

## **Invest Northern Ireland**

### **Evaluation of the Carbon Trust and Other Energy Programmes and Services**

#### **Management Consultancy**

November 2008

Final  
Executive Summary

## Table of Contents

<b>1</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
1.1	TERMS OF REFERENCE .....	1
1.2	METHODOLOGY.....	1
1.3	STRATEGIC CONTEXT .....	1
1.4	SUMMARY OF ENERGY PROGRAMMES AND SERVICES.....	3
1.5	REVIEW OF COMPARABLE PROGRAMMES FROM ELSEWHERE.....	6
1.6	PROGRAMME EVALUATION .....	8
1.7	CONCLUSIONS.....	16
1.8	RECOMMENDATIONS.....	21

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# 1 EXECUTIVE SUMMARY

## 1.1 Terms of Reference

In June 2008, FGS McClure Watters was commissioned by Invest Northern Ireland (Invest NI) to carry out an evaluation of the Carbon Trust (CT or the Trust) and Other Energy Programmes and Services over the period 1 April 2003 to 31 March 2008.

The overall objective of the evaluation is - to assess the performance of these programmes / services providing qualitative and quantitative information that will better inform decisions on the future of the programmes and services (if applicable) and assess the impact on participating businesses and stakeholders and the wider Northern Ireland economy. The evaluation was also required to assess the future contribution that these programmes might make to the implementation of the SDSNI (the existing sustainable development strategy is scheduled to run until 2008).

## 1.2 Methodology

Our approach to this project involved:

- an assessment and evaluation of the rationale for the Carbon Trust and Other Energy Programmes and Services, including a review of the existing processes used to promote and deliver the programme;
- 244 surveys with companies that had used the programmes and services, and of those that had not used the programmes and services;
- focus group consultations with Invest NI Client Executives (including Frequent and Infrequent users / referrers of the Energy Programmes) and Business Advisors;
- external consultation with strategic stakeholders within Invest NI, DETI, OFMDFM, the Sustainable Development Commission, key industry experts and sectoral interests; we also consulted with organisations involved in programme delivery including Carbon Trust Northern Ireland (key delivery organisation of 2 major programmes) and Northern Ireland Electricity (part funding for SMEEGS programme)
- comparing the programmes and services with case study reviews of 4 other comparable programmes and services offered in other UK regions and the European Union (EU); and
- analysing the findings and reporting to Invest NI.

## 1.3 Strategic Context

Energy (and its positioning with regard to sustainable development) is a major global and national issue and one which governments and the public are addressing.

The Economic Vision for Northern Ireland focuses on the need to increase the competitiveness of companies and close the productivity gap between Northern Ireland and the UK - energy resource efficiency is one way in which Invest NI (and DETI) can influence

companies in Northern Ireland to help increase their productivity, reduce costs and improve their competitiveness.

The Northern Ireland Executive, DETI and Invest NI have a clear focus on what must be done - through creating sustainable businesses, i.e. businesses that must become more efficient in their use of energy (e.g. through reducing waste, waste management practice, reducing energy emissions, improving energy efficiencies, etc) and supporting the development of technologies which will result in high growth businesses.

The Carbon Trust was set up by government and operates on a UK-wide basis. It is supported by DEFRA, BERR and the devolved administrations. Its overarching remit is to support carbon reduction. Whilst the Carbon Trust's operation in Northern Ireland is in receipt of funding from Invest NI to undertake specific activities, Invest NI does not have overall control of the Carbon Trust. However, the Invest NI funding provided to the Carbon Trust in Northern Ireland is therefore focused on generating a return that contributes to Invest NI's corporate objectives and targets, namely improving productivity and reducing costs for business.

Overall therefore, there is a slight disconnect between Invest NI's corporate objectives and targets and the Carbon Trust's remit and purpose.

The UK Audit Office Report on Carbon Trust (2007)<sup>1</sup> highlighted the significant impact that it was making on the economy and this report in particular highlights the potential that exists for Northern Ireland and it goes beyond the focus on reducing energy costs and/or carbon emissions. The areas for further development include the development of new carbon technologies, the commercialisation of these technologies and the leverage of private investment alongside Carbon Trust monies to support the commercialisation on these technologies. The review of government policies outside Invest NI also highlight the potential that exists for the Carbon Trust to provide support to the public sector with regard to carbon emissions. This is not part of this evaluation as the funds provided to the Carbon Trust were focused on delivering support to the private sector.

Another report, prepared by Morgan Harris Burrows on behalf of the National Audit Office<sup>2</sup>, focused on the work that the Carbon Trust is involved in regarding encouraging Research and Development (R&D) in new technologies and providing a co-investment fund for early-stage start-up companies engaged in low carbon activities. The report highlighted high levels of additionality with both areas of work. These are areas that Invest NI is not fully exploiting in Northern Ireland at present.

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<sup>1</sup> The Carbon Trust, Accelerating the Move to a Low Carbon Economy, Report by Comptroller Auditor General, November 2007

<sup>2</sup> The Carbon Trust, Innovation and Investment, a Report for the National Audit Office, MHB, June 2007.

## 1.4 Summary of Energy Programmes and Services

The programmes which are the subject of this evaluation are summarised in Table 1.1; the majority of programme spend was on the Carbon Trust programme and its suite of interventions. The table highlights impacts where there have been defined / measured. This table describes the programmes in terms of description, delivery, cost, timescales and impacts; our detailed evaluation of the performance of the programmes is set out in Section 1.6.

Table 1.1  
**Summary of Carbon Trust and Other Energy Programmes 2003 to 2008**

Programme	Description	Delivery	Cost	Timescales	Impacts
Carbon Trust (Northern Ireland)	To introduce low carbon technologies and practices into NI businesses.	Carbon Trust is funded by Invest NI to provide a suite of energy efficiency programmes and training events for industrial and commercial sectors.	Invest NI Programme Costs: £16.122 million (inclusive of Climate Change Levy (CCL) and Environment and Renewable Energy Fund (EREF) (including £4.121m for CTLS)  Invest NI Staff Costs: £43,229  <b>Total Cost: £16.165 million</b>	CTNI was launched in April 2002 and is ongoing	In total, between 2003/4 and 2007/8, Carbon Trust in Northern Ireland has: <ul style="list-style-type: none"> <li>Implemented energy savings of between £37.8 and £56.3 million and carbon savings of between 322 and 547 KtCO<sub>2</sub> (these figures are the sum of the annual (i.e. recurring) savings identified in each of the 5 years). (As implemented energy savings lie in the range £37.8 to £56.3 million, we have taken the mid-point between these 2 figures (£47.05m) and used that in the value for money calculation in Table 1.5).</li> <li>Identified £106.7 million in energy savings and between 793 and 886 KtCO<sub>2</sub> in carbon savings. Potential savings are those that have been identified by the Carbon Trust if specific improvements are implemented by companies in receipt of site energy surveys. Companies do not always institute the measures recommended by the Carbon Trust and so the actual savings achieved are lower than the potential savings;</li> <li>Conducted 1,340 surveys (approximately) – annually 230-330;</li> <li>Held 94 events (including training) with 4800 persons attending</li> </ul>
Carbon Trust Loan Scheme	Facility for NI SME businesses to access interest-free loan to be used towards the cost of relevant energy saving measures. Loans available	CT - accepts online applications. WS Atkins (on behalf of CTNI) - administers and manages scheme.	Invest NI Programme Costs: £4.121 million  Invest NI staff costs:	Launched in 2003/04 and operates on an annual basis	Between 2003-04 and 2007-8: <ul style="list-style-type: none"> <li>CTNI dealt with 476 applications of which 372 were rejected (although over 40% of the 'rejected' were actually application withdrawn and therefore not strictly rejected) and 104 were offered loans;</li> </ul>

**Table 1.1**  
**Summary of Carbon Trust and Other Energy Programmes 2003 to 2008**

Programme	Description	Delivery	Cost	Timescales	Impacts
	from £5k - £400k.	INI Sustainable Development Team – Assess applications/ projects, site visits & offer advice.	£42,995  Total Cost: £4.164 million		In summary, considering 80 'completed' loans: <ul style="list-style-type: none"> <li>a total loan sum amount of over £6.647<sup>3</sup> million was offered to 104 applicant projects (the number of live (including 1 defaulted<sup>4</sup>) loans at March 2008);</li> <li>a total loan sum amount of over £4.715 million was paid to 80 applicant projects (the number of live (including 1 defaulted<sup>5</sup>) loans that were fully drawn down at March 2008). This figure represents the cumulative revolving sum of loans provided to businesses where the finances are paid back out into new projects (hence the loan sum paid out £4.715 million exceeds the amount of money paid by Invest NI to the Carbon Trust).</li> <li>total annual savings of 13,398 CO<sub>2</sub> (tC) were identified;</li> <li>total energy savings of 128.73 Tj (Tera Joules) were identified; and</li> <li>a total of over £1.601 million of annual energy savings were identified.</li> </ul>
SMEEGS	Grant scheme offering 25% of total project cost (grant between £250 – £5,000) to SMEs to encourage the take-up of specific energy saving technologies.	Invest NI plays a central role- all administration, promotion, monitoring and evaluation activities  NIE only provide half of funding	Invest NI Programme Cost: £233,439  Invest NI staff cost: £6,884  Total Cost: £240,323	Launched in 2006, the programme ran for 2 years, ceasing on 31 March 2008	In 2006/7 & 2007/8, there were 66 and 95 applications, respectively, a total of 161 applications of which 140 were awarded and 100 were paid.  Most common Energy Measure was VSD compressor  NIE Indicators for 07/08 suggest that 2,288 tC saved and gross customer benefits of £1,179,515
Biomass Group	To facilitate the development of biomass	Operates as a vehicle for	Invest NI Programme Cost:	Biomass Group in existence since	Combined contact list for Biomass & ERTTG contains 210 contacts from over 150 companies. No information on impacts, but in terms of outputs, there were:

<sup>3</sup> The value of loans offered to the 104 applicants was £6,647,109. However, £112,654 of this was withdrawn due to the customers not needing the full loan amount, therefore the loan amount offered (in Table 4.11) is adjusted accordingly to £6,534,455.

<sup>4</sup> There was only 1 defaulted loan: the amount offered was £13,688 and the balance left to pay was £6,198.39

<sup>5</sup> There was only 1 defaulted loan: the amount offered was £13,688 and the balance left to pay was £6,198.39

**Table 1.1**  
**Summary of Carbon Trust and Other Energy Programmes 2003 to 2008**

Programme	Description	Delivery	Cost	Timescales	Impacts
	usage in Northern Ireland.	networking and information / best practice and knowledge sharing amongst members	£2,452  Invest NI staff cost: £2,607  Total Cost: £5,059	2006/07	<ul style="list-style-type: none"> <li>• 21 events / meetings between December 2005 and April 2008</li> <li>• The most common format for these was presentation and site visit;</li> <li>• Average attendance at events is 41</li> </ul>
Energy Managers Group	To provide information on energy saving technologies, fuel price trends, training opportunities, funding and legislation.	Regular meetings for members and interested parties	Invest NI staff cost: £2,734  Total cost: £2,734	In existence since 2005/06	Contact list of 860 individual contacts from over 750 companies. No information on outputs or impacts
Energy Research and Technology Transfer Group (ERTTG)	A group of companies with an interest in research and technologies such as biomass, biogas and fuel cells.	Meets on a regular basis to provide further networking opportunities for members and interested parties	Invest NI Programme Cost: £9,263  Invest NI staff cost: £12,709  Total cost £21,972	Consolidated on December 2005	Combined contact list for Biomass & ERTTG contains 210 contacts from over 150 companies. No information on impacts, but in terms of outputs, there were: <ul style="list-style-type: none"> <li>• 21 events / meetings between December 2005 and April 2008</li> <li>• The most common format for these was presentation and site visit</li> <li>• Average attendance at events is 41</li> </ul>
Technical Support Scheme	Provide technical support to companies to deliver energy savings identified through technical surveys.	To provide technical advisory services to identify energy efficiency and cost saving opportunities.	Invest NI Programme Cost: £119,001  Invest NI staff cost: £22,945  Total cost: £141,946	In operation since 2005/06	Provided technical assistance to 118 companies (53 in 2006/07, 65 in 2007/08) No information on impacts
Source: FGS					

## 1.5 Review of Comparable Programmes from Elsewhere

We reviewed 3 UK and 1 EU-based energy programmes and services as comparators to the Invest NI Energy programmes and services. These were:

### United Kingdom:

- North West England: 'ENWORKS';
- Scotland: 'Loan Action Scotland' and the 'Business Advisor Programme';
- South East England, the 'South East Sustainable Business Partnerships' (SESBPS) – however only limited information was available on this case study; and

### Europe:

- Austria: EcoBusinessPlan, Vienna.

The main, common characteristics of the various comparator energy programmes and services can be summarised as follows:

- In common with Invest NI, they provide similar supports - advice and funding - for resource efficiency but going beyond energy, i.e. covering water and waste reduction, plus human resources; and
- they utilise a common delivery model, in a network of dedicated local advisers who can draw on a framework agreement for specialist consultancy, i.e. a seamless, tailored service to clients, for implementation of tailored measures. Similarly, Invest Northern Ireland has a framework agreement on which it can draw.

Recent 'innovations' which may be worth consideration by Invest NI include:

- ENWORKS on-line Tool for businesses to use themselves (i.e. to calculate savings) and for ENWORKS partnership to monitor impact/success;
- Cross-public sector, commercial and NGO partnership working, i.e. an area-wide 'partnership' owns the advisory service which is managed via a single entity;
- Knowledge Transfer and information exchange via 'membership network' events, seminars and learning journeys - within the region / area and inter-EU; and
- Seamless delivery to SMEs, using most appropriate funding streams, i.e. SMEs do not need to know where funding is accessed by the partnership.

Table 1.2 provides a summary of the case studies and key comparisons with Invest NI energy programmes and services. As limited information was available on the South East Sustainable Business Partnerships, this is not included in the table.

**Table 1.2**  
**Summary of Case Studies**

	Case 1: Northwest England – ENWORKS	Case 2: Business Advisor Programme, Loan Action Scotland	Case 3: EcoBusinessPlan, Vienna.
<b>Activity delivered / Service offered</b>	Resource and waste minimisation programme co-ordinating environmental health and safety advice, training and support. Covers all aspects of business resource efficiency (waste, water and energy).	To encourage SME's in Scotland to invest in energy efficiency measures to help meet the government's emission reduction targets and to benefit SME's by reducing energy costs and improving competitiveness and profitability. BAP provides bespoke advice to SME's. LAS offers interest free loans to SME's in Scotland for work to improve energy efficiency.	The purpose of EBPV is to help enterprises generate green and clean profits through ecological management practices that benefit both the environment and the enterprises.
<b>Grant Amount</b>	No capital grants on offer.	No capital grants available. LAS offered interest free loans between £5,000 and £50,000 (due to rise to £100,000). LAS total approved loan funding amounts were £250,000 in 2004 and £675,000 in 2005. Average loan amount per business has grown from £16,000 in 1999 to £24,000 in 2005.	No capital grants available.
<b>Average Saving Delivered</b>	Total savings delivered to June 2008: £23.4 million. For a total of 582 businesses helped (as of Feb 2008), ENWORKS' support enabled an average £11,200 annual energy cost saving amounting to an 11% saving on annual baseline expenditure per business, totalling a benefit of £6.5 million.	BAP: overall lifetime saving of £2,235,812 for all 230 SME's involved in the programme for 2005/2006. This equates to an average lifetime saving of £10,152 per business. LAS is estimated to bring savings of 37,000 tonnes of carbon over the lifetime of the programme. In 2006 LAS helped businesses save 37% on their energy bills or £562,000. Loans also helped increase competitiveness.	Savings to date are: - reduction of solid waste output by 111,175 tonnes ; - reduction of toxic wastes by 1,685.8 tonnes; - energy savings of 145.8 million kWh (an amount equal to the annual energy consumption of 48,500 Viennese households); - 43,256 tonnes of carbon dioxide emissions saved; - reduction of total transport mileage by 72.5 million kilometres; and - drinking water consumption reduced by 1,685,300 cubic metres .
<b>Comparison with Invest NI Offer</b>	The ENWORKS offer has similarities to the Invest NI offer as it offers free advice and technical services to businesses to encourage energy efficiency and waste minimisation. However unlike the Invest NI programmes, there were no grants on offer under the ENWORKS programme.	BAP offers bespoke advice to SME's through the use of business advisors. Similar to the Invest NI Carbon Trust Programme offer where 1-to1- advice is available. LAS provides interest free loans this has similarities with the Carbon Trust Interest Free Loan Scheme.	The EBPV, as with the Invest NI offer, provides advice to businesses to generate both environmental and financial gains. Unlike the Invest NI offer it utilised a modular approach tailoring advice to certain size and types of businesses. The use of workshops and seminars encouraged networking but no formal networks or groups were formed. In contrast in Northern Ireland networks such as the Biomass Group were formed.

Source: FGS / ADAS

## 1.6 Programme Evaluation

Table 1.3 to Table 1.5 provide a summary of our findings on each programme in terms of performance against objectives and targets, costs and benefits, additionality, deadweight, displacement and value for money

### *Performance against Objectives and Targets*

Table 1.3  
**Summary of Performance Against Objectives and Targets**

Programme	Objectives and Targets
Carbon Trust (Northern Ireland)	Objectives and targets specified each year; SMART targets from 2007/08; Disconnect between monitoring and the objectives / targets which were set so it is not always transparent in terms of whether these have been met or not; and It is our view, based on impact information provided by the CT that the CT generally met or exceeded the targets where inputs can be tracked through to outputs
Carbon Trust Loan Scheme	Overall indicator of a minimum 5 year payback and a minimum reduction of 0.39 tonnes of carbon per £1,000 of project expenditure.  Assessment of 80 loans which had been fully drawn down at 31 March 2008 shows annual projected savings of CO <sub>2</sub> of 13.398 tC against a total loan amount of £4,715,110 paid; and  This gives an average projected carbon reduction of 1.51 tonnes per £1,000 of project spend which would exceed the overall indicator (0.39 tonnes per £1,000) at a programme level if realised; however the indicator would not be exceeded for every individual project.
SMEEGS	None specified although we understand that these have been specified by Invest NI from 2007/08 (although this scheme ceased in March 2008).
Biomass Group	No impact targets specified although we understand that there was a target to hold 4 meetings / events per annum and this has been exceeded.
Energy Managers Group	No impact targets specified as this group is one which Invest NI communicates with through email.
Energy Research and Technology Transfer Group (ERTTG)	No impact targets specified although we understand that there was a target to hold 4 meetings / events per annum and this has been exceeded.
Technical Support Scheme	None specified although we understand that these will be specified by Invest NI from (late) 2008/09.
Source: FGS	

### Costs and Benefits

**Table 1.4**  
**Summary of Cost and Benefits**

Programme	Costs and Benefits
Carbon Trust (Northern Ireland)	<p>Invest NI has incurred costs of around £16.165 million (programme costs plus staff costs) to deliver these activities. (This includes the £4.121 million for the CTLS).</p> <p>Impacts include savings – both financial and in terms of CO<sub>2</sub> - identified and implemented.</p> <p>During the period of this evaluation (between 2003/4 and 2007/8), CTNI has:</p> <ul style="list-style-type: none"> <li>• Implemented energy savings of between £37.8 and £56.3 million and carbon savings of between 322 and 547 KtCO<sub>2</sub> (these figures are the sum of the annual (i.e. recurring) savings identified in each of the 5 years). (As implemented energy savings lie in the range £37,8 to £56.3 million, we have taken the mid-point between these 2 figures (£47.05m) and used that in the value for money calculation in Table 1.5).</li> <li>• Identified £106.7 million in energy savings and between 793 and 886 KtCO<sub>2</sub> in carbon savings.</li> <li>• Conducted 1,340 surveys (approximately) – annually 230-330;</li> <li>• Held 94 events (including training) with 4800 persons attending.</li> </ul> <p>Benefits reported include output and impacts; also some are 'identified' and may not be realised.</p>
Carbon Trust Loan Scheme	<p>Invest NI has incurred costs of over £4,121,309 (capital) plus staff costs (£42,995) to deliver the loans (includes costs associated with WS Atkins who are sub-contracted to the Carbon Trust).</p> <p>In Table 4.13 we identify the impact or benefit of the CTNI loans, by producing cumulative measures for savings – both financial and in terms of CO<sub>2</sub>, and energy measures identified.</p> <p>During the period of this evaluation (between 2003/4 and 2007/8), for the 80 loans which were fully drawn down at 31 March 2008, the CTLS had identified the following:</p> <ul style="list-style-type: none"> <li>• total annual savings of 13,398 CO<sub>2</sub> (tC);</li> <li>• total energy savings of 128.73 Tj (Tera Joules); and</li> <li>• total of over £1.601 million of annual energy savings.</li> </ul>
SMEEGS	<p>Payments amounting to £233,439 were made on 100 grants over 2 years. With Invest NI staff costs amounting to £6,884, the overall cost is £240,323.</p> <p>The cost to Invest NI of administering and delivering the grant programme is therefore £69 per successful applicant, each of whom received £2,335 on average.</p> <p>Combined annual savings achieved through the scheme amount to £424,817, an average saving of £4,248 per grant awarded (100 awarded and paid).</p> <p>Comprehensive information on other tangible benefits not available although some information provided on carbon and cost reductions from NIE.</p> <p>From the survey, benefits identified by companies included a reduction in energy use, cost</p>

**Table 1.4**  
**Summary of Cost and Benefits**

Programme	Costs and Benefits
	savings through reduced energy and waste consumption, (although SMEEGS was not concerned with waste, this was the perception of some respondents), a reduction in emissions to air. Other impacts included improved compliance with legislation.
Biomass Group	<p>The Biomass Group (and Energy Research and Technology Transfer Group combined) consist of around 210 company contacts. Total programme spend was £2,452 and costs associated with Invest NI staff time were also accrued to a level of £2,607, a total cost of £5,059. Over the period of this evaluation, there have been 21 events attended by 862 people or 41 attendees on average.</p> <p>These statistics yield the following:</p> <ul style="list-style-type: none"> <li>• Average cost per contact: £24</li> <li>• Average cost per event: £240</li> <li>• Average cost per attendee: £5.87.</li> </ul> <p>The majority of responding companies experienced benefits from participating with the group and through the networking and collaboration opportunities that it offered to work with other companies in this area.</p>
Energy Managers Group	<p>The Group comprises a total of 860 members with a total programme spend (staff costs) of £2,734. This equates to a programme delivery cost of around £3.18 per participating member.</p> <p>Benefits of the Group include: increased company awareness and knowledge of energy management and / or carbon reduction-related issues and improved collaboration / networking with other companies on common issues as a benefit of the Group.</p>
Energy Research and Technology Transfer Group (ERTTG)	<p>The Energy Research and Technology Transfer Group (and Biomass Group combined) consist of around 210 company contacts. Total programme spend was £21,972 (programme costs of £9,263, Invest NI staff costs £12,709). Over the period of this evaluation, there have been 21 events attended by 862 people or 41 attendees on average.</p> <p>These statistics yield the following:</p> <ul style="list-style-type: none"> <li>• Average cost per contact: £104.62</li> <li>• Average cost per event: £1,046</li> <li>• Average cost per attendee: £25.49.</li> </ul> <p>The majority of responding companies experienced benefits from participating with the group including: reduction in energy use; increased company awareness and knowledge of energy management and / or carbon reduction issues; networking and collaboration opportunities that it offered to work with other companies in this area; increased company profile.</p>
Technical Support Scheme	The Scheme delivered technical support to 118 companies with programme costs of £119,001 and Invest NI staff costs of £22,945. This equates to an overall total of £141,946

**Table 1.4**  
**Summary of Cost and Benefits**

Programme	Costs and Benefits
	<p>which gives an average cost £1,203 per company supported.</p> <p>Benefits are not formally recorded however, from the company survey, benefits identified included a reduction in energy use, cost savings through reduced energy and waste consumption; and reduction in waste generated (note that the Technical Support Scheme is not concerned with waste – and this represents the incorrect perception of some respondents in relation to the benefits of the scheme). Other impacts included e.g. a reduction in carbon emissions; improved compliance with legislation; reduction in the use of raw materials; and reduction in effluent and water usage as well as increased company profile.</p>
Source: FGS	

***Additionality, Deadweight, Displacement, Value for Money***

Table 1.5

**Summary of Additionality, Deadweight, Displacement and Value for Money**

Full Additionality <sup>6</sup>	Partial Additionality <sup>7</sup> ,	Deadweight <sup>8</sup>	Displacement <sup>9</sup> ,	Value for Money
<p><b>CT Users</b></p> <p><b>42%</b> of those who responded would not have proceeded and achieved the same results without the CT intervention.</p>	<p><b>CT Users</b></p> <p><b>25%</b> of those who responded (that is 53% of 47% who would have been able to achieve the same improvements in a different way) would have achieved the same business improvements, albeit over a longer timescale.</p>	<p><b>CT Users</b></p> <p><b>20%</b> of those who responded (that is 43% of the 47% who would have been able to achieve the same improvements in a different way) would have proceeded to achieve the same results without the CT intervention.</p>	<p><b>CT Users</b></p> <p>In the absence of CT, <b>17%</b> (that is 40% of the 47% who would have been able to achieve the same improvements in a different way) stated that they would use another agency or advisor – the most common were: Local Councils and Envirowise.</p>	<p><b>CT Users</b></p> <p>Every £1 cost yields £6.60 of identified annual energy savings (ratio of costs £16.165m to identified savings of £106.7m)</p> <p>Or</p> <p>Every £1 cost yields £2.91 of implemented annual savings. (As implemented energy savings lie in the range £37.8 to £56.3 million, we have taken the mid-point between these 2 figures (£47.05m) and used that in the value for money calculation – the ratio of cost £16.165m against savings £47.05m).</p>
<p><b>CT Partnership Companies</b></p> <p><b>68%</b> of those who responded would not have proceeded and achieved the same results without the CT intervention.</p>	<p><b>CT Partnership Companies</b></p> <p><b>28%</b> of those who responded (that is 86% of 32% who would have been able to achieve the same improvements in a different way) would have achieved the same business improvements, albeit over a longer timescale.</p>	<p><b>CT Partnership Companies</b></p> <p><b>4%</b> of those who responded (that is 14% of the 32% who would have been able to achieve the same improvements in a different way) would have proceeded to achieve the same results without the CT intervention</p>	<p><b>CT Partnership Companies</b></p> <p>In the absence of CT, <b>4%</b> (that is 12% of the 32% who would have been able to achieve the same improvements in a different way) stated that they would use another agency or advisor — these included Envirowise and Action Renewables</p>	
<p><b>CTLS Successful Applicants</b></p> <p><b>47%</b> of those who responded would not have proceeded and achieved the same results without the CT Loan.</p>	<p><b>CTLS Successful Applicants</b></p> <p><b>37%</b> of those who responded (that is 69% of 53% who would have been able to achieve the same improvements in a different way) would have proceeded with purchasing the equipment and</p>	<p><b>CTLS successful Applicants</b></p> <p><b>1.6%</b> of those who responded (that is 3% of the 53% who would have been able to achieve the same improvements in a different way) would have proceeded to purchase the equipment immediately without</p>	<p><b>CTLS Successful Applicants</b></p> <p>In the absence of the CT Loan, the most common alternative sources of finance were 29% (55% of 53%) internally from the business and 24% (45% of 53%) from the bank.</p>	<p>Final loan amount paid on all 80 completed loans (31 March 2008 is £4,715,110 against annual identified energy savings (£1,601,891) equates to annual identified savings of £0.33 for every £1 of loan. If we assume that the identified savings are realised, then within 3 years the cost of the</p>

<sup>6</sup> **Full additionality** is where the programme's benefits are wholly attributable to the programme, i.e. deadweight and displacement are zero

<sup>7</sup> **Partial additionality** is where the activity would have been carried out earlier, or on a larger scale or to a higher specification or has displaced existing activity.

<sup>8</sup> **Deadweight** is activity that would have occurred regardless of the policy

<sup>9</sup> **Displacement** of activity within a local area (taking market share from other local firms producing the same or similar goods or services)

Table 1.5

**Summary of Additionality, Deadweight, Displacement and Value for Money**

Full Additionality <sup>6</sup>	Partial Additionality <sup>7</sup> ,	Deadweight <sup>8</sup>	Displacement <sup>9</sup> ,	Value for Money
	hence achieved the same business improvements, albeit over a longer timescale (66%) or to a different scale (3%).	the CT Loan		loan would be re-couped. If we consider the final loan amount paid (£4,715,110) against the annual identified carbon savings (13,398tC) this equates to a cost of £351 per tonne Carbon savings identified.
<p><b>CTLS Unsuccessful Applicants</b></p> <p>60% of those who responded did not proceed to buy the proposed equipment without the loan;</p>	<p><b>CTLS Unsuccessful Applicants</b></p> <p>32% of those who responded would have proceeded to purchase the equipment at a later stage</p>	<p><b>CTLS Unsuccessful Applicants</b></p> <p>8% of those who responded would have proceeded to purchase the equipment immediately without the CT Loan</p>	<p><b>CTLS Unsuccessful Applicants</b></p> <p>In the absence of the CT Loan, the most common alternative sources of finance were 60% internally from the business and 40% from the bank.</p>	<p>Based on staff costs (£42,995), we have determined a programme delivery cost of:</p> <ul style="list-style-type: none"> <li>• £537 per successful (completed) loan (80 of these); or</li> <li>• £90 per loan application (assuming 476 applications (including unsuccessful)).</li> </ul> <p>From a financial perspective, CTLS offers value for money if identified savings are realised: energy costs saved over 3 years would balance the cost of the loans. As a means of achieving carbon savings, however, this seems to be an expensive mechanism: £357 per tC.</p>
<p><b>SMEEGS</b></p> <p>75% of the survey respondents reported that they would have proceeded and achieved the same business improvements without the grant.</p> <p>Of the respondents who felt that they could achieve the same business improvements in another way: 25% would have purchased equipment immediately, 42% would have purchased equipment but at a later stage; but 33% would not have proceeded. The most common alternative sources of finance was internally from the business (88%),</p>				<p><b>SMEEGS</b></p> <p>The SMEEGS programme is reasonably efficient and cost effective with administrative costs of around 3% (of the total programme cost) – this equates to an administrative cost of £69 per successful grant, with an average grant size of £2,335.</p> <p>The ratio of annual savings achieved (£424,817) against the cost of the scheme (£240,323) is: a saving of £1.77 for every £1 cost.</p>

Table 1.5

**Summary of Additionality, Deadweight, Displacement and Value for Money**

Full Additionality <sup>6</sup>	Partial Additionality <sup>7</sup> ,	Deadweight <sup>8</sup>	Displacement <sup>9</sup> ,	Value for Money
<p><b>Biomass Group</b></p> <p>80% of responding companies would have achieved the same business improvement impacts if they had not been involved in the Biomass Group. In the absence of the Biomass Group, 50% stated that improvements would have been achieved but over a longer timescale; and 25% stated improvements would have been achieved but on a smaller scale.</p>				<p><b>Biomass Group</b></p> <p>Considering the low costs associated with delivery / management of the group and the low cost per event / contact / attendee, the group is operated in a cost-effective way.</p>
<p><b>Energy Managers Group</b></p> <p>2 of the 3 respondents would have achieved the same business improvement impacts if they had not been involved in the Energy Managers Group. In the absence of the Group, one respondent stated that improvements would have been achieved but over a longer timescale; the two other respondents stated that it made no difference.</p>				<p><b>Energy Managers Group</b></p> <p>Considering the low costs associated with delivery / management of the group and the low cost per contact, the group is operated in a cost-effective way.</p>
<p><b>Energy Research and Technology Transfer Group (ERTTG)</b></p> <p>46% of responding companies would have achieved the same business improvement impacts if they had not been involved in the Energy Research and Technology Transfer Group but 31% would not. In the absence of the Group, 83% stated that improvements would have been achieved but over a longer timescale; and 17% stated that this would have made no difference.</p>				<p><b>Energy Research and Technology Transfer Group (ERTTG)</b></p> <p>Considering the low costs associated with delivery / management of the group and the low cost per event / contact / attendee, the group is operated in a cost-effective way.</p>
<p><b>Technical Support Scheme</b></p> <p>42% of responding companies would have achieved the same business improvements if they had not been involved in the Technical Support Scheme but 25% would not. In the absence of the scheme, 40% stated that improvements would have been achieved but over a longer timescale; and 40% stated that this would have made no difference.</p>				<p><b>Technical Support Scheme</b></p> <p>Without tangible information on the benefits achieved through the scheme, it is difficult to draw firm conclusions on value for money. Benefits should be considered against the average cost of £1,203 per company in receipt of technical support.</p>
<p>Note: Sum of Full Additionality + Partial Additionality + Deadweight may not total 100% as not all respondents provided answers to all of the survey questions Source: FGS McClure Watters – Based on Survey Responses and Data Provided by Invest NI and Carbon Trust NI</p>				

## Performance against objectives

In terms of assessing performance against objectives and targets and identifying benefits of the programmes, there are a number of common themes:

- **Lack of SMART objectives for the duration of the evaluation period for all programmes**

Not all of the programmes have had SMART objectives in place for the duration of the evaluation period. However, SMART objectives have been introduced for all the CT programme and services from 2007/08 on and will be specified for the Technical Support Scheme from (late) 2008/09. The Energy Research and Biomass Groups have had output targets – for the number of meetings per annum as these groups are focused on facilitating transfer of knowledge and networking.

- **Lack of complete recording / monitoring the outputs and impacts of programmes**

Whilst the Carbon Trust undertakes a comprehensive monitoring programme, some of the impacts from its programmes are specified as ‘identified’ energy consumption and energy cost savings i.e. projected rather than realised savings. Less information is available on realised savings, although we understand that the CT currently monitors the levels of identified or potential energy savings and energy cost savings as a result of its interventions. Since 2006/07 it has had a monitoring call system in place in which all companies which have had a survey undertaken are contacted to ascertain if the recommendations have been realised.

The issue of reporting on identified or potential savings but lack of tracking through in terms of realised savings also applies to the SMEEGS scheme.

There is a lack of information on the impacts of the other programmes (3 groups plus Technical Support Scheme); monitoring information for these tends to be focused on outputs rather than impacts.

## Value for Money and Cost-Effectiveness

Each of the programmes and services is designed to address different needs in different ways. In their current modes of operation, the CT programmes in particular provide reasonable VFM and cost-effectiveness; the networking groups also perform well.

- The costs of the CTNI programme are high, however, we have calculated a return of £1 spend for £2.91 implemented savings. (As implemented energy savings lie in the range £37.8 to £56.3 million, we have taken the mid-point between these 2 figures (£47.05m) and used that in the value for money calculation – the ratio of cost £16.165m against savings £47.05m). There are high levels of customer and stakeholder satisfaction, and targets / impacts have broadly been achieved. Taking on board, the issue of partial additionality / deadweight, the programme is delivering Value for Money.
- CTLS: from a financial perspective (cost reduction and therefore improved competitiveness) if identified savings are realised then the energy costs saved over 3 years would balance the cost of the loans. However, as a means of achieving carbon savings, the CTLS seems to be an expensive mechanism - costing £357 per tonne of

carbon saved (however Invest NI's primary motivation is not carbon saving and this is not a critical factor).

- Although cost-effective, the SMEEGS programme appears to be an exception - mainly due to the high levels of displacement.
- The 3 networking groups appear to have a high level of cost-effectiveness based on their high levels of usage / company participation and relatively low programme delivery costs and the short timeframe/s within which they have been operating. Benefits reported include regular networking, collaboration or exposure to other companies and stakeholders involved within this area, although these are difficult to quantify.
- Without tangible information on the benefits achieved through the Technical Support scheme, it is difficult to draw firm conclusions on value for money. Benefits should be considered against the average cost of £1,203 per company in receipt of technical support.

### Targeting of Programmes

There is scope to increase usage levels through better targeting of the support at those companies that need the intervention most. The target groups should take into account market failure rather than providing support to companies who would be doing the work anyway. Examples include:

- companies at the smaller end of the SME spectrum – who would not otherwise engage with energy saving (due to e.g. lack of awareness, lack of capacity/skills / knowledge, aversion to risk of new technology);
- companies with the greatest levels of energy consumption and production – who would have the greatest scope to benefit from energy efficiency and cost saving measures including those companies and sectors where the intervention is commercially viable for the participating businesses. However, issues of additionality need to be carefully considered (where companies may have resources to address these issues internally). We recognise that the CT is doing this to a certain extent already – but this is an area that requires a more formalised approach.

## 1.7 Conclusions

Our conclusions are discussed against each element of the study terms of reference.

### ***1. The extent to which the rationale, aims and objectives of the programmes and services have been achieved***

- The rationale for the Invest NI Energy Programmes and Services is based on ensuring that NI businesses are supported to take advantage of the latest energy technologies (either to invest in, to take advantage of or to develop these). By pursuing such opportunities, Invest NI seeks to assist local businesses to reduce their energy dependence, and costs (and reducing carbon emissions). Therefore the rationale for the programmes and services is to:
  - assist Northern Ireland businesses solve technical energy efficiency (and environmental) problems, and to become more aware of current thinking in this

particular area in light of considerably higher energy costs in Northern Ireland than elsewhere in the UK and the Republic of Ireland;

- help businesses in implementing best practice and increase profitability at the same time as becoming more energy efficient; and
- look for additional and / or alternative sources of energy for local businesses.

Across the seven programmes and services which have been the subject of this evaluation, there is evidence of activities which seek to address the issues raised within the rationale.

- Across the seven programmes and services, there has not been a consistent approach in terms of setting objectives and targets.

For the Carbon Trust suite of interventions, objectives and targets are set out in an annual business plan. However, there is a disconnect between the objectives and targets set and the information which is monitored and reported on. This means that it is not always transparent in terms of whether an objective has been met. It is our view, based on impact information provided by the CT, that the CT generally met or exceeded the targets where inputs can be tracked through to outputs.

For the Carbon Trust Loan Scheme, there is an overall indicator of a minimum reduction of 0.39 tonnes of carbon per £1,000 of project expenditure over a 5 year payback period. Our analysis of 80 loans which had been fully drawn down at 31 March 2008 yielded an average projected carbon reduction per £1,000 of project spend of 1.51 tonnes of carbon which, if realised, will exceed the overall indicator at a programme level; however the indicator is not exceeded for every individual project.

For the other programmes and services, other than outputs, targets were generally not specified until 2007/08. This makes it difficult to assess whether the programmes have met expectations or not.

***2. An assessment of the economy, efficiency and effectiveness of the programmes and services including additionality, deadweight and value for money;***

*and*

***3. The realised and potential benefits of the programmes and services relative to cost to Invest NI.***

- The majority of costs incurred by Invest NI across the Energy Programmes and Services are focused on the Carbon Trust suite of programmes and services (£16.165m including Invest NI staff costs). The SMEEGS programme and Technical Support Scheme have moderate costs (approximately £240k and £119k) whilst the costs associated with the 3 special interest groups are much smaller in comparison (ranging from £2.7k to £22.9k) These are set out in Table 1.4;
- Significant benefits have been delivered by the CT interventions including savings - both financial and in terms of energy and carbon. Some of the savings have already been achieved; potential savings are also identified;

- Tangible benefits have also been achieved by the SMEEGS programme in terms of energy and cost savings;
- Benefits associated with the other programmes and services are not formally tracked and less easy to define / measure. These include: opportunities for networking, collaboration, sharing knowledge, information and best practice;
- In Table 1.5, we set out information on additionality, value for money etc. This provides evidence of the relative cost-effectiveness of each of the programmes and services – these appear reasonable for what each is delivering;
- Information, largely from the company surveys, suggests that there are some issues of additionality and displacement within the programmes – particularly if we consider the proportion of participants who stated that they could achieve the same improvements without the intervention – albeit at a later stage or at a lesser scale. This is around half of respondents for CT and CTLS, Energy Research and Technology Transfer Group, Technical Support Scheme and higher (60-80%) for SMEEGS, Energy Managers Group and Biomass Group.
- Where such benefits could be accrued in the absence of the Invest NI interventions, alternative interventions and supports were proposed including:
  - Financing measures internally from within the business or from a bank loan;
  - Using other energy consultants / advisors e.g. EHS, DoE, Local Councils, NISP Envirowise, Business Support Organisations, Trade Associations, Universities, ISO4001, EMS, Ferguson Vector, Action Renewables, AFBI Hillsborough.

***4. The contribution of the programmes / services to Northern Ireland's Sustainable Development goals and in particular the key objectives and targets in the SDSNI priority area of 'Sustainable Consumption and Production';***

*and*

***5. The extent to which the programmes have contributed, or have the potential to contribute, to achieving the relevant targets included in the Programme for Government and securing improvements in manufacturing and private services productivity (PSA1).***

- The Energy Programmes and Services' contribution to date to the SDSNI and to the PfG is restricted owing to the different timelines i.e. the main programmes and services preceded these strategies although some of the smaller programmes were introduced later;
- The complementary monetary and energy / carbon savings identified and implemented as a result of these programmes clearly do contribute to the objectives and targets within the SDSNI priority area of Sustainable Production and Consumption including resource efficiency in particular and PSA1 in terms of improving productivity;
- In future, there is potential for the Energy Programmes and Services to contribute to the emerging SDSNI (currently under revision in line with the new PfG); this will of course only

be realised if the relevant objectives and targets within the SDSNI are aligned and consistent with Invest NI's strategy; and

- There is a requirement for better alignment / more explicit links in the articulation of the objectives and targets for the energy programmes and services so that their contribution to Invest NI goals and objectives in these areas (energy savings - SDSNI, -productivity and competitiveness - PfG) is apparent.

***6. How effectively the programmes and services perform in comparison to similar programmes in the UK and EU***

- In common with Invest NI, case study examples provide similar supports - advice and funding - for resource efficiency but going beyond energy, i.e. covering water and waste reduction, plus human resources; and
- Case study examples utilise a common delivery model, in a network of dedicated local advisers who can draw on a framework agreement for specialist consultancy, i.e. a seamless, tailored service to clients, for implementation of tailored measures. Similarly, Invest NI has a framework agreement on which it can draw.
- Case examples provide cross-public sector, commercial and NGO partnership working, managed as a single entity but this is outside the Invest NI remit.
- Case examples provide seamless delivery to SMEs using appropriate funding streams elsewhere; this is something that Invest NI are beginning to do,

***7. The satisfaction of participating businesses and stakeholders with the various programmes and services.***

- Stakeholders were generally satisfied with the programmes and services;
- Across the surveys of companies participating in the energy programmes and services, there was a high level of satisfaction (e.g. at least 70% satisfaction overall and at least 70% satisfaction on most aspects for CT users, CT Partnership, CT Loan (successful), Energy Research and Technology Transfer Group, Biomass Group, Technical Support Scheme);
- There were slightly lower levels of satisfaction for the CT Loans (unsuccessful) (around 50% overall and lower than this on other issues) – but this may be coloured by the unsuccessful outcome of the loan application.
- Satisfaction levels for the Energy Managers Group were generally lower – but this was a very small sample (3 respondents); and
- Further evidence of the satisfaction with programmes and services is evidenced in the high proportions (at least 80%) of respondents who would use the programme or service again and would recommend the programme / service that they used to other businesses;

***8. The extent to which the benefits would continue to be enjoyed in the absence of the programmes and services.***

- See comments under terms of reference 1 and 2, regarding additionality, deadweight, displacement etc. and realised and potential benefits.

***9. Ongoing demand for the programmes and services and how they interface with other Invest NI services.***

- Stakeholders felt that demand and uptake is high and would likely increase significantly in the future. Energy is a key area of concern and consideration for Northern Ireland businesses; and
- There is a need for better integration with the BIS activities and in particular the Business Health Check process. This would require a more holistic approach within the Business Health Check to take into account economy, efficiency and environmental issues and therefore for a possible outcome of the BHC to be a referral to Energy Programmes and Services (initially to the Sustainable Development Team). We understand that energy issues may be picked up through the BHC process already however, this needs to happen in a more structured and formalised way.

***10. The benefit of continued or enhanced programme delivery in the future, and the likely impact of the programmes and services in the achievement of sustainable development goals and in particular the key objectives and targets in the SDSNI priority area of 'Sustainable Consumption and Production'.***

- There is clear evidence of benefits and impacts accrued as a result of the suite of Energy Programmes and Services; there is no reason to assume that these would not continue to be enjoyed if the programmes continue; and
- In future, there is potential for the Energy Programmes and Services to contribute to the emerging SDSNI (currently under revision in line with the new PfG); this will of course only be realised if the relevant objectives and targets within the SDSNI are aligned and consistent with Invest NI's strategy.

***11. The level of awareness of the programmes within the Invest NI client base and wider business community***

- There are reasonable levels of awareness of the programmes and services among stakeholders, but not in terms of the specific programme or service content; and
- Amongst the companies surveyed (particularly CT users, CT Partnership companies, Non Users, CTLS (successful and unsuccessful)), there was a notable lack of awareness of the wider portfolio of Energy Programmes and Services. This was one of the main reasons that these groups cited for not taking part in other Programmes and Services.

***12. The sectoral impact of the programmes including the uptake of the programmes by sector, benefits accrued by sector and ongoing demand or need for the programmes by sector***

- In terms of analysis of the programmes by (Invest NI defined) sector, this is limited by the availability of sector information for participating companies. The sectoral profile of participating companies in each programme / service is set out in Appendix 4 Section 3.5. This illustrates the high proportion of companies in each programme database (up to

around 70% in some cases) for which the sectoral information is not available. Therefore it has not been possible to undertake detailed sectoral analysis; and

- From the limited information on sector, we can see that dominant sectors include: Construction Products, Engineering, Food & Drink, General Manufacturing, Transport, Business Services.

***13, The report should also make recommendations for potential improvements to the management, uptake and / or operation of the programmes where applicable.***

- Recommendations are dealt with in Section 1.8.

## 1.8 Recommendations

Our recommendations arising from this evaluation are set out below under several themes.

### ***1.8.1 Future Implementation of Energy Support Programmes and Services***

The evaluation has demonstrated that there is a wealth of favourable feedback in relation to the Energy Programmes and Services from stakeholders and companies surveyed. This feedback includes high levels of satisfaction and endorsement (a high proportion of stakeholders with the intention to continue / use the programmes and services again, and would recommend them to others), and recognition of the quality of knowledge / expertise available through the programmes. There are some differences across the programmes in terms of cost effectiveness, value for money and additionality.

Our analysis demonstrates that there is a rationale to support the delivery of the Energy Programmes and Services (with the exception of SMEEGS) in the future – but with some revisions which are specific to each Programme / Service and discussed below. In addition, the Programmes and Services should be delivered in a more targeted way to ensure that they focus on areas where there is market failure (see Recommendation 6).

Taking into account these issues, the future for each of the Energy Programmes and Services is set out below.

- **The Carbon Trust:** this suite of interventions is cost-effective and provides significant impacts in terms of energy and cost savings – achieved and potential. However, there is a need for more transparency / alignment in the objectives set and the monitoring undertaken (as set out in Recommendation 5). There is also a need to consider which companies are targeted for this support (Recommendation 6). Assuming these issues are addressed, there are some areas recommended for improvement – highlighted in the company survey. Areas for consideration include: follow up with client companies; simpler reports, more information, more signposting, bespoke in-house training for recipient companies.
- **CTLS:** the loan scheme has provided significant impacts in terms of energy and cost savings – achieved and potential. However, there is a need for more transparency / alignment in the objectives set and the monitoring undertaken (as set out in Recommendation 5). There is also a need to consider which companies are targeted for this support (Recommendation 6). The loan scheme is also cost-effective (if the identified

savings are realised over 3 years, these balance the amount of the loan) although expensive as a means of reducing carbon. Assuming these issues are addressed, there are some areas recommended for improvement – highlighted in the company survey and in feedback from stakeholders. Areas for consideration include: increasing the loan sum and payback period; streamlining the application process.

**Recommendation 1: We recommend that the Carbon Trust programmes, including the Carbon Trust Loan Scheme, are continued, but revised with a requirement to deliver against target outputs and outcomes with appropriate monitoring (as per Recommendation 5), a requirement to target companies (as per Recommendation 6) and a requirement to consider areas for improvement arising from stakeholder feedback.**

- **SMEEGS:** this programme ceased on 31 March 2008. It was reasonably efficient and cost-effective to deliver, however participants had a high propensity to undertake the improvement without the scheme (75% of the survey respondents reported that they would have proceeded and achieved the same business improvements without the grant).

**Recommendation 2: We recommend that the SMEEGS scheme is not re-instated.**

- **Biomass Group / Energy Managers Group / Energy Research and Technology Transfer Group:** these groups have developed over time to meet specific needs and there is a degree of overlap in membership across the 3 groups. All have low costs associated with their delivery and participants are generally positive about the benefits arising from participation in the group (networking / collaboration, sharing knowledge, access to information etc.).

**Recommendation 3: We recommend that these 3 groups are consolidated into one group with an overarching aim focusing on networking, collaboration, sharing information and knowledge, etc. Sub-groups e.g. Biomass and Energy Research and Technology Transfer Groups (and others) could exist under this wider umbrella. Invest NI would continue to co-ordinate and support the group and to organise events of interest to the group members.**

- **The Technical Support Scheme:** this scheme is relatively new and has had generally favourable feedback from participants. There is a need for a more formalised / structured arrangement for the use of delivery / implementation energy consultants. (We understand that a framework is planned for introduction during the financial year 2008/09 and should be in place by the end of 2008). Feedback from participants indicates a requirement for understanding of client needs and delivery of tailor made solutions are priority areas for improvement.

**Recommendation 4: We recommend that this scheme continues but within a structured framework which specifies service levels, etc. for energy consultants. Recommendations 5 and 6 - with regard to SMART objectives and targeting of companies - must also be taken into account.**

### 1.8.2 Objectives and Targets

All of the Energy Programmes and Services should have SMART objectives which are aligned with Invest NI goals (and ultimately SDSNI and PFG targets). These should be developed based on the levels of needs and opportunities within the local economy and should specify detailed outputs / outcomes that should most effectively contribute to Invest NI's corporate objectives and targets (and therefore relevant SDSNI and PfG targets). It is equally important that the performance of the programmes should be monitored against these impact targets, as well as uptake and other targets relating to measuring ongoing programme outputs.

The objective / target areas that Invest NI should cover include, for example:

- reducing energy consumption levels;
- increased uptake of alternative energy options (where economically viable);
- development of new energy saving technologies; and
- commercialisation of energy technology opportunities.

The objectives should also set out specifically who the target companies are for each programme and, how success will be measured, in order to ensure that only those companies that need government support are being involved in the programmes.

By ensuring that a consistent approach to objective setting is adopted, this will allow for clarity across all of the Energy Programmes managed and delivered by the team.

**Recommendation 5: We recommend that Invest NI should review its process for setting objectives and targets for the Carbon Trust and other Energy Programmes in future. SMART objectives and targets should be specified for future Energy Programmes<sup>10</sup>; these should detail the required outputs and impacts to be achieved. Performance should be monitored against these objectives and targets on a regular basis. Delivery resources, whether internal or external, should be assessed with regard to their performance in meeting these targets.**

The funding provided to the Carbon Trust should therefore be based on the delivery of relevant supports that are focused on local needs and requirements and upon detailed projected targets for each of the proposed areas above. By putting in place appropriate management and monitoring arrangements, the progress of activities against the objectives / targets may be tracked.

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<sup>10</sup> We understand from Invest NI that SMART objectives have been in place for the CT Programmes and Services from 2007/08 and will be specified for the Technical Support Scheme from (late) 2008/09. The Energy Research and Biomass Groups have had output targets – for the number of meetings per annum as these groups are focused on facilitating transfer of knowledge and networking.

### 1.8.3 Targeting Invest NI Support

With limited resources available for its Energy Programmes and Services, Invest NI should ensure that the Energy Supports are targeted at those companies where the need for such support has been identified and where there is evidence of market failure - in order to ensure that the targeted client companies are able to make the improvements necessary to stay competitive.

Invest NI should review the sectors it currently supports in order to highlight those sectors with the greatest need / likely returns for support with energy / cost reduction. Within these sectors, clients should be targeted on the basis of their energy costs and those over certain spend thresholds should be targeted proactively to ensure that they work to deliver identified savings.

**Recommendation 6: We recommend that Invest NI should target these supports where the need is greatest (e.g. smaller companies, those which are risk averse and/or have lack of capacity), where there is an opportunity to achieve significant cost / energy savings and where additionality of public intervention is maximised.**

### 1.8.4 Integrating Energy Programmes and Services with Other Invest NI Processes

Invest NI has a wide range of interventions with which it can offer support and guidance to its client companies. In order to tailor support to individual companies' needs, Business Advisors (from the Business Improvement Services Division) undertake a Business Health Check from which referrals to specific supports are made. The Invest NI Client Executives who work with client companies may also refer companies to specific supports.

The evaluation has highlighted that there are issues of low levels of awareness of the Energy Programmes and Services, particularly amongst Business Advisors. Amongst the companies surveyed, lack of awareness of the wider range of Invest NI Energy Programmes was one of the main reasons cited for lack of involvement in other programmes and services.

**Recommendation 7: We recommend that the Sustainable Development Team undertake some promotional / awareness raising activity internally to ensure that appropriate Business Advisors and Client Executives are fully apprised of the opportunities available to companies through the Energy Programmes and Services.**

Apart from raising awareness of the Energy Programmes and Services within Invest NI, the organisation must also consider how its services are presented externally to client companies. These should appear as a seamless 'one-stop' service which can address client companies' needs with regard to cost / energy reduction.

**Recommendation 8: We recommend that the Invest NI Business Improvement Services Division and Sustainable Development Team should continue to work together<sup>11</sup> and adopt an integrated approach to identifying client companies which would benefit from**

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<sup>11</sup> We understand from Invest NI that these areas do work together already.

**the Energy Programmes and Services through the Business Health Check process and referring them to relevant supports that best meet their needs.**

### ***1.8.5 Carbon Trust Remit and Invest NI***

The Innovation and Investment aspects of the Carbon Trust's work are concerned with:

- Developing low carbon technologies (including increasing the development of low carbon IP meeting market needs, accelerating commercial development / deployment of new low carbon technologies)
- Financing low carbon ventures (demonstrating returns from investing in low carbon businesses)

Bearing in mind the work of the IRTD within Invest NI (concerned with promoting innovation), there is scope for Invest NI and the Carbon Trust to further exploit this area of work.

**Recommendation 9: We recommend that Invest NI and the Carbon Trust should continue to work together and develop further the Carbon Trust's work in the areas of Innovation and Investment supporting the development of low carbon technologies.**

### ***1.8.6 Carbon Trust Remit and the Wider Government Agenda***

In November 2008, DETI launched a scoping consultation to inform the development of a draft Northern Ireland Strategic Energy Framework (for full consultation in 2009). The pre-consultation scoping paper is intended to:

- set out the current Northern Ireland energy position; and
- seek contributions to identifying the best energy solutions for Northern Ireland which can:
  - promote economic development;
  - enhance security of supply;
  - reduce our dependence on imported fossil fuels; and
  - minimise costs for all consumers.

A new Sustainable Development Strategy for Northern Ireland is also currently being developed; the overall thrust of the revised strategy and targets is likely to be consistent with the current strategy. The strategy will also require a range of departments and agencies to deliver on various aspects in order to achieve its vision.

Both strategies present opportunities for the Carbon Trust which is currently largely dependent on Invest NI for financial support. Whilst this (current) support allows the Carbon Trust to deliver a range of activities and initiatives, these are constrained to a certain extent in that these must be consistent with Invest NI objectives. By securing funding from other sources, the Carbon Trust would be less constrained in the work it can do, and less dependent on a single funding source. This is an area that falls outside the scope of Invest NI's work and should be taken forward by DETI.

**Recommendation 10: We recommend that the Carbon Trust be encouraged to present opportunities to other parts of Government that deliver on the Sustainable Development Strategy for Northern Ireland. This should include sourcing further funding to support the delivery of other areas of work which fall outside the remit of the support provided by Invest NI.**