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Energy Saving Trust and Regen SW
Evaluation of the Ready for Retrofit
Programme
Phase 3 final report



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Executive Summary

Introduction

The aim of the Ready for Retrofit programme was to create a sustainable domestic energy efficiency and micro-generation retrofit market in the South West of England capable of delivering a massive refurbishment of the South West's housing stock to 2050.

The support developed to deliver on this comprised grant funding for large retrofit projects (Strand 1), tailored support to individual businesses to develop capacity and capability to deliver retrofit work (Strand 2), and various activities to build a long term and self-sustaining retrofit market (Strand 3). A series of quantified indicators and targets were developed to evidence the impact of the programme.

The overall aim of this evaluation of the Ready for Retrofit programme was to provide:

- A robust **impact evaluation** – measuring and quantifying what was achieved against the targets.
- A **process evaluation** – exploring how the programme met the needs of businesses / organisations and stimulate market growth.

Impact evaluation

All but one of the targets around GVA and employee growth for South West businesses in the retrofit sector have been surpassed and the net figures demonstrate that the support provided by the programme has had a strong influence upon these. The creation and protection of millions of pounds of revenue and hundreds of new jobs has been directly attributed to Ready for Retrofit.

Metric	Target figure	Achieved figure
Number of businesses assisted to improve performance	410	414
New businesses assisted	30	97
Number of environmental technology and renewable energy businesses assisted	360	400
Number of firms involved in business / cluster networks	360	414
Gross increase in GVA	£10,667,970	£138,963,762
Gross safeguarded GVA	£11,200,500	£20,527,650
Net additional GVA	£5,198,555	£50,495,957
Net safeguarded GVA	£4,458,060	£3,079,147
Gross jobs created in environmental sectors	270	1,005
Net additional employment	176	274
Jobs safeguarded	90	92
Number of energy efficiency and renewable energy measures installed	787	1,428
Resulting tonnes of CO ₂ saved	30,150tCO ₂ lifetime	36,627tCO₂

Process evaluation

Achievement against targets is a strong indicator that the programme was appropriately designed and delivered to achieve its stated aims. The targets were generally sensible and achievable in terms of metrics, though the scale of some created delivery challenges and potentially detrimental effects.

Aside from some minor initial issues to resolve, the way in which the programme was structured and delivered internally was felt to have worked efficiently and effectively. All stakeholders felt that the involvement of both the Energy Saving Trust and Regen SW was important and both organisations had contributed as envisaged.

In terms of the overall rationale for the programme and need for the types of support if offered, all evidence indicates that it was valuable at the outset and subsequent changes to national policies made the support – in particular demand stimulation – even more pertinent. National policy changes did have some detrimental effects upon the logic map for the programme, in that it became more difficult for businesses to see tangible retrofit opportunities and so harder to encourage them to engage with the support / invest in skills etc.

The different strands of support reached their intended audiences. ERDF compliance created some challenges around engaging the right audience and providing the support that they most valued.

Key recommendations

The success of the programme in 2012-14 has demonstrated that there would be value in a support programme in future years. The Ready for Retrofit approach and evaluation findings emphasise the value of focusing multiple activities on the same area at the same time. It appears that a blend of support, not one 'silver bullet', is needed to deliver substantial outcomes.

However, any future programme of support would benefit from enhancement in terms of audience and type of support provided; in particular:

- An increased focus upon the owner occupier and private landlord audiences e.g. advocating to private landlords and advising councils on encouraging landlord investment in retrofit.
- Capital grants that do not require match funding could be considered to support organisations without spare capital, especially as in some cases it could lead to long term organisational changes and self-sustaining market growth benefits.
- An increased focus of support upon more upon generalist businesses that tend to be the ones engaging with households at potential retrofit trigger points.
- Deliver business support with an emphasis upon depth rather than breadth e.g. focusing more hours of support exclusively on a smaller number of high growth potential businesses. This does not need to be support to increase the ability of those businesses to *do* complex retrofit work, but training to spot, encourage and specify opportunities for retrofit as part of work that households want anyway, as well as building subcontractors that they can recommend or signpost.
- Community groups are active in the South West and should continue to be supported and encouraged to play a role – providing a useful route to market, encouraging action and referring households to schemes.
- There may be an opportunity to advocate for the South West retrofit market more generally e.g. using events or communications to showcase supply chain excellence in the South West.

1 Introduction: Ready for Retrofit and its objectives

£4million of European funding (and a further £4m of match funding) was secured to deliver the *Ready for Retrofit* programme. It is delivered through a consortium: the Energy Saving Trust is the lead partner - and accountable body – but works with organisations including Regen SW, local authorities, social housing providers and a major energy utility based in the South West Competitiveness area.

The aim of the programme is to create a sustainable domestic energy efficiency and micro-generation retrofit market in the South West of England capable of delivering a massive refurbishment of the South West’s housing stock to 2050. The programme is focused on economic development as opposed to retrofitting properties.

The Ready for Retrofit project comprises three strands of activities, each specifically targeted to deliver against one of the programme’s three main objectives, with funding split across them. Those principal objectives and the strand of support designed to address it are set out below:

Table 1: Summary of the three key Ready for Retrofit objectives and strands

Key objective	Strand of support	What it comprised
Accelerate South West market growth; initially with, and then without, public subsidy; to help the South West retrofit market grow faster and be better placed to take advantage of the opportunities provided by the retrofit market in the long-term.	Strand 1: Capital grant funding	Funding for social housing providers in priority locations to apply for in order to retrofit their housing stock. Measures prioritised for funding included all those that qualify for Green Deal, RHI or FIT (except cavity wall insulation, loft insulation and draught proofing).
Enable South West businesses to develop ahead of those in other regions and so develop a competitive advantage as the national market grows in response to Government policy initiatives; to better enable the sector to deliver large scale retrofit activities more effectively, deliver value and cost efficiency, and deliver high quality work.	Strand 2: Business support	Support to businesses for a minimum of 12 hours (or equivalent) per business. Businesses could access a bespoke package of support whereby the business support advisor assessed their needs and proposed a range of support to fit those most effectively. Support activities included: <ul style="list-style-type: none"> • Business advisor support e.g. with marketing and responding to tenders. • Vouchers towards a range of development activities¹ • A business network for peer to peer learning and collaboration. • Exemplar master classes and practical on site sessions. • Technical briefings and advice provided by consortium partners and national

¹ Such as entrance to a conference, assistance with gaining an accreditation or skills development.

		<p>experts.</p> <ul style="list-style-type: none"> Access to a virtual learning network².
<p>Stimulate greater long term growth in the South West through targeted demand and supply side sector development; by developing sustainable finance solutions and generating private sector demand for housing refurbishment, the market will grow without further public subsidy across all areas of the supply chain. This ensures that the project's legacy.</p>	<p>Strand 3: Market development and Exit Strategy work</p>	<p>Creating longer term and larger market growth by:</p> <ul style="list-style-type: none"> Raising customer awareness by funding Open Homes events. Contributing towards Cosy Devon signing a contract with EON in May 2014 to deliver 7000 measures with a fixed proportion focused on households in fuel poverty. Supporting community groups in progression of their energy projects.

To demonstrate impact against those key objectives, the programme has a set of quantified targets:

Table 2: Programme targets and how the three aims of the Ready for Retrofit programme will contribute towards the outputs

Outputs, Impacts and Results	Project outputs	Which strands / aims contribute to the target output		
		Strand 1: Stimulate market demand	Strand 2: support businesses	Strand 3: Market development and exit strategy
Number of businesses assisted to improve performance	410		✓	
New businesses assisted	30		✓	
Number of environmental technology and renewable energy businesses assisted	360		✓	
Gross increase in GVA	£10,667,970		✓	
Gross safeguarded GVA	£11,200,500		✓	
Gross jobs created in environmental sectors	270		✓	
Gross jobs safeguarded	90		✓	
Number of additional firms involved in business/cluster networks	360		✓	
Net additional GVA	£5,198,555		✓	
Net safeguarded GVA	£5,458,060		✓	
Net additional employment (includes created and safeguarded)	176		✓	
Number of energy efficiency and renewable energy measures installed	787	✓		
Resulting tonnes of CO ₂ saved (modelled)	1114t/yr 30,150t over 30yrs	✓		

² This includes technical updates (technology, materials etc), legislative / policy updates, case studies, open source documents and learning materials, e-briefings on local issues (including planning, highways, building control, working with other contractors), companies in an online supplier directory.

2 The evaluation: purpose and approach

2.1 Objectives

The overall aim of the evaluation of the Ready for Retrofit programme is to provide:

- A robust **impact evaluation** – measuring and quantifying what was achieved against the targets outlined in section 1.
- A **process evaluation** – exploring how the programme met the needs of businesses / organisations and stimulate market growth.

The impact evaluation is largely based on assessing achievement of the targets in Table 2. It also covers assessment of:

- The contribution of outputs to attributable outcomes (including any unintended outcomes/effects) and wider effects on the South West economy;
- Strategic Added Value (SAV) - broadly the added value realised through coordinating and influencing activities that result in project outcomes being delivered by others (accelerating growth without public subsidy and stimulating longer term growth) in addition to outcomes directly delivered through funded activities.
- Environmental impact – through direct project operation and resulting from project outputs e.g. carbon saved from measures installed.

The process evaluation comprises assessment of:

1. The original rationale for the project, and whether this rationale is/is not still valid (including how it fits with current ERDF priorities and those of other local, regional and national strategies).
2. The effectiveness of the process of delivery; including management, administrative and delivery mechanisms and operational characteristics that have had a significant effect on the scale and nature of the outcomes and impacts realised through the project.

The final objective of the evaluation is to synthesise the above findings into conclusions and recommendations for the future, both in terms of:

- a. Delivering future programmes like Ready for Retrofit;
- b. The immediate and longer term needs of the retrofit sectors.

2.2 Multi-stage approach outline

In order to address all objectives, there have been three main phases to the evaluation:

- **The first stage** (August to November 2013) sought to ascertain the expectations of beneficiaries and their experiences so far. This stage focused on the first two strands of the Ready for Retrofit programme (stimulating demand and business support).
- **The second stage** (May to June 2014) was intended to provide an update on the programme's second year of operation, focusing specifically on the Strand 1 and Strand 3 support.
- **This third and final stage** (October to December 2014) has covered all three strands of the programme. Feedback was sought from beneficiaries on the whole programme of support and updated financial data was collected to inform the economic impact of the programme. Further interviews with programme managers and stakeholders were also conducted to inform the process evaluation.

2.3 Phase 3 approach

2.3.1 Overall

This report primarily reflects the findings from the final stage of the evaluation, though findings from the first two phases are included where useful and relevant. The core elements of this final stage were as follows:

- A **desktop review** of internal programme documentation to obtain a better understanding of the ongoing relevance of the programme rationale and targets, activities and target beneficiaries, as well as providing data to inform impact assessment calculations.
- **Interviews** with the programme team to assess programme rationale and design decisions and successes and challenges in delivery. In addition, we interviewed a number of wider stakeholders provided by the programme team for this purpose.
- **Qualitative interviews with organisations receiving Strand 1 support;** to understand how important the funding was to the retrofit project and assess attribution of the achieved or intended outcomes of those projects.
- **Qualitative interviews with contractors carrying out the funded work on behalf of the Strand 1 funding recipients.** To explore the extent to which beneficiaries of the Strand 1 projects matched the program target audience and what difference this project made to the business.
- **An on-line and telephone survey of businesses signed up to receive Strand 2 support;** to explore organisation profile, satisfaction with the support received and suggestions for improvement, financial performance, and attribution of improved performance to the programme. The mixed interviewing mode approach was intended to allow respondents flexibility in responding. In phase 3, included in the sample were some businesses listed in the database as having received less than 12 hours of support (therefore not contributing to some targets) in order to explore whether these interactions had still delivered benefits.
- **Qualitative interviews with Strand 3 beneficiaries;** to explore progress with supported projects and anticipated future impacts.

The table below provides a summary of the activities – and interview numbers – completed across the three stages of the evaluation:

Table 3: Summary of evaluation activities undertaken

	Stage 1 (August to November 2013)	Stage 2 (May to June 2014)	Stage 3 (October to December 2014)	TOTAL
Programme team interviews	4	4	3	11
Wider stakeholder interviews	5	0	4	9
Strand 1 beneficiary interviews	2	3	2	7
Strand 1 contractor interviews	2	0	2	4
Strand 2 beneficiary	63	0	107	170

interviews (telephone)				
Strand 2 beneficiary interviews (on-line)	12	0	44	56
Strand 3 beneficiary interviews	0	2	6	8

2.3.2 Analysis: gross to net outcomes

Accurately measuring and quantifying programme performance against targets required adjustment from gross to net outputs accounting as appropriate for the following net effects:

- **Deadweight** - the proportion of total outcomes that would have been secured anyway e.g. the volume of retrofit work that would have been generated and conducted in the absence of any Ready for Retrofit intervention. For this effect in particular further explanation is useful as to how attribution and the extent of directly attributed outcomes was assessed:
 - Where deadweight / attribution was assessed with beneficiaries, respondents were asked to state whether the programme support had been *crucial* to the achieved / anticipated beneficial outcomes, of *some influence* to these, or of *no influence*.
 - If a respondent said the support was crucial, 100% of the outcomes were attributed.
 - If a respondent said the support was of no influence, none of the outcomes were attributed.
 - However, if a respondent said the support was of some influence, it was clear that there were other influencing factors and some outcomes would have been achieved anyway (albeit not as quickly or to the same scale). On that basis, 50% of outcomes from these respondents were considered as directly attributable to the programme support.
- **Displacement** - the number or proportion of outcomes that reduce outcomes elsewhere e.g. Ready for Retrofit may stimulate additional sales in the Micro Wind sector at the expense of revenues associated with the manufacture, distribution and installation of solar PV.
- **Leakage** - the number or proportion of outcomes that benefit those outside the target area / audience of the intervention e.g. Ready for Retrofit work to enhance market demand may benefit manufacturers in Europe, or work to up-skill local contractors may strengthen the Green Deal offer of a large company based outside the South West.
- **Multiplier effect** - further economic activity (e.g. jobs, expenditure or income) associated with additional income to those employed by beneficiaries (income multipliers) and / or supplying to beneficiaries i.e. benefits being passed up the supply chain.
- **Substitution** - this effect can arise where a firm substitutes one activity for a similar one. For example, Ready for Retrofit support and activities may change the nature of an organisation's core business activities, creating 'green' jobs / revenue within a firm at the expense of jobs / revenue associated with previous core activities.

2.3.3 Analysis: Strategic Added Value

Assessing SAV requires exploration of the extent to which the programme delivered the following:

1. **Strategic leadership and acting as a catalyst** – articulating and communicating regional development needs, opportunities and solutions to partners and stakeholders in the region and elsewhere.
2. **Strategic influence** – carrying out or stimulating activity that defines the distinctive roles of partners, gets them to commit to shared strategic objectives and to behave and allocate their funds accordingly.
3. **Leverage** – providing financial and other incentives to mobilise partner and stakeholder resources – equipment, people as well as funding.
4. **Synergy** – using organisation capacity, knowledge and expertise to improve information exchange and knowledge transfer and coordination and/or integration of the design and delivery of interventions between partners.
5. **Engagement** – setting up the mechanisms and incentives for more effective and deliberative engagement of stakeholders in the design and delivery of regional and sub-regional priorities and programmes.

2.4 Notes for the reader

There are several important limitations that the evaluation design seeks to mitigate but which the reader should be aware of:

- **Time period** - the evaluation aims to assess outcomes and impacts achieved up to November 2014. The surveys explored projected GVA and potential future benefits, yet some of the activities - in particular for the market development strand - will deliver outcomes and impacts in the longer term i.e. not covered within this evaluation.
- **Sample size** – whilst the data from the Strand 2 beneficiary survey has been weighted to the database population (on the basis of extent of programme support and business FTEs), there are limitations to how representative the sample size can be considered to be of the member population as a whole³.
- **Obtaining data** - some businesses have been reluctant to share financial information due to its sensitive nature, whilst some others do not know certain information. This means that datasets feeding into the GVA analysis are not complete. The extent to which data was provided varied by field. Programme data (e.g. on what support had been provided) was almost complete. For key business profile fields such as current turnover or FTEs, generally over 75% of the database was populated though there were gaps. The % was lower for years + or – from the current, becoming lower the further away from the current figure.
- **Applying net effects** – the available data required to accurately apply net effects to gross outcomes is somewhat limited, especially beyond the deadweight factor. Where specific net effects were not explored in relation to specific targets / KPIs, standard assumptions⁴ were used. The formula for calculating additionality was taken from the same source and was as follows:

$$\text{Net outcome} = [\text{Gross outcome} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}] \text{ minus} \\ [\text{Deadweight} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}]$$

³ Based upon the respective population and sample sizes, findings from the whole sample can be considered to have a confidence interval of ±7% to a 95% confidence level.

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191511/Additionality_Guide_0.pdf

3 Assessment against core quantified targets

This section takes each of the Ready for Retrofit's core targets and assesses achievement against them based upon the data gathered throughout the previous three phases. The targets are separated into sections based upon the type of metric. For each target, the extent to which it has been achieved is assessed not only through a precise figure but also through a RAG rating; this is to be interpreted as follows:

- **Green** = the target has been achieved
- **Amber** = the target was missed but not substantially and/or there is some uncertainty in the robustness of the analysis (explained in more detail in the relevant subsection).
- **Red** – the target has not been achieved and there is little or no ambiguity in the underlying figures / assessment process.

It should be noted that the programme team work has been agreed with ERDF to be extended into January 2015. Therefore whilst the figures discussed below are likely to be near to the final figures for the programme, there is still potential for them to change to some degree; the programme team will continue to collect data on jobs and GVA until 2017. The collated table of progress / achievement against targets is summarised here:

Table 4: Summary of achievement against programme targets

Metric	Target figure	Achieved figure
Number of businesses assisted to improve performance	410	414
New businesses assisted	30	97
Number of environmental technology and renewable energy businesses assisted	360	400
Number of firms involved in business / cluster networks	360	414
Gross increase in GVA	£10,667,970	£138,963,762
Gross safeguarded GVA	£11,200,500	£20,527,650
Net additional GVA	£5,198,555	£50,495,957
Net safeguarded GVA	£4,458,060	£3,079,147
Gross jobs created in environmental sectors	270	1,005
Net additional employment	176	274
Jobs safeguarded	90	92
Number of energy efficiency and renewable energy measures installed	787	1,428
Resulting tonnes of CO ₂ saved	30,150tCO ₂ lifetime	36,627tCO₂

3.1 Businesses supported

All the metrics within this group are based upon Strand 2 delivery. Whilst Strand 1 and 3 were deemed applicable in principle, the Ready for Retrofit team stated that any businesses supported through those Strands would have been listed as ‘signed up’ anyway.

3.1.1 Summary

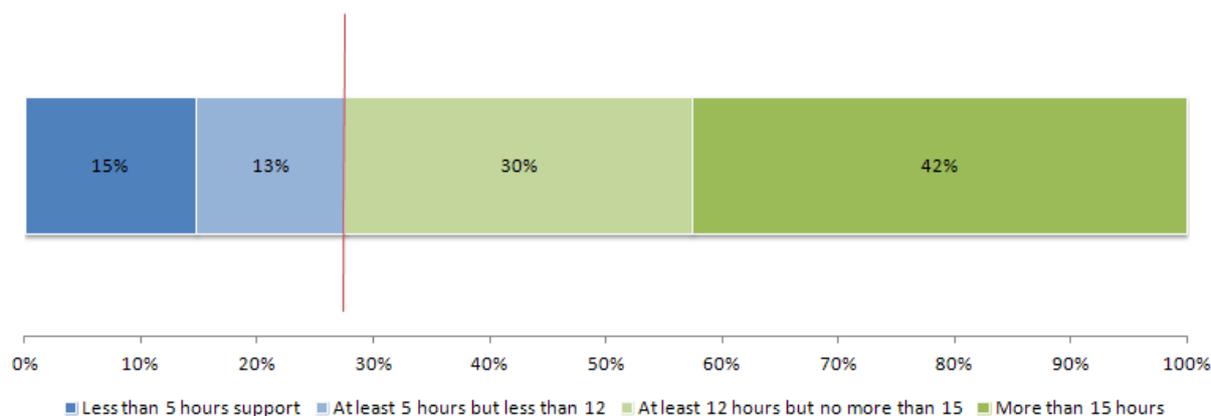
Metric	Target figure	Achieved figure
Number of businesses assisted to improve performance	410	414
New businesses assisted	30	97
Number of environmental technology and renewable energy businesses assisted	360	400
Number of firms involved in business / cluster networks	360	414

3.1.2 Number of businesses assisted to improve performance

The key ERDF stipulation in order for a business to qualify as having been ‘assisted’ is that the business is signed off as having received at least twelve hours of support from the programme; for Ready for Retrofit this could comprise hours of expert advice, hours spent at events organised or signposted by the programme team, equivalent hours in the form of a voucher⁵, or a combination of the above.

The programme database of supported businesses – last updated in December 2014 - indicates that 570 businesses received at least some level of support, whilst 414 are signed off as having received at least 12 hours (or equivalent) support. It should be noted that there are a further 27 businesses recorded as having more than 12 hours of support but which have not yet been signed off; on that basis the cautious approach to *exclude* these from the achieved total has been taken. The breakdown of the database in terms of level of support is as follows:

Figure 1: Segmentation of Strand 2 database by hours of support [n=570]



⁵ Redeemable for certain training and skills services or certification.

The twelve hour goal has been reached with 72% of supported businesses. A proportion of those businesses in the blue groups may still reach the 12 hour mark in the remaining month of programme delivery (in addition to the 27 businesses with more than 12 hours support but yet to be signed off).

In undertaking the interviews with businesses we found that for 17 businesses⁶ recorded as having received 12+ hours of support⁷, the respondent low or no recall of interaction with Ready for Retrofit. We have investigated this with the R4R team and are confident that the target has still been reached because:

- 570 businesses have been supported to some degree and the target has been reached, with many more businesses that nearly got there (and more that still could with sign off) which means that the numbers could increase further. This – along with the findings in figure 1 - indicates there was no attempt to ‘fill up’ support time with unnecessary support just to get businesses over the 12-hour line.
- Recall could have been affected by staff turnover in the businesses or lack of full understanding from the respondent of what did and did not constitute a contribution to the 12 hrs (e.g. vouchers equating to task time).

An additional finding from survey recruitment was that 2 businesses had ceased trading (additional to the 27 such businesses identified in the database) and 11 businesses reported that the employee who had been the lead contact for the programme was no longer with the business and that no one else had been involved in this. Whilst this does not have implications for the ‘supported businesses’ target, it does carry implications for the likelihood of any benefits / impacts having arisen in those businesses. Again, these numbers may have been higher had all those in the database been contacted.

3.1.3 New businesses assisted

Based upon the information provided in the beneficiary database, 97 of those supported for 12+ hours started in 2012-14 and had been trading for less than one year at the time they were engaged by the programme. **Therefore the target of 30 has been easily surpassed.**

3.1.4 Number of environmental technology and renewable energy businesses assisted

The programme team noted that this was a target included at the outset of the programme because there been an intention that 50 of the supported businesses would be Green Deal advisor companies. As this element of the programme was not taken forward, the target has limited meaning or value – i.e. the number is broadly the same as that of the total supported businesses - but has been included here to ensure a comprehensive review.

The database included a small number of organisations described as ‘charity’ or ‘public sector’; when these are excluded, the **total number of supported environmental technology / renewable energy businesses is 400, still well above the target of 360.**

⁶ It should be noted that the reduction of 17 is a somewhat cautious figure, on the basis that not all businesses were contacted during the survey⁶. It could be hypothesised that if all businesses had been successfully contacted, the number of non-recallers would have been larger.

⁷ And a further 18 of those recorded as having received <12 hours of support.

3.1.5 Number of businesses involved in business clusters / networks

Due to the nature of membership of the programme and the type of support provided, the programme team advised that almost every business recorded as having received support could be considered as being involved in a business network. **On that basis, the total figure would be 414, easily meeting the target of 360.**

3.2 GVA

The programme team suggested that the focus for GVA be primarily on turnover, especially as Full Time Equivalent employees (FTEs) are considered in separate targets. **The Strand 2 database turnover figures were used as the basis for calculations⁸.**

3.2.1 Summary

Metric	Target figure	Achieved figure
Gross increase in GVA	£10,667,970	£138,963,762
Gross safeguarded GVA	£11,200,500	£20,527,650
Net additional GVA	£5,198,555	£50,495,957
Net safeguarded GVA	£4,458,060	£3,079,147

3.2.2 Exclusions

In phase 3 interviews with businesses that received less than 12 hours of support were conducted to explore whether this duration of support still delivered benefits to the recipients. Whilst these businesses seemed broadly as likely to have realised improvements in turnover or FTEs, very few attributed any increases or safeguarding to the support received. None of the sub-12 hour supported businesses that reported increases in turnover felt that the programme had influenced this. The highest level of attribution was for anticipated increases in turnover next year, where 27% of sub-12 hour supported businesses felt that the support had been of 'some influence' on this (though none thought it crucial).

The interviews were useful in highlighting that even where 12 hours of support was not provided, there was still the potential for benefits to be realised by beneficiaries. However, the extent and depth of attribution from these businesses means that it would not be sensible or robust to include their GVA data in the impact assessment calculations. **Therefore all calculations below are based only upon those 414 supported for at least 12 hours and which have been signed off.**

Section 3.1 highlighted that 29 supported businesses have ceased trading; 12 of these were businesses signed off as having had 12 hours of support. **This means that we will extrapolate identified GVA and other benefits to a total of 402 businesses rather than 414, as those that have ceased trading will not be delivering impacts.**

⁸ The Strand 2 beneficiary survey explored turnover and showed a higher proportion of businesses both achieving and predicting turnover increases than was reported in the database. However, as the database figures were signed off formally by the supported businesses, and in the survey some respondents could not provide figures to verify their claimed increases, the database was used as the more reliable source.

3.2.3 Gross increase in GVA

Analysis of the Strand 2 database turnover figures shows the changes in mean reported turnover from the previous financial year (-1) through to the next financial year (+1), as two years is the minimum recommended period for a GVA estimate:

Table 5: Average turnover changes for supported businesses

	Previous year (-1): n=312 ⁹	Current year: n=385	Next year (+1): n=355
Mean turnover of those reporting	£1,302,142	£1,201,841	£1,647,823
Change in mean from -1 to +1 financial years	£345,681		

Table 4 shows that if business forecasts are correct, there will have been an average net increase in supported business mean turnover of £345,681¹⁰. Applying the latter figure to the population of businesses still trading and signed off as supported for 12 hours or more (n=402) provides **a total of £138,963,762, surpassing the target GVA target figure by a large amount.**

The extent to which the target has been surpassed is due to the large average growth between -1 year and +1 year. Whilst the overall change is positive, the slight fall in average revenue between the previous and current year could indicate a number of things. Although this might indicate expectations of growth for next year are unrealistic and unlikely to be achieved¹¹, the national economic outlook has been improving in GDP terms in the last year and it may be that in line with this, performance was weaker last year but is set to improve substantially in 2014-15.

3.2.4 Gross safeguarded GVA

The target for safeguarded GVA could be considered to have already been passed if increases in GVA are counted against this. Below we have solely considered the safeguarding of GVA that would otherwise have been lost.

Taking a change of less than 5% between the -1yr turnover and +1yr turnover as being turnover remaining broadly static, the supported businesses this applies to equates to a total +1yr turnover of £31,581,000.

However, the programme database does not indicate whether or not there had been any safeguarding of turnover where there was no change, therefore the Strand 2 beneficiary survey explored this. Overall, 17% of all fully supported businesses – 65% of those reporting that turnover had remained the same - said that either increasing the number or value of sales, or diversifying, had safeguarded their turnover and ensured it remained broadly the same as in the previous year.

⁹ Data was not available for all 414 businesses. One outlier was removed from the sample.

¹⁰ The median equivalent figure is considerably less (£100,000). However, as the figures used are drawn directly from the database which contains all supported businesses and figures are self-reported by those businesses, the accuracy of the numbers seems reliable. As noted, one outlier was removed, which served to increase the difference.

¹¹ Expectations of growth amongst the beneficiary population (81% expect growth in turnover from the current to the next year) do compare very favourably with figures on the South West business population as a whole, with recent Santander research indicating only 12% of South West-based businesses overall are looking to grow organically, with a further 23% turning to acquisitions to achieve growth¹¹.

Taking 65% of the static turnover figure means **safeguarded turnover of £20,527,650, easily surpassing the target already.**

Yet in addition, 11% of all fully supported businesses – 73% of those reporting that turnover had decreased - said that either increasing the number or value of sales, or diversifying, had prevented their turnover decreasing by as much as it would otherwise have done.

Taking a negative change in the Strand 2 database of at least 5% between the -1yr turnover and +1yr turnover as being indicative of decreasing turnover¹², the supported businesses this applies to equates to a total change of £15,029,000. Although businesses were not asked by exactly how much more turnover would have decreased without taking action, these figures clearly indicate that there is a substantial further quantity of safeguarded GVA through such action.

3.2.5 Net additional GVA

The formula used to calculate this was follows:

$$\text{Net outcome} = [\text{Gross outcome} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}] \\ \text{minus } [\text{Deadweight} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}]$$

This accounts for the fact that the other net effects would still apply to a deadweight figure and also attempts to manage overlap between net effects. The first step was therefore to ascertain the deadweight.

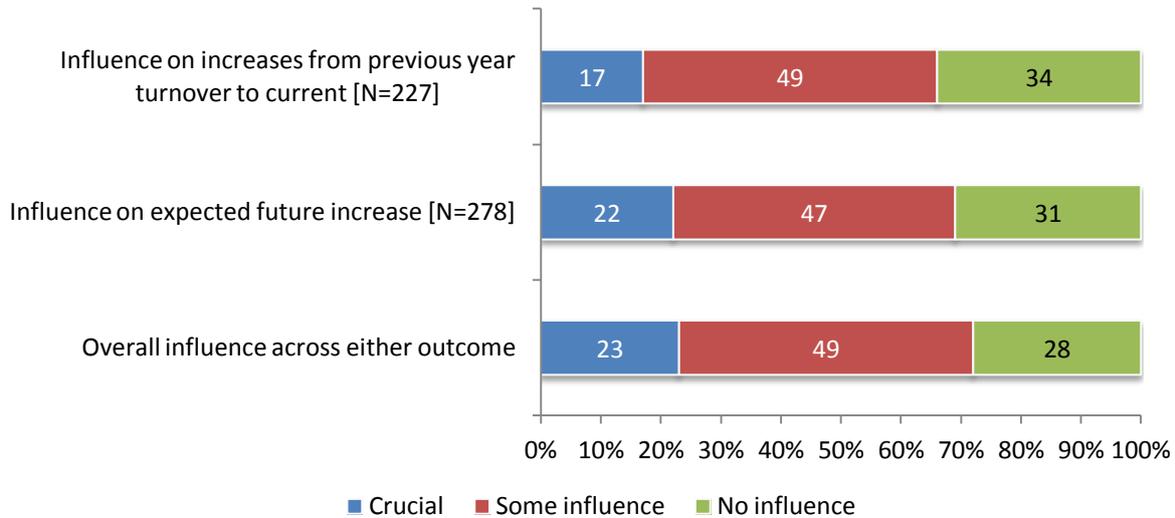
Deadweight

This measures the proportion of total outcomes that would have been secured in the absence of any Ready for Retrofit intervention.

The key approach to measuring this was through the Strand 2 beneficiary survey, where any respondents reporting an achieved increase in turnover, or projecting an increase in turnover, were asked how important the Ready for Retrofit support had been to achieving that. The chart below summarises their responses:

Figure 2: Extent of attribution of achieved and predicted increases in turnover amongst Strand 2 beneficiaries

¹² One outlier was ignored.



The chart shows a high proportion of beneficiaries saying that the programme support was crucial to action taken to increase turnover. This level compares well to other ERDF-funded programmes that we have evaluated. From survey responses, the reason for this in part lies with the fact that the programme funded training and accreditation and so access to markets or tenders that they were previously ineligible for.

The chart shows that the proportions were broadly similar but that beneficiaries were slightly more likely to attribute anticipated than achieved outcomes. This is likely to be due to the timing of the support provision and the longer term nature of some of the outcomes expected from it.

Overall, 72% of beneficiaries attributed improved current or predicted turnover at least in part to the programme support; this equates to *influenced* GVA of £100,053,909 when applied to the gross figure above.

However, 49% of beneficiaries only said that the support had been of *some* influence, implying that *some* GVA outcomes would have been achieved anyway. A 50% factoring down was therefore applied to the GVA increases achieved by that 'some influence' group. This meant that of the gross GVA total:

- £31,961,665 was fully attributed i.e. the programme support was deemed 'crucial';
- £68,092,243 was partly attributed i.e. the programme support was deemed to have had 'some influence', but applying the 50% factor means only £34,046,122 of this can be attributed to the support;
- The remainder – both the gross GVA from the 'no influence' group and the 50% taken from the 'some influence' group - is not attributed at all; **this figure is £72,955,975 and represents the total deadweight effect** (53% of gross GVA).

This measures the number or proportion of outcomes that benefit those outside the target area / audience of the intervention.

All respondents to the Strand 2 beneficiary survey were asked about the extent to which their turnover from retrofit work was generated from work in the South West; the responses made an average 87%. **Therefore the total leakage effect / reduction is 13%.**

Although not a factor to be applied to the GVA targets, it is worth noting that interviewed Strand 1 beneficiaries always chose to employ as lead contractor a business that at least had a presence / office in the South West, albeit not all their workforce or revenue streams were based there.

Substitution

Substitution is where a firm substitutes one activity for a similar one.

Where fully supported respondents to the Strand 2 beneficiary survey reported that their turnover had increased at least partly due to the action of *winning work in new areas*, they were asked this had been coupled with a reduction in their previous / core areas of work.

Overall, 12% of these respondents - 5% of those seeing an increase in turnover - said that the work in new areas had led to them reducing work in previous / core focuses (indicative of substitution). A further 14% - 6% of those seeing an increase in turnover – said that entry into new markets had been necessitated due to work in core areas reducing (indicative of displacement).

When combined, these substitution effects would therefore seem to **equate to around 11%.**

Displacement

Displacement measures the number or proportion of outcomes that reduce outcomes elsewhere i.e. growth in some businesses meaning reduction in size of other businesses in the same sector. This was not explored with businesses, as they would not have known the degree to which any increases or decreases in turnover were linked to other firms winning / losing contracts or simply an overall growth / decline in opportunities. **On this basis, a standard 25% reduction factor was applied¹³.**

Multiplier effects

This measures further economic activity (e.g. jobs, expenditure or income) associated with additional income. This was explored in several ways in the Strand 2 beneficiary survey:

- 1. Profits and their use.** Whether increased turnover had also translated into increased profits – of the respondents reporting an increase in turnover in the survey, 68% said that this had led to an increase in profit margin; the remainder said that profit had remained stable. When asked about how that profit was being spent, almost all respondents said that it was being invested back into the business e.g. staff training, new staff, or new equipment / machinery / vehicles. These activities would be expected to add value and further enhance revenues. Respondents were not asked to quantify the effects they envisaged, though +1year turnover figures in the beneficiary database may price in any beneficial effects.

¹³ From the Additionality Guide - a 25% factor was selected as the most appropriate of the standard factors that could be applied, reflecting “some but limited” displacement.

2. **Supply chain effects.** 85% of survey respondents reporting an increase in turnover said that they were now spending more with their suppliers as a result of this increase. Whilst some of this supply chain might already comprise businesses supported by the programme (and so again priced into projected turnover increases), it is likely that some businesses in the retrofit supply chain will be increasing sales and revenues due to improved performance from supported businesses. As for the questions on use of profit, respondents were not asked to quantify their increased spending with suppliers.

Overall, it was difficult to gather data to quantify the multiplier effects being observed. However, it is clear from the evidence available that there have been multiplier effects and these seem to have been substantial in occurrence, albeit not measured in scale.

On that basis, a **standard multiplier effect of x1.5 was applied**¹⁴.

Overall net GVA

The net effects described above were then applied to the formula as follows:

Net outcome = [Gross outcome x (leakage %) x (displacement %) x (substitution %) x Multiplier effect] minus [Deadweight x (leakage %) x (displacement %) x (substitution %) x Multiplier effect]

Net outcome = [£138,963,762 x (13%) x (25%) x (11%) x 1.5] - [£72,955,975 x (13%) x (25%) x (11%) x 1.5]

Net outcome = £106,307,278 – £55,811,321 = **£50,495,957**. The target has been easily surpassed.

3.2.6 Net safeguarded GVA

Deadweight

41% of fully supported businesses reporting sustained turnover levels felt that the programme support had influenced this¹⁵; 9% said the support was crucial and 32% of some influence. This meant that of the gross safeguarded GVA total:

- £1,847,489 was fully attributed i.e. the programme support was deemed ‘crucial’;
- £6,568,848 was partly attributed i.e. the programme support was deemed to have had ‘some influence’, but applying the 50% factor means only £3,284,424 of this can be attributed to the support;
- The remainder – both the gross GVA from the ‘no influence’ group and the 50% taken from the ‘some influence’ group - is not attributed at all; **this figure is £15,395,738 and represents the total deadweight effect** (75% of gross GVA).

Although not a quantified figure, there is also additional net safeguarded GVA through 50% of those taking action to minimise loss of turnover attributing this at least in part to the programme support.

Overall net safeguarded GVA

¹⁴ Again from a list of possible multipliers in the Additionality Guide; 1.5 reflects medium linkages, evidenced by the survey responses provided.

¹⁵ Respondents that had protected rather than increased turnover were much less likely to attribute this to the programme support. In addition, those attributing were much less likely to say that the support had been ‘crucial’.

Due to limitations in the length of the survey, only deadweight could be clearly discerned as a net effect on safeguarded GVA. This means standard assumptions were used as follows:

Net outcome = [Gross outcome x (leakage %) x (displacement %) x (substitution %) x Multiplier effect] minus [Deadweight x (leakage %) x (displacement %) x (substitution %) x Multiplier effect]

Net outcome = [£20,527,650 x (10%) x (25%) x (25%) x 1.5] - [£15,395,738 x (10%) x (25%) x (25%) x 1.5]

Net outcome = £12,316,590 – £9,237,443 = **£3,079,147**. This is slightly below the target, though as noted the net effects are standard assumptions and minimisation of losses to businesses losing revenue has not been included.

3.3 Jobs

As for GVA, the programme team advised that measurement of these targets should be based entirely upon Strand 2 support beneficiaries. The exclusions outlined in section 3.2 also apply here.

3.3.1 Summary

Metric	Target figure	Achieved figure
Gross jobs created in environmental sectors	270	1,005
Net additional employment	176	274
Jobs safeguarded	90	

3.3.2 Jobs created

Analysis of the Strand 2 database FTE figures shows the changes in reported FTE numbers from the previous financial year (-1) through to the next financial year (+1):

Table 6: FTE changes for supported businesses

	Previous year (-1): n=419	Current year: n=523	Next year (+1): n=488
Mean FTE of those reporting	11	10.5	13.5
Change in mean from -1 to +1 financial years	2.5		

Again, the mean figures show a slight fall between the previous and current year, which would seem to eliminate the possibility that hiring of more employees led to the observed reduction in average turnover over the same period.

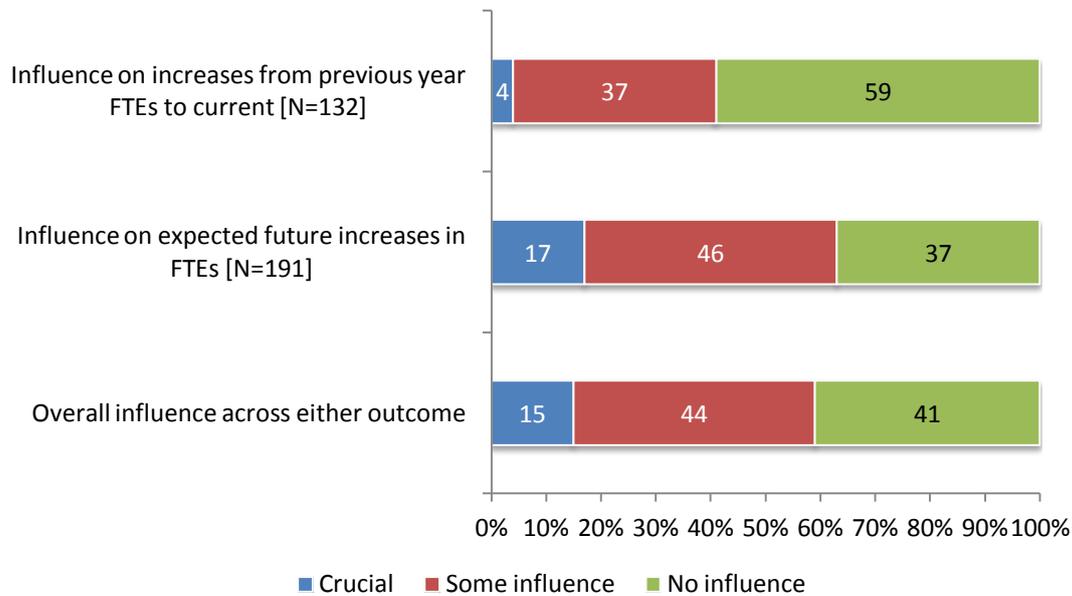
Table 4 shows that if forecasts are correct, there will have been an average net increase in supported businesses of 2.5 FTEs. Applying this to the population of businesses still trading and signed off as supported for 12 hours or more (n=402) **provides a total of 1,005 FTEs, easily surpassing the target figure.**

3.3.3 Net additional employment

Deadweight

The chart below shows the extent to which observed or projected increases in FTEs were attributed to the programme support:

Figure 3: Extent of attribution of achieved and predicted increases in FTEs amongst Strand 2 beneficiaries



As for turnover, respondents seemed more likely to acknowledge the programme support influence on projected benefits than currently realised benefits.

Amongst all fully supported businesses acknowledging an increase in FTEs (either observed or projected), 59% felt that the programme support had influenced this (15% crucial and 44% some influence). This meant that of the gross safeguarded GVA total:

- 151 FTEs were fully attributed i.e. the programme support was deemed ‘crucial’;
- 442 FTEs were partly attributed i.e. the programme support was deemed to have had ‘some influence’, but applying the 50% factor means only 221 FTEs can be attributed to the support;
- The remainder – both the gross FTEs from the ‘no influence’ group and the 50% taken from the ‘some influence’ group - is not attributed at all; **this figure is 633 FTEs and represents the total deadweight effect** (63% of gross jobs created).

Leakage

Based upon responses to the Strand 2 beneficiary survey, 99% of jobs created by businesses were in the South West, therefore there was almost no leakage (**1% equivalent to 10 FTEs**).

Overall net additional employment

Due to limitations in the length of the survey, only deadweight and leakage could be clearly discerned as net effects on jobs created. This means standard assumptions were used as follows:

$$\text{Net outcome} = [\text{Gross outcome} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}] \text{ minus } [\text{Deadweight} \times (\text{leakage \%}) \times (\text{displacement \%}) \times (\text{substitution \%}) \times \text{Multiplier effect}]$$

$$\text{Net outcome} = [1,005 \times (1\%) \times (25\%) \times (25\%) \times 1.5] - [£633 \times (1\%) \times (25\%) \times (25\%) \times 1.5]$$

Net outcome = £739 – 465 = **274 FTEs or net jobs created**, surpassing the target.

3.3.4 Safeguarded FTEs

Taking businesses with no change in FTE, the number of fully supported businesses this applies to equates to a total +1yr FTE number of 507. The programme database does not indicate whether or not there had been any safeguarding of FTEs where there was no change, therefore the Strand 2 beneficiary survey explored this.

Amongst those reporting that they expected to have the same number of FTEs next year, 31% said that the programme had influenced the business being able to retain the same numbers. Applied to the 507 FTEs in businesses where employee numbers remained static, and applying the 50% factor for those attributing 'some influence' **this equates to 92 safeguarded FTEs.**

3.4 Energy and carbon

Both of the targets on this metric are intended to be delivered by the projects funded through Strand 1 support.

3.4.1 Summary

Metric	Target figure	Achieved figure
Number of energy efficiency and renewable energy measures installed	787	1,428
Resulting tonnes of CO ₂ saved	30,150tCO ₂ lifetime	36,627tCO ₂

3.4.2 Influenced and attributed measures and tCO₂

Figures from the Strand 1 funded projects show that - in total - 1,428 measures have been funded (albeit some not installed due to the timing of project completions). No Strand 1 beneficiary said that the funding had made no difference to action, meaning that 100% of measures and impacts can be considered to have been *influenced* by the Strand 1 support. As the targets were set as gross, no deadweight factor has been applied.

However, to explore any deadweight effects, the project leads in Strand 1 funded organisations were asked about what would have happened without the funding. From interviews conducted across the three stages of the evaluation:

- Three beneficiaries said that the retrofit projects would not have happened without the Strand 1 funding and that they would have been limited to basic home improvements and maintenance as per Decent Homes standards. For these projects, 100% of achieved / projected measures and impacts have been attributed to the programme.
- Three beneficiaries said that the Strand 1 funding had enabled their retrofit projects to be larger and / or ensure more effective measures, but that some retrofit works would still have been completed. For these projects, 50% of achieved / projected measures and impacts have been attributed to the programme.
- One beneficiary claimed that the supported project (and its associated benefits) would have happened anyway. According to the respondent, the difference the Strand 1 funding made was free up money that will now be reserved for future works. However, such works were not defined by the respondent or intended as project outcomes and so do not carry any impacts; therefore for this project, none of the measures and impact can be attributed to the programme support.

Substantial deadweight was a risk for Strand 1 due to its purpose as a 'match' funding support activity. It was supposed that the Strand 1 offer would unlock or encourage the reallocation of funds that did not previously exist for retrofit. However, it seems that in some cases the supported organisations already had funding in place for retrofit works and the Strand 1 support was more supplementary to this,

3.4.3 Carbon savings method

In addition to considering attribution, the evaluation including assessment of the method used by the programme team to estimate likely impacts from the measures being installed. From the carbon

saving spreadsheet provided by the programme team - utilising SAP 2012 Environmental Impact ratings and tailoring calculations based upon main fuel types – the process seemed robust.

Strand 1 beneficiaries confirmed that they were confident the calculations provided in their applications would be achieved. They felt that there wasn't anything particularly challenging about the measures that would risk not meeting the carbon saving. However, all three beneficiaries also mentioned that occupant behaviour would be an important factor in the total amount of carbon saved, and intend to provide occupants with training and information to maximise the potential of the measures installed. This reflects findings from the Technology Strategy Board's Retrofit for the Future programme that suggested the importance of educating occupants about energy use in their home to bring about behaviour change and energy savings.

3.5 Strategic Added Value

Although there was no quantified target on it, the evaluation explored the extent of SAV as realised through the programme coordinating and influencing activities that result in project outcomes being delivered by others, in addition to outcomes directly delivered through funded activities. A key indicator of SAV was the extent to which beneficiaries feel empowered to continue impact-generating activities in the absence of the programme i.e. what important processes, knowledge and / or networks has the programme put in place.

3.5.1 Strand 3 market development projects

One of the main ways in which the programme was expected to deliver SAV was through the Strand 3 activities, which were designed with long term market development and capacity building as a primary aim i.e. creating a legacy effect. Strand 3 comprised two main activities:

1. Contributing towards Cosy Devon signing a contract with EON in May 2014 to deliver 7000 measures with a fixed proportion focused on households in fuel poverty.
2. Supporting 17 community groups benefitting from multiple types of events funding and support.

Cosy Devon was a partnership between the local authorities in Devon that had discontinued. There was interest in starting up the partnership again as a way of delivering retrofit on a larger scale across Devon, in order to benefit from schemes such as Green Deal, ECO and RHI. The Ready for Retrofit team supported this through regular attendance at meetings - sharing knowledge of the retrofit market and related policy, examples of other models of delivery employed by local authorities in other parts of the UK (e.g. Greater Manchester) and providing hands-on support through helping to write tender documents and providing Home Analytics data. Through this support, the partnership was able to broker a contract with EON to install 7,000 measures.

The longer term goal for the partnership is to extend that current contract to 2017 (to make full use of the duration of ECO). Another strategic benefit of Cosy Devon is that it provides a model for future schemes.

The programme support was felt to have contributed to the Cosy Devon partnership outcomes through:

- Engaging and ensuring the involvement of chief executives from the key organisations to drive forward the project.
- The provision of market and policy intelligence enabling the group to feel able to make decisions more quickly as this was available during meetings.
- Home Analytics data suggesting the scale of the opportunity in the area i.e. increasing the measures target to 7,000 when it would otherwise have been substantially less (*"maybe 4,000"* was one stakeholder's estimate).

However, more fundamentally one member said that whilst it was possible that the EON project would have happened, the assessment of options would have been less thorough and technical (so outcomes less substantial). The partnership may have elected to simply provide a much simpler signposting service less able to fulfil their objectives; the respondent stated that *"certainly more vulnerable home owners would probably not have accessed the support."*

The other element of Strand 3 was award of seed funding to 17 community groups based in the South West to run 25 energy saving open home and energy fair events to encourage retrofit take up by the owners of private housing. In addition, five community groups in South West Devon were funded to run a project called CARD (Community Action for Retrofit Delivery) which tests the role that community groups can play in stimulating demand for retrofit in private sector housing.

To date, 160 homes have exhibited measures and have been visited by over 2,000 individuals. One group running such events stated that *“90% of visitors said that they found it inspiring and that they intend to make changes in their own homes, so it has acted as a catalyst.”* However, it should be noted that none of the community groups had robust evidence that the events had generated measures, though several said they had evidence of behaviour change amongst attendees.

All community group respondents said that the programme support was essential in the events happening and being designed and delivered effectively.

3.5.2 Strand 1 SAV

As well as the match funded projects being rolled out, several Strand 1 beneficiaries are now looking to develop further schemes upgrading housing stock; in the interviews at least one beneficiary clearly stated that the Strand 1 funding had freed up funds for planned future activity. Due to the programme team encouraging a focus upon high value measures and carbon reduction, several beneficiaries are starting to think in these terms for other projects: *“we are getting our surveyors to look at and quantify carbon reduction potential. This is also leading us to hopefully install smart metres in all our properties.”*

One RSL is looking at the feasibility of installation to Passivhaus standard to reduce the need for electric heating. Another claimed to have a number of funding applications in the pipeline, which if successful would see:

- Installation of solar PV on 1500 properties
- External wall insulation installations (quantity not specified)
- £3million investment in energy saving communal lighting
- Home visits to tenants to help them switch energy suppliers to help reduce their bills.

Overall, the support seems to have had a strategically significant effect and encouraged funded organisations to explore the potential for further retrofit projects regardless of the availability of programme funding.

The only limitation cited by Strand 1 beneficiaries was that whilst there is a strong desire to replicate the measures installed as part of Ready for Retrofit on a larger scale, some RSLs do not have any budget to undertake the work.

3.5.3 Strand 2 SAV

Strand 2 support has two clear in principle SAV effects:

1. It actively seeks to link different organisations in the supply chain through events, exhibitions and workshops.

2. Vouchers and subsidised training encourage businesses to engage with the requirements of the retrofit market, which enables them to invest in steps to improve their prospects in that market e.g. seeking accreditation and staff training.

To explicitly test the improved prospects of Strand 2 beneficiaries and a self-sustaining retrofit supply chain, the evaluation survey explored the extent to which businesses felt that their prospects in the retrofit market had improved.

One clear piece of evidence was that 44% of fully supported businesses reported that since receiving support the proportion of their revenue comprising domestic energy efficiency / micro-gen retrofit has increased.

The survey also indicated that the Strand 2 support has had SAV and made longer term market growth likely by removing barriers to success; 45% of fully supported businesses stated that prior to engaging with programme they were encountering significant barriers to accessing the retrofit market. The extent to which they felt that these had been overcome subsequent to support was as follows:

Figure 4: Extent to which Strand 2 beneficiaries feel pre-existing barriers to accessing the retrofit market have been overcome post-support provision

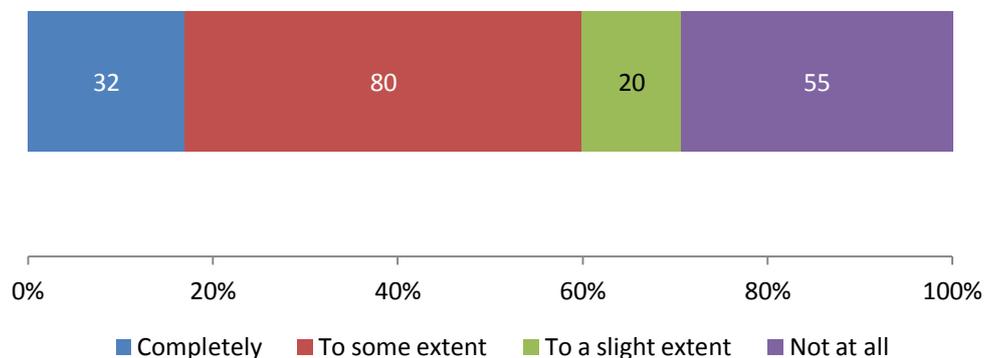


Figure 4 shows that in 70% of cases pre-existing barriers had been overcome. A similar proportion (84%) of fully supported business felt that they are now in a better position to deliver retrofit activities subsequent to support. Where barriers had been 'completely' overcome, this tended to be where the business had been struggling to gain the appropriate accreditations or send employees on the right training and certification courses. The vouchers and signposting assisted them in this. Where they had been partly overcome, the barriers seemed to be more around finding potential clients and marketing effectively; the events were deemed to be useful in resolving this issue.

However, there were still a number of supported businesses either saying that their pre-existing barriers had not been overcome (in particular external macro level issues like market competition and contract availability), or citing new barriers; the latter included:

- Finding skilled employees

- General project red tape and planning system challenges
- The perceived “inconsistency” of government policy related to domestic retrofit¹⁶. Many businesses and wider stakeholders felt that this had led to market stagnation.

Overall, the Strand 2 support has taken some businesses a long way towards being self-sustaining and growing their retrofit workload, but this is not true of all businesses and many still need support or have issues to overcome. As one programme team representative noted: *“There is a cohort of businesses that we have worked with, but is that supply chain big enough or robust enough to be here for the long term, invest and deliver the required works? I would say not yet.”*

3.6 Environmental impacts

As an ERDF-funded programme, Ready for Retrofit was required to demonstrate environmental benefits and mitigation of detriment to the environment, in that the delivery of a programme will in some ways carry a carbon footprint.

The first aspect – delivering environmental benefits – can be inferred from the reported increases in retrofit business turnover i.e. retrofit work is being done. However, benefits can be most clearly discerned from the Strand 1 activity, whereby lifetime benefits of 36,627tCO₂ are anticipated due to the programme support.

The second aspect – mitigating programme impact – is evidenced through the following summary of Energy Saving Trust and Regen SW actions:

- **Monitoring and target setting;** the Energy Saving Trust are ISO14001 accredited, therefore track and report a number of indicators including waste, recycling and transport (including CO₂ emissions). The Regen SW environmental policy acknowledges the organisation’s most adverse environmental impacts and sets out approaches to mitigate each of these.
- **Transport;** when appropriate the team used teleconference or video conference. When needing to travel to meetings, representatives used public transport or efficient cars.). Board meetings throughout the project were held in either Bristol or Exeter, making public transport use easy and reducing distances travelled. Regen SW also encouraged employees to utilise car sharing. The effects – calculated through rigorous mileage logging - were as follows:
 - The Energy Saving Trust calculated that that over the lifetime of the programme, public transport travel created 0.61 metric tonnes of CO₂ and car travel 1 metric ton of CO₂. By prioritising public transport instead of car use, 9.69 metric tons of CO₂ were saved.
 - Regen SW calculated that over the same period, public transport travel created 0.52 metric tonnes of CO₂ and car travel 13.76 metric tonnes of CO₂. By prioritising public transport instead of car use, 4.28 metric tons of CO₂ were saved.
 - Therefore in total, the Ready for Retrofit team prioritisation of public transport over car use meant that in total 15.89 metric tonnes of CO₂ were emitted, compared to the 29.86 that would have been emitted if only cars had been used. This equates to a saving of 13.97 metric tonnes of CO₂.

¹⁶ The perceived effects of Government policy on the delivery and success of the programme is discussed in section 4.

- **General office activity;** unused materials and products from office supplies were recycled where possible. Energy used in the office was minimised through the team being based in an energy efficient building and managing behaviour on switching off IT equipment and lighting. The team printed on FSC certified paper and used vegetable based inks. All staff were trained on the requirements of the environmental policy.
- **Events and meetings;** Regen SW established a Greener Events Policy covering venue, transport, communications, and procurement. Where possible, sustainable venues were used for events. Where they included food, this was sourced locally in line with the policy to ensure the environmental impact of goods and services is considered in procurement decisions.

4 Assessment of programme rationale and design

4.1 Was there a need for the programme?

4.1.1 Original programme rationale

The original business plan for Ready for Retrofit was based upon recognition that reducing domestic energy consumption was integral to achieving reduction targets.

Translated to the South West, Government targets would necessitate 'eco-refurbishment' of 1,100 homes per week between 2010 and 2020, yet the rate at the time was less than 10 per week. It was therefore recognised that a programme of support would be necessary to stimulate an increase in delivery to achieve required levels.

When surveyed by Regen SW, energy efficiency and micro-generation businesses based in the South West cited the need for better access to markets, market stimulation, specialist advice, access to training opportunities and skills development and finance and marketing support.

On the basis of this and the overarching strategic priorities, the three-strand package – addressing demand stimulus, business capacity building and creation of a sustainable market - was designed. For demand stimulus in particular, the rationale for providing funding was not only to get some work happening, but also instil businesses with confidence that large organisations and potential customers are interested in retrofit and there will therefore be opportunities for the sector.

4.1.2 Policy context and effects on the programme rationale

Since the inception of the programme, the strategic policy context and underlying rationale for the programme is largely unchanged. Reducing UK carbon emissions – and the necessity of domestic eco-refurbishment to this - remains a Government priority, as recognised in the 2012 Energy Efficiency Strategy¹⁷.

The Strategy also places strategic importance on this from the perspective of generating UK economic benefits (household budgets, business revenues and job creation) and reducing demand (so better securing supply), which even more closely aligns the programme with current government thinking.

There have been some substantial changes cited by both the programme team and wider stakeholders relating to expectations of the key policies cited in the original programme rationale; for example:

- Delays to the launch of the Renewable Heat Incentive and Green Deal;
- Lower than expected take up of Green Deal finance;
- Reductions in Feed in Tariff rates for domestic scale (less than 50kW) installations;

These changes to key policies have been seen by both the programme team, wider stakeholders and businesses to have detrimental effects in terms of:

¹⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65602/6927-energy-efficiency-strategy--the-energy-efficiency.pdf

- Reduced domestic customer interest in doing retrofit.
- Reduced business confidence and interest in the market; as in phase 1, this was cited as an issue by stakeholders in the Strand 2 beneficiary survey. One wider stakeholder highlighted *“a lot of distrust in the industry due to rapid changes in policy with disappearing subsidies etc.”*
- As a knock-on effect, reduced business willingness to undertake some of the preparatory activities necessary to accessing retrofit work if the market picks up; as one programme team representative noted: *“certainly we have evidence of businesses weighing up the costs of PAS 2030 and deciding not to do it - a perhaps just choosing to sub-contract instead.”*
- Some organisations – e.g. councils – that might have assisted the market with training etc have focused on stimulating demand instead.
- Reduced or delayed demand and opportunities for revenue generation for businesses to access once sufficiently resourced¹⁸; so reduced business incentive to engage with the support and invest in skills and capacity. Many businesses responding to the Regen SW market analysis survey and Strand 2 beneficiary survey had hoped national policies such as Green Deal would have provided a greater stimulus than it appears – to them – to have done. Therefore the opportunity is not seen as being attractive for investment.
- The current size of the sector and partnering opportunities; stakeholders anecdotally reported fluctuations in customer demand, leading to the closure of a number of businesses.
- For the programme team, making the intended programme outcomes very challenging: *“if you had told us at the programme contract signing in July 2012 that Green Deal wasn’t going to work, ECO would have the rug pulled, RHI delayed and FITs would end up in the courts, we may have thought twice about signing!”*

However, whilst not positive changes in the landscape, all the above would seem to strengthen rather than undermine the rationale for a Ready for Retrofit programme, as there is an even greater need for demand stimulus and even less formal support available to enable businesses to access opportunities - **86% of respondents to the Strand 2 survey could not think of anywhere else they could have gone for the type of support they received from Ready for Retrofit.** The view that the current situation necessitates activities like the Ready for Retrofit Strands was also endorsed by wider stakeholders: *“there’s still the same need for ‘a’ programme as there was when Ready for Retrofit was launched.”*

The effects to the programme were principally to how the support was couched: *“at the start we were looking at impact analyses of £27bn (an estimated £2.5 for the South West) and we could say we were gearing up the sector for that. But then it failed to materialise so we needed to go back and say there will be a need regardless...get as ready as possible but don’t sink by over-investing.”* Another programme team member noted that whilst the various national scheme changes had not been envisaged at the outset, the programme team were well connected, in a good position to know what might be changing in advance and so able to plan messages and engagement strategies – or even changes to the profile of support – accordingly.

¹⁸ Both in terms of schemes not being available and in terms of households not taking them up due to adverse publicity around FITs reductions and Green Deal.

4.2 Were the right organisations involved?

In the context of the Ready For Retrofit programme, the Energy Saving Trust brought specific technical expertise on energy efficiency and micro-generation and are delivering both:

- ‘Demand-side’ support to consumers on domestic sector energy reduction;
- ‘Supply-side’ support to businesses, through ‘Meet the Buyer’ Events, PAS 2030 Workshops and - planned for 2014 - Toolbox talks.

Regen SW have a focus on the South West and delivered ‘supply-side’ support to businesses, with particular technical expertise on renewable energy.

Further consortium and delivery partners were selected to ensure the best possible range of skills, experience, organisational objectives, proven track record and match funding required to deliver the programme. The contributions of the authorities and housing associations have included:

- Providing match funding
- Establishing housing retrofit schemes
- Alignment, coordination and communication between key groups in their areas
- Experience and expertise of installing energy efficiency and micro-generation measures

Overall, the mix of organisations involved seemed appropriate to delivering the programme activities; no stakeholders highlighted any concerns or gaps. The programme team noted what was viewed as inevitable challenges initially in clarifying roles and expectations but that this was soon resolved.

In terms of the two main organisations – the Energy Saving Trust and Regen SW – programme team members described the relationship as a good fit, in that the Energy Saving Trust has a national profile and expertise in working with the domestic sector, whilst Regen SW have a local base and had been working on the ground in the region before the programme, as well as strong experience in business support: *“Regen SW had contacts, expertise, and networks to pick up on and extend.”*

4.3 Was the right support provided?

4.3.1 Strand 1

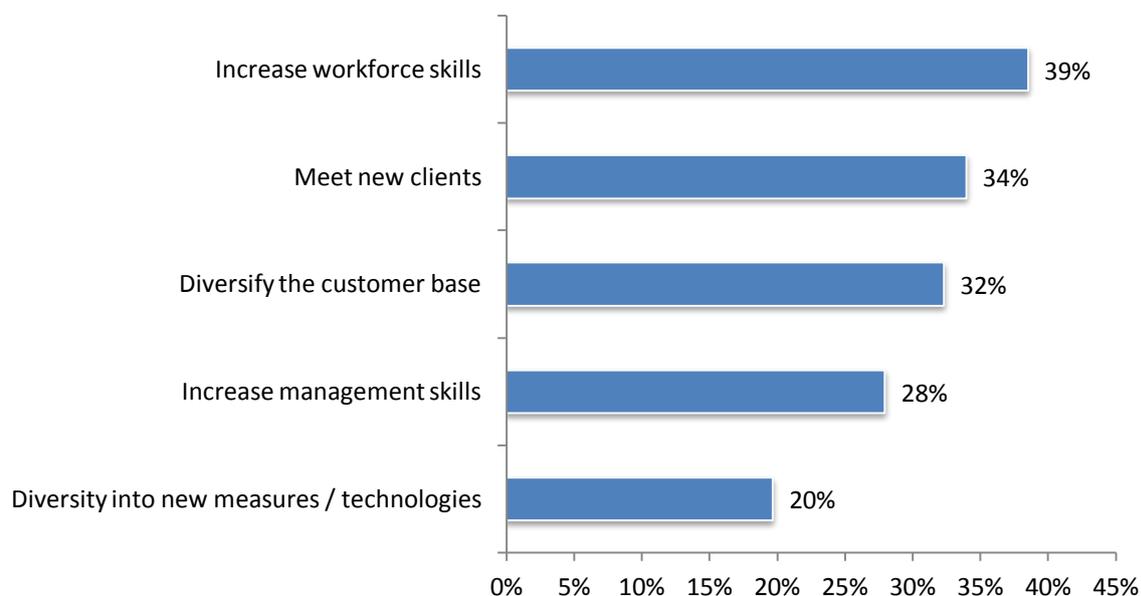
For all major housing associations, one of the key barriers to large-scale retrofit is the cost (though disruption is also a major barrier). The Strand 1 funding helped to address this in part, though it was suggested by some respondents that the match funding stipulation may have put off less well-resourced organisations.

The EOI stage support was deemed to be valuable by Strand 1 beneficiaries in clarifying what the projects would entail and enabling advice / suggestions on what measures could be taken forward.

4.3.2 Strand 2: Establishing business expectations / needs

The business beneficiary survey explored with respondents what benefits they had hoped to obtain from participating in the programme:

Figure 5: Proportions of Strand 2 beneficiaries citing different expectations of the support



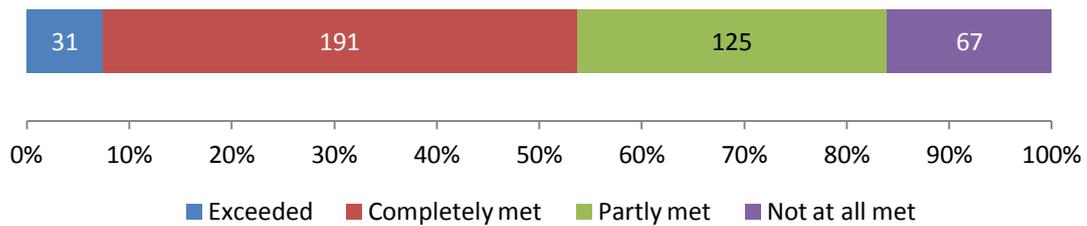
From the outset the programme established a process to support businesses which assessed their needs and goals e.g. the enrolment form questions. Programme documentation shows that for each support business there was a route map to be followed. Programme team members noted that whilst a useful way of ensuring bespoke and useful support, a limitation is that some businesses can be so early in their journey they do not really know what they need over the next six or twelve months.

Regardless of the various expectations outlined above, one programme team member noted that in their experience *“businesses don’t want to see you for 12 hours per day, so vouchers were a good idea.”*

4.3.3 The extent to which those were met by the programme activities

Whilst the way in which the support was promoted to businesses will have influenced their expectations as to what they were going to obtain, the stated expectations and needs outlined in the section above align closely with the types of benefits the programme team intended to provide to businesses. Businesses were asked if they felt that their expectations had been met:

Figure 6: Extent to which Strand 2 business expectations of support were met



Over 80% felt that their expectations had been at least partly met and over 50% felt that they had been completely met. Respondents largely acknowledged that the types of support offered were useful and in principle sought to address their needs. Where expectations were not fully met this was generally because the beneficial outcomes expected had not materialised e.g. more contracts. Although this was not necessarily felt to be the fault of the programme (businesses acknowledged demand limitations), ultimately many of the gaps the programme was designed to help businesses overcome are still those that comprise the main barriers for businesses either seeking to enter the retrofit market or seeking to grow their turnover from retrofit activities.

This section utilises a RAG (Red – Amber – Green) rating to provide a summary assessment of how far existing Ready for Retrofit support delivered against the recognised key gaps and needs highlighted by businesses.

Stimulating demand

Amongst both businesses signed up to Ready for Retrofit and the wider market responding to the market analysis study, the most commonly cited barrier was lack of customer demand; as stated above, this has likely been accentuated by delays to scheme launches, reductions in Feed in Tariffs and lower than anticipated take up of Green Deal.

This means that the Strand 1 emphasis upon stimulating demand through part-funding of RSL schemes was of central relevance and importance to businesses in creating opportunities and revenue streams.

Strand 1 projects explored throughout the evaluation found that almost all the key contractors were either businesses based in the South West or national businesses with a South West presence (that in turn brought in local sub-contractors). This aligns with the programme aim of supporting businesses that have high growth capability *and* can deliver projects at scale across a range of measures / technologies.

Strand 1 organisations reported that they had gone through open tendering exercises and that their primary criteria for selecting a main contractor was that they had worked with them before, the organisation had the right experience and were the best value. The fact that the businesses had a local presence was hardly mentioned; if not a consideration, this is in a sense encouraging as it implies that the local businesses were entirely selected on merit i.e. they are the highest performing in tender exercises.

One Strand 1 beneficiary said that they knew their funding application would be looked upon more kindly if they proposed to use local contractors, yet the main local contractor they proposed was still one that they had used previously.

Stakeholders acknowledged that the Strand 3 support – and in particular Cosy Devon’s partnership with EON – would generate large amounts of work both for the planned project and, it is hoped, through stimulating replication in other areas or new measures further down the line.

Several businesses across the Strand 2 surveys in phase 1 and phase 3 felt the programme could pursue other forms of market stimulation i.e. develop marketing approaches direct to households to encourage scheme take up. This suggestion, whilst interesting, ignores:

- a. The parameters of the programme i.e. it cannot market direct to householders and promote scheme participation.
- b. The fact that this enhanced customer demand might be delivered through the legacy effects of Strand 3 support Strand 1 success stories.

The only other recommendation from businesses on stimulating demand was for Ready for Retrofit to lobby Government regarding the changes to FITs / RHI / ECO etc. However, this was not seen as a demand stimulus issue that Ready for Retrofit should have been able to affect, more a request from businesses for ongoing representation of their interests.

Skills development

The vouchers provided a strong incentive for businesses to take up – and even invest their own revenues – in skills and training and so address what is often cited as a key barrier to accessing work. Even where businesses did not feel they needed to develop skills, the vouchers still helped them to formalise their capabilities through gaining accreditation / certification.

As noted in phase 1 of the evaluation and by the programme team in phase 3 interviews, businesses are sometimes not aware of or good at diagnosing the full extent of skills gaps at a company level. For example, in the Regen SW market analysis study:

- A large proportion of businesses active in the retrofit market said that they had not taken any steps to enhance skills within the business. Whilst most maintained that there was no requirement for them to do so, they did not seem to be considering their limitations in accessing new markets or not winning current tenders.
- Businesses were much more likely to cite lack of in-house skills as a market barrier when asked for their views on general barriers for South West businesses rather than in relation to their own situation.

Some businesses may not realise the severity of their skills gaps until they win particular projects; winning those is currently their priority. On the other hand, some may be correct in their self-assessment; there is a widely-recognised issue with under-utilisation of existing capacity due to lack of demand.

Whilst this could potentially lead to a risk of supplying vouchers that are then not used in an optimal way, the Strand 2 enrolment process the programme has in place should have guarded against this through requiring the advisors to assess the business needs and develop a tailored support package.

Up front financial support

After a lack of customer demand, a lack of funds to invest in establishing the eco-retrofit element of their business was the most commonly cited issue / barrier for those businesses signed up to Ready for Retrofit. Businesses mainly required the funds to invest in skills development and accreditations. Many businesses also struggle to find the time to properly investigate the market, build supply chains etc as to do so would impact upon their core business activities. On this basis, the Ready for Retrofit support meets business needs in two ways:

1. By providing vouchers, the programme subsidises the capital cost of some of the elements requiring investment e.g. training. 62% of fully supported businesses were voucher recipients.
2. By providing networking support, guidance on marketing and signposting to sector experts and trainers, the programme greatly reduces the amount of time required of the business - and ensures the time spent is more efficient - by finding and building these links.

4.4 Was the right audience reached and supported?

4.4.1 Strand 1

Strand 1 was intended to stimulate demand in the retrofit market by encouraging the creation and completion of large retrofit projects.

ERDF requirements meant that the demand stimulation was focused upon public sector organisations and social housing stock. The advantages of this were working with organisations that owned all the properties and would have to engage in periodic refurbishment anyway (minimising disruption as an issue). In addition, the RSL and Authority housing stocks are large and housing relatively similar, enabling measures to be applied in bulk to some extent rather than having feasibility tested – and tailored solutions developed - for each property.

However, the impact assessment indicates – and at least one wider stakeholder felt that – the selection of schemes was not optimal: *"I thought there was a low pass mark on the criteria for the projects to be funded."* Whilst the projects delivered a substantial amount of impact and did fulfil their core purpose, there are several findings that would seem to support the stakeholder's view:

- In terms of the value of the projects, despite twice the target measures being delivered, these barely equated to more than the target tCO₂ impact. Several projects had large costs per measure. The mix of technology deployed was to a great extent limited by housing types, often smaller than UK average. It was also affected by works not being eligible for FITs if Strand 1 funding was used for solar PV, therefore this specific technology was often excluded from the project (albeit sometimes funded by the RSL separately).
- The extent of deadweight reported in section 3 against the Strand 1 activity indicates that many of those supported would have done *something* anyway and at least one organisation claimed that they would have taken exactly the same level of action to the same timescales regardless of the funding. There are several reasons for the deadweight:
 - As the Strand was a match funding exercise, it was pre-determined that organisations applying would have a significant budget to spend on retrofit. However, in some cases the Strand 1 support encouraged them to create that match funding and it is these organisations that attributed in full.
 - There was limited time available to source and process applications and the programme priority was understandably to get projects started.
 - One programme team member also highlighted that the funded projects were essentially all those expressing an interest, meaning the pool for selection was limited.

However, it should be noted that in the application process all successful applicants had clearly stated that they needed the funding to take action. The extent of deadweight might therefore indicate a need to make the process more rigorous in ascertaining need, but it is clear that the funding was provided based upon an understanding that it was essential to action.

4.4.2 Strand 2

For Strand 2, business advisors utilised several enrolment forms to filter for eligibility, checking the proportion of the business' workforce based in the South West and their high growth potential. At least 20 businesses were found unsuitable for support.

Whilst there were no restrictions around business size, the programme team did expect beneficiaries to: represent a relevant sub-sector/ stage of the retrofit supply chain, have a clear need for support, have potential for growth (high growth ideal but not essential), be based or have substantial operations in the South West. The table below explores the extent to which the Strand 2 beneficiaries aligned with this.

Extent to which the Strand 2 beneficiaries matched intended audience	
Business activity	All businesses interviewed in the Strand 2 survey were involved in some stage of the retrofit supply chain and worked with at least one of the retrofit measures / technologies prompted to them. Although the audience tended to be more specialist than generalist and the team recognise the benefit of engaging the latter more, this was not a departure from the stated aims of the programme.
Need for support	<p>This was more difficult to measure. It can be presumed that almost all businesses must have expected to benefit in some way from the support in order to decide to participate. However, this does not necessarily mean that they could not have achieved the same outcomes without the support, in particular considering the level of deadweight observed in section 3 on business turnover / FTE increases.</p> <p>One programme team member felt that <i>"in first year the approach leaned towards easy wins in terms of both types of businesses and type of support"</i>, though they noted that the approach changed in the second year.</p>
Growth potential	<p>Assuming the predicted turnover figures are accurate, the vast majority of supported businesses are growing businesses; 38% of fully supported businesses are labelled as having 'high growth potential'</p> <p>On the other hand, around 5% of supported businesses have subsequently ceased to trade. Whilst a normal discontinuation rate for the wider business population and a potentially challenging year for some businesses in the sector, this figure does highlight potential weaknesses in the eligibility / filtering process, especially where businesses have ceased trading / lead contacts retired barely a year after outlining aspirations on the proformas.</p>
Local	As highlighted in section 3, 85% of all the work undertaken by Strand 2 beneficiaries is in the South West and 99% of new FTEs are based in the South West. In addition, the programme team estimate that around 80% of measures installed through Strand 1 were by local businesses.

4.4.3 Strand 3

In terms of market development, the support to Cosy Devon has been very effective in putting in place a partnership and model for future retrofit schemes. Support to the community groups has been valued by those organisations and the activities undertaken have attracted large numbers of

people whilst also providing a learning curve for the community groups, therefore better preparing them for future projects.

However, inevitably the extent to which the example of Cosy Devon or the promotional events and efforts of community groups will be a catalyst for long term council and owner occupier investment in retrofit remains to be seen.

With regards to community group support in particular, one programme team member noted that it was difficult to say whether this approach was a generally transferrable one as the South West has a longstanding history of environmental groups: *"it is a 'green' region."* However, their role as referral agents, advocates and information providers was deemed very useful.

4.5 Were the programme targets useful and appropriate?

The targets for Ready for Retrofit provided a quantified way of measuring success against the stated aims of the programme. These targets were greatly influenced by ERDF rules (in terms of the metrics to measure) and DCLG (in terms of the scale of the target).

Discussions with the programme team and observations of the data highlighted some findings around the efficacy of the targets:

- The 410 supported businesses target was deemed to be particularly challenging. Whilst it was attained, the programme team did feel that it meant more focus upon reaching the target and therefore somewhat sacrificing a focus upon what certain businesses might have needed (i.e. much more intensive and lengthy support). It was suggested by a programme team member that whilst the GVA and jobs outcomes targets were useful, these could have as easily been achieved by focusing 80% of Strand 2 resource on 20% of the businesses that were supported i.e. it should be the outcomes of the support (GVA / business growth etc) that matter, less so the methods.
- It was also felt to have limited the type of support offered: *"It would have been useful to be able to experiment a bit more, take a few more risks."* One team member noted that whilst it is useful to have parameters for programme activity, flexibility is also essential. ERDF compliance seemed to create the need for lengthy discussions and compromises on fairly minor elements of programme activity where no issue had been envisaged by the programme team. The representative did note however that there was some flexibility granted e.g. on extending the Strand 2 support to marketing companies and training centres specific to the retrofit sector.
- The requirement for support to equate to at least 12 hours seems meaningful on the basis of minimal attribution from those interviewed businesses receiving less than that. However, in many cases it was the voucher which was deemed the most useful element of support, which required little or no time of the advisors - a blanket definition of what support needs to be provided to businesses is not necessarily useful.

Overall, the targets were largely felt to be helpful and practical but those around the scale of business support created challenges and did not necessarily enable the programme to be as effective as it could have been.

4.6 Effectiveness of programme design and delivery: customer satisfaction

4.6.1 Strand 1

Almost all beneficiaries of the Strand 1 funding said that the support had been essential in either enabling any action or enabling greater levels of action. Even the one recipient that said they would have taken the same action acknowledged that the funding had potentially freed up internal funds for future projects.

Section 4.5 highlighted a small number of potential issues in attracting the ideal audience for the support and the programme team also acknowledged that they did not receive as many funding applications as they expected.

Some of the issues may have been due to ERDF limitations on the activity e.g. the requirement for it to be match funding rather than simply a grant, as well as potential applicant concern about the level of subsequent reporting and liability through utilising ERDF. However, there was also a concern that the application process may have been too onerous in terms of both length and technical knowledge required.

Responses from those that applied seemed to indicate that this was a possibility. One described it as a *“robust process”* that *“did require a fair amount of work”*. Another said it was *“long-winded but not too bad compared to other applications we’ve had to fill in – it was more time consuming than difficult.”* The general view from funded organisations seemed to be that the process was lengthy but that this was understandable and worth it based upon the rewards, though one noted that *“in deciding to apply there is always that balance of spending time on something when you’re not sure if you’ll be successful in getting the funding.”* As these responses came from organisations that did decide to apply, it can reasonably be supposed that there were others that did not think it worth spending the time. Indeed, one funded organisation stated that *“I know other housing associations felt there was too much work needed up front to apply for the funding, but I did not find this to be the case.”*

As well as being too lengthy, stakeholders also commented upon the level of technical difficulty. One wondered whether other RSLs were being put off by Ready for Retrofit suggesting they were looking for particularly innovative applications and a whole house approach. Another commented that *“the submission required detailed technical input with lots of calculations (baseline and forecast) which would have put a lot of organisations off as they do not have the skill set to do this themselves.”* One funded RSL planned to do work on 250 properties covering around 25 different property types; this involved them conducting around 300 calculations in the application submission.

It was noted that organisations without substantial internal expertise might have had to spend approximately £3-5k on consultancy to complete the work, when they do not know whether they would be successful or not.

Finally, it was noted by both the programme team and beneficiaries that the timescales for completing applications might have been challenging for some organisations: *“most LAs and RSLs have to put things like this through their Board which can take six months. Ready for Retrofit were giving people 6-8 weeks to complete a submission.”*

Overall, however, regardless of the extent to which the process dissuaded organisations from applying, overall all the funding was awarded and over £10m in match funding was secured, more than twice the amount originally expected.

The messaging used to engage organisations were also felt to have been effective, focusing them upon tenant living costs and the link between reduced energy costs and improved prospects of timely payment of rents rather than attempting to sell a 'green' message.

4.6.2 Strand 2

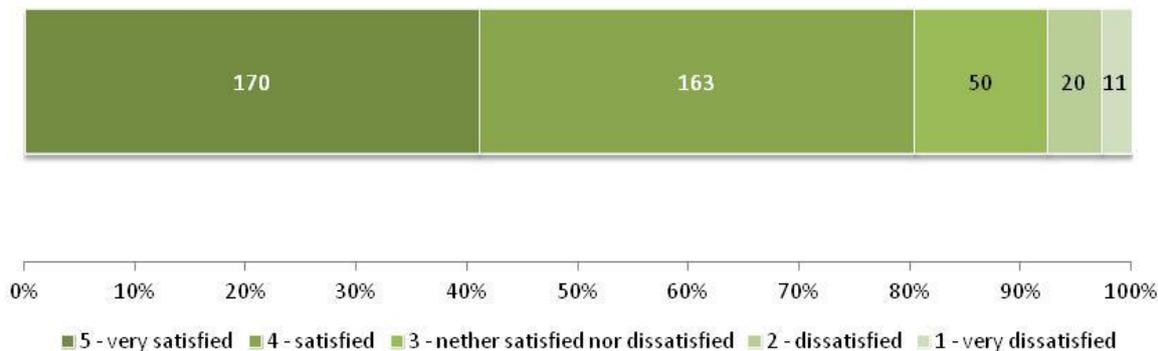
Internally, programme team members mentioned that the process of recruiting and delivering Strand 2 did not start as quickly as it could have (*"we needed to be quicker off the block"*). This is indicated by the fact that around three quarters of business support sign offs happened in 2014 and there are some businesses with substantial support that have yet to be signed off. It was also noted that specific to the vouchers it took some time for these to be ready and issued and for them to work with the administration systems in the team. Another challenge encountered by advisors was that some businesses needed chasing between first meetings and actually utilising support; this was particularly the case with smaller businesses where the contacts had less time.

Despite these initial hurdles, the Strand 2 support was generally felt by the programme team to have been delivered successfully. The vouchers were seen as a sensible and valuable idea for both ensuring 12 hour equivalent support but also for giving some businesses what they actually needed: *"some businesses don't want to see you for 12 hours!"* All team members also picked out the events as being particularly useful, especially meet-the-buyer events which showed businesses that there were potential customers – and therefore contracts – in the retrofit space and it was therefore worth investing time and money in.

Another strength of the Strand was the level of data monitoring and recording. As well as collecting GVA data on the supported businesses (in line with ERDF requirements), the systems of recording what support had been provided to each business provided an audit trail and record of exactly how the programme had helped the business (useful at sign off).

Survey respondents were asked to rate their satisfaction with the support received and ratings supported the positive programme team perceptions:

Figure 7: Strand 2 beneficiary satisfaction with the support received



The chart shows the following:

- Satisfaction is high and has remained at a similar level to that observed in phase 1 – 81% of respondents to the survey were satisfied compared to 85% in phase 1.
- Dissatisfaction is low; 8% in this phase and 5% in phase 1. Where businesses were dissatisfied, this tended to be a complaint about the lack of an anticipated beneficial outcome than how the support was provided, though there were some suggestions for programme improvement [see below].

Businesses were also asked what aspects of the programme they thought were particularly good and whether there were aspects that could be improved. The responses are summarised in the table below; it should be noted that less than twenty businesses could not think of a particularly good aspect whilst around two thirds could not think of any improvement that could be made:

Particularly good aspects	Suggested areas for improvement
<ul style="list-style-type: none"> • The quality of information provided at seminars. Advice on regulations and the market effects were picked out by several businesses, as well as wider observations of the market landscape. • The vouchers opening up training and certification opportunities. • Signposting of existing and potential future contract opportunities. • General technical advice from advisors and the wider programme team on technologies etc. • The networking events giving the opportunity to meet other similar businesses to discuss challenges. 	<ul style="list-style-type: none"> • Clarity at the outset that the length of support available would be limited (so businesses can focus advisors on priorities). • Invitations to a larger number of events. • Lower event attendance costs. • More / a wider range of buyers at events¹⁹ • Larger grants per business to cover more training / employees. • Grants for a wider range of activities e.g. R&D.

The fact that all aspects of the Strand 2 support were mentioned as good aspects endorses the programme team view that it is the blend of support, rather than one ‘silver bullet’, that is essential to delivering the desired outcomes.

¹⁹ The programme team noted that it had proved challenging to encourage RSLs to attend ‘meet-the-buyer’ events.

4.6.3 Strand 3

The coordination and technical and market knowledge the programme team contributed in Strand 3 activities – whether to the Cosy Devon partnership or individual community group projects – was deemed very valuable by recipients.

4.6.4 General processes

All programme team members reported that internally the delivery of the programme has worked well and smoothly. The separation of roles and responsibilities was felt to have been sensible and communication channels effective and at the right level, with external boards and DCLG to report to.

Some elements of the programme were subject to slight adjustment. For example, en masse team meetings at the outset were soon adjusted to meetings with fewer attendees depending on what was being covered. In addition, there was a need for clarification with business advisors as to the precise goals of the support being given.

Aside from this, the only challenge highlighted was around recruitment, whereby the challenges around recruiting a project officer meant that certain individuals were taken away from delving into things that were less urgent but still required attention, or more strategic elements of the programme where they may have added greater value e.g. on external communications.

5 Key conclusions

5.1 Measuring and quantifying what was achieved

- The programme had varied and challenging targets to achieve, as well as wider goals around Strategic Added Value. These were established against the backdrop of several national policies expected to underpin encouragement of the sector to engage with retrofit. All were – over the course of the programme – in some way diminished.
- In this context, it is impressive that most targets around GVA and employee growth for South West businesses in the retrofit sector have been surpassed and the net additional and net safeguarded GVA figures demonstrate that the support provided by the programme has had a strong influence upon these. The creation and protection of millions of pounds of revenue and hundreds of new jobs has been directly attributed to Ready for Retrofit.
- The extent to which programme activities have supported future market development and growth – through Strand 3 in particular, though not exclusively – shows that there will very likely be a lasting legacy effect on sector GVA and jobs in the region.
- It did seem that in some cases the support did not add as much value (when compared to the counterfactual scenario) as the programme team might have envisaged.

5.2 Programme process effectiveness

- Achievement against targets is a strong indicator that the programme was appropriately designed and delivered to achieve its stated aims. The targets themselves seemed to be sensible in terms of metrics, though the scale of the ‘number of businesses supported’ target and some of the specific stipulations (e.g. 12 hours support minimum) created delivery challenges and potentially detrimental effects.
- Aside from some minor initial issues to resolve, the way in which the programme was structured and delivered internally was felt to have worked efficiently and effectively. All stakeholders felt that the involvement of both the Energy Saving Trust and Regen SW was important and both organisations had contributed as envisaged.
- In terms of the overall rationale for the programme and need for the types of support if offered, all evidence indicates that it was valuable at the outset and if anything the subsequent changes to national policies made the support – in particular demand stimulation – even more pertinent. National policy changes did have some detrimental effects upon the logic map for the programme, in that it became more difficult for businesses to see tangible retrofit opportunities and so harder to encourage them to engage with the support / invest in skills etc.
- In general the different strands of support reached their intended audiences. ERDF compliance created some challenges around engaging the right audience and providing the support that they most valued e.g. Strand 1 support was limited to RSLs and LAs that could at least match the

programme investment, whilst Strand 2 support could not be as substantial per business as some might have needed or hoped for.

- Finally, the Ready for Retrofit programme emphasises the value of focusing multiple activities on the same area at the same time. As noted by one programme team representative: *“there are a myriad of competitions and funding...that come out for certain measures and organisations at certain periods and in certain regions; they don’t overlap sufficiently to encourage things to be done. [Ready for Retrofit] has had 2.5 years to do demand stimulation properly in a coherent and planned way.”* The findings indicate that it is the blend of support, not one ‘silver bullet’, that is essential to delivering outcomes.

5.3 Revisiting the objectives

There is clear evidence – both from observing GVA data and business attribution statements - that the programme has enhanced South West retrofit businesses’ capacity and capability to win and conduct retrofit works and therefore grow both turnover and jobs. Whether businesses in the South West are better placed than those in other regions to take advantage of national retrofit opportunities is more difficult to discern, though the growth achieved by supported businesses compares well with the wider construction sector nationally.

The extent to which the programme has helped to stimulate demand is considerable, in particular through Strand 1 funding and Strand 3 support to Cosy Devon. The programme logic was that these priming activities would then lead into national policies like Green Deal etc that would sustain the market. Although the extent to which these policies have delivered demand is lower than anticipated, there is little the programme could do to influence this.

6 Key recommendations

The success of the programme in 2012-14 has demonstrated that there would be value in a support programme in future years. However, the programme team recognised that any future programme of support (whether delivered by Ready for Retrofit or other organisations) would benefit from enhancement in terms of audience and type of support provided. Based upon the evaluation findings, the following are some recommendations for consideration in the design and delivery of a future programme of support:

- ERDF requirements led in some aspects of the programme to a focus upon social housing. Whilst a useful market in many ways, there is ultimately a need to focus more upon the owner occupier and private landlord audiences. There could be a role for the programme in advocating to private landlords, as well as advising councils on how the PRS sector should be encouraged to invest in refurbishment and retrofit.
- Off-gas housing areas also provide a potentially fruitful focus for ‘selling’ the benefits of energy efficiency and micro-gen retrofit.
- Strand 1 activities carried substantial impact but there is a risk that there are not many other organisations in the region with sufficient resources to match-fund a large retrofit project. A new round of funding could be considered to support organisations without spare capital, especially as in some cases it could lead to long term organisational changes and self-sustaining market growth benefits e.g. recognition of the benefits of retrofit and therefore future allocation of budgets to this type of work.
- Continuing to focus support upon South West businesses is essential to delivering the overall goals of the programme. However, a large proportion of those supported were specialist businesses focusing upon specific technologies. Future support could focus more upon generalist businesses that tend to be the ones engaging with households at potential retrofit trigger points.
- As identified by the programme team, following the large number of businesses supported in 2012-14, any future support programme may be more effective in focusing upon depth rather than breadth of support e.g. focusing more hours of support exclusively on a smaller number of high growth potential businesses. This would not preclude offering the more general services – e.g. vouchers or event notification – to other businesses in the region.
- The evaluation has identified an opportunity for more rigorous screening (e.g. around likelihood of businesses ceasing to trade) to avoid wasted resource and effort. This need would be more pertinent in a scenario where business support became more in depth.
- Related to the need for support to generalist businesses, this does not need to be support to increase the ability of those businesses to do complex energy retrofit work themselves. Instead, such businesses need training to spot opportunities for energy efficient or micro-gen options for work that households want done anyway, as well as building of contacts / sub-contractors that they can recommend or signpost.

- As observed in the report above, community groups are active in the South West and should continue to be encouraged to play a role – providing a useful route to market, encouraging action (e.g. through showcasing good examples of measures in action) and referring households to schemes. Fulfilling this role may require further support to build their capacity and expertise.
- The approach used – and outcomes from – the Cosy Devon scheme should be shared with other organisations and support provided to replicate the model, especially for PRS housing.
- Whilst lobbying government on funding and providing marketing for individual businesses would not be appropriate, there may be an opportunity for a programme like Ready to Retrofit to advocate for the South West retrofit market more generally e.g. using events or communications to showcase supply chain excellence in the South West.
- Requests from supported businesses and stakeholders were mostly for things that Ready for Retrofit already do or that are outside the programme remit (e.g. funding for new employees and equipment). However, there was a potentially valuable idea of the programme providing a ‘one stop shop’, including not only policy landscape and market information on regulations and grants etc, but also hosting a collated list of tenders and contract opportunities for retrofit work. This would not only support growth but also reinforce messages around the scale of the opportunity and evidence the value of businesses becoming more involved in retrofit.



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