

**LoCASE 2 (South East LEP) and;
LoCASE 3 (Coast2Capital, Enterprise M3
and Solent LEP Areas)**

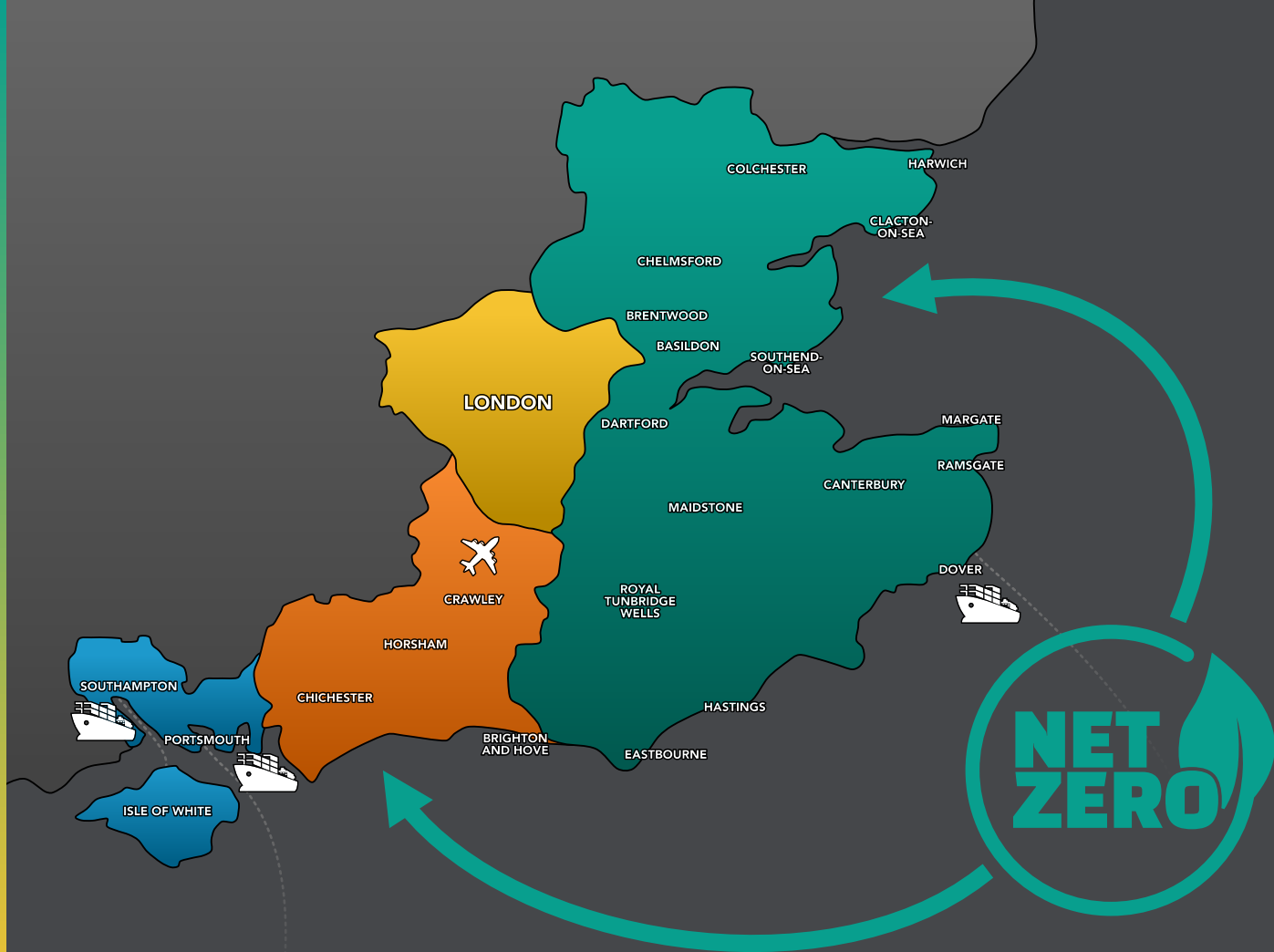
**Summative Assessment
Executive Summary**

Prepared by The Insight Works January 2024



European Union
European Regional
Development Fund





Executive Summary

Low Carbon Across the South East (LoCASE) has been a quasi-brand for three programmes of support which have provided accessible low carbon business support across four LEP areas of the South East region.

LoCASE 2 (South East LEP) and LoCASE 3 (Coast 2 Capital, Solent and EM3) were follow on projects to the highly successful LoCASE 1 and launched in October and November 2020. Both projects (which are the subject of this evaluation) have provided significant support to **over 1,200 businesses**. They have assisted in the **reduction of 5,263 tonnes of GHG year on year**, triggered **54 collaborations** between Universities and SMEs, created an estimated **140 jobs**, safeguarded a further **566**, created almost **£8m in additional GVA** and **safeguarded £36.2m**.

With a combined value of just over £25.2m and an ERDF contribution of £12.6m, the projects have awarded around £8.6m in grant funding to fuel energy efficiency and business growth.

Both projects were designed before the pandemic. They introduced new ambitions, which were stretched even further during delivery. Rational, ambitious decisions were made around expanding the projects based on previous delivery successes, but the new targets set proved extremely challenging as the context altered.



The key market failure of low levels of business support and finance for low carbon activity was addressed. Project designs could have benefitted from more common ERDF structure. They used elements more often associated with EU transnational projects, with discrete work packages and a separation of duties. Project processes would have been more effective if designs had included a more structured approach to the management of technical guidance and partner obligations.

Both projects benefited from a strong leadership team within KCC, which provided significant experience of delivering ERDF funded programmes and of low carbon business support. Both projects have been very successful in creating comprehensive, energised partnerships delivering significant environmental impacts and carbon reductions. They have supported an impressive volume of businesses and significantly benefitted local supply chains. They have also helped numerous local partners build their capability around Net Zero interventions.

The projects included five key support activities, and each was successful in its own right.

Companies had access to grant funding for both capital and revenue expenditure to improve energy efficiency or grow their low carbon business. They benefitted from access to environmental management workshops, academic expertise and specialist advisors. The team worked tirelessly to develop and promote the sector throughout, delivering a large number of clean growth initiatives and events.

Delivery was not without its problems. There were the predictable disconnections resulting from managing organisations in new geographies, along with the issues of dealing with different cultures, ambitions, financial and legal processes, delivery participants exhibiting different levels of commitment and different levels of experience. Some significantly underperformed against their agreed outputs.

Projects with similar ambitions should learn the pivotal lesson around messaging to businesses, emphasising the hard-nosed business rationale for Net Zero actions (cost reduction and marketing benefits) rather than appealing to the noble societal benefits. The latter issues are generally much more interesting to the supply side - stakeholders and delivery partners, emphasising them results in project offers being less attractive to SME managers. It limits the levels of business participation and as a result, diminishes the societal impacts which everyone wishes to achieve.

The project achieved **excellent value for money** with a total **public cost per Enterprise Supported (1,203) of £10,473**. The project has resulted in a **total annual GHG reduction of 5263 tonnes**. This is an **average of 4.3 tonnes per business**, per annum which equates to **£2,394 of public money per tonne of GHG reduced** per annum.

SME Reach and Realisation

It should not be underestimated how much LoCASE has achieved in terms of raising awareness across the South East of the benefits of decarbonisation, and the wider responsibility we all have to move towards Net Zero. The reach goes beyond the almost 800 companies that received grants totalling around £8.6m (an average of over £10,000 per company).



There is data available which suggests that a minimum of almost 500,000 people have been made aware of LCEGS in the South East Region. This includes beneficiaries, social media impressions, direct marketing recipients, radio listeners and event attendees. We expect this is closer to 750,000 – as the team continue to gather data.

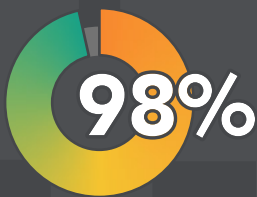
All this has the potential for a significant ripple effect. Early adopters and relatable business cases must continue to be engaged to become fully mainstream across the rest of the business community (i.e. what's the bigger effect, the 'green sector' self-identifying or the 'standard' businesses grasping the nettle and taking steps to become more sustainable? The team tried, with some success to do both...The real task now is showing that a grant doesn't always need to turn a profit and help CSR ideals.

Net Zero is now in the conversation. We've seen a new wave of Founders with a genuine passion to develop businesses with a triple bottom line of 'People, Planet and Profit' - but a joined up approach to secure genuine commitment is still required. The more engagement that LoCASE partners and stakeholders had with firms in helping benchmark (through needs assessment calls for every applicant, STEM/NetZero 360 workshops or funnelling from elsewhere) the more that viable projects became apparent, and firms looked to invest. This activity should continue.

Impact

Impact has been the constant driver throughout delivery. The team are very passionate about the positive effect public support can have, and this is mirrored throughout the partnership. There have been a host of direct and indirect impacts on SME beneficiaries, but there have also been wider impacts on the supply chain. Of those SMEs surveyed:

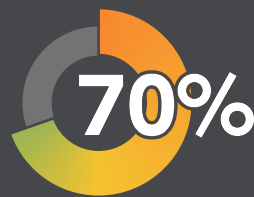
Business Growth Survey



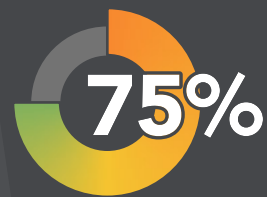
Felt advice was beneficial



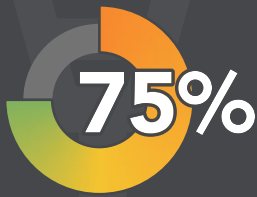
Increased growth potential



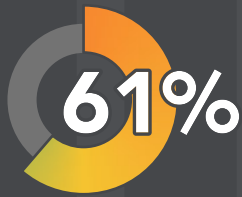
Increased Productivity



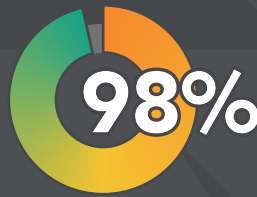
Increased survivability



Increased profitability

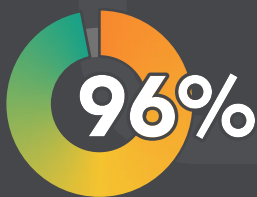


Reduced costs

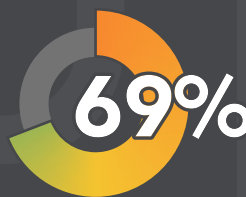


Improved their approach to operating in low carbon sectors

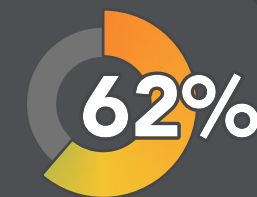
Energy Efficiency Survey



Reduced energy consumption



Said support will contribute toward future growth



Said they would invest in future decarbonisation activities

The CO₂ reduction of over **5,000 tonnes** is expected to **rise to at least 7,000** over the coming months, once SMEs complete activity and have time to measure the impact. But equally important is the supply chain impact. There is evidence that over **50% of SME expenditure was with local suppliers** – almost £10m.



Future Potential

The energy crisis is not going away. It is more mainstream than ever before, holding sway over the bottom line cost of doing business and co-exists with multiple other socio-economic crises which affects supply chain factors and logistics, price of raw materials, changing customer needs and demands.

This needs to be recognised by all parties and catered for through central rather than niche pots of funding or support. The late groundswell of firms that couldn't be supported in time could be re-engaged locally/regionally/nationally and momentum seized with those 1,200+ firms now on the journey as a result of LoCASE. The business support landscape is fragmented, and HMG must

consolidate policy and not pigeon hole this as it once was. A national approach is required. Clean growth needs to be applicable and accessible to the full spectrum of sectors, industries and economies. This programme adds to the argument that taking time and focus to review options does undoubtedly unlock longer term savings, opportunities and markets.



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