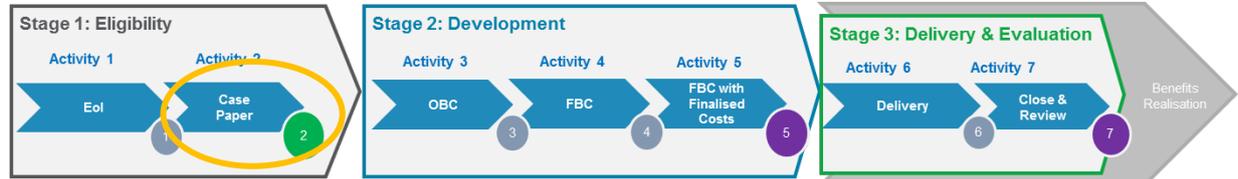


Scheme summary

Name of scheme:	Resource Efficiency Fund 2
PMO scheme code:	WYCA-EU-003
Lead organisation:	West Yorkshire Combined Authority
Senior responsible officer:	Ian Smyth, Combined Authority
Lead promoter contact:	James Brass, Combined Authority
Case officer:	Alice Rowland, Combined Authority The appraisal (section B and appendix A of Case Paper report) have been completed by Mott MacDonald.
Applicable funding stream(s) – grant or loan:	Leeds City Region Growth Fund - Grant York, North Yorkshire and East Riding Growth Fund - Grant
Growth Fund priority area (if applicable):	Priority 1: Growing Businesses Priority 3: Clean Energy and Environmental resilience
Approvals to date:	Expression of Interest approved at decision point one in December 2018
Forecasted full approval date (decision point 5):	June 2019
Forecasted completion date (decision point 6):	January 2023
Total scheme cost (£):	£6.293 million
Combined Authority funding (£):	£751,000 – Leeds City Region Growth Fund £210,000 – York, North Yorkshire and East Riding Growth Fund £2.000 million - ERDF LCR £825,000 - ERDF YNYER
Total other public sector investment (£):	The Combined Authority will be the accountable body for all public sector funding
Total other private sector investment (£):	£1.893 – SME Match LCR £614,000 - SME Match YNYER
Is this a standalone project?	Yes

Is this a programme?	No
Is this project part of an agreed programme?	No

Current assurance process activity:



Scheme description:

Two parallel ESIF bids were submitted in November 2018, applying to a regional competition for low carbon projects covering both the Leeds City Region (LCR) and the York, North Yorkshire and East Riding (YNYER) LEP areas. Both bids are at outline application stage and if successful, it is intended to bring them together as one full European Regional Development Fund (ERDF) application to be led by the West Yorkshire Combined Authority and delivered through the Leeds City Region Business Growth Service. This would extend resource efficiency services to a wider area than is presently covered by the Resource Efficiency Fund, while enhancing the offer to SMEs.

Specific Activity

This new enhanced Environmental Resource Efficiency (ERE) and Circular Economy (CE) Support Programme will deliver:

1. Up to 392 (290 LCR + 102 YNYER) SMEs with ERE assessments
2. Approximately 169 (127 LCR + 42 YNYER) grants (including the introduction of new large grants)
3. Up to 66 (36 LCR + 30 YNYER) SMEs with new CE support helping to create new circular, resource efficient business models, products or services:
 - a) Initial diagnostic (2 days)
 - b) Introductory development support (3 days)
 - c) Extended support (up to 25 days)

The programme builds on the current Resource Efficiency Fund (REF) delivered by the West Yorkshire Combined Authority. This scheme delivers resource efficiency business support and small grant support. It has worked with nearly 500 businesses and 160 of those have received support.

This new enhanced programme builds on the REF by offering additional larger grants and CE support. CE is a new approach that challenges inefficient production, and enables the reuse and recycle of materials. It directly supports the aims of the UK Industrial Strategy.

Delivery

The project will be delivered by the Combined Authority. A team of six people will deliver the programme for the Leeds City Region with up to three additional members to cover the York North Yorkshire and East Riding LEP area. This will comprise one team, based in the existing Leeds City Region Growth Hub.

The programme will be available to SMEs within the Leeds City Region LEP and York, North Yorkshire and East Riding LEP areas from November 2019 - October 2022. This will extend the new enhanced programme into four new local authority areas of North Yorkshire – Richmondshire, Hambleton, Ryedale and Scarborough – which are excluded from the existing REF. The map below demonstrates the geographic coverage of the REF 2 project.



Business case summary:

<p>Strategic case</p>	<p>Contributes to SEP Priority 1 - Growing Businesses and improving productivity through resource efficiency support and grant assistance. Contributes to SEP Priority 3 – Clean Energy and Environmental Resilience saving 2,000 tonnes of CO2 equivalent annually.</p> <p>The introduction of the Circular Economy element to REF 2 responds to the UK Industrial Strategy 2017 which aims for zero avoidable waste and doubling resource productivity by 2050. Without such support, SMEs are unlikely to adopt these new principles.</p> <p>The programme also complements: Government’s Clean Growth Strategy and the City Region’s Energy Strategy and Delivery Plan.</p>
<p>Commercial case</p>	<p>Continuing demand has been evidenced through the current REF scheme, with specific demand for larger grants. There is a need to address knowledge and information gaps within SMEs to make the case for energy and resource efficiency investments. Evidence shows the need for an incentive toward SME investment.</p>
<p>Economic case</p>	<p>Energy and resource efficiency savings will deliver cost savings to businesses, with investment being paid back in less than three years. This will reduce marginal costs for business and improve productivity. Case studies show other indicators of productivity, for example where environmental conditions have improved the health and wellbeing of employees in the workplace and reduced absenteeism. Consultancy and support costs have been calculated with over 400 businesses supported at a cost of £700,000.</p>

	<p>Alternative options have been considered by the REF steering group, with a hybrid option in which a CE pilot could be established while delivering against the established need for resource efficiency services.</p> <p>Outcomes will include:</p> <ul style="list-style-type: none"> • Reduced energy and waste • Reduced water consumption • Cost savings to business
Financial case	<p>Match funding of £751,138 is being sought toward a £2 million ERDF bid. Delivery will begin November 2019 with first grant payments to be made in January 2020. Project completion is expected to be 31 January 2023.</p> <p>The estimates and costs have been made based on evidence of demand from the REF alongside market based estimates with uplift.</p> <p>A loan scheme rather than grants, was discounted due to ESIF funding, and practical constraints. The attractiveness of a loan scheme and incentive for SMEs uptake and subsequent effectiveness for carbon reduction are also factored in to the decision.</p>
Management case	<p>The project will be delivered by the Combined Authority. A team of six people will deliver the programme for the Leeds City Region with up to three additional members to cover the York, North Yorkshire and East Riding LEP area. This will comprise one team, based in the existing Leeds City Region Growth Hub. There will be continuity from the current REF.</p> <p>Experience of delivering resource efficiency support and grants has guided the forecast and business model sitting behind our initial proposals.</p> <p>A risk register has been compiled highlighting:</p> <ul style="list-style-type: none"> • Financial risk of failure to secure funds • Legal regulatory risk of ERDF compliance • Project management – delivery risk of low uptake/demand