

Somerset Green Business Support- Lot 3 Final Report

June 2022



SOMERSET
County Council





EXECUTIVE SUMMARY

Resource Futures was commissioned by Somerset County Council (SCC) to scope the understanding and levels of engagement with the net zero agenda by Somerset's business community, and to support the design of a business support scheme.

Methodology

The work was split into two stages.

- **Lot 2:** We initially conducted a literature review and business survey to collate baseline data.
- We then spoke with nine businesses using semi-structured interviews. This was to gauge levels of awareness of the net zero agenda, engagement with this and to assess progress achieved to date.
- **Lot 3:** We also engaged with key stakeholders such as local businesses and Somerset local authorities steering group members through two facilitated interactive workshops.
- Results from these workshops and Lot 2 findings enabled us to map out potential business support models to suit the needs of the business community in Somerset.

Key findings:

- Many businesses do not understand net zero and what it entails. A support scheme should clearly and directly communicate what net zero is and why they should set targets;
- A support scheme needs to provide businesses with knowledge and guidance regarding what activities within their business will have the greatest environmental impact;
- Businesses require financial support to invest in green technologies. There is a preference for grants rather than loans as businesses believe they cannot afford to make desired changes;
- Businesses are generally interested in carbon foot printing and creating a sustainability action plan as long as support and guidance is provided and it is not time consuming;
- Larger businesses in Somerset could provide SMEs with best practice knowledge and guidance to make the transition to net zero;
- The support scheme should be communicated through existing organisations such as the Federation of Small Businesses and the Chamber of Commerce, along with the B-Corp network; and
- KPI's should be carefully selected in order to avoid creating a tick box activity. The KPI's used should focus on measuring the reduction in carbon emissions and energy usage to measure the success of the green business support scheme.

Modelling:

- We developed three businesses support models, representing different staffing options and budgets.
- Model one and two provide the most rounded support for businesses at different stages in their journey to net zero. It is recommended that the support scheme follows one of these models.
- Model three represents the most cost effective and quickest support scheme to establish. It can be implemented if funding is not secured.

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LOT 2 AND 3 METHODOLOGY

Step one: Literature review

The literature review aimed to discover what type of support opportunities are available for businesses in Somerset and the UK more broadly, and how a future business support scheme could be designed.

- Section one of the literature review summarises a key research paper published by Broadway Initiative. The paper outlines what motivates or deters different kinds of businesses from reducing their carbon footprint and provides recommendations for how a business support scheme for small business should be designed. This literature review also outlines what green business support schemes exist in the South West of England and the UK, the type of support they provide, and the types of businesses they are geared towards. The support schemes were identified through Google searches and using a list of business support schemes created by Hearts of the South West (HoSW) Growth Hub.
- Section two outlines the green business support schemes that operate nationwide.
- Section three outlines the green business schemes that operate in South West England and Somerset specifically.
- Section four outlines the key takeaways and summarises the types of green business support that Somerset local authorities could include within a future business support scheme.

Step two: Survey

The survey aimed to identify: what businesses in Somerset are doing to reduce their environmental impact; their understanding of their impacts; and what their support needs are. The survey started with gathering baseline information about the business such as their business sector, number of employees, turnover, location and whether they own their own business premises. The survey also identified business priorities and challenges, support needs, actions taken towards net zero, and attitudes to net zero.

The survey was created and published using the online platform Survey Monkey and was dispersed through SCC business networks and working groups. A prize

draw for vouchers for [My Carbon Coach](#) in Taunton was created as an incentive. In total, 120 businesses responded to the survey. The final sample was based on self selection and is therefore not representative of all businesses in Somerset. However the volume of responses provides an interesting insight into businesses' understanding and approach to net zero is and what their support needs are.

Step three: Interviews

Interviews aimed to further understand what businesses in Somerset are doing to reduce their environmental impact and what their support needs are. We carried out nine semi-structured interviews, mainly with SMEs, spread across different business sectors. The interviewees were identified from the business contact list created from the survey. Each interview lasted around 30-45 minutes and were transcribed for thematic analysis using Otter.ai software. The questions followed eight key themes: Businesses and net zero, carbon footprinting, energy generation and supply, energy efficiency, waste, transport, procurement and business support.

Step four: Interactive workshop with SMEs

The interactive workshop aimed to explore and identify the objectives and KPIs for the service, different models of engagement, target businesses who could be offered support, and the scope of support. Four businesses, three Somerset County Council Steering Group members, and four other council employees attended the workshop

Step five: Interactive workshop with large businesses

Building on the previous workshop, we invited a number of large businesses from Somerset to take part in a workshop to explore what support they could provide SMEs. This idea was based on an interview with a large business in step three. Overall, five individuals from four large businesses attended the workshop, alongside two members of the council.



SUMMARY OF LOT 2



SUMMARY OF LOT 2 FINDINGS

The Lot 2 report aimed to scope the understanding and levels of engagement with net zero in Somerset's business community to support the design of a business support scheme.

Businesses in Somerset are generally engaged with net zero ambitions. Our research shows that 52% of businesses surveyed believe in, and understand, the role they play in the transition to a low carbon economy and Somerset's carbon neutral ambitions. These businesses believe that everyone must do their bit, no matter how big or small, to become more sustainable. They also believe that businesses must work together and help each other in achieving these aims. Actions taken towards net zero by businesses so far include **recycling, sourcing from local suppliers, offsetting** and using **green energy suppliers** (Figure 1).

However, our research showed that businesses are struggling to make their desired changes due to the financial pressures created from the Covid-19 pandemic, and due to rising operational costs.

Furthermore, we found that 41% of the businesses surveyed are still unsure of the role their business plays in the transition to the low carbon economy and there is a general lack of understanding regarding what net zero means and how to get there. This is clear from the emphasis placed on the impact of recycling and switching to renewable energy, over other sustainable practices such as increasing energy efficiency.

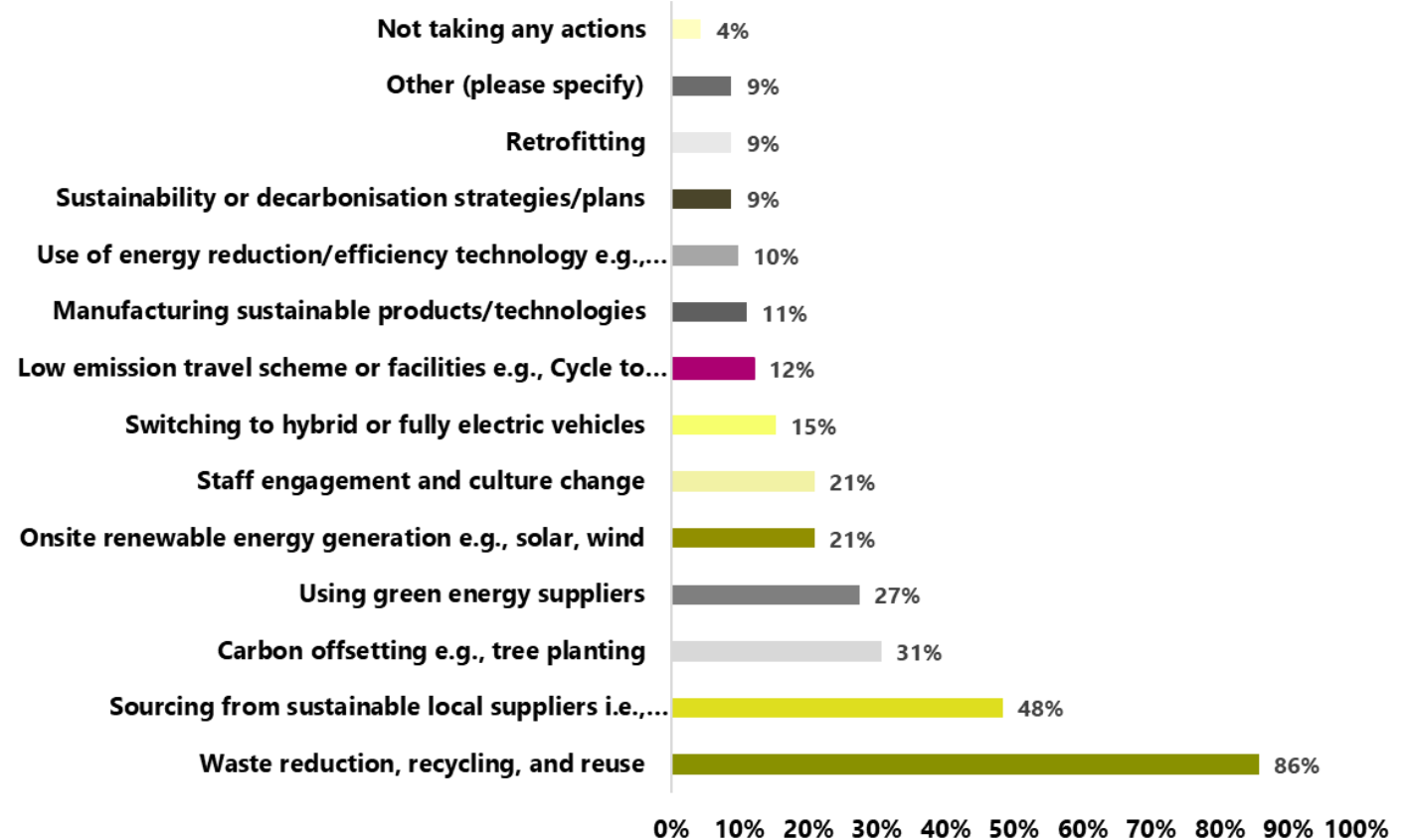


Figure 1: Actions taken towards net zero by businesses



SUMMARY OF LOT 2 FINDINGS

Business support needs and options

According to the survey, over 70% of businesses are not receiving any business support. The reasons for not receiving any business support include:

- support is not needed,
- no relevant support is required,
- do not qualify for support- business is too small or in a specific sector,
- have been unsuccessful with support applications,
- lack of time to look for support options and complete applications,
- unaware of what support is available.

Furthermore, businesses identified that they mostly require financial assistance but they would also benefit from other resource such as free tools, knowledge and skill sharing, and networking opportunities.

Financial assistance

In the survey, businesses identified financial assistance as their main support need, with a general preference for grants rather than loans. Most financial assistance is required for businesses to purchase and install green technologies such as solar panels, storage batteries, heat pumps and LED lighting systems, for instance. Businesses expressed that they are interested in making changes to their business to reduce their environmental impact, but they cannot afford to make the investment, especially in the aftermath of the of Covid-19 pandemic.

During an interview with a retail business, the owner stated that a grant of 50% would be needed to succeed, which is slightly higher than other green business support schemes that provide 30-40% grant funding. Other interviewees did not specify how much funding would be required. Match funding could also be an option. Regarding business loans, as environmental concerns appear to be of greatest concern to business in the next five years in comparison to the next 12 months, having a payback period of five plus years may be popular.

Guidance completing a support application

Based on our findings from the survey and interviews, businesses would like guidance and support when completing a support application. In particular, businesses who have been unsuccessful in receiving support in the past would appreciate feedback on how to improve their applications. Guidance could be provided potentially through establishing a help line and providing sector-specific examples of successful applications.

Collaboration with large businesses:

SMEs could be provided with financial assistance and guidance on the transition to net zero through support from larger businesses in Somerset. According to Leonardo, larger businesses are interested in having an official approved local scheme where large businesses in the area can give back to the community. This is particularly relevant as they have to demonstrate social value when completing bids for government contracts. It is challenging for businesses to identify the good and bad schemes and measure how much they are contributing to their communities.

Carbon literacy training

Many businesses don't know where to start and lack general knowledge about what net zero is and why it is important. Providing carbon literacy training may be a key first step to helping businesses understand what they will be asked to do in the coming decades as the UK transitions to a net zero economy.

Energy efficiency audits

As energy costs continue to rise, businesses may benefit from energy efficiency audits. From the survey and interviews, it was clear that businesses are more aware of opportunities for renewable energy generation rather than energy efficiency.



SUMMARY OF LOT 2 FINDINGS

Business support needs and options

Carbon footprinting and action plans

Many businesses lack the knowledge and skills to measure and report their emissions themselves. They also lack the time to carry out carbon footprinting. However, the majority of the businesses we interviewed are interested in carbon footprinting as long as support and guidance is provided and it can be carried out quickly and efficiently.

A green business support scheme could, if adequate funding and resources were available, help businesses to calculate their carbon footprint through an expert who can visit their premises to carry out an audit and teach business owners how to complete one themselves in the future. Based on the feedback from the interviews, education and guidance on measuring your carbon footprint could additionally be provided through a seminar/webinar format.

Green business support schemes can also help businesses to create a sustainability action plan and/or business strategy. The businesses interviewed stated that they are interested in creating a sustainability action plan and making it public, especially if businesses in their sector were doing the same. Help building an action plan should be carried out alongside carbon footprinting, so that the specific priority areas identified are included and addressed, and language used should be clear, direct and avoid jargon.

Networking and communication

A support scheme can provide networking opportunities so businesses in similar sectors or geographical areas can come together to discuss sustainability and share best practice regarding developing new ways of operating and/or products and services to help transition to net zero.

We found during the interviews that businesses are generally unaware of what similar businesses from their sector are doing and what steps they are taking to reduce environmental impact.

Networking opportunities and communicating a support scheme can be conducted through existing organisations such as the Farmers Union, tourism networks, community councils, and the Chamber of Commerce, according to the interviewees.





KEY TAKEAWAYS FROM LOT 2

Businesses in Somerset are **focused mostly on recycling, procuring local goods, and using green energy suppliers** as a way to reduce their environmental impact. A support scheme should educate businesses to increase their literacy on carbon.

Reducing environmental impact is more important to businesses in Somerset **over the next five years** rather than in the next 12 months.

Many **businesses do not understand net zero** and what it entails. A support scheme should clearly and directly communicate what net zero is and why they should set targets.

A support scheme needs to provide businesses with **knowledge and guidance** regarding what activities within their business will have the greatest environmental impact.

Businesses require **financial support** to invest in green technologies. There is a preference for grants rather than loans as businesses believe they cannot afford to make desired changes.

Businesses are generally **interested in carbon footprinting and creating a sustainability action plan** as long as support and guidance is provided and it is not time consuming.

Larger businesses in Somerset could provide SMEs with best practice knowledge and guidance to make the transition to net zero.



SME WORKSHOP



RESULTS

Objectives of the support

The workshop participants believe that a support scheme should provide resources and help for businesses who are looking to start or continue their journey to net zero. The support scheme should be a hub where businesses can go to to receive practical and expert advice on how to measure their carbon footprint and create a sustainability plan, for instance. The support scheme should also generally educate businesses on what net zero is and provide examples of best practice in different business sectors and sizes.

According to the workshop participants, a **successful support scheme** should help increase awareness and understanding of net zero within the SME community in Somerset. For example, the support scheme should show the benefits of transitioning to net zero beyond helping to tackle climate change and environmental degradation. It should show how it could help with rising energy costs and navigating supply chain issues. A successful support scheme would also see SMEs in Somerset from different business sectors developing actions plans and taking concrete action to reduce their carbon footprints.

An **unsuccessful support scheme** would attract businesses that are already engaged and proactive in regards to the net zero transition rather than those businesses that are yet to start their journey. Furthermore, the scheme would be unsuccessful if it was put together but not enough businesses engaged or there was a lack of awareness due to poor marketing and communications.

Scope of support

Online knowledge portal

The workshop participants were keen on the creation of a Somerset specific online knowledge portal (See [Figure 2](#) for an example). The knowledge portal would signpost businesses to examples of best practice cases and information on what net zero is and why it is important. It could also potentially include a web page which notes the sustainability credentials of businesses in Somerset so SMEs can identify suppliers in their area that align with their net zero plans and vision.

Carbon audits and action plans

A workshop participant suggested that it may be good to incorporate an online tool, similar to the tool developed by South West Manufacturing Advisory Service (SWMAS), for businesses to use to measure their own carbon footprint. This may be best suited within an online knowledge portal so that businesses can calculate their own carbon footprint once they have received support and put in place their desired changes or if no expert advice is available. By carrying out carbon audits every year, businesses and the council can capture and understand the impact of the carbon reduction projects that are implemented via the financial support provided.

Networking

Workshop participants were interested in creating a network so that SMEs can meet businesses that are on the same journey to net zero as them. As a result,

businesses could learn about best practice and generate ideas. The participants emphasised, however, that there may be no need to reinvent or create a new network but, rather, they could utilise already existing networks such as the Federation of Small Businesses (FBS) Sustainability Hub.

Financial support

One of the workshop participants suggested a joint procurement/shared ownership programme for low carbon technologies, such as solar panels, and equipment needed such as scaffolding. This would help businesses save money and/or resources.

Regarding the amount of funding required, workshop participants noted that it should depend on business sector and size and potential range from £2,000-£150,000.

Target businesses

The workshop participants noted that businesses of all sectors and sizes should be able to participate. However, there should be a stronger focus on helping smaller businesses as they have the least amount of time and resources to apply and take action to transition towards net zero.

Having inclusion/exclusion criteria, according to the workshop participants, may put off or deter some businesses from participating, especially if the support scheme prioritises quick wins rather than looking at the bigger picture.



EXAMPLE OF ONLINE PORTAL

Become a net zero business.

Make sure you have the knowledge and support you need for your small business to thrive in a post-carbon economy.

The basics

[Net zero: the basics in 30 seconds](#)

[Carbon jargon: net zero, offsetting, science-based targets - what does it all mean?](#)

[Carbon emissions and the law](#)

[Measure your carbon emissions](#)

[Calculate the cost of your carbon emissions](#)

[Track and share your progress](#)

Get to net zero

Guides

[Reduce the impact of rising energy costs](#)

[Sector guide: reduce carbon in retail](#)

[Get a heat pump](#)

[Get a wind turbine](#)

[Get solar panels](#)

[Switch to renewable energy](#)

[Reduce waste](#)

Support

[Find support and funding](#)

[Add a source of funding](#)

[Sustainability training](#)

[Hire a sustainability consultant](#)

[Work with a university](#)

Case Studies

[Find out how other businesses reduced their emissions](#)

Figure 2: Zero Carbon Business online page



RESULTS: MODELS OF ENGAGEMENT

Marketing and communication tools

According to the workshop participants, the support scheme should be communicated through existing organisations such as FSB, the Chamber of Commerce, and the B-Corp network. Communicating through other sector specific organisations such as SWMAS, who have a huge database of manufacturers, would also be useful.

Participants from Somerset County Council Steering Group (SCCSG) believe that local councillors could play a role in engaging with businesses. Somerset local authorities could also recruit ambassadors in each town or village who can visit businesses and discuss what support is available.

Other engagement opportunities include:

- distributing letters through business rates bills,
- advertising through Parish council magazines,
- advertising on social media and local radio stations.

The type of language used in marketing materials should be carefully considered to ensure accessibility and engagement with businesses that are sceptical or less knowledgeable regarding net zero.

Business rates reduction

One participant noted that as some councils charge more due to improvements made to businesses, this may actively discourage potential action towards achieving net zero. Alternatively, they suggested that businesses

could be offered a discount on business rates if they take action to transition towards net zero.

Engaging with sceptical businesses

In order to encourage net zero sceptical businesses to utilise the support scheme, communications must highlight how the transition to net zero can help businesses tackle key challenges such as rising costs, supply chain issues and complying with laws and regulations, for instance. Discussing best case practice and sharing positive stories may help with this. Communications should also help with myth busting and addressing confusion about what the net zero transition means and why it is important.

Compulsory engagement: One potential method of increasing engagement with sceptical/uninformed businesses, would be to “bolt it” onto existing business support as a compulsory task. For example, a business approaches Somerset local authorities for assistance in business rates, this is offered but only after the referral and engagement with the net zero support has been committed to by the business. This not only widens the kind of businesses that engage with the service but will further assist the business in finding potentially cost saving measures where they perhaps hadn’t sought it for net zero support.





RESULTS

Rating systems and awards

According to participants from the SCCSG, some businesses will only make changes to their business when it is demanded by their customers. As such, a rating system, similar to the food hygiene rating for restaurants, or an award system could be created that would communicate to customers that the business is on its net zero journey. Examples of rating and award systems include:

- A [carbon charter](#). This is an accreditation scheme that can recognise and support SMEs that are taking action to reduce their carbon footprint.
- [Somerset Business Awards](#)
- [FSB awards](#).

There were concerns that using a rating or award system could disadvantage businesses that will find it harder to transition to net zero. One solution to this would be to split any award systems into two categories. These would be “owner businesses” and “tenant businesses” to account for the difference in what it is in their power to do depending on their tenure type. Awards should recognise individual business percentage change and effort made rather than making direct comparisons between business achievements. This also evens out the field and enables any business to be recognised

Key performance indicators (KPI's)

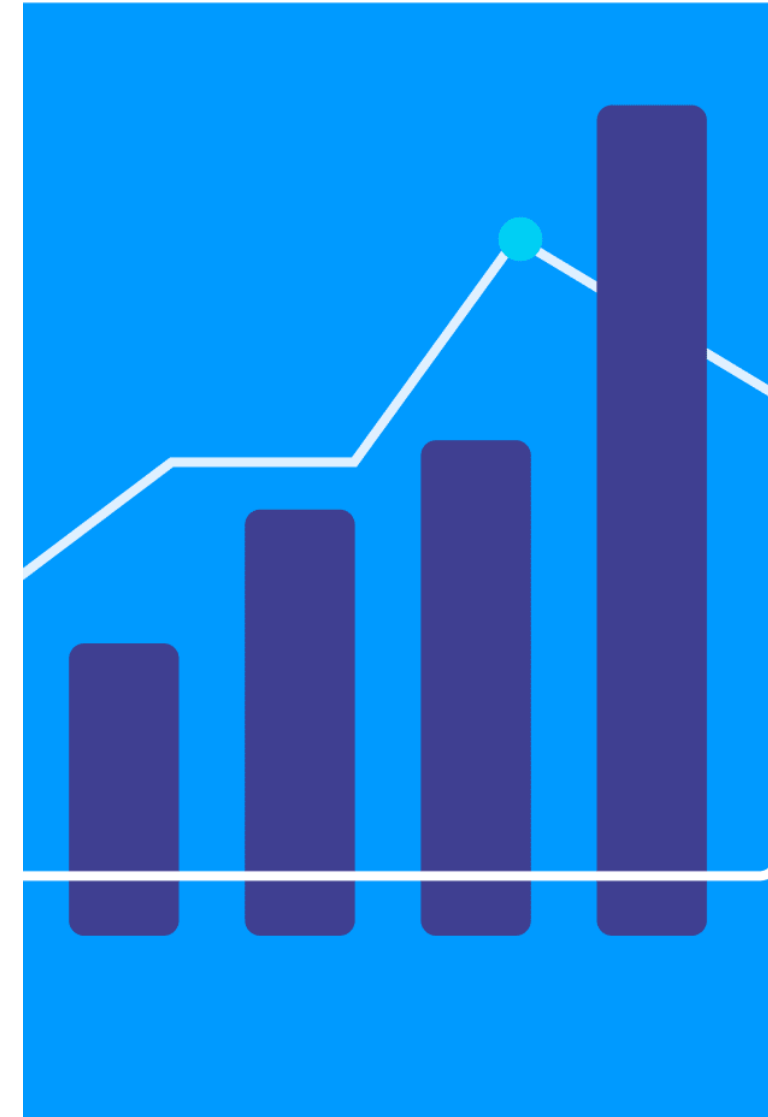
A range of examples of KPI's were presented to the participants for discussion. Workshop participants warned that the KPI's should be carefully selected in order to avoid creating a tick box activity. The KPI's used should focus on measuring the reduction in carbon emissions and energy usage to measure the success of the green business support scheme. In order to do so, however, carbon and energy audits would need to be conducted before businesses have implemented changes been taken then afterwards at regular time periods. This may be difficult, though, as businesses may be reluctant and/or find it difficult to report on their carbon emissions. A KPI could also be included to provide evidence of success for sceptical businesses.

Useful KPI's included

- Number of new 'sustainable' products or services developed
- Reduction in energy usage (kWh)
- Reduction in carbon emissions (CO2 equivalent)

Less useful KPIs included:

- Number of carbon audits conducted
- Number of businesses receiving support
- Number of action plans created for progress.





PARTNERSHIP WITH LARGE BUSINESSES



SMEs could be provided with guidance on the transition to net zero through support from larger businesses in Somerset.

Governments, consumers and investors are now demanding more from businesses regarding the value they create and the impact they have in society. They would like businesses to *“redistribute resources in a way that generates inclusive and sustainable prosperity”*.

According to [research conducted by McKinsey](#), having an environmental, social and governance (ESG) policy will drive consumer preference. They found that upwards of 70% of consumers surveyed would pay an additional 5% for green products if they met the same performance standards as non-green alternatives. Furthermore, businesses with a strong ESG proposition can attract and retain higher quality employees and enhance employee motivation- positive social impact correlates with higher job satisfaction.

Knowledge base

Within the green business support scheme, there is an opportunity for large businesses to share their knowledge and expertise with SMEs. [Speaking at COP26](#), Rishi Sunak announced that the UK will move towards making it mandatory for companies to publish a decarbonisation plan. With the introduction of PPN 06/21, which states that to bid for UK government contracts over five million pounds, companies must publish a carbon management plan. As a result, larger businesses have developed knowledge and expertise regarding how to facilitate the transition to net zero that they could share.

Value to large businesses

Workshop participants pointed out that, currently, large businesses across the UK are focused on how they can measure and reduce their scope three emissions. Scope three emissions are harder to calculate and reduce than scope one and two because [it goes beyond the emissions that are in the direct control of the business](#). It includes 15 inputs such as emissions from employee commutes, the shipping and production of packaging materials, pension fund investments and the energy required to dispose of a product at end of life. Helping SMEs in their supply chain to measure and reduce their environmental footprint could help large businesses to measure and manage their scope 3 emissions.

Participants also noted that engaging in partnerships with local SMEs is good for GDP and UK businesses as a whole. It has the potential to help large companies rely on UK manufacturers and suppliers rather than overseas businesses which, according to a few participants, the country should be focused on.

One participant also noted that they are under pressure from retailers to drive social value creation. By engaging in partnerships with local SMEs, the businesses can take steps to meet the retailers demands.

Capacity to support SMEs

Some of the workshop participants were unsure about what capacity they have to support SMEs on their journey to net zero. For instance, one participant stated: *“reaching net zero is a challenging for all businesses. It takes a lot of time and resource and I'm not sure if I have the capacity to provide this at the moment... Being a large*

company doesn't mean that you are profitable and have spare resources”.

Furthermore, there was a concern that if a potential support scheme relied too heavily on help from larger businesses, these larger businesses wouldn't engage.

The partnership with SMEs should therefore complement and build upon net zero peer-to-peer networks and online tools.

Scope of support

Participants believe that, with the capacity they have, a potential partnership with SMEs could involve sharing knowledge and best practice. This would be mutually beneficial as it would allow the SMEs to learn from work previously carried out by the larger companies. It would also give the large companies an opportunity to contribute social value to their local community. Large businesses could advise SMEs from similar businesses sectors, and provide them with the knowledge needed to understand and take action to reduce their carbon footprint, in particular, scope one and two emissions. This would be similar to, knowledge transfer partnerships which usually involve collaboration between businesses and universities to support business innovation.

SMEs, after identifying where they can reduce their carbon footprint for example, could be signposted to blog posts and webinars run by a large business from their sector to identify where changes could be made and find inspiration. SMEs could also be put in touch with the sustainability officer, or equivalent, from the large business if they want to find out more or ask questions. If suitable, and there is capacity, there may be opportunities for collaboration between the businesses.

CASE STUDY

Example: IKEA and Flow Loop

An example of a successful business partnership that has created environmental value is [IKEA's partnership with Flow Loop](#) (Figure 3). They partnered to develop a water recycling shower solution that will inspire and enable people to be more water efficient. The solution aims to save up to 80% of water and reduce up to 70% of energy used compared to average shower solutions through recycling and cleaning shower water in a closed loop. Tobias Svanberg, Development Leader for Range & Product Innovation at IKEA stated that. *"As a brand with presence around the world, IKEA has a big responsibility – and opportunity to lead and influence a movement for efficient and more sustainable water use"*

Flow Loop was one of the ten finalists in the IKEA Bootcamp 2019. The IKEA Bootcamp programme was a three month programme designed to support growth-stage start-ups. If proven successful at the end of the programme, together they explored the likelihood of partnering full time with IKEA.



IKEA and Flow Loop to develop water recycling shower solutions together

IKEA and Flow Loop are partnering up to develop a water recycling shower solution to inspire and enable people to be more water efficient. The solution aims to save up to 80 per cent of water and reduce up to 70 per cent of energy used compared to average shower solutions by recycling and cleaning the shower water in a closed loop.

Figure 3: Press release for IKEA's partnership with Flow Loop

Learnings:

Advantages of a knowledge transfer partnership:

- The council could engage more and build better connections with SMEs and large businesses in Somerset;
- Large businesses could benefit from helping local SMEs in their supply chain. Helping SMEs to measure and reduce their carbon footprint may help the large business to manage their scope three emissions;
- Large businesses could increase their competitiveness and improve employee moral through social and environmental value creation;
- Support from large businesses could help SMEs to innovate and grow, and increase their competitiveness and productivity; and
- Employees and owners of SMEs could improve and expand their knowledge and skill base.

KPIs

According to one workshop participant, the green business support scheme should use leading and lagging indicators. Leading indicators inform how to produce the desired results i.e. reaching net zero. They encourage leaders to ask what processes need to be put in place to achieve their goals by providing benchmarks. Getting these indicators correct is key. Lagging indicators measure current performance in order to gain insight on future success.

Similar to the input from SMEs and the steering group, KPIs should avoid being a tick box activity. According to the workshop participants, it would be pointless to measure the number of action plans created as you don't know if the business is effectively implementing the plan or not.



EXAMPLE MODELS OF GREEN BUSINESS SUPPORT



EDEN DISTRICT COUNCIL

Eden District Council has been supporting local businesses to reduce their carbon emissions through the [Greening Eden](#) project (Figure 4). The project is funded by Eden District Council and delivered by the Cumbria Business Environment Network (CBEN) Partnership.

CBEN undertakes an environmental assessment and carbon footprint on behalf of the business using data provided. In most cases, this is limited to Scope 1 & 2 emissions. CBEN then offers practical and cost-effective advice for businesses on how to reduce emissions and helps them prepare a business case ready for the grant application.

Eden District Council's grants range from £1000 to £10,000 per business, depending on the chosen solutions.

Advantages:

- Expert advice allows businesses to first identify what actions to take before submitting a grant application; and
- Businesses are given help to prepare their grant application.

Disadvantages:

- It is cost intensive;
- There is no option for partial support for businesses that are already on their journey to net zero.

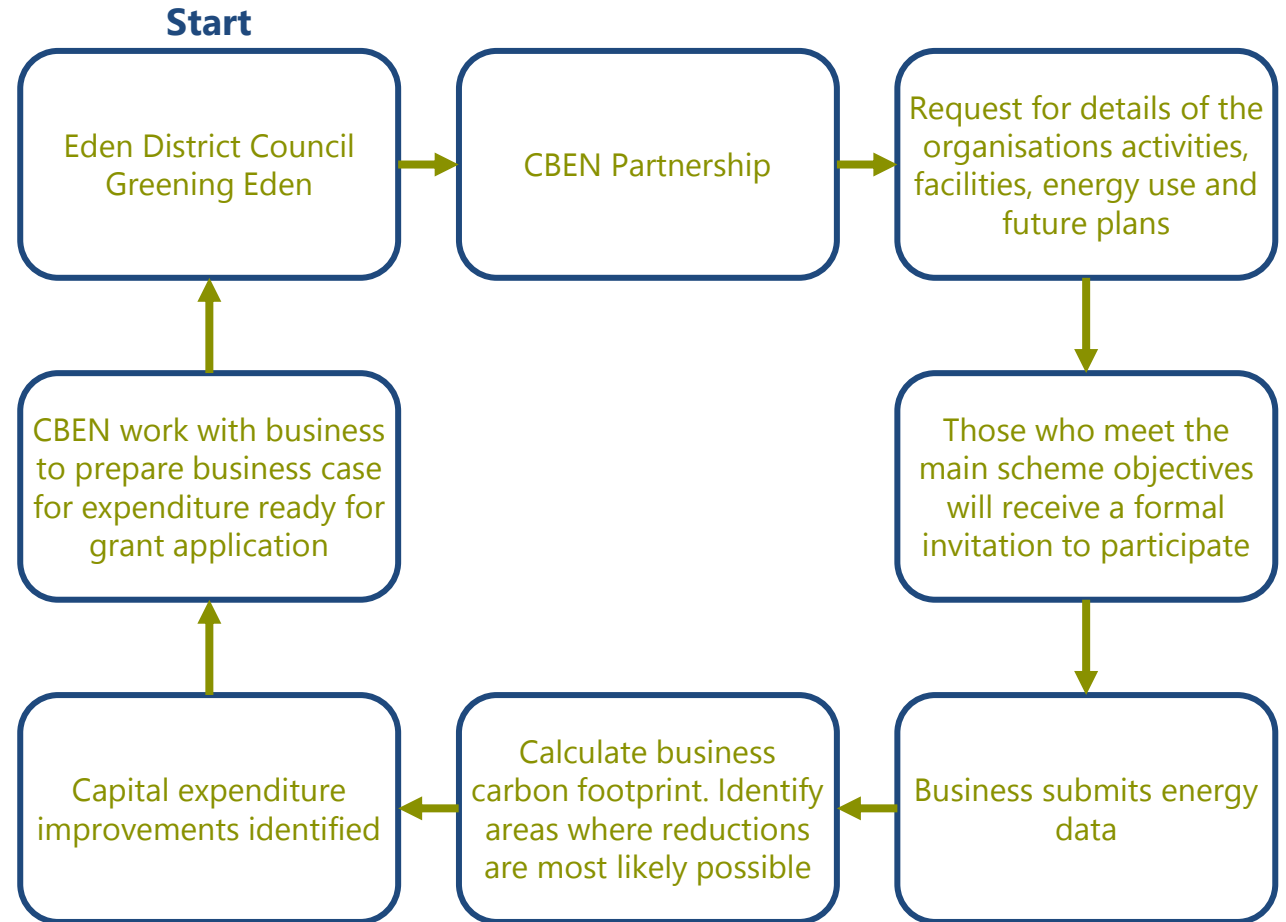


Figure 4: Structure of Greening Eden project



CAMBRIDGE CITY COUNCIL

Cambridge City Council's [Green Business Grant scheme](#) (Figure 5) offers funding to businesses in Cambridge to help implement carbon reduction measures including:

- energy efficiency measures and renewable energy technologies,
- battery storage systems connected to onsite renewable energy systems,
- building and fleet management systems,
- water efficiency and waste reduction measures.

Grants are available to businesses and organisations that are trading, based in commercial premises in Cambridge that are registered for business rates and come within the Covid-19 business grant subsidy limit. For projects that involve changes to the building, the business must either own the property or hold a lease until at least March 2023.

The scheme is managed by the Cambridgeshire Chambers of Commerce and Industry alongside Allia, a small business support charity. It is supported by Cambridge City Council using Covid-19 Additional Restrictions Grant (ARG) funding from the government.

Advantages:

- Financial support is provided to help businesses implement carbon reduction measures;
- The grant scheme doesn't need to be managed by the council.

Disadvantages:

- It isn't certain that the grant funding will be used to tackle the most carbon intensive component of the business.
- It does not provide support to businesses that lack awareness and understanding of net zero.

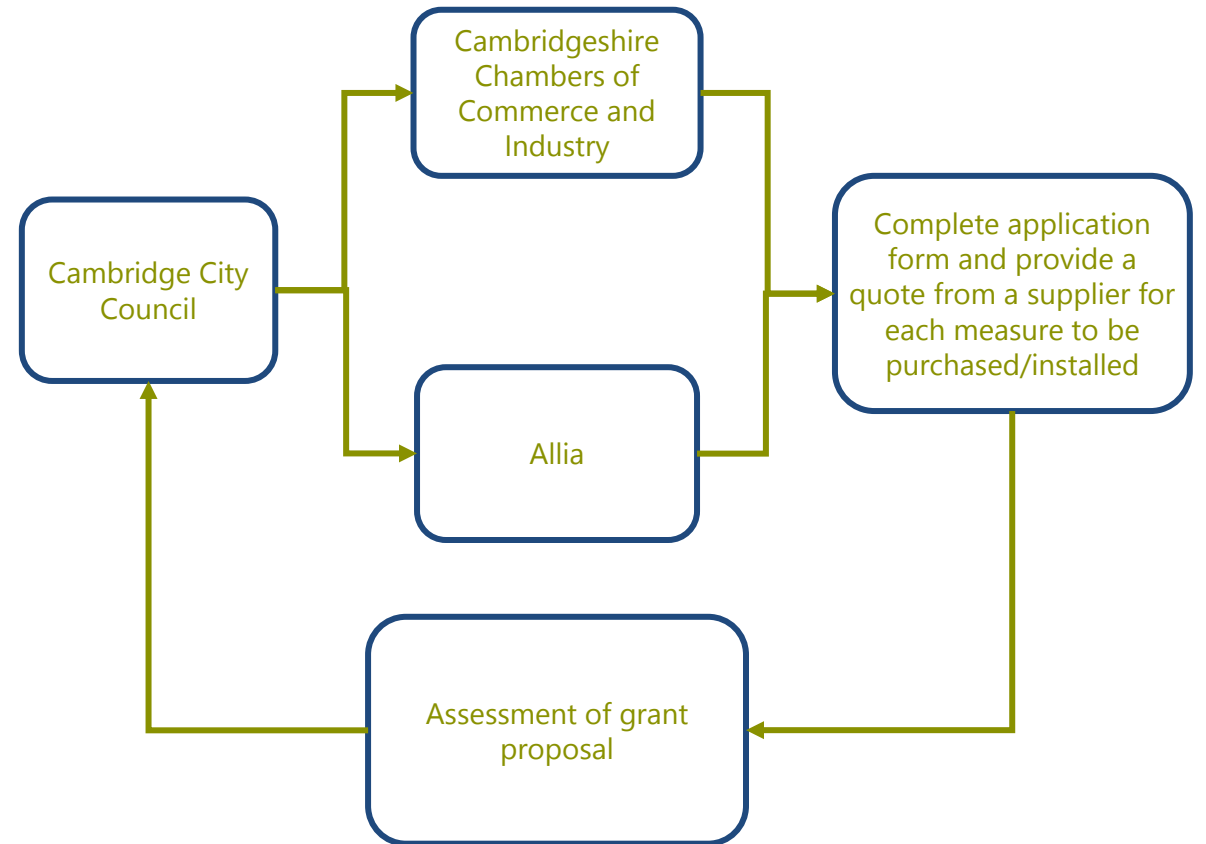


Figure 5: Structure of Cambridge City Council's Green Business Grant Scheme



DORSET COUNTY COUNCIL

Low Carbon Dorset (Figure 6) is a three year programme to help stimulate the growth of Dorset’s low carbon economy. The project is run by Dorset County Council and Dorset Area of Outstanding Natural Beauty. It is currently funded by the European Regional Development Fund, which will cease by Dec 2023.

Various types of support are provided to the programme participants:

- Low carbon workshops: Provide information on what support is available, advice on carbon reduction, insights into available low carbon technologies and examples of successful projects. These workshops are specific to organisation type and sector;
- Networking: information exchange opportunities;
- Free technical advice: Two days on site technical support to help explore the organisations low carbon project ideas and opportunities. This is followed by support to get the project off the ground;
- Free energy survey: If required a free energy audit of the organisations operations is conducted; and
- Low carbon grants: Grants are available for projects up to 40% of total costs and range between £5,000 and £250,000 depending on project and business sector.

Advantages:

- Technical support is provided to help businesses identify the key low carbon opportunities before they start.
- There are different types of support available so the programme can help businesses in different stages of their journey to net zero

Disadvantages:

- It is cost and resource intensive
- Longevity is in question as the funding has to be used up by Dec 2023

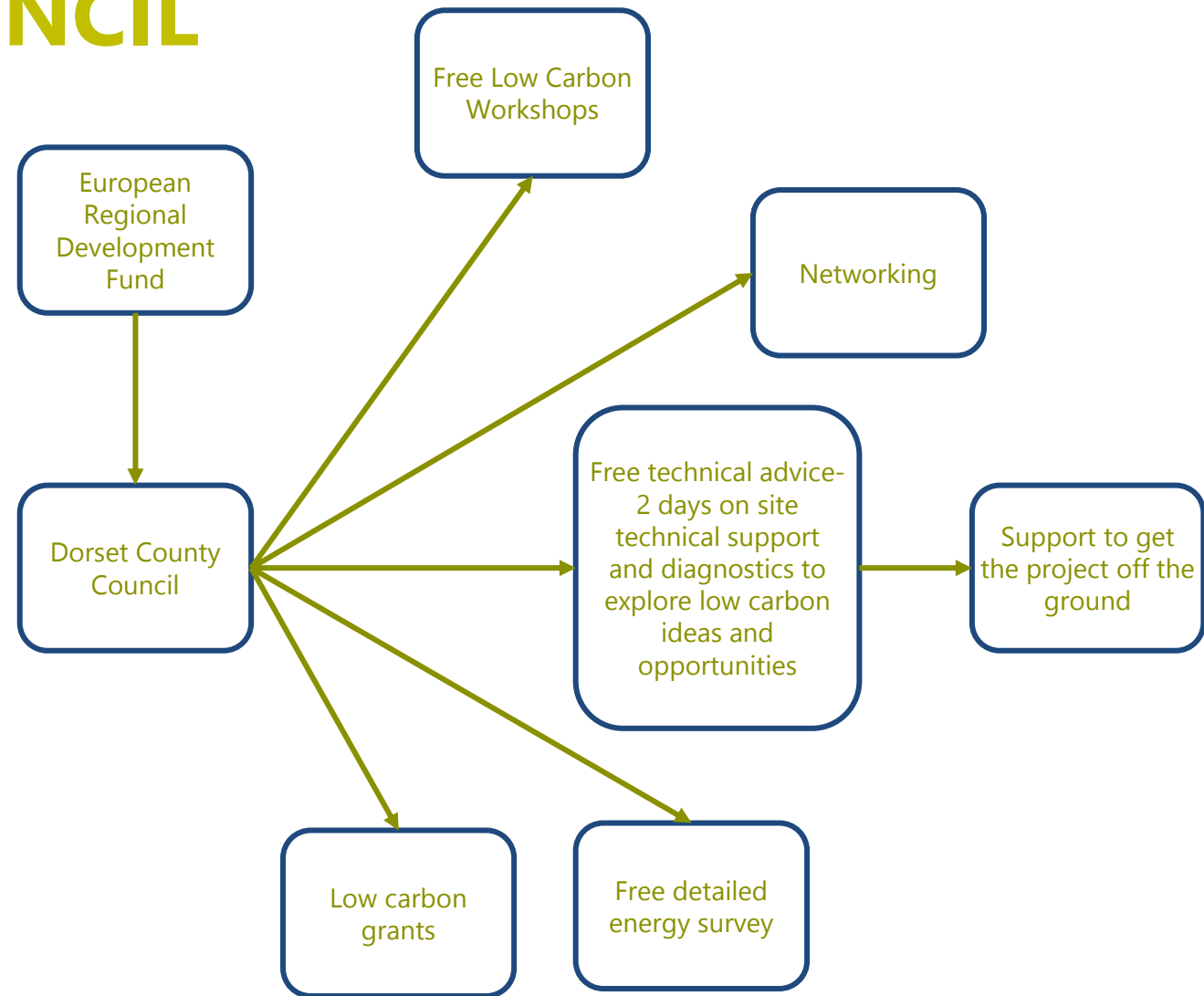


Figure 6: Structure of Low Carbon Dorset programme



PROPOSED BUSINESS SUPPORT MODELS



MODEL 1: SOMERSET RESOURCED

Model one ([Figure 7 & 8](#) overleaf) is based on the assumption that Somerset County Council is successful in securing money from **the UK Shared Prosperity Fund** ([click here for more details](#)). This money would pay to hire a **Net Zero Business Advisor** (NZBA), who would carry out **carbon and energy efficiency audits** on behalf of businesses and help them create **action plans**. The NZBA would also conduct **carbon literacy training**, and signpost to resources such as the **networking sessions, online knowledge portal**, and the **knowledge transfer partnership** arranged by SCC's Climate Business Liaison Officer. The NZBA could be located within a local business organisation, similar to the model used by Cambridge City Council.

The fund would also help **provide financial support** to businesses to implement low-carbon measures as part of a grant funding scheme. This funding scheme could also promote a hybrid approach with business growth components included as criterion. From the literature, survey and interviews, 30-40% grant funding or match funding would be an option. However, one business noted during the interviews that 50% grant funding, at a minimum, would be necessary to make their desired changes. Regarding the amount of funding required, workshop participants noted that it should depend on business sector and size and potential range from £2,000-£150,000. Alternatively, if loans are provided, a payback period of five plus years would be popular.

SMEs would refer themselves to the green business support scheme, following on from the marketing of the support scheme, participation in other business networking, attendance at climate festivals and/or events and the online knowledge portal. SMEs would also be funnelled to the support scheme through the UK government and other public body websites such as the [UK Business Climate Hub](#), and other key organisations such as [The Carbon Trust](#) and [Zero Carbon Business](#). The NZBA would then assess the needs and abilities of the businesses before directing them to the most appropriate form of support.

Businesses that would not benefit from conducting a carbon audit and action plan or who just want to know more about net zero will be signposted to the online knowledge portal, networking sessions and the knowledge transfer partnership. As previously described, the **online knowledge portal** would signpost businesses to examples of best practice cases and information on what net zero is and why it is important. It would also potentially include a web page which notes the sustainability credentials of businesses in Somerset so SMEs can identify suppliers in their area that align with their net zero plans and vision.

The **networking sessions** would expand upon the content shared on the online knowledge platform and collaborate with existing networks run by FSB and the Chamber of Commerce. Businesses will be able to discuss the opportunities and challenges they are facing in their transition to net zero with similar businesses in the area of sector. By sharing best practice, businesses could learn how to tackle those challenges. Discussions may also stimulate collaboration and innovation. Networking would also facilitate the creation of shared ownership programme for low carbon technologies, such as solar panels, and equipment needed such as scaffolding.

As mentioned, **the knowledge transfer partnership** would allow large businesses to advise SMEs from similar business sectors, and provide them with the knowledge needed to understand and take action to reduce their carbon footprint. After identifying where they can reduce their carbon footprint, SMEs could be signposted to blog posts and webinars ran by large businesses from their sector to identify where changes could be made and find inspiration. SMEs could also be put in touch with the sustainability officer, for equivalent, from the large business if they want to find out more or ask questions. If suitable and there is capacity, there may be opportunities for collaboration.

Advantages:

- Expert advice allows businesses to first identify what actions to take based on their carbon footprint before submitting a funding application. This ensures that the action taken will have impact;
- Businesses are given support to complete their funding application;
- Support is provided to businesses in different stages of their transition to net zero; and
- SMEs can learn from large businesses through the knowledge transfer partnership.

Disadvantages:

- It is cost and resource intensive to hire the Net Zero Business Advisor, offer funding, and create the online knowledge portal; and
- Risk that large businesses won't engage in the knowledge transfer partnership.



MODEL 2: CONSULTANCY RESOURCED

Model two (Figure 7 and 8) is very similar to model one. It is based on the assumption that Somerset County Council is successful in securing money from **the UK Shared Prosperity Fund**. This money would instead, however, pay to commission an **external consultant**, who would conduct **carbon and energy efficiency audits** on behalf on businesses, help create **action plans, carry out carbon literacy training**, and signpost to resources such as the **networking sessions, online knowledge portal**, and the **knowledge transfer partnership**.

Advantages:

- **Less financial risk than by hiring a NZBA, as support would only be engaged when required;**
- Expert advice allows businesses to first identify what actions to take based on their carbon footprint before submitting a funding application. This ensures that the action taken will have impact;
- Businesses are given support to complete their funding application;
- Support is provided to businesses in different stages of their transition to net zero; and
- SMEs can learn from large businesses through the knowledge transfer partnership.

Disadvantages:

- **It is cost and resource intensive to hire an external consultant, offer funding, and create the online knowledge portal;** and
- Risk that large businesses won't engage in the knowledge transfer partnership.



MODEL 1 & 2: FUNNELLING AND INITIATION OF THE SERVICE

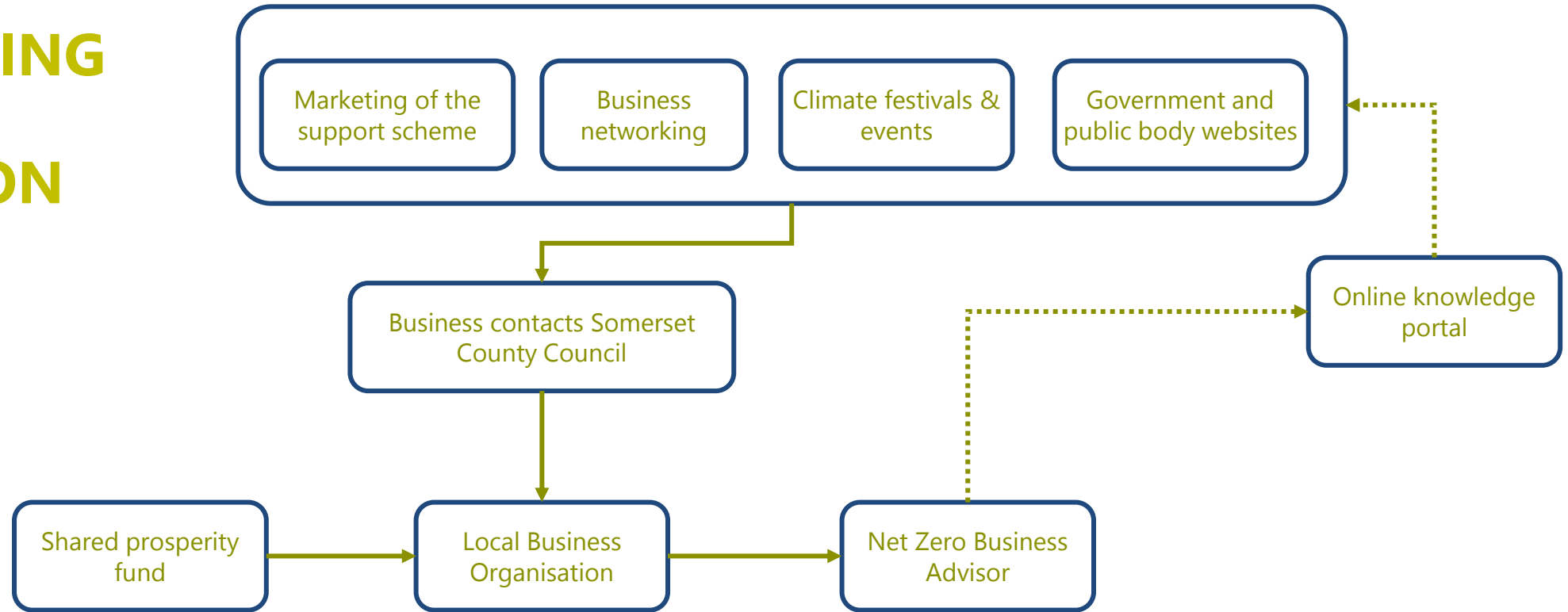


Figure 7: Funnelling and initiation of the service for model one and two



MODEL 1&2: SERVICES PROVIDED

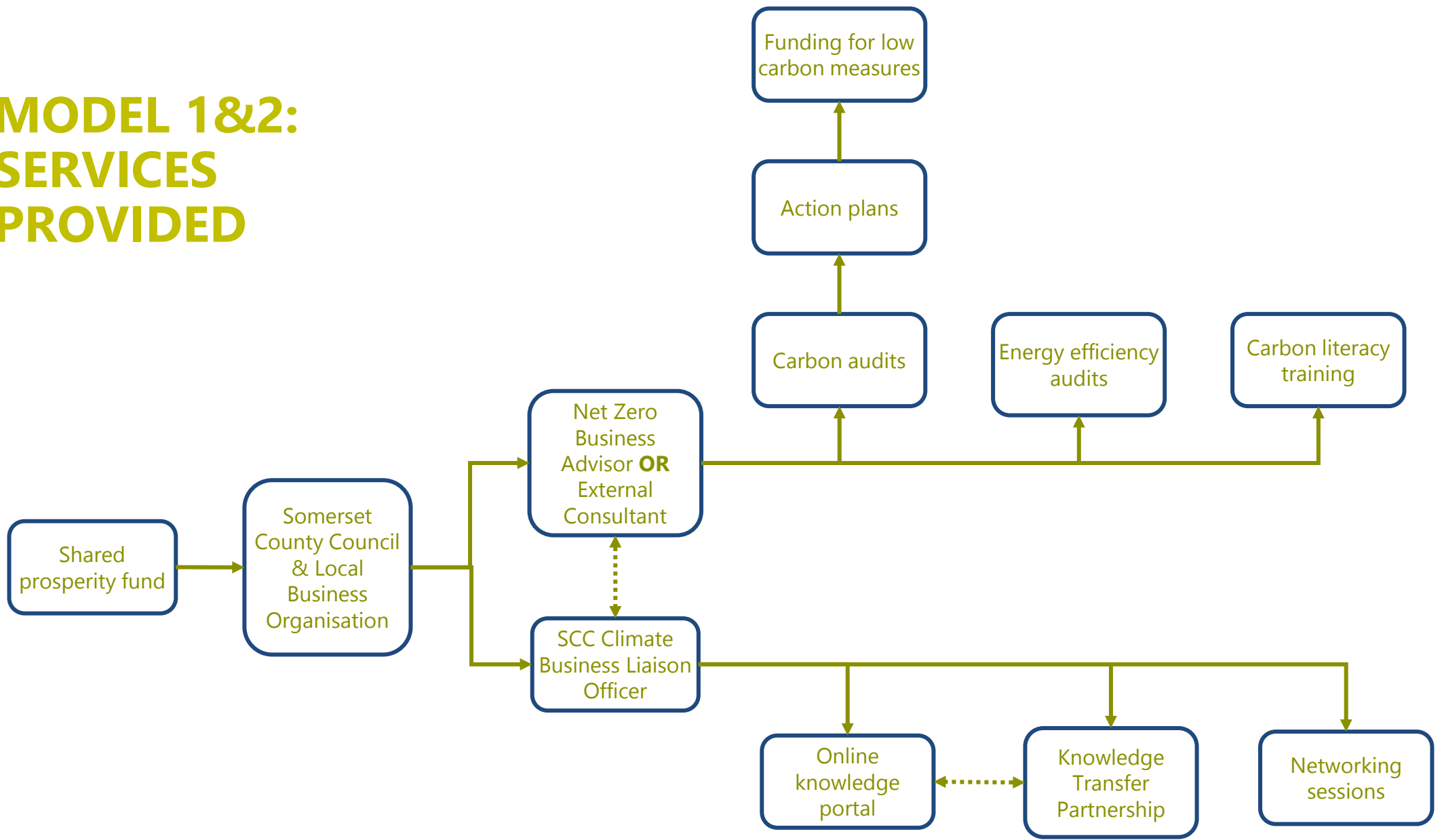


Figure 8: Services provided in model one and two



MODEL 3: LOW RESOURCE

Model three (Figure 9) is based on the assumption that **no funding is secured for the green business support scheme**. This means that when businesses refer themselves to the scheme, they are signposted only to the online knowledge portal, the knowledge transfer partnership and networking opportunities. Educated with the knowledge and skills needed to help their business transition to net zero, businesses could fund the changes they need themselves or secure alternative funding.

Advantages:

- **Less expensive and resource intensive;**
- Support is provided to businesses in different stages of their transition to net zero; and
- SMEs can learn from large businesses through the knowledge transfer partnership.

Disadvantages:

- **Cannot provide help for businesses who are unable to fund the implementation of low-carbon;**
- **It is not guaranteed that action is taken by businesses and if that action will have impact;** and
- Difficult to measure the impact of the support scheme as carbon footprint data would be less easy to collate.

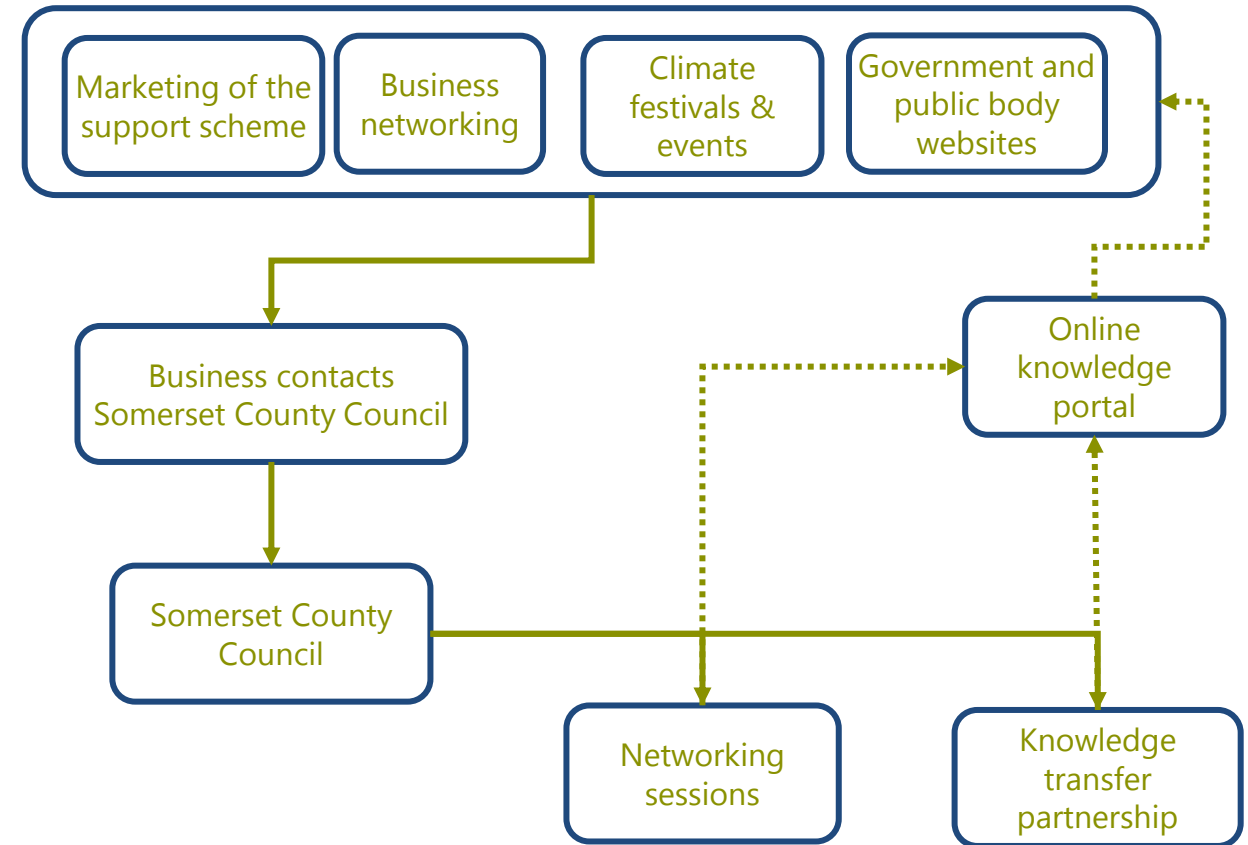


Figure 9: Structure of model three



COSTS

Model 1- FTE Net Zero Business Advisor

A Net Zero Business Advisor (NZBA) would help business measure their carbon footprint and create a carbon action plan. Working full time (35 hours a week), the NZBA would earn £32k, with "on-costs of 30% bringing salary costs to 40k. Operational costs (marketing, travel and ICT for NZBA and web support (including web engagement funnelling across multiple websites) costing approximately £15k (Table 1). Costing a separate microsite (rather than using SCC existing site) is not included in these assumptions. A three year projection was modelled and a 2% inflation rate was used as this is the most recent Bank of England projection.

Table 1: Model one components and prices

Component	Indicative Yr 1 costs	Yr 2	Yr 3
Salary	£40k	£41k	£42k
Operational costs	£10k	£10.5k	£11k
Web support	£5k	£5.5k	£6k
Total	£55k	£57k	£59k

Three scenarios have been developed to model the number of businesses that could be supported in one year of the green business support scheme, based on providing each business at least two days/15 hours of support (Table 2).

Table 2: No. of businesses that could be supported by time spent engaging with businesses.

Scenarios	Time spent engaging with businesses.	No. of businesses that could be supported
1	65%	60
2	50%	50
3	40%	40

Model 2- Consultant support

The services provided by a net zero business advisor could alternatively be provided by an external consultant. Depending on the amount of support needed, three packages could be provided (Table 3) with one day/7.5 hours of support costing £600.

Table 3: Cost by support packages available

Support packages available	Cost Yr 1
1 day/7.5 hours	£600
2 days/15 hours	£1200
5 days/37.5 hours	£3000

Based on providing the majority of businesses with two days/15 hours of support and with the same budget as model one (£55k), **45** businesses could get help with carbon auditing and creating a carbon action plan.

Comments:

The approach taken would need to judge the engagement rate of the FTE. beginning of the support offering as not as many businesses may engage with the support scheme at its launch. However, the participation may grow once its efforts can be demonstrated through case studies/networking events and other promotion. The net zero business advisor would need to spend 50% of their time engaging with businesses if they were to match the efficiency of the consultancy approach. If not enough businesses engage with the green business support scheme or if they do not all require support from a net zero business advisor, outsourcing to a consultant could be less expensive and come with less risk. However, if business interest was high, utilising a net zero business advisor would provide a dedicated opportunity to focus on engagement.

In both models, the amount of financial support available to help businesses implement low-carbon measures will be dependent on the amount of funding secured.



FUNDING- THE UK SHARED PROSPERITY FUND

The Green Business Support Scheme can potentially be funded through the [UK Shared Prosperity Fund](#) (UKSPF)- a Government allocated fund intended to reduce inequalities between communities as part of the wider “levelling up’ agenda. The UKSPF will provide £2.6 billion by March 2025 and will be allocated to local areas across the UK based on the funding that areas received from the EU structural funds, with some needs based adjustments.

The UKSPF has three main priorities:

- communities and place,
- local businesses,
- people and skills,

Interventions supported by the UKSPF must consider local and national policies and priorities. This includes demonstrating *“the extent of contribution to net zero and nature recovery objectives, including the UK’s legal commitment to cut greenhouse gas emissions to net zero by 2050, wider environmental considerations, such as resilience to natural hazards and the 25 Year Environment Plan commitments”*.

Furthermore, in order to access their allocation, applicants are asked to develop a UKSPF plan that addresses three questions:

- Local context: Local evidence of opportunities and challenges through the lens if the three priorities;
- Selection of outcomes and interventions: Identify the outcomes they wish to target based on local context, and the interventions they would like to

prioritise from the menu of options; and

- Delivery.

The Green Business Support Scheme could be support under the Investment Priority: Supporting Local Business. In particular, under the [following interventions](#):

- **E18: Supporting Made Smarter Adoption.** Providing tailored expert advice, matched grants, and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics.
- **E19: Increasing investment in research and development at the local level.** Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.
- **E20: Research and development grants** supporting the development of innovative products and services;
- **E21: Funding for the development and support of appropriate innovation infrastructure at the local level;**
- **E23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development** to start, sustain, grow

and innovate, including through local networks;

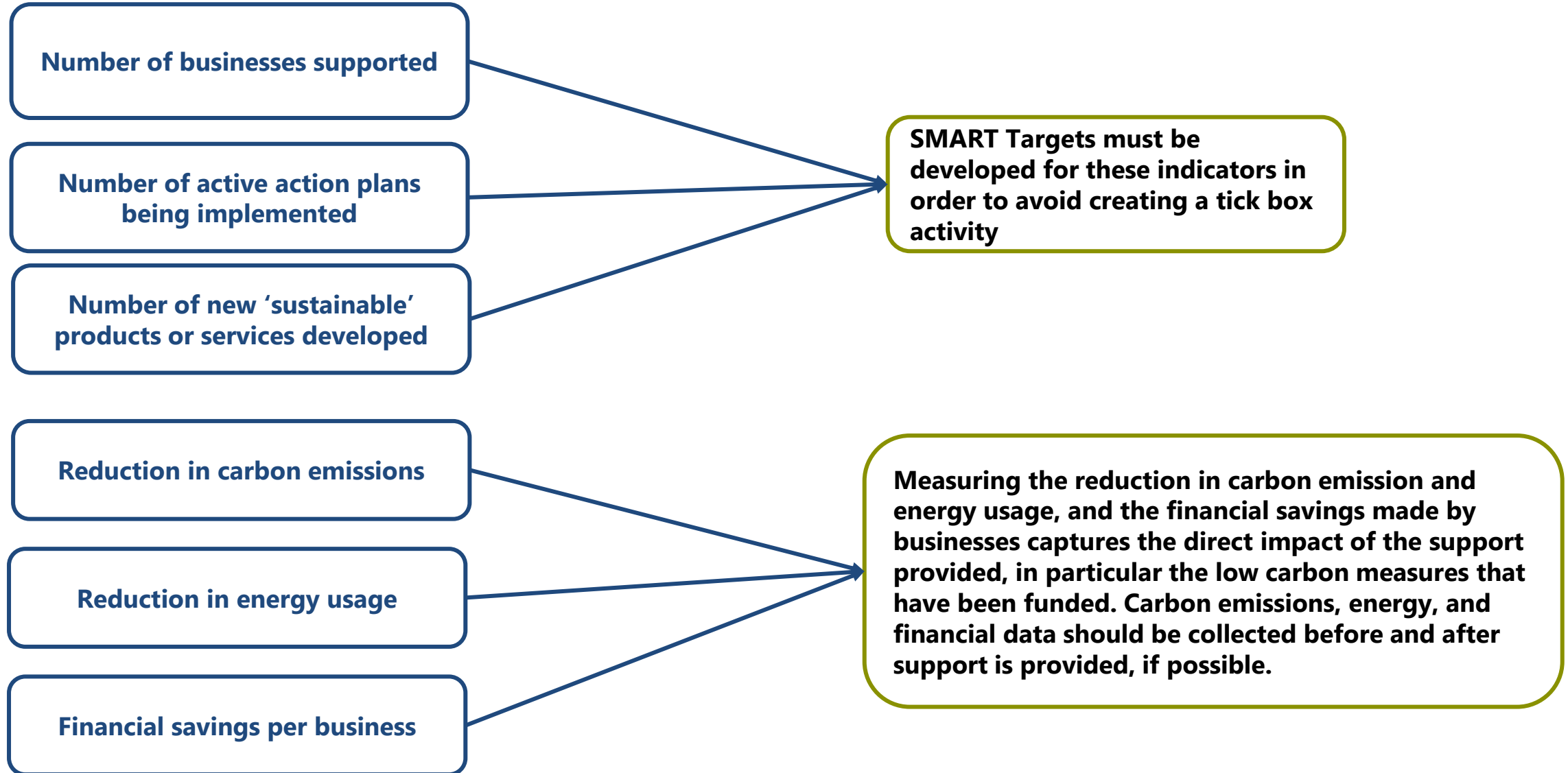
- **E24: Funding for new and improvements to existing training hubs, business support offers, ‘incubators’ and ‘accelerators’ for local enterprise (including social enterprise)** which can support entrepreneurs and start-ups through the early stages of development and growth by offering a combination of services including account management, advice, resources, training, coaching, mentorship and access to workspace; and
- **E29: Supporting decarbonisation and improving the natural environment whilst growing the local economy.** Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity.

Summary:

Most aligned with recommendations	Least aligned with recommendations
E21	E18
E23	E19
E29	E20
	E24



KEY PERFORMANCE INDICATORS





CONCLUSIONS



CONCLUSIONS

Our research identified how businesses in Somerset understand and engage with net zero and what different models of business support could be provided.

Key findings include:

- Businesses in Somerset are generally engaged with net zero ambitions.
- 52% of businesses surveyed believe in, and understand, the role they play in the transition to a low carbon economy and Somerset's carbon neutral ambitions.
- Businesses are struggling to make their desired changes due to the financial pressures created from the Covid-19 pandemic, and due to rising operational costs.
- We found that 41% of the businesses surveyed are still unsure of the role their business plays in the transition to the low carbon economy
- There is a general lack of understanding regarding what net zero means and how to get there. This shows a lack of carbon literacy and the possibility that businesses eager to make changes may not implement high impact activities.

Model recommendations

Models one and two provide the most rounded support for businesses at different stages in their journey to net zero. Providing businesses with dedicated expert advice allows businesses to

identify what actions to take based on their carbon footprint before submitting a funding application. This ensures that the action taken will have impact.

The NZBA or external consultant would have the capacity to support businesses with their funding application which was mentioned as a need in the survey results and during the interviews. However, these models are more costly and resource intensive in comparison to other council green business support schemes such as the Greening Eden Project. Furthermore, it is not certain that funding will be secured from the UKSPF.

Hiring an external consultant may be cheaper at the beginning of the support offering as not as many businesses may engage with the support scheme at its launch. However, the participation may grow once its efforts can be demonstrated through case studies/networking events and other promotion.

Model three represents the most cost effective and quickest support scheme to establish. It can be implemented if funding from the UKSPF is not secured. Support is still provided to businesses that are at different stages of their transition to net zero and SMEs would still have with the opportunity to learn from large businesses through the knowledge transfer partnership. However, it does not guarantee that businesses will address their most carbon intensive activities and thus have most impact. It's also not guaranteed that businesses will be able to fund the actions identified. This could potentially be addressed by letting businesses know what other funding opportunities are available.





DOCUMENT CONTROL

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Limitations

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