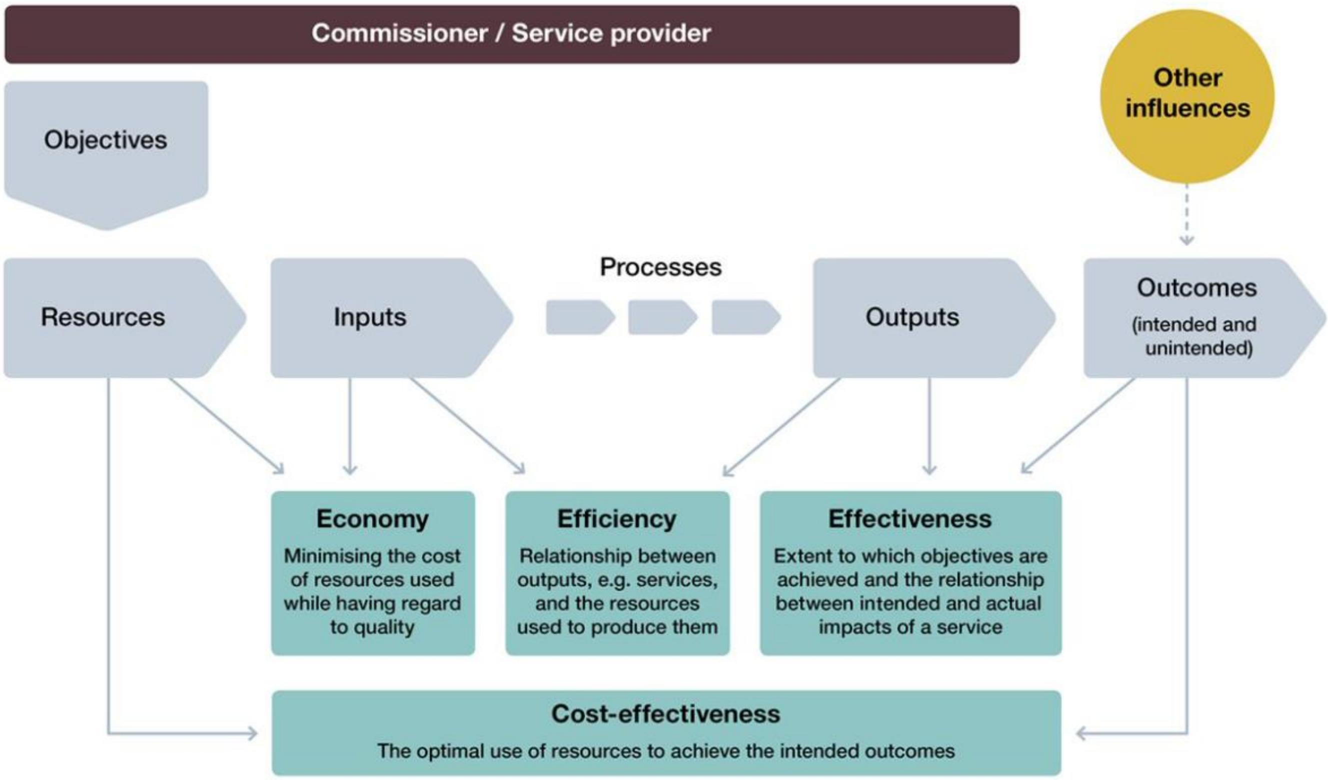
Whilst the project was not designed purely to deliver economic benefits measured by job creation and Gross Value Added (GVA), there is still a strong contribution evident. As highlighted earlier, 99 businesses responded to the survey and indicated that they had created or saved 9.87 on average jobs over the 3 year period. On average businesses attributed 11.5% of jobs created to the support they received so this equates to 1.14 attributable jobs saved or created.

The evaluation team forecast that the project will report that 284 enterprises received support (output C1). If we assume that all these businesses create or safeguard the average number of jobs and attribute them 11.5% this equates to 322 jobs over REF's 3 year delivery period. We can calculate that GVA of £15,001,336 was created. In this calculation the level of attribution assigned by businesses acts as simplified gross to net calculation.

The project has also performed well on Strategic Added Value, with stakeholders identifying that engagement and influencing were particularly strong.

Chapter 5: Project value for money

The National Audit Office (NAO) recommends that value for money assessments explore economy, efficiency and effectiveness. The NAO's logic model is provided below.



Firstly, with regard to **economy** the project team appear to have made every effort to minimise the cost of resources whilst maintaining quality. As identified earlier, the project's total expenditure is a little lower than forecast in the Full Application yet a number of output forecasts have been exceeded.

With regard to **efficiency**, the project has supported at least 12 hours of support (or support worth at least £1,000) to 284 businesses over 3 years at a unit cost of £9,962 (£2,829,250/284). Given the range of benefits that beneficiaries identified through the online survey this unit cost represents very good value. As identified earlier, the project delivered £5.34 in net GVA for every pound of expenditure. A Benefit Cost Ratio (BCR) of 5.34:1 is excellent value for money and exceeds a number of relevant benchmarks. For example, the PwC evaluation of England's Regional Development Agencies (RDAs) found that every £1 spent by the RDAs added £4.50 to regional Gross Value Added (GVA).

On **effectiveness**, the evaluation team conclude that the project has delivered effectively against its objective. As outlined earlier, this was to: "*establish a new business support product that will remove barriers preventing SMEs investing in cost effective resource efficiency measures that reduce waste, energy, water or greenhouse gas emissions, providing information, support and incentives to increase investment in resource efficiency measures across the City Region's SME base.*"

Overall, the evaluation team is of the firm opinion that the Resource Efficiency Fund project delivered excellent value for the public purse.

Chapter 6: Conclusions and lessons learnt

6.1 - Conclusions:

This independent evaluation finds that the Resource Efficiency Fund project was well designed, and drew on best practice. For example, a consultancy firm was commissioned in the design phase to run a focus group to explore views towards resource efficiency. Workshop attendees provided a range of practical advice that informed the project's design including that businesses that had explored resource efficiency improvements, but not implemented them, identified the following issues: cost, time, payback period, and a greater need for resources to be dedicated elsewhere in the business.

The project was also well delivered. Satisfaction amongst business beneficiaries was high with 48.5% of respondents stating that they were highly satisfied, and a further 40.2% stating that they were satisfied. Businesses were also very positive about the stages of support with, for example, 97.3% agreeing, or strongly agreeing that "*assessment was thorough and explored all relevant areas of the business.*"

In addition to the direct benefits of reduced energy costs, businesses identified a range of wider benefits. For example, 100% of businesses that received a grant agreed that "*completing the application has given us confidence to apply for other grants in the future*" and "*we now have a better understanding of public procurement requirements.*" Other wider benefits identified through the online survey include:

- 75.6% of businesses stated that they gained a more pleasant working environment (which sometimes followed through into productivity, less sickness, and profile benefits);
- 70.5% of businesses stated that they had been encouraged to consider other business support that may be available;
- 63% of businesses stated that they had gained increased resilience to price increases; and, cost savings delivering increased profit; and,
- 50.5% of businesses stated that they had gained improved environmental credentials which they can use to promote the business.

Stakeholders were also very positive about the project's deign, delivery and management. 93% stated that the project had clear aims, objectives and overall rationale; that the project was designed to address a clear market failure; and that the breadth of the resource efficiency focus which included water consumption, energy consumption and waste reduction was appropriate.

With regards to delivery 71% of stakeholders found the registration process to be effective; 79% found the assessment process was effective; and, 79% found the grants to be effective. The only area of weakness detected through stakeholder feedback was marketing, with some individuals commenting that this could have been improved with more resource and focus.

Whilst the project did not aim to deliver jobs and Gross Value Added, this evaluation finds that a strong contribution has been made on these measures. On average businesses responding to the survey safeguarded or created 9.87 jobs over the 3 year REF delivery period, and attributed 11.5% of them to REF support. This equates to 1.14 jobs which when multiplied by the 284 enterprises that received support results in 322 jobs that REF has helped safeguard or create. Using data on GVA per filled job for West Yorkshire in 2017, the evaluation team calculate that GVA of £15,001,336 was created.

6.2 - Strengths and weaknesses:

This section provides a summary of the main strengths and weaknesses identified through the Summative Assessment as suggested in the guidance provided by MHCLG.

Project rationale	
Strengths	**Weaknesses**
Clear context highlighting that businesses in Leeds City Region "*need be competitive now and in the future, and we will need to put in place the right support to ensure that goods and services can be produced in the leanest, most efficient way.*"	No major weaknesses evident.
Very clear rationale supported by review of literature on the benefits of resource efficiency and the barriers that collude to discourage small businesses from investing.	
Project design	
Strengths	**Weaknesses**
The project was very well designed and drew on a review of similar projects across the UK.	Whilst not a major weakness, stakeholders highlighted that allowance wasn't made for the decarbonisation of the grid in initial forecasts.
The project team commissioned a focus group with businesses to explore their perceptions of resource efficiency and the barriers they faced when considering investment in this area.	
As part of the project design detailed analysis of different options was conducted to inform option appraisal. This represents best practice in project design.	
Project activities	
Strengths	**Weaknesses**
The project activities were delivered effectively, and businesses found that activities like the resource efficiency assessment and the completion of the grant application were valuable in their own right.	Marketing appears to have been an area that could be improved in the next phase of the project.
Project management and governance	
Strengths	**Weaknesses**
The project was well managed, and benefitted from an experienced and capable team.	No major weaknesses evident.
The project had robust governance arrangements and they operated effectively. The inclusion of a business representative in the Steering Group represents best practice.	
Project outputs, outcomes and impacts	
Strengths	**Weaknesses**
The project over-achieved a number of outputs including Enterprises receiving grants (C2), and, enterprises receiving non-financial support (C4).	The project is forecast to not achieve the target for enterprises supported and will not spend the full budget. However, the challenging economic backdrop clearly contributed to this position.
The project exceeded the forecast performance on the outcome relating to reduced energy and fuel use and performed well on the other outcomes with the exception of waste diverted from landfill.	
The project performed well on the outcomes including increasing awareness and take-up of resource efficiency measures amongst SMEs.	

6.3 - Lessons and potential improvements for the delivery partners, other organisations and policy makers:

6.3.1 - Project design:

- The project demonstrates how effective project design ensures clarity of purpose and enables effective delivery. Organisations considering similar projects should review how the project team designed REF, and ensure that wrap-around support is included to address market failures that act to discourage SMEs from investing.
- The project design including the commissioning of a focus group to test the project design with businesses. This represents best practice and should be adopted by organisations planning similar projects.
- The project team carefully considered different ways that the project could be structured to deliver the aims and objectives. The level of analysis completed on alternative options represents best practice, and should be adopted where possible.

6.3.2 - Project delivery:

- The project has demonstrated how to effectively overcome the complex barriers that businesses face when considering investing to improve their resource efficiency. In the evaluation team's view each activity was crucial in addressing the market failures. Organisations planning similar activity should consider the importance of each activity.
- Project delivery demonstrates how important a pro-active, hands-on approach is when seeking to encourage businesses to invest in areas like resource efficiency. The knowledge, experience and accessibility of Resource Efficiency Managers was crucial and was clearly appreciated by business beneficiaries.
- Businesses confirmed that activities delivered secondary benefits including increased confidence to engage in other business support schemes and seek grant funding.

6.3.3 Potential future improvements:

A number of ideas for potential refinements or improvements emerged during the project informed by workshops, survey feedback and analysis, which could be considered in relation to future extension of the programme or similar activity in Leeds City Region or elsewhere:

- Expanding the scale of grants available could widen the type of projects supported and scale of benefits gained (although may reduce the total number of businesses able to gain grants overall).
- Enhance and provide dedicated resource for marketing and communication to businesses, potentially including online and physical resources (e.g. a flyer with project information on one side and a local case study on the reverse – tailored to each district).
- Implement measures to communicate the programme and its key services and benefits to business growth and support managers in LEP programmes and local authorities, as well as intermediaries (e.g. accountants, Chamber of Commerce) to widen referrals and reinforce these at intervals.
- Consider widening the ambit of the project to include wider measures such as renewable energy generation, circular economy projects and projects that create income from waste.
- Introduce more online versions of forms to reduce paperwork.