



SCOTTISH ENTERPRISE

Evaluation of the Renewable Energy Investment Fund (REIF) and Energy Investment Fund (EIF) – Final Report v1.14

21 June 2021

EXECUTIVE SUMMARY

This evaluation covers the period from the start of the Renewable Energy Investment Fund (REIF) in October 2012 to March 2020, including the extension and renaming to the Energy Investment Fund in April 2018. Its aim is to review progress in achievement of the Fund's objectives, identify good practice lessons and areas where improvements could be made. Wherever possible, comparisons are drawn between the Fund's investments in community-owned renewables projects, and investments in marine and other renewable technologies.

Impact on funding market

The Fund has succeeded in creating and growing new markets and increased the supply of risk capital and debt in its target areas. In **communities**, the Fund has played a key role in attracting new private sector investment into the market including investment by Triodos, Clydesdale, Santander and Social Investment Scotland, and initially worked with Cooperative Bank before they left the market in 2013. In **the marine** sector, considerable effort was devoted in the early years of the Fund on the demand side, to work with companies and build a pipeline of marine projects for investment. This funding and market development was seen as highly additional by stakeholders interviewed in the course of the research.

The Fund filled an evident funding gap in the demonstration of new renewables technologies. The market has now matured somewhat, and opportunities now exist in technologies at the early stages of commercialisation that require capital funding to scale-up. The current market failure at this level involves the requirement for new funding models and de-risking to attract other investors. A level of market failure persists with community projects, but its nature has changed. Community renewables projects are now a proven vehicle for investment but moving to a subsidy-free environment, which means that they are less financially viable, especially at smaller scales.

The Fund's financial performance

The fund has invested £85m in 46 deals. This is an underspend relative to the original budget of £103m, but this is not seen as a failure of the running of the scheme: rather, it is due to the lack of investable projects meeting the funding criteria, mainly driven by changing market dynamics including the subsidy regime.

Stimulating renewable sector growth

Marine/other: The Fund team built a pipeline of investable projects and secured investment to commercialise technologies that were previously at an earlier technology readiness level than traditional lenders/funders would invest. This has matured the sector to the extent that active small-scale commercialised technologies have been deployed in rural/island communities and a small number of utility-scale devices deployed. Feedback from stakeholders and beneficiaries indicates that the Fund has contributed very significantly to the survival and growth of the sector.

Communities: The Fund has produced a mechanism to allow communities and other investors to fund projects. The focus of innovation has not been technological: it is in how the team can be flexible in approach to deals e.g. setting up SPVs and taking risk away from communities.

Economic benefits

The Fund has:

- Invested in **25 community-based deals** totalling £25m to date;
- Expected to **generate £142m in profit** for communities over 20-25 years;

- Invested in **21 non-community deals** totalling £60m to date;
- Invested in 3 deals which were ultimately written off (£13.2m);
- Levered in **£173m in private sector investment (2:1)** and attracted **£47m funding** from other public sector bodies;
- Received interest and income of £5.31m, together with £21.3m of loan capital repaid to date;
- Invested in deals expected to achieve **Gross GVA of £614m¹** (net expected £365m);
- Achieved net GVA return on investment of around £4 per £1 invested²; and,
- Invested in deals projected to achieve **3-year CO₂ savings of 166,680 tonnes**.

Community benefits

As identified above, community owned renewables projects are expected to generate at least £142m in profit over the next 20-25 years³, which reflects a ratio of almost six times the original investment. This revenue is being invested in a wide range of social and economic development projects, providing good examples of spillover benefits, often in remote areas with economic challenges.

Sustainability benefits

3-year CO₂ savings are projected to be at least 166,680 tonnes; these have the potential to increase due to the longevity of projects and also the potential for new technologies to scale up.

Additionality of the Fund

The consensus view among stakeholders is that the Fund has been significantly additional in that the impacts it has realised would not have arisen in the absence of the Fund. 60% of surveyed beneficiaries would have been unable to proceed with their project without the Fund's intervention, and **all** respondents would have seen their project affected in some way without the Fund (delayed, more expensive, smaller in scope).

Communities: The pipeline of deals with all the commercial lenders that the Fund is working with in the community space is seen as the result of the Fund's investment and market-building activity: in the absence of the Fund, the funding gap would still have existed and communities may not have accessed the profits generated by Fund investments.

Marine: The Fund is seen by stakeholders as vital to the growth of the marine and tidal sectors in Scotland, and in sustaining the industry following the removal of subsidies. The Fund has brought technologies and devices into the space and improved their maturity, and the Fund team has driven the projects and completed deals that otherwise wouldn't have happened.

Key findings:

Projects and community organisations have now learned how to seek out and access funding; they are now more comfortable in looking for additional loan funding projects. Experience of the application process has also helped companies to win subsequent funding.

Going forward, the Fund team and Scottish Enterprise more generally could raise awareness of other government products available to support businesses. It would be helpful if new applicants

¹ GVA calculated on a project-by-project basis; timeframes vary by sector, average 5 years

² Calculated as expected net GVA (variable timeframe by project, average 5 years) divided by total Fund investment.

³ This is a prudent forecast largely based on the most cautious "P90" yield basis – that is, 90% confidence that revenues will be at least this much – providing high confidence that profits will be at least as high as forecast.

could speak to successful projects about their experiences. It would also be useful to have a preferred list of funding partners for projects/ companies to engage with.

A “joined-up” policy approach is seen as highly beneficial. The Fund works well when sitting with a clearly defined role in a funding/support pathway. Given the new policy focus on an energy system that is increasingly decentralised (and focused on local needs), there is less need to focus on specific technologies. The emergence of the Scottish National Investment Bank is anticipated to mean that the Fund team can step back from the largest projects.

The switch from company funding to project funding (with EIF) may have limited the pipeline and flexibility for non-community projects. Selecting “shovel-ready” projects with impact potential is efficient but reaching net zero will require a flexible approach, possibly including support for companies. Going forward, a key aim of the Fund might evolve into providing confidence that thorough due diligence has been undertaken by the Fund team in order to attract investors.

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1. INTRODUCTION

1.1 Introduction and Terms of Reference

RSM UK Consulting LLP (RSM) was appointed by Scottish Enterprise in November 2020 to evaluate the Renewable Energy Investment Fund (REIF) and the Energy Investment Fund (EIF). The evaluation covers the period from the start of REIF in October 2012 to March 2020, including the extension and renaming to EIF in April 2018, at which point the investment criteria were amended slightly (for example, no new company investments were to be made, investments were to be project based and the low carbon investment criteria were broadened). The research specification highlights that the differences between these two phases are slight and as such, the evaluation should treat REIF and EIF as a single fund. Therefore, within the remainder of this report, we refer to the “Fund” unless the REIF and EIF periods are being compared.

The aim of the evaluation is *“to review progress in achievement of the Fund’s objectives (set at its launch), identify good practice lessons and areas where improvements could be made”*. A mid-term evaluation was completed in 2016 which documents the early implementation of the Fund and its evolution. Our approach builds on this and aims to provide a fresh review of Fund performance and impact from inception to conclusion.

The seven themes that are to be considered within the evaluation are:

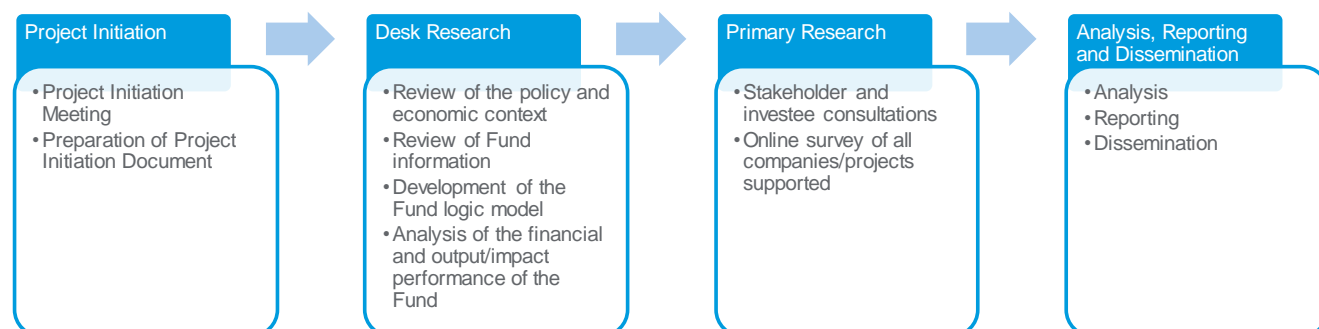
1. The Funding Market
2. The Fund’s Financial Performance (against commercial objectives)
3. Stimulating Renewable Sector Growth
4. Economic Benefits
5. Additional Community Benefits
6. Sustainability benefits
7. Lessons and Recommendations

The evaluation also considers the different characteristics of community and non-community projects and the evolution of UK and Scottish Government objectives and changes in subsidy regimes since 2012.

1.2 Evaluation methodology

To meet the terms of reference we carried out a mixed-methods evaluation comprising the following activities (see Figure 1 below).

Figure 1: Work programme



Stakeholder and investor consultations - qualitative consultations were held with 10 strategic stakeholders and 4 investors, and a group session with 7 members of the Fund delivery team, to develop our understanding of the Fund and investigate the impacts and lessons learned.

Online survey of all companies/projects supported - an online survey was circulated to all 46 supported companies/projects to explore key evaluation questions including the effectiveness of the offer and delivery model; project performance; and, benefits and impacts. A total of 12 community organisations and 8 other projects or companies responded, reflecting a response rate of 43%, providing good representation of the different types of projects. Detailed telephone interviews were held with seven beneficiaries (four industrial projects/companies and three community organisations). All contributions from interviews and surveys are anonymous unless individuals have consented to be named.

Development of the Fund logic model - adopting HM Treasury standard evaluation practices set out in the Magenta Book, we have developed a “logic model” to set out the intended objectives, inputs, activities, outputs, and outcomes. This reflects the different impacts and outcomes anticipated from community and non-community investments, and the Fund’s Strategic and SMART objectives, namely:

- Strategic objectives, to:
 - Meet the unmet debt or equity investment needs for designated renewable energy sub-sectors⁴;
 - Be complementary and additional to other available funding sources;
 - Attract funding from other sources where possible; and
 - Achieve sustainability and longevity and recycle investment resources for longer term sub-sector support.
- SMART objectives, to:
 - Support between 20 and 40 investment transactions across the 3 sub-sectors (community, marine, “other” renewables);
 - Invest £103 million by the end of financial year 2014/15; and
 - Achieve leverage investment of between £300 and £400 million.

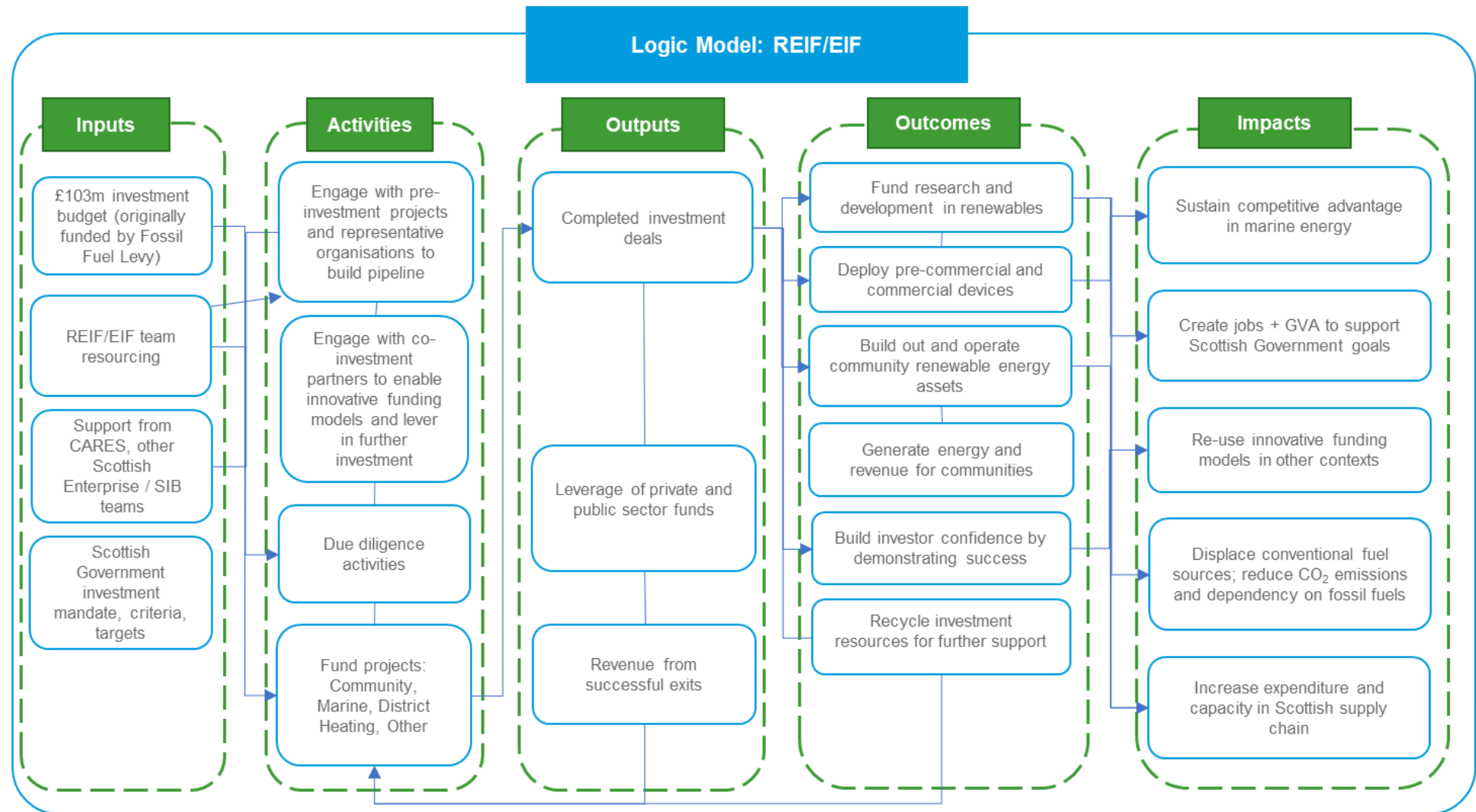
The logic model, Theory of Change and underpinning assumptions have then been used to develop and refine the key evaluation questions and research tools.

Analysis and reporting - our analysis of the findings has been based on the logic model ([Figure 2](#) overleaf) and the key research questions identified with the evaluation brief. The beneficiary consultations have also been used to develop 7 case studies outlining beneficiary journeys, learning and impacts, illustrating investee experiences and impacts supported by the Fund; these are distributed throughout chapter 5 as boxed examples to illustrate key points.

This report presents the findings from each of the main research methods in sequence, in their own individual chapters. In the conclusion, the qualitative findings have been reviewed alongside quantitative data to understand the overall performance and impact, and the 7 key evaluation requirements, in Chapter 6, which sets out the evaluation findings and lessons learned.

⁴ Community, marine, district heating, and “other” renewables. No district heating projects were taken forward due to a lack of investment-ready projects, and the category became subsumed within “other” renewables. The scope of “other renewables” was broadened in 2018 when the Fund became known as EIF.

Figure 2: Logic Model



2. CONTEXT REVIEW

2.1 Introduction

This chapter profiles key changes to the strategic and policy environment in which the Fund operated over the period October 2012 to March 2020 and also provides an assessment of how the funding environment has changed over the course of the Fund. A summary of key developments shaping the Fund's context is shown in [Figure 3](#). Further detail on relevant policy/strategy is provided in Appendix 2.

2.2 The Scottish Renewable Energy Policy Context

Prior to the launch of REIF, the Scottish Government adopted ambitious targets relating to the reduction of emissions, transitioning the energy mix and investing in renewable technologies, however, in 2011, the **2020 Routemap for Renewable Energy in Scotland** highlighted that limited access to finance could potentially constrain progress. The 2013 strategy update document⁵ identified that REIF had been implemented to address these funding gaps.

The 2015 **National Marine Plan (Scotland)** included targets for developing offshore renewable technologies, including wave and tidal and the **Scottish Energy Strategy (2017)** outlined a vision for 2050, including a commitment to support and explore renewable solutions, contributing to an inclusive energy transition. In response to the 2017 strategy, REIF was evolved into EIF so that funding eligibility would be increased to also encompass low-carbon energy projects. This widening of scope reflected an expectation expressed in the Energy Strategy that the 2050 vision outline would require a combination of technological innovation to achieve the then target of near complete decarbonisation.

The **Scottish Government Climate Change Plan (2018-2032)** and subsequently the **Government's Programme for Scotland (2019/20)** outline ambitious targets in relation to reducing emissions, with strategies committing to a reduction by 66% by 2030, and net-zero by 2045 respectively. The Climate Change Plan has specific targets regarding the contribution of renewables to these goals, with a target of an electricity grid intensity below 50g CO₂ by 2020, requiring a high penetration of renewable technologies, and further, by 2030 a target of 50% of all Scotland's energy needs to be satisfied by renewable energy.

2.3 The Scottish Economic Development Policy Context

It is noted that as Scotland seeks green economic development, it also harbours ambitious targets for economic growth, innovation, and exporting, as well as a desire to see inclusive growth across Scotland in all areas and Fair Work practices for all.

Scotland's Economic Strategy (2015) highlights investing in people, infrastructure, and assets; inclusive growth; innovation; and internationalisation as central targets for Scotland. It outlines inclusive growth as a central priority for Scotland, encompassing the promotion of fair work, tackling inequality and the realisation of place-based opportunity across Scotland. **Scotland's Labour Market Strategy (2016)** and strategy **A New Blueprint for Scotland's Rural Economy**

⁵ [Scottish Government, \(2013\). 2020 Route map for Renewable Energy in Scotland – Update.](#)

(2018) further bolster this ongoing commitment to inclusive growth, with regard to Fair Work and Support for Rural communities respectively. The 2020/21 Programme for Scotland **Protecting Scotland, Renewing Scotland** further contributes to the Inclusive Growth context, committing the Scottish Government to a just transition to net zero.

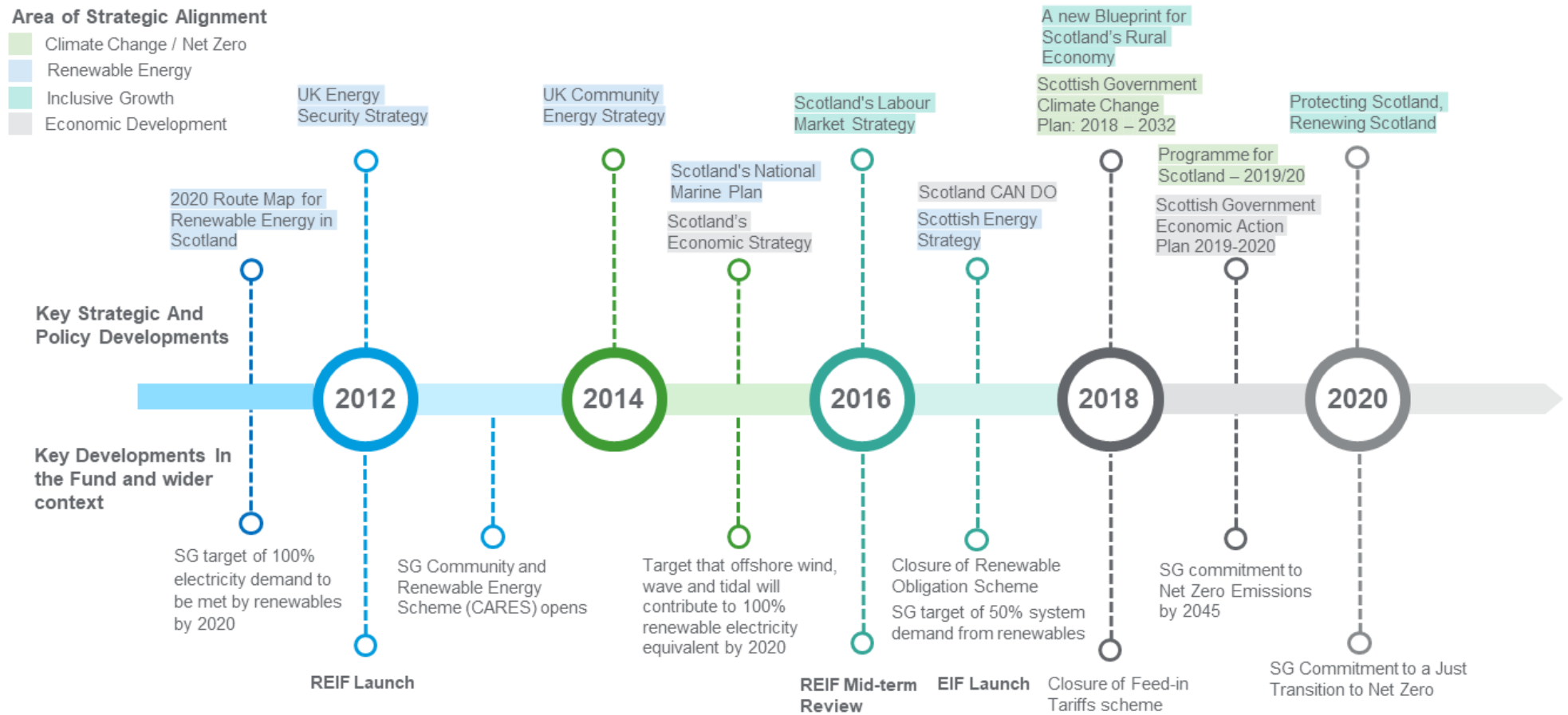
Scotland CAN DO: an innovation action plan for Scotland (2017) is also of relevance to the Fund, as it seeks to strengthen innovation in the Scottish economy through maximising public sector support for innovation and creating a culture of innovation. The **Scottish Government Economic Action Plan (2019-2020)** outlines a broad range of policy objectives to strengthen Scotland's economy, ensuring growth is inclusive and sustainable and people are supported with access to high value, good jobs and employers deliver Fair Work first.

2.4 Funding Context

Figure 3 also highlights a number of key developments in the funding context in which the Fund operated. These included:

- the Scottish Government's Community and Renewable Energy Scheme (CARES) was launched in February 2011, initially delivered by Community Energy Scotland. In 2013, Local Energy Scotland took over the contract to deliver the scheme. CARES funding available includes:
 - CARES enablement grant – to help towards the costs of feasibility studies, community consultation and other preparatory costs;
 - CARES development funding – large loans and grants to support development activities such as feasibility studies, design, and consenting of new renewable or innovation projects; and
 - CARES capital funding - large grants and loans to support the installation of renewable energy, local energy, energy storage or energy system projects.
- the Renewable Heat Incentive (RHI) (available in Scotland, England, and Wales), was established – the non-domestic scheme was established in 2011 and the domestic element established in 2014. Based on the heating system in place, beneficiaries would receive financial reward based on heat demand.
- in 2012, the UK government introduced the Green Investment Bank (GIB) which had the remit of investing in sectors and projects that were capable of having an early impact on carbon reduction and waste diversion. GIB was allocated £3.8 billion to invest in the green economy in four sectors—offshore wind, waste and biomass, energy efficiency (non-domestic), and small-scale renewables. The bank was sold into a private ownership in 2017.
- The Cooperative Bank was a key player in the community owned renewable market at a point in time when most mainstream banks were not investing. In August 2013, they pulled out of the market, marking a key change in the wider funding context.

Figure 3: Key strategies over the project lifetime



- the Contract for Difference (CfD) scheme was introduced in 2014, delivered by Low Carbon Contracts Company, National Grid ESO and Ofgem - it is the UK government's main mechanism for supporting the deployment of new low carbon electricity generation. It was designed to reduce the cost of capital for developers bringing forward low-carbon projects with high up-front costs and long payback times, whilst minimising costs to consumers. This funding source is still currently active.
- the Local Energy Challenge Fund was launched in August 2014. It supported large-scale low carbon demonstrator projects which showed a local energy economy approach linking energy generation to energy use. The final funding period of this scheme was 2016/17.
- the Renewable Obligation, which came into effect in 2002 in Great Britain, closed to new applications for the Solar PV scheme (of capacity 5MW and below) in April 2016. This was followed by the closure of the scheme to all new generating capacity in March 2017.
- the Feed-in tariff scheme, which was introduced in 2010, was closed to new applications in April 2019.

The above highlights a significant degree of flux within the funding market over the period of the Fund. This will have had mixed impacts on the performance of the Fund: being a relatively consistent partner to work with would have increased demand for the Fund and made it more attractive, however the inconsistency in the market is likely to have depressed demand overall. The changes to the subsidy regime are likely the most significant development over the course of the Fund's term. The renewable obligation and feed-in tariffs underpinned the market for both larger scale commercial and smaller community projects, and their removal has added risk and uncertainty to the renewables market in general. In addition, the loss of the Cooperative Bank from the community renewable market in August 2013 was a key moment in the wider market context, leaving a gap of leadership in the sector and a lack of funders. This notwithstanding, as will be detailed in further chapters, over the term of the Funds, the availability of private sector capital to community renewables has grown.

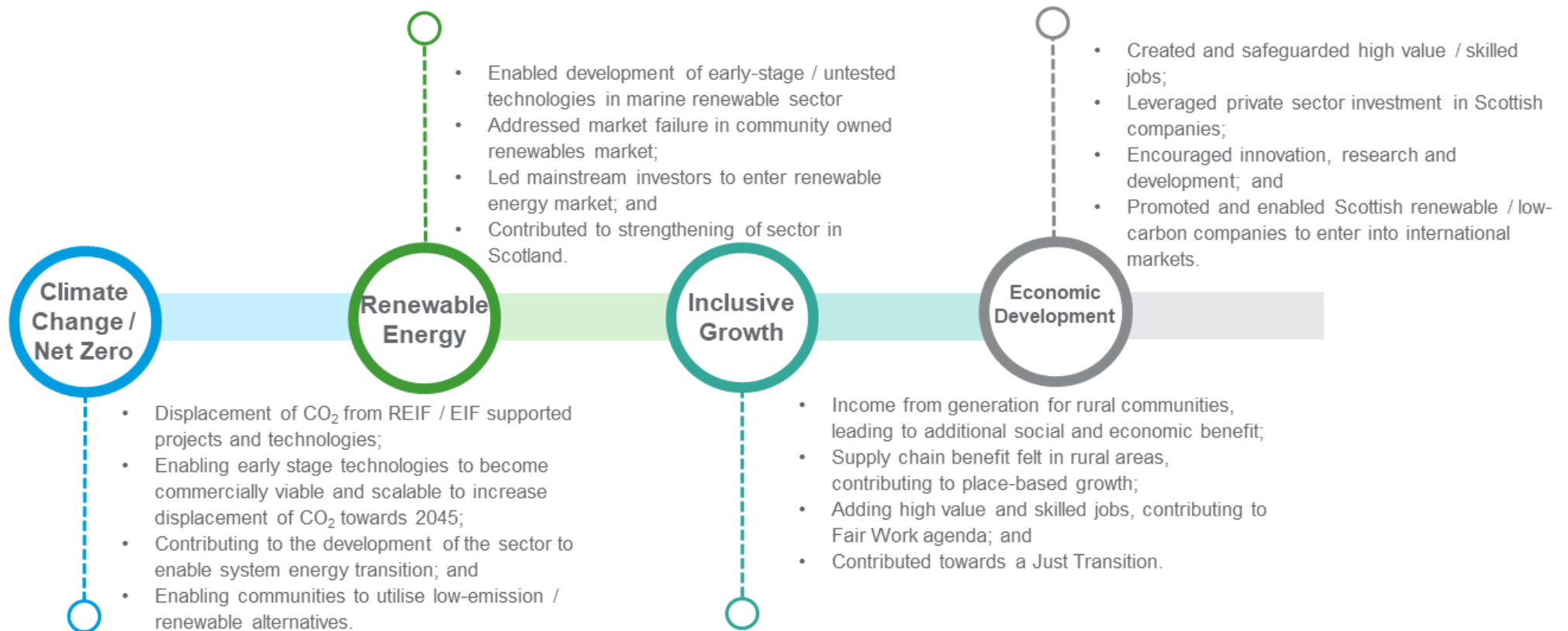
2.5 REIF / EIF Strategic Contribution

REIF was launched in October 2012 to provide debt and equity investments to companies/projects in 3 main target sub-sectors: marine renewable energy; community-owned renewable energy (including shared ownership); and renewable district heating. No district heating projects were taken forward due to a lack of investment-ready projects, and the category became subsumed within "other" renewables. The scope of "other renewables" was broadened in 2018 when the Fund became known as EIF.

As identified within Figure 4, the Fund's contribution to key strategies above can be profiled across the core themes of climate change / net-zero emissions, renewable energy, and economic development/ inclusive growth.

Further detail on the specifics of the Fund's contribution is provided in chapters 4-6, which provide evidence from stakeholders in and beneficiaries of the Fund, and the overall analysis and conclusions.

Figure 4: Contribution of REIF / EIF across key policy themes



3. PERFORMANCE ANALYSIS

3.1 Introduction

Using Fund monitoring and evaluation data as at November 2020, this section provides an analysis of fund performance, expenditure, deal status and introduces observable trends and patterns. REIF and EIF are analysed collectively as they comprise a single fund with one approval (extended and renamed to EIF in April 2018). The analysis looks at investment and leverage per deal type, as well as an initial analysis of Fund impacts on employment, GVA and CO₂ saved.

At the start of the Fund, the programme SMART objectives were:

- Support between 20 and 40 investment transactions across the sub-sectors;
- Invest £103m by the end of financial year 2014/15; and,
- Achieve a leverage investment of between £300m-£400m.

3.2 Overview

46 deals (38 REIF deals and 8 EIF deals) were carried out over the period December 2012 - June 2020, providing investment of £85,292,862 (71% REIF and 29% EIF). This falls some way short of the original target to have invested £103m by the end of financial year 2014/15⁶. As detailed in chapter 4, it is the view of stakeholders was that this was due to the lack of a pipeline of investable projects meeting the investment criteria, mainly driven by changing market dynamics including the subsidy regime.

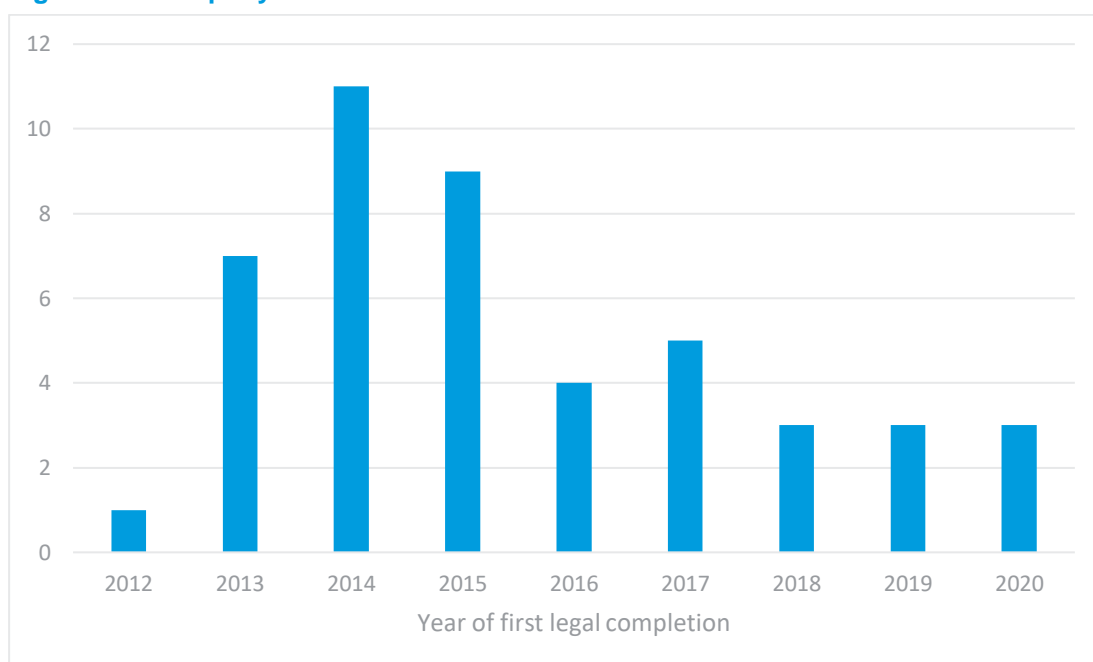
15 of the 46 deals are now repaid or written off with the remaining 31 deals still active. 12 deals (all REIF) have been repaid to date (£14,979,000). Three deals (all REIF) were written off as two companies went into administration and another went into liquidation. The deals were two large-scale Marine projects (£12.85m funding) and one wind project with (£375,000 funding).

Investments by year

Figure 55 highlights that one deal took place in the year of launch (2012) and that number of deals peaked in 2014. There has been a consistent level of engagement since 2016, averaging 3- 4 deals per year.

⁶ The Fund and its targets were extended several times during its lifetime without committing additional funding, most recently in February 2020 to FY20/21.

Figure 5: Deals per year



Source: Fund monitoring data (November 2020)

Investment categories

The Fund was initially open to companies and projects operating in four main sectors/ industries. However, one of these sectors (District Heating) was not pursued due to a lack of investable projects. The three remaining sectors were: Marine; Community-owned Renewables (COR); and, Other⁷.

As the Fund evolved into EIF, investee types were changed to reflect the following categories: REIF company follow on; commercial project; and, community project. The sector focus was maintained although the scope of “other renewables” was broadened somewhat. For the ease of analysis and to clearly show the difference/ similarities between two main cohorts (i.e. REIF and EIF), the analysis in this section refers to companies/ projects and community projects.

N.B total actual growth funding referred to below equals the sum of total Fund investment, private sector leverage and other public sector funding. That is, it refers to the total amount of funding received and not just that from REIF or EIF.

- **Company/ Project.** 21 deals (46%) with total actual growth funding of £176,020,242 (approximately £8,400,000 per deal on average). This features deals classified as ‘Marine’, ‘Other’, ‘REIF follow on’ and ‘Commercial project’. However, this average is skewed by a small number of large deals with two deals receiving more than £15m and two further deals receiving more than £20m and £50m in total actual growth funding respectively.

⁷ Comprises of other innovative renewable technology projects such as non-community wind turbine projects. That is, projects that are not marine, community-owned renewable or district heating

- **Community.** 25 deals (54%) with total actual growth funding of £128,826,987 (approximately £5,150,000 per deal on average). This includes deals classified as 'Community-owned Renewables (COR)' and 'Community project'.

3.3 Investment & Leverage

Fund Investment

The majority of funding has been allocated to non-community deals (71%), reflecting the relative size of the commercial/ non-community projects. Investment to community deals is much lower, with this cohort receiving less than 30 % of investment despite accounting for 54% of all deals by number. Table 1 shows expenditure performance to November 2020. The investment type (i.e. whether loan or equity funding) varied greatly between deal types.

Table 1: Actual Fund Investment

Type	Actual Investment (to Nov 2020)	% of Total Invested
Total	£85,292,862	100
Company/ Project	£60,242,711	71
Community	£25,050,151	29

Source: Fund monitoring data (November 2020)

Private Sector Leverage

Deals have generated approximately £173m in private sector leverage to date. More than £71m has been achieved for company deals (approximately £3.4m per deal) and more than £101m for community deals (approximately £4m per deal). Private sector loans and investments include those from crowdfunding sources, banks, international energy organisations and manufacturing companies. As community deals are typically smaller in size than non-community, the difference in leverage is significant; community deals are typically leveraging a senior lender who is providing more funding to a capital intensive project, whereas non-community deals / projects may have lower capital costs or may see the Fund taking a more significant role.

The target leverage amount for the Fund was between £300m and £400m which was based on the assumption that there would be a project pipeline sufficient to meet the delivery target of £103m invested, and also, that significant capital-intensive deals would complete in the marine energy space. There was no leverage target per project. The leverage target was based on a consultancy report that overestimated the project demand relative to what was achievable, including the viability of the renewable district heating sector which ultimately did not result in investable projects, and the maturity of available wave technology. The flux in the policy environment (such as the closure of the Renewables Obligation scheme in 2017) also depressed the achievable leverage. As such, not meeting the target was not viewed as a failure of the scheme by the delivery team and stakeholders.

Other Public Sector Funding

Funding from other public sector bodies totalled more than £46.5m, with the majority being in allocated to the Marine sector (82%). Other public sector funding sources included organisations such as: the Big Lottery; Community and Renewable Energy Scheme (CARES); Highlands and

Islands Enterprise (HIE); Saltire Energy Challenge Fund; Wave And Tidal Energy R&D Support (WATERS); and, the Crown Estate. In total, 19 deals (41%) received other public sector funding (an average of £2,450,000 per deal). 95% of such funding was received by non-community projects.

Additional Community Benefits

An analysis of the forecast revenue from each of the community owned renewables projects suggests that the £25.1m invested will result in £142m in profits to local communities, a ratio of 5.7 times the original investment. This is a significant achievement of the Fund which will result in re-investment of income into community priorities.

The modelling parameters have varied from project to project in terms of the number of years over which benefits are expected to be realised and the confidence in the level of income. However, 64% of the income has been modelled on the most cautious “P90” yield basis (that is, 90% confidence that revenues will be at least this much), with P75 and P50 bases used for the other funding; this provides high confidence that the income will be at least as high as forecast. 81% of the income uses a 25-year time horizon, with the remainder using 20- or 22-year forecast periods, and one project having been refinanced.

This revenue is being invested in a wide range of social and economic development projects, providing excellent examples of spillover benefits, often in remote rural and/or coastal areas with economic challenges.

3.4 Outcomes

The main metrics used to measure Fund outcomes are GVA (economic contribution) and CO₂ impacts (environmental). Expected outcomes reflect projections developed during the deal approval process. Actual outcomes reflect what the deals have achieved and reported to the delivery team as of November 2020.

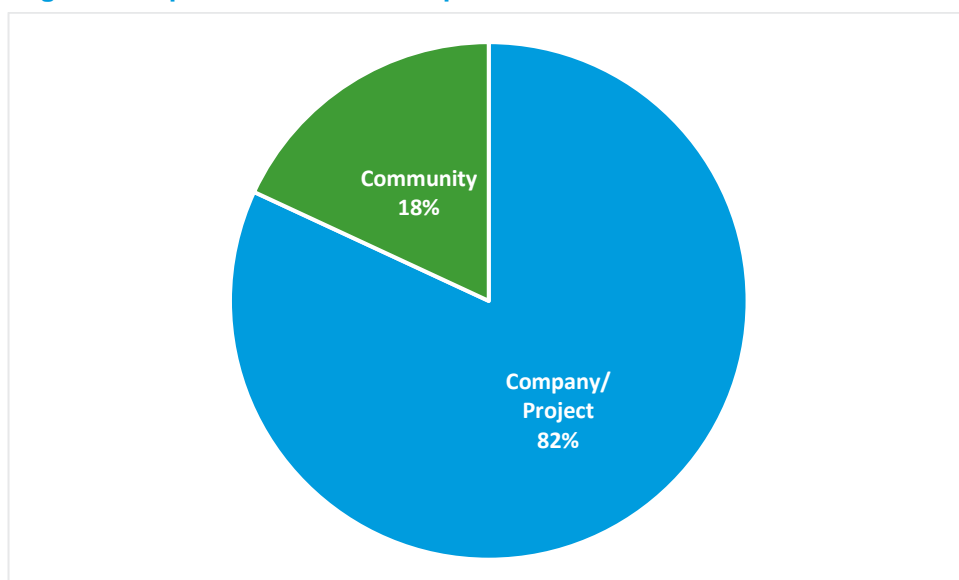
Economic Contribution

Gross Value Added (GVA) is a measure of the contribution to the economy of each individual producer, industry or sector⁸ reflecting the value of production less direct costs.

The Fund forecasts an expected gross GVA of £613,872,500 (and expected net additional GVA of £364,767,423⁸). This excludes the Fund’s own staff costs. Figure 6 highlights that non-community GVA impacts are expected to exceed £500m and that community GVA impacts are expected to be approximately £110m.

⁸ Gross to net calculations were carried out by Scottish Enterprise on a case-by-case basis using sector and project level information. Timeframes vary from project to project – e.g. 5 years for community projects, where the impact of investment will decrease over time, and longer timeframes for technology investments that need time to realise impact.

Figure 6: Expected Gross GVA impact



Source: Fund monitoring data (November 2020)

Environmental

One measure of the Fund's environmental impact is tonnes of CO₂ saved. Table 2 highlights that community projects are forecast to account for 87% of the Funds total CO₂ savings. 26 (of the 46 deals) are projected to achieve CO₂ savings. 22 of these are community projects, which are projected to save 6,629 tonnes each. The remaining 4 are non-community projects, which are projected to save an average of 5,209 tonnes.

Investments in commercial (non-community projects) to support the development of technologies and demonstrator projects produce limited direct carbon savings, as expected for an R&D project of this nature; if successfully deployed, they could result in significant future savings. 36 deals are supporting projects which displace 'conventional electricity' sources (of which 24 are community deals and 12 are non-community).

Table 2: Projected CO₂ Savings

Type	Projected 3-year Gross tonnes of CO ₂ saved	Share of projected savings (%)
Total	166,680	100
Company/ Project	20,836	13
Community	145,844	87

Source: Fund monitoring data (November 2020)

3.5 Summary

The Fund has:

- Invested in **25 community-based deals** totalling £25,050,151 (to date);
- Levered in £173m in private sector investment (2:1) and attracted £47m funding from other public sector bodies;
- Invested in **21 non-community deals** totalling £60,242,711 (to date);
- Invested in 3 deals which proceeded to being written off (totalling £13,225,000);
- Received interest and income of £5.31m, together with £21.3m of loan capital repaid to date;
- Invested in deals expected to achieve **Gross GVA of £613,872,500** (net £364,767,423)
- Invested in deals projected to achieve **CO₂ savings of 166,680 tonnes**;
- Expected to generate £142m in profit for communities over 20-25 years; and,
- GVA return on investment of around £4 per £1 invested.⁹

Analysis of community and non-community deals shows community projects (£1,002,006) received a lower level of investment to date than non-community projects (£2,868,701).

Community investments are typically smaller scale but higher risk investments where Scottish Enterprise takes a subordinated position behind a senior lender who is providing the bulk of the capital. Additionally, community projects are less likely to directly contribute to jobs creation, when compared to non-community projects; renewable generation projects do not typically create significant employment (which is not a specific objective of the Fund in any case) compared to research and development.

Both REIF and EIF have secured deals across a range of sectors and types. Although projected impacts show a significant potential impact on the economy and environment, a high proportion of these outcomes have yet to be realised fully as the non-community projects are typically still in development (i.e. funding has been used to demonstrate new technologies or construction is still taking place) and will take a long time to realise their potential once fully commercialised.

EIF engaged with a greater share of companies than REIF (63% and 42% respectively) and all 8 EIF deals are currently active (compared to 61% of REIF deals).

⁹ Calculated as expected net GVA divided by total Fund investment.

4. STAKEHOLDER FEEDBACK

4.1 Overview of approach

The Fund management team provided RSM with a sample of stakeholder contacts covering Scottish Enterprise, the Scottish Investment Bank, Scottish Government, Local Energy Scotland and Highlands and Islands Enterprise, as well as co-funders of schemes. In total, 10 consultations were held with public and third sector organisations, four with co-funders and a group discussion with seven members of the Fund delivery team.

The discussions were held using structured topic guides (one for public/third sector consultees, one for co-investors) to ensure consistency and comparability between interviews. These have been included as Appendix 3 for reference.

The findings from the stakeholder interviews are set out below. These reflect the responses and opinions of the interviewees. For the most part, there was broad agreement between respondents on the main points; where there were differences of opinion, these have been brought out in the text.

4.2 Programme design and delivery

4.2.1 Initial pipeline

The strength of the initial pipeline for REIF varied by sector among the initial key foci of REIF:

- **Community:** This strand was seen as well-targeted from the start, providing a good volume of business throughout the life of the Fund.
- **Wave and tidal:** Aimed at deployment of devices/arrays, however, this ambition was too early as the sector was only at prototype stage at that time.
- **District heating:** This was not an investable market and there was not a policy framework to incentivise developers to progress district heating at that time. Consequently, it was a struggle to find any opportunities for development.
- **Other:** This was an open specification, which provided enough flexibility for a small number of deals to be completed in the early years of the Fund (2 in 2014 and 1 in 2015).

Overall, stakeholders identified that expectations from Scottish Government around the initial pipeline for the Fund, based on a consultancy report from 2012, were not realistic, and therefore a significant amount of time in the first year was spent on developing a pipeline beyond the first four or five available community projects. This had knock-on effects throughout the life of the fund as expenditure was below budget throughout the Fund period. However, the time invested during this first year helped to develop key contacts, networks and skills within the delivery team (e.g. skills associated with deal development and supporting projects that were not initially investor-ready).

4.2.2 Rationale and evolution of the Fund

Stakeholders viewed the initial rationale for the creation of REIF as being strong, citing the following:

- Demand and potential for investment into community projects (the strongest part of the initial pipeline).

- An evident funding gap in demonstration and commercialisation of promising new technologies in the renewables space, with wind and marine expected to be growth areas.
- Appropriate use of the funding available from the fossil fuel levy to complement existing funding routes and support emerging technologies.
- Good alignment with Government policy and the objectives of partners such as HIE.

It was highlighted that a level of market failure persists on the community side, but the nature of this has changed. The process of funding a community project is now well understood and there are conspicuous examples of successful projects to draw upon, but moving into a subsidy-free environment, the potential return on investment is lower and fewer projects may have profitable business cases. It was also highlighted that there is a need for new business models to fund projects to support Scottish Government policy for de-carbonisation, local/community owned renewable energy capacity, shared ownership, and group ownership. The Scottish Enterprise team is currently investigating new models as part of its preparatory work for future funding activity. In the absence of the Fund, and the innovative models that it has developed and championed, the market would not support projects to achieve policy objectives to the same extent.

Stakeholders also identified that opportunities exist in emerging renewables technologies that are in early stages of commercialisation and in need of capital funding (similar to the onshore wind market at beginning of REIF), and also for new funding models and de-risking to attract other investors, which is evidence of specific persistent market failures. It was highlighted that many companies are now using crowdfunding in place of support from more traditional/ commercial funding and/or early stage investors (banks, VCs). These can provide more volume but are relatively a riskier proposition (for example, there is the risk of not reaching fundraising targets, the terms / rate of return can be mispriced, and the amount of effort required to run and fulfil a successful fundraising campaign can be underestimated).

The consultations highlighted that REIF offered considerable flexibility on the type of financing that could be provided: equity, convertible debt, or debt, into companies or projects, but that losing the ability to make new company investments following the transition to EIF resulted in some flexibility being lost. That flexibility is seen as having facilitated a substantial amount of long-term investment into the sector, and in attracting the marine sub-sector to Scotland rather than elsewhere. High-profile companies, such as Orbital, SME and the Atlantis funding that secured Edinburgh as the head office, might not have been financed under the current project-focused terms.

Feedback suggests that links with the rest of the suite of Scottish Enterprise support products have worked well, such as use of account managers and referral to other products such as the Scottish Co-investment Fund and Scottish Venture Fund.

The emergence of the Scottish National Investment Bank and its green growth mission was highlighted as a significant recent change in public sector support provision. It was highlighted that the exact size and remit of the organisation has yet to be determined, but it is likely that it will be able to focus on larger projects, potentially allowing the Fund to refocus on smaller, earlier-stage deals. It was also reported that in future Scottish Enterprise is likely to be focused on innovation-driven activity, and that the initial aim to decarbonise energy has focused on decarbonising heat and transport, and improving building efficiency, as priorities for development.

4.2.3 Programme design and delivery: level of funding

Terms/rates: The feedback from stakeholders suggested that there is an external perception among companies that the Fund product is relatively expensive, and less competitive in the marketplace than 5 years ago, due to the emergence of crowdfunding, bonds and share offers. This suggests a decline in the overall demand for funding, although the Fund can be complementary to other forms of finance, but is a natural consequence of the strengthening of the marketplace. As a gap funder, the Fund's intervention should only occur if private sector funds cannot be raised, and pricing will inevitably be above comparable private sector rates to compensate for taking on this risk. Community projects remain a market niche with a gap in funding.

Use of funding

The evolution and development of the services offered by the CARES programme was identified as being crucial in evolving the market and the Fund's role. Working closely with CARES, who took on pre- and post-planning costs, allowed the Fund to move into the subordinated debt role (in addition to bridging) where the deals and level of funding was getting bigger at a time when the market was building in confidence.

4.3 Programme impacts

4.3.1 Funding market

Community projects: The Fund activity was able to grow the market, attracting new investors in. This was initially accomplished by working with the Cooperative Bank to co-fund and de-risk investments and demonstrate that they could be viable. This led to the attraction of Triodos into the market at an early stage, and subsequently some involvement from Clydesdale Bank, Santander, and Social Investment Scotland, although Cooperative left the market in August 2013.

The balance of stakeholder views suggested that the market is now substantially private sector funded, although this was not unanimous. However, with the removal of tariff support, smaller community projects (particularly wind and hydro) have become commercially more difficult to realise. The next stage of market development is seen as promoting larger shared-ownership schemes such as the larger-scale onshore wind - this would support Scottish Government policy and targets for shared/community ownership, and subsequently to realise the benefits of communities sharing ownership in urban energy system projects.

Marine: Feedback highlights that the Fund has played the role of a patient capital investor and that this sector has seen co-investors come and go. It was identified that crowdfunding has helped the sector and the market is starting to see a new breed of co-investors among high net worth individuals. That said, it is currently difficult to point to a cohort of established investors.

4.3.2 Economic impacts

Community projects: The main impact generated by these projects relates to the revenue they generate, which is used by communities to support social initiatives in their area and build capacity to take on future projects and increase community empowerment.

Marine: Individual investments have not delivered large employment or GVA impacts but they are supporting a large amount of Research and Development (R&D), links with universities, creating world-leading technologies (first/best/biggest of their kinds). Scotland has become a global leader in the subsector, with utility-scale devices deployed and the world's largest floating turbine.

Industry building and supply chain development work are seen as valuable in the longer term: There is a perception that Scotland “missed out” on supply chain involvement with earlier renewable technologies (onshore/ offshore wind) but that a “prize” is still available for tidal and wave. A strong indigenous supply chain for these sectors would also be capable of building capacity to work in different industries (as in other traditional and renewable industries where manufacturing, engineering and construction skills are transferable between sectors).

“Other low carbon”: this has proved difficult to define and difficult to innovate within. A re-focusing/prioritisation exercise is ongoing, as the team wanted more defined parameters for investment. Some deals and potential deals have not borne results, and this may be because of too wide a remit. The challenge has been around a lack of well-defined deal flow where there is a gap in the funding. It was always anticipated that there would be very limited number of projects that would fit the criteria and the team would need to work on this over the years.

Employment: Job creation is not a primary objective of the Fund but rather follows from building the investment market and technology base to the point where it is potentially scalable; realisation of significant employment benefits will probably require subsequent investment from a different source to the Fund. Nevertheless, some job creation impacts have already been realised.

4.3.3 Spillovers

Community projects: Stakeholders stated that project revenue has been invested in a wide range of social and economic development projects, providing good examples of spillover benefits. Remote rural communities sometimes suffer from a lower level of grid provision and there are spillover benefits for these locations in having a local power supply.

Skills development: If renewable / low-carbon energy is seen as an attractive industry to work in there is an opportunity to bring in a new generation of young researchers and technicians. The size and maturity of companies matter for this transition: an organisation with up to 10 staff at a pivotal point in its development will find it harder to bring young people in than a larger firm. Fund interventions to grow early stage technology companies to the point where they can begin to deploy at scale can move them into this size bracket; therefore, the Fund can contribute to the attractiveness of the industry in general.

4.4 Successes of the programme

Stakeholder feedback identifies that:

- in terms of deals done and revenue accrued, the Fund has been successful in the community sector. Significant projects have been delivered to communities where they've made an impact in the local communities across a wide geographic area.

- technology development projects have been fewer in number and more speculative in terms of delivering financial results, however, in marine, there have been other benefits such as technology investment, where technologies that have been invested in are now becoming scalable, market creation, and unlocking ambition in the sector. e.g. the programme has helped to build the profile of the European Marine Energy Centre (EMEC)¹⁰ in Orkney.
- even in circumstances where transactions haven't been a success, positive intermediate benefits have been gained – for example: in terms of advancement in the development of new technologies; skills and experience gained by companies; and, learning by the delivery team in how to support the sector.
- stakeholders have varying organisational briefs, risk appetites and preferred lengths of investment and the Fund has been successful in bringing these stakeholders together to create deals that met their needs.
- the Fund team identified a gap in investor readiness support and encouraged CARES to add this to their support offering. This significantly accelerated deals as it helped to ensure that the principal points of contact for the Fund team had been trained to address financial and legal issues or could access appropriate support.
- The flexible approach adopted by the Fund has been central to its impact to date. For example, the nature and maturity of businesses operating in the market meant that a requirement to deliver wave and tidal arrays was not possible. However, the Fund team were able to pivot to support smaller scale projects to grow the wave/tidal market. Stakeholders also highlighted that the Fund has been flexible in its approach to community projects e.g. setting up SPVs and taking risk away from communities - these approaches have provided a mechanism to allow other investors or communities to provide funding, initially alongside the Fund but subsequently without (reflecting market development).

4.5 Shortcomings and constraints

Stakeholder feedback suggests that:

- there was an initial mismatch between the anticipated pipeline and market reality. This affected the initial pace of the Fund.
- the change from REIF to EIF affected the incoming pipeline as it resulted in a need to build a pipeline of projects (as opposed to companies) to invest in. It was recognised by the team that there would be a shortage of projects and this would take a few years to ramp up. This also negatively affected the flexibility of the Fund and the ability for the Fund to locate areas of comparative advantage for Scotland where investment could be directed, as part of a whole energy system approach.

¹⁰ The European Marine Energy Centre is a test and research centre, focusing on wave and tidal power development, based in the Orkney Islands. It has hosted several Fund-supported projects such as Pelamis Wave Power, Aquamarine Power, Orbital Marine Power, Atlantis Resources, and Sustainable Marine Energy.

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- the provision of year-to-year budgeting of the Fund created challenges for delivery, particularly given the complexity and scale of projects and it undermined strategic/ long term planning by the Fund.
 - more could be done around the promotion of the Fund and the success that it has had. The provision of case studies highlighting the successes and the pivotal role of the Fund could be used to instil further confidence in the marketplace.

5. BENEFICIARY PERSPECTIVES & IMPACT

5.1 Introduction

Chapter five provides insight into beneficiary experience of the Fund, project impacts and learning for future funds. The findings are supported by responses to online surveys and seven interviews with beneficiaries.

RSM conducted two online surveys. One was distributed to all industrial projects/ companies engaged in the programme, the other was distributed specifically to community organisations. Copies of the questionnaires are attached at Appendix 3 for reference. The surveys received 20 responses (comprising 8 projects/companies and 12 community organisations), reflecting response rates of 38% among projects/companies and 48% among community organisations: 43% overall.

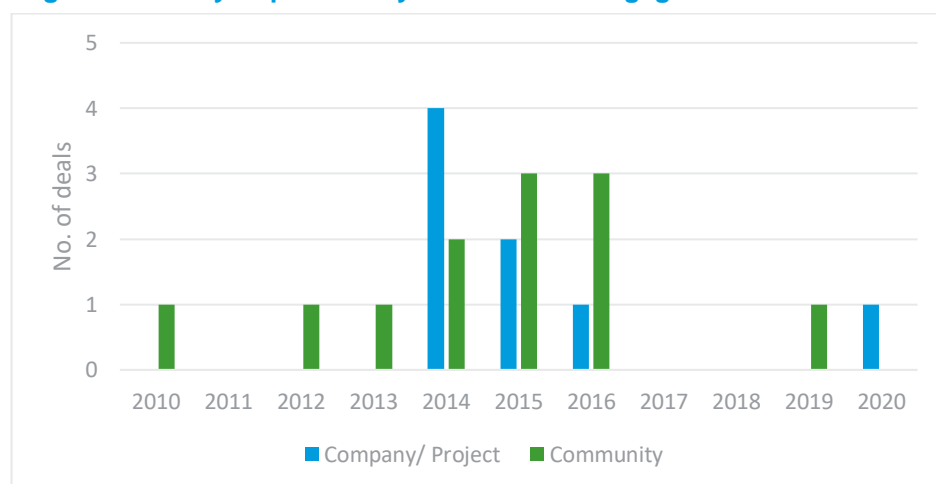
Detailed semi-structured interviews were carried out with a sample of seven beneficiaries (4 projects/ companies and 3 community organisations) from across different geographies, deal types and sectors (marine, hydro, wind etc). Each interview was used to produce a beneficiary case study and supporting vignettes - the vignettes are used to illustrate key points throughout this chapter and Chapter 6.

The survey and consultation findings reflect the views of those RSM engaged with and are not intended to be representative of the beneficiary population as a whole; however, the achieved response rate provides good coverage across the types of project and investment.

5.2 Sample Characteristics

The majority of the 20 survey respondents, engaged with the Fund between 2014 and 2016 (75%) with a small number engaging with REIF between 2010-2012 and EIF between 2019-2020 (Figure 7). This is similar to the breakdown of deals by year introduced in section 3.1. 50% of the non-community projects operate in the marine sector with the others operating in wind, biorenewables and cleantech. Those beneficiaries who were consulted included both REIF and EIF deals ranging from 2014-2020.

Figure 7: Survey Population by Year of Fund Engagement



Source: RSM Survey (n=20)

Referrals

The Fund secured referrals from a range of sources, such as: fellow public sector funding programmes (e.g. CARES); fellow Scottish Government organisations (e.g. Highlands and Islands Enterprise); through existing engagement between beneficiaries and Scottish Enterprise; through the team's relationships with funders; business development activities with key players in the industry; and through advisers. 33% of surveyed community organisations were referred to the Fund through Community Energy Scotland (a Scottish charity working with community groups in the energy sector). For surveyed community projects, CARES (25%) was also an important source, whereas 75% of surveyed commercial projects identified Scottish Enterprise as being the main referral source – whether through existing relationships or marketing.

Fund Alternatives

All of the survey respondents had sought alternative finance prior to securing funding from the Fund. As shown in Table 3, the most common sources were debt and equity investments. Alternative funding such as crowdfunding was not a popular pathway prior to joining the Fund. Those sources categorised as other include public sector grant funding such as CARES, National Lottery and HIE. However, 35% of all respondents did not proceed with this alternative finance due to a combination of REIF being the most suitable and traditional banks not approving the investment (for example, where technology was sufficiently proven).

Table 3: Share of deals seeking alternative finance

	% of projects/ companies	% of community organisations	% of all deals
No other finance sought	0	0	0
Debt investment from another provider	50	83	70
Equity investment from another provider	75	17	67
Alternative source (such as crowdfunding)	13	0	5
Other	38	8	20

Source: RSM Survey (n=20)

The detailed interviews highlighted a limited availability of funding alternatives. Those that were able to identify commercial funders, found options were unsuitable for pre-revenue projects due to the funding being 'too risky' or 'too expensive'. Several consultees suggested there was an unwillingness for mainstream/ commercial funders to engage with their projects, which indicates a presence of market failure.

Barriers to Growth

Analysis of why businesses were unable to access alternative funding highlights common barriers to growth, including: commercial funding options were unavailable or unsuitable; renewable technology was not proven/ established with traditional funders unwilling to take on the risks; community involvement/ project unfamiliar to traditional funders; lack of debt investment

available in the market; lack of equity investment available in the market; and, traditional banks withdrawing offers due to riskiness. These all point to market failures, with the riskiness of projects the most prevalent factor.

5.3 Programme Delivery

The majority of feedback obtained through the consultations and online survey was positive, with companies and organisation praising the delivery team's accessibility, knowledge, and support throughout the process. The following is a summary of beneficiary feedback:

- the Fund is well aligned with senior funders and offers bespoke/ flexible funding packages;
- some difficulties were highlighted during the due diligence process and delays introduced through the involvement of SE's legal advisors;
- The delivery team helped community projects through the application process and supported those companies where necessary - otherwise the process was clear to understand;
- The delivery team were pragmatic and accessible and were able to offer insightful support;
- Monitoring processes were less demanding and comparatively better than other funders; and,
- The delivery team were understanding and transparent, as shown through their willingness to carry deals across financial years.

5.3.1 Application Process

95% of survey respondents had a positive experience of the application process. Overall, 42% of respondents stated the process was 'clear and well sign-posted' and 53% suggested that the process was clear with the aid of some support. Table 4 shows a higher share of community projects required support during the process (than companies), largely due to a lack of previous experience. Of the 20 survey respondents, only 1 community organisation provided negative feedback of the process, suggesting the Fund delivery team '*lacked sufficient renewable energy experience*' which resulted in a delay to their application.

Table 4: Experience of Application Process

	% of projects/ companies	% of community organisations	% of all deals
Clear, well sign-posted and it was evident what was required	50	36	42
Somewhat easy to understand and follow, and with support it was evident what was required.	50	55	53
Somewhat confusing and difficult to navigate	0	0	0
Unclear and hard to navigate	0	9	5

Source: RSM Survey (n=20)

The application process, in general, was well received with consulted community and non-community projects praising the support and advice on offer. Consulted companies, who naturally require less support during the application phase, stated support was available if required.

“They were invaluable from the support and guidance they gave us. When we tried to get the due diligence sorted for the finance, other members of REIF got in touch and helped us. They were on the ball” – Community Organisation.

However, a limited number of respondents to the detailed interviews identified the due diligence process and the role of Scottish Enterprise’s legal representatives as challenges during the application phase. For a limited number of consultees, these challenges had a negative impact on project timelines and used up valuable managerial resource. For example, a marine engineering company accessed REIF funding to facilitate the next phase of its business plan and the commissioning of a tidal array project. The **technical due diligence process (carried out by consultants) was identified as being an issue for the company** due to a lack of knowledge and understanding of the project’s technology/ market. The lack of knowledge impacted timelines and required senior management resources, with two consultees reporting the following:

“REIF brought in some consultants to do the technical Due Diligence but they weren’t fully equipped with an understanding of what the business did or what sector we were in. That caused delays and was time consuming. We spent 90% of the time educating the consultants on the technology to a point where they can understand what it is and how it works”.

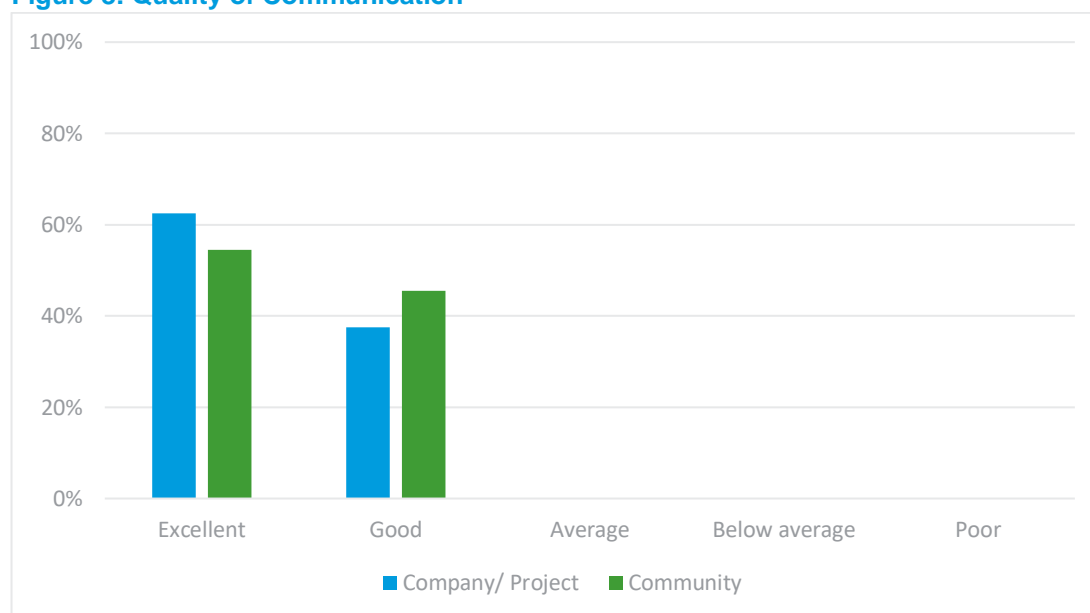
“Sometimes timescales don’t marry between the organisational approaches of a very fast-moving early stage business and the funder. It has been challenging at times to accept their timescales when you just want to get things done”.

However, these comments represent a small number of respondents, with the majority of consultees having no complaints regarding Fund bureaucracy or efficiency of the delivery team. In the case of the second respondent, the consultee suggested that Scottish Enterprise is comparatively less bureaucratic than other similar bodies that the company has previously engaged with, and acknowledged that Scottish Enterprise want to be quicker and that they are “there to support entrepreneurial businesses”. The consultee found the experience beneficial and suggested the experience has been used as a lesson learned for the company, which now has a greater understanding of the role of legal representation during due diligence and how to approach future funding applications.

5.3.2 Communication

Consultees and survey respondents welcomed the delivery team’s pragmatism and accessibility (as highlighted in Figure 8). 100% of survey respondents provided positive feedback for the quality of ongoing communications with the delivery team (58% excellent and 42% good).

Figure 8: Quality of Communication



Source: RSM Survey (n=19)

The two following comments provide a general insight into consultee perspectives:

“We were very lucky to have a contact on the phone everyday/ email every day. They were super behind the scenes” – Company consultee.

“If we were not sure about something, we could email them, and they would get back to us straight away” – Community Organisation consultee.

5.3.3 Monitoring and evaluation

Beneficiaries engaged with the Fund were required to provide regular (quarterly) monitoring and evaluation data to capture progress and impacts. Some consultees welcomed the delivery team’s approach to data capture, suggesting the process ‘*was comparatively better and less demanding than the requirements of other funders*’. Another consultee highlighted the delivery team’s flexibility for data collection as they were able to work with a senior funder to agree a template to meet data requirements. Such an approach saved the business both time and resources. However, one community organisation suggested: “*The quarterly reporting and use of complex financial model has been onerous and costly. The financial model is not used for any other purpose*”.

5.4 Programme Impact

To date, the Fund has contributed to impacts across a range of measures (innovation, economic and social). Feedback from survey and interview respondents identify that the Fund has:

- Been imperative to the success and, in some cases, survival of the majority of projects and companies;

- Helped non-community projects demonstrate technologies to a global market and enhance business confidence to secure further funding – resulting in a small number of marine and tidal projects accessing new markets, achieving international deals and receiving increased attention;
- A small number of supported marine companies (non-community projects) who are now using Scotland as an exporting platform;
- Contributed to (high wage) jobs growth with further global employment benefits projected for the majority of large-scale projects (companies);
- Currently had minimal carbon impact. However, there's potential for future carbon savings for non-community projects and for a contribution to national targets when projects and technologies are scaled up; and,
- Supported the local and national Scottish supply chain. Community projects have seen more local supply chains benefits than direct jobs benefits.

5.4.1 Innovation

Innovation and R&D impacts have largely been centred around large-scale projects and companies who have well-established innovation and R&D teams. The initial funding has helped projects demonstrate technologies and as a result has been used to develop and test prototypes. R&D actively is ongoing for the majority of consulted and surveyed non-community projects.

“It has allowed us to continue R&D into low carbon generation solutions” – Company

Local community organisations have not experienced as great an impact in this area. This is due to the funding being used to invest in proven technologies for community energy sources (such as onshore wind), as opposed to supporting the development of new technologies.

5.4.2 Environmental

To date there has been minimal carbon savings and overall environmental impact. Community organisations have reported local environmental impacts through the generation of local electricity. 83% of surveyed community organisations stated the Fund has contributed to community ownership (or shared ownership) of a renewable energy asset.

However, companies have currently reported only a small share of their overall potential environmental impact. This is largely due to projects being in the development phase where current outputs are ‘demonstrators’. Funding has been used to attract further funders to prove the technology and support the achievement of net zero emissions in the future.

“We're involved in commercialising a totally new source of renewable energy which has extremely low levels of carbon emissions associated with it. As such, if successful, our company should be able to facilitate a very significant offsetting of carbon emissions as to what would otherwise be experienced” – Company.

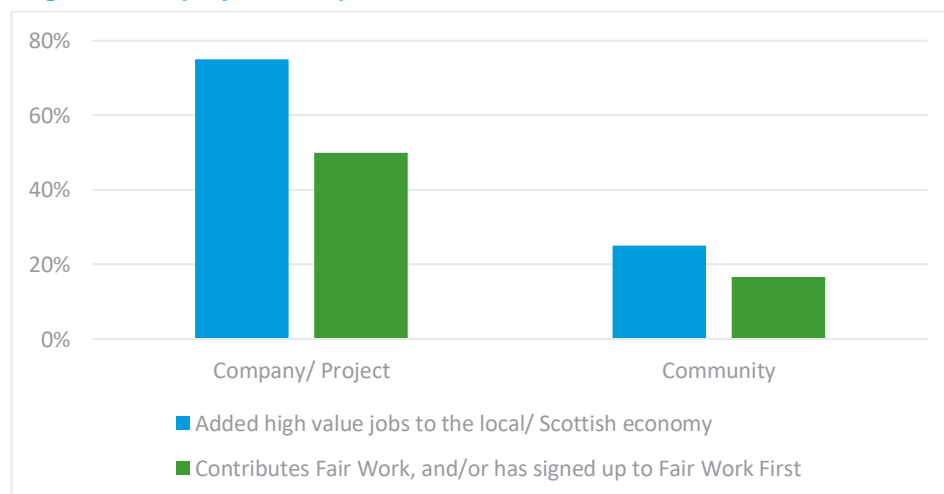
“This plant is the process exemplar for the development of much larger plants, which will deliver hundreds of thousands of co2 emission savings in the future” – Company.

5.4.3 Employment

The Fund has supported high quality employment impacts. Numerous consultees and survey respondents have reported an increase in jobs that are highly skilled and high paid. These impacts have mainly been centred on large scale projects, of which many have seen significant jobs growth. Employment impacts on community projects are minimal which is partly due to the use of volunteers. For community projects, the creation of a limited number of jobs is forecast. However, the indirect employment impact is significant for both community and non-community projects. This has been achieved through the development of local and nationwide supply chains, construction jobs and local community spill-overs. The very significant level of community profit (some £142m, see section 3.3 above) will be used to invest in community capacity building and facilities.

Figure 9 shows the employment impacts from the survey respondents. There is a clear difference between the impact reported to date for community and non-community projects. Three in four non-community respondents have been able to add high value jobs to the local community and half have recorded jobs classified as being 'Fair'.¹¹ Contrastingly, only 25% of community organisations have experienced high value jobs growth and only 17% reported an increase in 'Fair' work.

Figure 9: Employment Impacts



Source: RSM Survey (n=20)

5.4.4 Community

Community organisations are using the Fund to develop energy projects for the local community. In addition to the direct employment and environmental impacts, the projects are using electricity generated from the schemes as a local income stream – through which they have and will

¹¹ Fair Work, as outlined in Fair Work First (a Scottish Government policy for driving high quality and fair work), refers to employers: paying the real Living Wage; investing in workforce development; no using zero hours contracts inappropriately; adopting appropriate channels for effective voice; and, implementing action to tackle the gender pay gap.

support local community buildings such as school and sports facilities. Community benefits from the large-scale commercial projects orientate around the creation of jobs, utilisation of local supply chains and improvements to local infrastructure.

A community project accessing REIF debt funding to support the development of a project, stated the project has delivered significant benefits for the local community. The revenue received for local electricity generation has given the **community an income stream and subsequently provided funding for local groups**

“A few small grants have been made (ranging between £1000-£2000) to small local groups. These grants are for the benefit of the community”.

The consultee suggests the investment into the hydroelectricity energy project will deliver benefits for the local community for the next 30 years.

A community organisation which accessed REIF investment to support senior funding from a bank suggested that there will be a significant community impact from the project. The project consultee stated that **a third of the project’s surpluses will be re-invested into the community** and will be used to support local developments such as improving housing and living conditions, providing better local facilities. Additionally, there will be an impact on local employment with opportunities in construction. The consultee anticipates that the community project will provide local benefits for the next 25 years.

Table 5 shows the range of community benefits the Fund has contributed towards. 92% of community organisations have benefitted from a local income stream and 65% have contributed to the economic development of a rural area. It also shows the importance of the local and national supply chain, as well as the willingness of companies to use such resources (88%).

Table 5: Community Impacts

	Share of projects/ companies (%)	Share of community organisations (%)	Share of all deals (%)
Community income stream	13	92	60
Economic development in a rural area	50	67	60
Used local/regional suppliers/ contractors	88	75	80
Used national (Scottish) suppliers/ contractors	88	67	75
Other socioeconomic impacts	25	25	25

Source: RSM Survey (n=20)

Community income streams have been used to support the following (unlikely to be fully attributable to the Fund):

- Delivery of 500 new, affordable, secure, and attractive homes in the next 25 years.
- Operate a community investment fund that has granted around £400,000 to local organisations.
- Covid-19 business support relief.

5.4.5 Additionality

The Fund has been imperative to the success and, in some cases, survival of projects and companies. There was agreement amongst the consultees that the funding made an additional impact. Although alternative funding options were potentially available, they were perceived as not being comparable. Without the Fund, there is a suggestion that projects would have been delayed, more expensive or in some cases would not have proceeded at all.

60% of all survey respondents would have been unable to proceed with their project without the Fund's intervention (Table 6). All respondents would have been impacted if they were unable to access the Fund. Surveyed and consulted companies and organisations suggested alternative deals may have been 'on poorer, less flexible terms'. This is evidence of a high-level additionality for the Fund's support.

Table 6: Additionality of the Fund

Impact if no REIF/ EIF	Share of projects/ companies (%)	Share of community organisations (%)	Share of all deals (%)
Unable to proceed with our product/ project	75%	50%	60%
Able to proceed, but results would have been smaller scale	0%	0%	0%
Able to proceed, but results would have been delayed	13%	17%	15%
Able to proceed, but results would have been delayed and less impactful/ smaller scale	0%	17%	10%
Not have been impacted.	0%	0%	0%
Other ¹²	25%	33%	30%

Source: RSM Survey (n=20)

¹² Responses categorised as other include 'delays to the project and missing FiT deadlines' and accessing 'deals on poorer and less flexible terms'

For example, a tidal company accessing REIF investment suggested, given REIF's positioning as a gap funder, they may not have survived without the funding:

"If REIF hadn't been there, then the business may not have been here".

A global sustainable energy company noted that REIF has **supported the development of the marine energy nationally and internationally**. REIF's investment in the project highlighted the potential of the industry and showed fellow tidal and wave companies that such projects can happen.

"The REIF funding is single-handedly responsible for the survival of and unpinning the growth of the marine energy sector in the UK. It's no exaggeration that the industry wouldn't be where it is today without the REIF investment".

The project has supported direct and indirect jobs. The company has also been able to use Scotland as a base to export around the world (knowledge, experience and technology). As a result, the project has had a significant Scottish supply chain impact (in areas such as construction) and these impacts are projected to be sustained across the coming decades as the technology and market expands. The REIF funding has also supported the company to increase its profile and subsequently receive interest from across the world, in countries such as Japan and France.

A company operating in the marine sector identified REIF as a gap funder to support the company through the next phase of its business plan. **REIF's financial support was identified as being essential in the survival of the company**, following the UK Government's 2012 budget announcement which '*removed a funding allocation for renewable energies*'. In addition to contributing to the survival of the company, the Fund helped the company 'gain momentum' as it has subsequently received funding for another project. The REIF funding has increased market confidence in the company and its technology. Although the project's impacts are not fully attributable to REIF's intervention, the consultee suggested the project would have faced significant delays if the funding was not available.

"Without the project, we never would have had the credibility we have now. It has become an export success story".

The quality of the advisory support was also highlighted:

"Apart from the financial support received the support given by REIF staff was invaluable and without this our project would probably have failed. We are very grateful for this and have the highest praise and regard for the staff we worked with" – Community Organisation.

This suggests that the support was required for the success of the project and that alternatives were not available, confirming the level of additionality of the Fund financially and in terms of the additional support services provided.

5.5 Constraints on success

The funding environment and UK (Westminster) policy changes were identified by several consultees as restricting future planning, decision making and market growth in Scotland. In particular, community organisations highlighted the difficulty to commence projects without revenue support.

Funding Environment

Beneficiaries suggest barriers to accessing finance still exist for small/ less developed/ pre-revenue projects. Only 5% of survey respondents believe the current private sector funding environment in Scotland will invest in all renewable projects and technologies (Table 7). A far greater share of non-community projects suggest support is required for less developed technologies (63%). 63% of survey respondents suggest public sector interventions are required to support the private sector. These findings point to an ongoing market failure for investment; while the balance of stakeholders suggested that this market failure had been addressed, at least to some extent and particularly for community projects, the beneficiary findings suggest a current need for support.

“There is still a critical role for public sector funds to enable early stage renewables and low-carbon companies to finance their first/second projects, when there is virtually no private sector funding available” – Company.

Table 7: Funding Environment in Scotland

Private Sector Funding Landscape is:	Share of projects/ companies (%)	Share of community organisations (%)	Share of all deals (%)
Supportive and willing to invest in all renewables projects	0	9	5
Supportive of proven technologies, but a similar fund is required to support less developed technologies	63	9	32
Limited shift, and as such there is still a need for public sector market interventions across the sector at all stages of maturity	38	82	63

Source: RSM Survey (n=19)

Whilst 63% of survey respondents suggested there's a continued need for public sector funding, there has been several notable changes within the funding environment across the past 10 years. Firstly, the exit of Cooperative Bank from the market impacted the availability of funding for pre-revenue projects and thus the energy market's ability to grow.

“Following the collapse of the Cooperative Bank, the support allowed our project to progress, and it has been a great success since commissioning” – Company.

Furthermore, several consultees mentioned a shift in funding market towards peer-to-peer lending and crowdfunding. It will be imperative for any future Fund to understand their role in relation vis-à-vis these funding sources.

Market Drivers

Non-community consultees suggested there is currently a lack of incentives for renewable energy projects in Scotland, especially in the marine sector, following the removal of subsidies and the closure of the Feed-in Tariffs (FIT) scheme. Such policy changes (at UK government level in the case of the FITs) are impacting on the growth of companies in UK with one consultee stating their company has since re-located a project to be able to receive financial support in another country.

5.6 A Future Fund

5.6.1 The Current Offer

Beneficiaries favoured the current support and funding offer provided by the Fund. In addition to the positive feedback for the Fund's delivery teams, the flexibility of the offer and the programme's positioning were highlighted as being integral to Fund success.

Key Elements of the Fund

- **Bespoke Financial Package:** several projects praised Scottish Enterprise for their willingness and ability to offer bespoke and flexible funding packages that are not available in the commercial market.

REIF has supported bespoke and often complex funding packages that bring together different investments. In particular, a marine company was able to collaborate with REIF and a senior funder to arrange a convertible loan investment that was unavailable through other public bodies.

"It was a combination of funding. It would have been a barrier to progressing with the project with the package".

A global sustainable energy company received a '**bespoke financial package**' through REIF to develop a project in Scotland. The funding instrument was unavailable to the company through traditional funding routes.

The REIF delivery team offered an 'intense level' of support when needed, providing hours of financial and application advice to the beneficiary to ensure any issues were dealt with quickly. The advice supported the completion of the funding transaction. REIF's flexibility in its offer and willingness of the delivery team to work with the private sector were identified as being key to the project. *"The team were commercial and pragmatic".*

The flexibility of the Fund was viewed as being key for future programmes. The consultee was thoroughly pleased with the financial and non-financial support received and suggested that any future programme should retain the current elements. The beneficiary also highlighted the need for ongoing support for pre-revenue projects as an alternative to less flexible private sector options.

"Such a Fund is needed to support those who have good ideas but can't access funding from traditional banks".

- **Addressing Market Failure through additional support:** community projects highlighted that the Fund was able to provide support and financial packages that were unavailable for community-led projects through traditional routes.

A community organisation engaged with EIF to obtain debt funding for the construction of a local energy scheme. EIF funding was preferred to other, 'riskier' sources of finance such as community shares. **The consultee praised EIF's willingness and ability to cooperate and collaborate with senior funders and other public sector funders.**

The EIF delivery team were effective in 'lining up' the funders the project was engaged with and ensuring the due diligence and application process progressed. *"Our contact at EIF brought experience around dealing in these kinds of projects"*. EIF also worked with the senior funder to agree one set of financial/ performance monitors for the project. Without EIF's intervention, the organisation believes the project *'would have faltered before financial close'*. The alternative funding routes available to the organisation were more expensive, carried greater risks and would not have supported the organisation in the same way as EIF.

A community organisation seeking debt finance suggested that The Fund addressed market failures that were brought about through the **lack of viable options for community projects**. The organisation stated that the project would not have happened without REIF as there was a lack of suitable alternative junior funders in the market. REIF were also able to provide additional support in collaboration with the senior lender, such as guiding the organisation through the application and due diligence processes to support the organisation through the processes. The REIF team also utilised their extensive industry knowledge to support the organisation identify a 'suitable alternative funder'.

Shortcomings of the Programme

The following have been identified as being potential shortcomings of the programme – elements of the current offer that may have impacted on the performance and success of individual projects, although none of these findings were particularly prevalent across all respondents.

- **Cost of Funding:** some projects suggested the programme had 'very high' interest rates, which were identified as a potential barrier to engagement for some community projects and start-up companies. This however follows naturally from the Fund's position as a gap lender.

Building on finance from a commercial bank specialising in renewable/sustainable investments, a community organisation sought junior debt finance to support the construction of a community project. However, the funding was perceived to be expensive in comparison to commercial deals and current base rate.

The consultee suggested the REIF interest rate was comparatively more expensive than the rate they received from the senior funder. The consultee stated that the interest rate *"was a potential barrier that may prevent other organisations from engaging with the Fund"* and that *"in order to help people and community projects get off the ground the current rate needs to be lower"*.

It should be noted that junior funding is always more expensive than senior debt funding to reflect the risk, and also that the rate offered reflects the risk taken by the Fund in providing investments in areas that were not acceptable to the private sector at commercial rates.

The organisation appreciated REIF's support throughout their engagement with the Fund. However, the organisation reiterated the impact of the current rate on the organisation's ability to meet its objectives of 'giving back to the community'. *"We are paying REIF back and then we will be distributing the surpluses to the community. The current rate has restricted the level of benefit available to the community".*

- **Lack of Fluency across Public Funding:** some projects suggested there was minimal continuity and communication across public funding bodies (such as SE and HIE) and found it difficult to access all teams at once .

"There's REIF and SIB and the sector teams, they're all very different and not really joined up" – **Company consultee.**

A tidal company suggested a **more rounded and structured public sector funding offer** would help the Scottish energy industry develop further. The company identified SE's communication with other public sector bodies as requiring improvement. The company is currently engaged with SE and another Scottish public sector fund. The consultee perceived the two funds to be mis-aligned, and consequently faced financial difficulties.

"We haven't been able to get continuity of the two public sector accounts and as a result, there's been problems managing cashflow".

- **Bureaucracy/ delivery issues:** a small proportion (two consulted) of companies suggested too much time was needed when making decisions, there were some difficulties highlighted with lawyers at due diligence stage and one business suggested more support was needed to measure some impacts such as carbon savings. However, the Fund and Scottish Enterprise as stated above are seen by some investees as commercially minded, supportive and quick to make decisions.

5.6.2 Recommendations

Beneficiaries have provided the following recommendations for Scottish Enterprise to consider when designing and delivering any future fund.

- **Bespoke Funding:** consultees were unanimous in their support for the continuation of a fund that would allow for the development of funding deals that companies and organisations wouldn't be able to take to traditional banks.
- **Funding database and signposting:** one consultee suggested it would be helpful if Scottish Enterprise provided a list of potential private sector funding partners for companies/ projects to engage with.
- **Fund Alumni:** the creation of a network of former projects (both community and non-community) may be helpful for future applicants to engage with. This could help develop the domestic energy market by building connections, as well as supporting prospective projects.

- **Monitoring Support:** one consultee suggested it would be helpful if the delivery team could support projects in measuring environmental impacts and how to capture evidence.
- **Cost of Finance:** numerous community organisations mentioned the cost of finance and suggested lowering the current interest rates.

6. KEY EVALUATION FINDINGS AND LESSONS LEARNED

6.1 Process evaluation findings

Views of beneficiaries on application and delivery processes

As set out in the analysis of the beneficiary surveys, the application process was well received, with community and non-community projects praising the support and advice on offer. 95% of respondents had a positive experience of the application process. Overall, 42% of respondents stated the process was 'clear and well sign-posted' with a further 53% suggesting the process was clear with the aid of some support. While this suggests a high overall level of service, a limited number of consultees identified the due diligence process and the role of Scottish Enterprise's legal representatives as challenges during the application phase. The impact of both impacted project timelines as well as using valuable managerial resource for a limited number of consultees.

As reported in the survey analysis section, the funding beneficiaries universally rated the delivery team's ongoing communications as "excellent" or "good".

Views of beneficiaries on monitoring and evaluation

Beneficiaries engaged with the Fund were required to provide regular (quarterly) monitoring and evaluation data to capture progress and impacts. The delivery team's approach to data capture was welcomed by some, praising its simplicity and the flexibility of the delivery team for data collection. However, one community organisation found using the quarterly reporting and financial model "onerous and costly".

Programme management processes

These are seen as having worked very well both from internal and external perspectives.

From an external perspective: other public sector organisations such as HIE weren't involved in detailed negotiations with the client unless it was a project they were investing in or grant aiding. Typically, a case handling team within the Fund would process applications, through which approvals were made through the SE standard approval procedure. Due diligence was the Fund team's remit and that worked well. Other benefits to partners included having early sight of the investment pipeline, gaining information on how respective cases were proceeding, and the opportunity to offer views on appetite to invest.

Concerning the internal processes of Fund management and governance: the regularity of board meetings, papers, minutes were all seen as appropriate and very thorough. The process seemed to be working efficiently. Team/board representation provided clarity to partners on respective priorities and objectives all seemed very positive.

Some partners felt that they could have been more involved in decision-making when the account team nominated individuals to be Board observers in companies (which would typically be taken up by one of the Fund team) or appointment of non-executive directors to boards, to monitor investments. But overall, this didn't cause major problems, and the overall feedback on non-executive directors appointed through the Fund team's networks was that they brought significant value to companies.

Strength of working relationships: These were generally seen as having worked well across the board. The market-making, deal-making role taken by the Fund team has meant that they

have had to bring stakeholders together to facilitate deals. As a result, the team felt that they are possibly more engaged with wider Scottish Enterprise, HIE and Government teams than other teams in SIB, as well as EMEC and renewables companies. The team has contributed to industrial groups and presented at conferences as well. They are also seen as much more involved in working with applicants than would be typical for SIB. Typically, the team engages with clients at an earlier stage development rather than investment ready companies. The team has gained a huge amount of knowledge and expertise in developing investable projects.

Community projects in particular have needed substantial extra support due to the lack of skills/experience among those taking deals forward. All sides report that there has been very good liaison with groups such as HIE, CARES, Scottish Enterprise and Scottish Government teams. The Fund team have liaised closely with the administration of the CARES scheme and helped develop its services, for example the addition of investment readiness support.

Marine projects have benefited from access to well-known, effective existing industry groupings, specialist HIE and SE teams, and the creation of EMEC.

The team report that they have worked to overcome perceptions of public sector investment as slow, unresponsive, and not commercially-driven; and that they can be innovative and flexible. The majority of consultees felt that the team provided a good service; nevertheless, some co-investors can still view public sector processes in general as slow relative to the private sector. Also, there is a perception in the market that public sector funding should be free or low-cost; this is at odds with the reality of the Fund as a gap funder taking on riskier investments that need to be priced appropriately.

6.2 Strategic Contribution

Table 9 summarises the Fund's contribution to key strategies associated with climate change / net-zero emissions, renewable energy, and economic development/ inclusive growth.

Table 9: Summary of the Funds Contribution to Public Sector Policy/Strategy

Theme	Examples of relevant strategy(ies)	Fund contribution
Climate change / net-zero emissions	Scottish Government Climate Change Plan and the 2019 Programme for Scotland	A core objective of the Fund has been to support and enable projects and technologies that can and will contribute to reducing emissions. Over its term, the Fund has contributed to key targets directly through the level of CO ₂ displaced by supported projects / companies. System-wide energy transition is essential to achieve carbon-related policy objectives and through its support, the Fund has supported this transition within both the community and non-community sectors by supporting innovation.
Renewable energy	The 2020 Route map for Renewable Energy in Scotland	REIF in its inception had the broad objective of providing funding support to projects that deliver energy from a renewable source, that reduce the cost of renewable energy, or that provide key solutions for

Theme	Examples of relevant strategy(ies)	Fund contribution
	Scotland's National Marine Plan (2015) Scottish Energy Strategy (2017) and Scottish Government Climate Change Plan (2018)	<p>renewable energy generation, in instances where there was no alternative support available. There was also a specific marine subsector focus.</p> <p>The Fund has contributed to the strengthening of the marine renewables (tidal and wave) cluster in Scotland, intervening in cases where without support, technologies and projects would have not progressed towards commercialisation and renewable grid penetration.</p> <p>The Fund has invested in these technologies, taking on a significant degree of risk in early stage projects. This has contributed to shaping the renewable energy funding market, encouraging more mainstream investment partners to enter this market.</p> <p>With regard to community owned renewables, the Fund has progressed targets towards increasing community renewable ownership as well as developing the sector's funding market.</p>
Economic Development and inclusive growth	Scotland's Economic Strategy (2015) Scotland's Labour Market Strategy (2016) A New Blueprint for Scotland's Rural Economy (2018) Protecting Scotland, Renewing Scotland (2020/21)	<p>In delivering place-based opportunity, the Fund has had clear benefits for rural and island communities in Scotland due to their natural potential in the renewable energy context. Community owned renewables have delivered inclusive growth, contributing economic and social opportunities by providing an income stream to rural and island communities, increasing spend in the local economy as well as funds to deliver wider projects e.g. new community recreation facilities.</p> <p>Identification of demonstratable benefit to the Scottish economy was a condition of funding for the Fund (e.g. through reducing benefits lost through leakage, providing downstream supply chain benefits to rural companies and contractors).</p> <p>The Fund has supported the creation of high value, skilled jobs has increased opportunities to gain high wage work hence aiding the fair work agenda.</p>

6.3 Key Findings by Evaluation Question

This section draws together the key findings from evidence chapters 3-5 under the headings of the evaluation questions (except the overall lessons learned, which are presented with the conclusions at the end of this chapter).

The funding market

The Fund has succeeded in creating and growing new markets and increased the supply of risk capital and debt in its target areas, although market failures remain.

In the **community** sector, this has taken the form of attracting new private sector investment into the market, initially through working with Cooperative Bank to fund projects and subsequently through attracting Triodos, Clydesdale, Santander, and Social Investment Scotland into the market. A level of market failure persists: moving into a subsidy-free environment, the potential return on investment is lower and fewer projects may have profitable business cases.

In **marine** sectors considerable effort was devoted in the early years of the Fund on the demand side, to work with companies and build a pipeline of marine projects for investment.

The Fund's financial performance

The fund has invested £85m in 46 deals. This is an underspend relative to the original budget of £103m but this is not seen as a failure of the running of the scheme: rather, it is due to the lack of investable projects and the funding criteria. Three deals have been written off, totalling £13.2m in funding.

Stimulating Renewable Sector Growth

In **marine** and **other** sectors, the Fund has supported and grown the sector by building a pipeline of investable projects and securing the necessary investment to commercialise technologies that were previously at too early a technology readiness level. This has matured the sector to the extent that active small-scale commercialised technologies have been deployed in rural/island communities and a small number of utility-scale devices deployed.

Marine energy beneficiary: *"The REIF funding is single-handedly responsible for the survival of and unpinning the growth of the marine energy sector in the UK. It's no exaggeration that the industry wouldn't be where it is today without the REIF investment".*

In the **community** sector, the Fund has produced a mechanism to allow other investors to come in and provide funding / enable communities to provide the funding. The focus of innovation has not been technological: it is in how the team can be flexible in approach to deals e.g. setting up SPVs and taking risk away from communities.

Additional Community Benefits

As set out in section 3.3, an analysis of the forecast revenue from each of the community owned renewables projects suggests that the £25.1m invested will result in £142m in profits to local communities, a ratio of 5.7 times the original investment. This is a significant achievement of the Fund which will result in revenue being invested in a wide range of social and economic development projects, potentially providing very large spillover benefits, often in remote rural and/or coastal areas with economic challenges.

Economic Benefits

The Fund's strategic objectives relate to the support and development of designated renewable energy sub-sectors within Scotland and they do not specify economic development or environmental related targets (e.g. job creation/ safeguarding and GVA). Nevertheless, based on information provided by SE, key quantitative results associated with the Fund are as follows:

- Invested in **25 community-based deals** totalling £25m (to date);
- Invested in **21 non-community deals** totalling £60m (to date);
- Levered in £173m in private sector investment (2.15:1) and attracted £47m funding from other public sector bodies;
- Received interest and income of £5.31m, together with £21.3m of loan capital repaid to date;
- Invested in deals expected to achieve **Gross GVA¹³ of £614m** (net expected £365m)
- Expected to generate £142m in profit for communities over 20-25 years
- Expected net GVA return on investment of around £4 per £1 invested¹⁴; and,
- Invested in deals projected to achieve **3-year CO₂ savings of 166,680 tonnes**.

Additional spillover benefits have arisen from the oil and gas industry due to making use of skills from these sectors. The growth in renewables sectors supported by the Fund can support expenditure in the existing supply chain. The supported growth also offers opportunities for companies and staff with a substantial transferable expertise and which would need to change their activities in order to meet the low carbon agenda.

Sustainability benefits

The **projected** gross CO₂ savings of the Fund amount to 166,680 tonnes over 3 years. These impacts are viewed as currently being at an early stage, in part due to the longevity of projects. The future benefits from **marine** and **other** sectors, where new technologies are being developed with the ability to scale up, have the potential to grow significantly if these are widely deployed.

6.4 Additionality

The general view is that the Fund has been significantly additional in that the impacts it has realised would not have arisen in the absence of the Fund. 60% of all survey respondents would have been unable to proceed with their project without the Fund's intervention, and **all** respondents would have seen their project affected in some way without the Fund (delayed, more expensive, smaller in scope). Companies and organisations suggested that alternative deals may have been 'on poorer, less flexible terms'.

The point was made by several stakeholders that as the Fund intervenes as a gap funder, it should never **displace** the private sector - if deals could be funded elsewhere without Fund support they should have already been completed.

In the absence of the Fund, government stakeholders suggested that a tender exercise could have been conducted to find a provider to deliver further funding. However, it was not clear to these stakeholders that there was anyone in the market equipped to deliver a comparable

¹³ GVA calculated on a project-by-project basis; timeframes vary by sector, average 5 years

¹⁴ Calculated as expected net GVA divided by total Fund investment.

funding product, suggesting that the way that the Fund was set up and implemented was highly additional, as well as its activities.

The quality of the advisory support was also highlighted as adding significant value for community projects. Without the Fund, projects would only have proceeded with considerable effort on the part of their communities to pursue them. As the economics of community projects were marginal, particularly with the removal of FITs, it is unlikely that many of the projects would have proceeded without support from the Fund.

6.5 Value for money evaluation

Assessment of value for money in a programme of this strategic nature is challenging. Early discussions with the evaluation steering group confirmed that the assessment of economic impacts should consider and assess qualitative and quantitative information, and that any Value for Money assessment should consider the Fund's objectives and be interpreted to align with the Fund's measures. We have interpreted this as meaning that progress towards achievement of the Fund's strategic goals should be included as well as financially quantifiable economic impacts. As a result, there is not a single quantifiable measurable indicator of benefit. This rules out a simple cost-effectiveness analysis where the value of outputs is compared to the cost of inputs.

Furthermore, the full economic value of the programme is yet to be realised – for example, the community revenue streams illustrated above have a timeframe of up to 25 years. It can take many years for innovative new products and services to enter the market. Attributing the full economic impacts of deployment of new technologies to the Fund is problematic and there is no “control group” to compare supported companies and projects with to assess attribution and additionality statistically.

To address these challenges, we have used a “**cost-consequence analysis**” (CCA) approach, which is typically used when costs are difficult to calculate, or where benefits are difficult to combine into a single indicator (whether financial or otherwise). CCA reports a **balance sheet** of benefits (refer to Table 10) - quantifying these where possible, but also including qualitative, descriptive information explaining the likely impact where it has been identified but cannot be easily measured. We have also included our assessment of the strength of the evidence linking the impacts to the Fund activities, based on the interviews and survey research and the logic model.

Table 10: Fund Cost-benefit balance sheet

Costs (funds invested, excluding staff costs)		Market			
£25,050,151 for community deals		Community			
£60,242,711 for non-community deals		Marine/other			
Benefits	Ratio	Market	Actual/ expected	Additionality	Narrative
25 community-based deals	£1m each	Community	Actual	High	Evidence from surveys and interviews is that few deals would have gone ahead without the Fund
21 non-community-based deals	£2.9m each	Marine/other	Actual	Very high	Evidence from stakeholder interviews that the sector initially depended upon the Fund for survival and growth
Private investment levered in: £173m	£2.03 / £1	All	Actual	Moderate	
Additional public funding: £47m	£0.55 / £1	All	Actual	Low	Public funds such as National Lottery would have been allocated to other programmes in the absence of the Fund. Private investment is favoured over public in any case as part of the market stimulation activity
Income from repaid deals: £21.3m Interest and other income: £5.31m	25% + 6% of total investment	All	Actual	-	
Gross GVA £614m	£7.20 / £1	Mostly marine/ other	Expected	Moderate	Gross figure, subject to displacement and leakage.
Net GVA £365m	£4.28 / £1	Mostly marine/ other	Expected	High	Mostly in highly additional marine/other projects. Deadweight is considered to be low / additionality is considered to be high.
3-year gross tonnes CO ₂ saved: 167k	£510/t	Mostly community	Expected	Moderate to high	Limited direct carbon savings from commercial projects. However, most projects displace conventional electricity sources.
Forecast profits to communities of £142.4m	£5.68 / £1	Community	Expected	Moderate to high	Highly significant income; community funds could have been directed at other causes in absence of Fund
Growth and evolution of funding markets	n/a	All	Actual	High	Evidence from interviews that few deals would have gone ahead without the Fund; community sector has seen many new market entrants
Stimulation of renewable sector growth	n/a	Mostly marine/ other	Actual	High	Evidence from interviews that the marine subsectors such as wave and tidal initially depended upon the Fund for survival and growth

6.6 Key findings and recommendations

Key findings

Projects and community organisations have now learned how to seek out and access funding. As a result, they are now more comfortable in looking for additional loan funding projects. The experience of the application process has also helped companies to win subsequent funding. That said, the level and quality of advisory support provided by the Fund to community projects has been key to ensuring successful delivery within that sector.

The Fund filled a need for support for pre-revenue companies and has acted as a catalyst in the market, overcoming a private sector investment market failure (evidenced by the achieved private sector leverage). A loan and/or equity investment (as opposed to a grant) was a good basis for putting in place the fundamentals of the commercial elements of projects and new products.

A “joined-up” policy approach is seen as highly beneficial. The Fund works well when sitting with a clearly defined role in a funding/support pathway. The combination of investment, development support, and technical expertise is very powerful for deal making, and has been well supported by the networks that the Fund team have access to. Academia, government and industry are all working together; it is important that this continues. The emergence of the Scottish National Investment Bank means that the Fund team can step back from the largest projects.

The Fund team has grown and upskilled significantly, but there is a risk of overstretch if the team continues to work on multiple fronts such as investigating new sectors, putting in effort to get deals off the ground, presenting at conferences, and advising government and external partners on financial matters.

Given the new policy focus on energy systems and decentralisation, there is less need to focus on specific technologies. Targeting a sector has advantages and disadvantages - specialisation can increase impact but can lead to challenges if market conditions change.

Allowing for bespoke approaches that a company wouldn't be able to take to traditional banks is a major strength and should be maintained and developed. The switch to project funding (with EIF) may have limited the pipeline and flexibility for non-community projects. Selecting “shovel-ready” projects with potential for impact is an efficient allocation of resources, but reaching net zero will require a flexible approach, possibly including support for companies. There are funders in the market ready to make investments into viable low carbon projects.

Hard work has been needed to get projects viable/investable and due diligence is an important part of that process. Going forward, a key aim of the Fund might evolve into providing confidence that thorough due diligence has been undertaken in order to attract investors.

Recommendations

As suggested above, it is recommended that:

1. A clearly defined role for the Fund is maintained and that it sits within “joined up” policy approach;
2. The Fund's focus should be on the core business of developing and closing deals; and,

3. The Fund should remain flexible, using bespoke approaches to deals.

Additional recommendations include:

4. The Fund could publicise its successes more actively to help build knowledge and visibility amongst the investor base; there is a perception that even when the Fund does make the news it is given very little prominence compared with the company or technology;
5. Year-to-year budget allocation affects the ability to commit to projects and manage the pipeline - the ideal scenario would be the provision of a continual budget so teams can engage the market and create demand;
6. It takes time to build the pipeline for investment; maintaining long-term visibility on funding commitments provides investors with confidence. The suggestion was made to identify and work with potential customers for future technology and understand the risks they perceive and their need for access to finance;
7. Co-investors do not seem to persist in the market. If possible, work should be undertaken to increase the proportion of longer-term / repeat investors, though this requires stable policy and incentives for emerging technologies in the market;
8. A public sector funding database should be developed and active signposting of projects to other relevant funds should take place;
9. A network of former projects (both community and non-community) should be created to support prospective projects and facilitate knowledge exchange; and,
10. Monitoring support should be provided to beneficiaries, particularly in relation to measuring environmental impacts and providing a more robust assessment of employment impacts.

APPENDIX 1: EVALUATION QUESTIONS

The seven evaluation areas to be considered in the Terms of Reference are: -

1. The Funding Market

- How has the Fund helped create and/or evolve markets and/or attracted new private sector investment into existing markets? This may include the extent to which the Fund has helped to overcome or decrease: market challenges, barriers to entry, or negated negative market sentiment which could be affected by factors such as slower and more costly technology development, company failures or lack of revenue support mechanisms;
- Assessing the impact that the Fund has had on the supply of risk capital and debt to eligible companies and projects. This will cover such things as leverage, market creation (for example, de-risking sub-sectors), financial readiness support, deal structuring as well as managing investments post completion and facilitating new investors/debt funders/re-financings at a later date when companies/projects have been partially de-risked;
- The specific challenges that the Fund has faced with the marine sector and the wider learning and successes arising from this; and
- The challenges faced when funding the community sector (including the facilitation of community shared ownership opportunities), the lessons learnt and the successes.

2. The Fund's Financial Performance (against commercial objectives)

- The financial performance of the Fund in terms of the number of business/project failures, exits and return on capital to date. This analysis needs to be informed by the wider context in that: -
 - It was initially difficult to interest the private sector in this area given that many of the projects were a long way from market, especially those involved in marine energy;
 - Renewable energy and low carbon companies can take many years to develop, test and deploy devices prior to making products commercially available;
 - Renewable energy and low carbon projects can have very long operating lives; and
 - Different investment sub-sectors (for example, community projects with established technologies and companies developing emerging technologies), different technologies, different funding instruments and vehicles (company or project) can all have significantly different risk profiles, which should be factored into fund performance and supporting interpretation; and
- Identify any lessons learnt about financial performance through a consideration of such things as company failures, the relative performance of companies as against projects and community projects as against non-community ones. Again, this should be informed by the differing risk profiles of these sub-sectors.

3. Stimulating Renewable Sector Growth

- Consider the impact that securing funding has meant for the technological development and business growth performance of the investee companies and projects;
- Consider factors such as how the Fund has helped the sub-sectors to grow and mature, how it has helped to develop new funding models and any changes in confidence in the market as a result;
- Consider the extent to which the sector has developed differently than it otherwise would have because of the Fund (for example is it bigger or has it developed more quickly than would otherwise be the case); and
- If possible, attempts should be made to consider the counterfactual, that is how would the various sub-sectors have developed in the absence of the Fund?

4. Economic Benefits

The assessment of the economic benefits of support needs to reflect the profile of the investees (some being early stage pre-revenue that have invested heavily in research and development where economic development impacts are likely to be limited) and the fact that often the type of benefits that economic development agencies normally expect (for example jobs and GVA) may be generally limited in these types of capital heavy projects. It is also the case that the objectives of the Fund (Paragraph 7) are not explicitly about economic development but are more about influencing the wider funding environment. Accordingly, it is proposed that the consultants should undertake an economic assessment which should largely be qualitative, driven by the development stage of the investees, although if quantitative benefits are identified these should be reported on. The assessment should consider: -

- The net additional economic performance of the Funds through such impacts as employment and GVA (and contribution to other relevant National Performance Framework indicators such as R&D). It needs to be stressed again that these economic impacts may be limited in terms of the capital invested, given that the Fund's main objectives are to facilitate the transition to a low carbon economy rather than be economic development instruments *per se*, and so a qualitative assessment of economic benefits is likely to be more appropriate;
- Any assessment should consider achieved and potential future qualitative and quantitative benefits (over 5-10 years);
- The assessment should consider such things as the time to impact, the nature of these impacts and their scale. Other non-economic lessons arising from such things as spill-overs and demonstration effects should also be identified; and
- Consideration should be given to looking at the other support received by the companies and projects from SE, SIB and HIE and other public agencies. The impact and importance of this should be assessed as well as its complementarity to funding support.

5. Additional Community Benefits

Given that support to community projects is a key part of the Fund, these need to be considered separately, in particular: -

- The location of the projects and the contribution they may make to rural community regeneration and such things as The Scottish Government's community renewable energy ownership and shared ownership targets; and
- The community projects funded through community returns on investments. These should be categorised and the benefits to the communities identified. For some projects this may be too early although for some of the earlier ones there should now be tangible indications of benefits. If there are any economic benefits (for example jobs) associated with the projects these should be identified.

This will be partially informed by the monitoring data collected by SIB on how commercial income has been spent.

6. Sustainability benefits

- Assess the impact on carbon savings;
- Identify any lessons regarding the assessment of these savings and their scale; and
- Attempt to quantify these savings in terms of the public capital invested to achieve them.

7. Lessons and Recommendations

- Identify the key lessons learned in relation to the above (what has worked well, less well and the reasons for this); and
- Outline recommendations for future activity/approaches based on this learning.

The evaluation should consider the outcomes of Fund activities in terms of these seven key areas, while also considering that: -

- Community and non-community (company) investments have substantially different characteristics and are likely to benefit from separate reporting;
- Since 2012, there has been an evolution of Scottish Government objectives and priorities as well as changes to UK Government subsidy regimes which have influenced how the Fund has operated. Understanding these changes, and their impact on the market in which the Fund operates, is essential in assessing performance; and

When the Fund name changed to EIF in 2018, the investment criteria were amended slightly. The impact of these changes (for example, no new company investments and broader low carbon investment criteria) should be considered.

Clarifications

At the project initiation meeting, the following clarifications to the specification set out in the Invitation to Tender were agreed:

- There was no requirement to engage with prospective applicants that did not secure investment, as the application process ‘weeds out’ unsuitable applicants at an early stage.
- The future of the fund is separately being reviewed by Scottish Government, and thus this evaluation should not focus on the Fund’s future.
- Economic impact assessment should not only be on performance metrics such as GVA or jobs, as the Fund has wider strategic objectives than job creation and economic development. The EIA is likely to be relatively limited in quantitative terms as a result. The EIA will however consider and assess qualitative information to build a more comprehensive picture of the impacts realised and lessons learned.
- There is a need to ensure the Value for Money assessment (VfM) considers the Fund’s objectives and is interpreted to align with the Fund’s measures.

Overall measures used by Scottish Enterprise in its suite of support products are shown below:

Published and Supporting Measures

Publish Target Outcome Measures				
xxx planned new/safeguarded jobs paying at least the real living wage <ul style="list-style-type: none">• of which 30%-40% are HVA jobs	planned R&D investment (businesses and sectors)	planned capital investment (businesses and sectors)	growth funding raised by supported businesses	planned international export sales
<p>All target outcomes <u>tracked for</u>:</p> <ul style="list-style-type: none">➢ Place: % achieved by local authority➢ People: % by companies/organisations adopting Fair Work principles➢ Climate opportunity: % by businesses/organisations building or adopting low carbon/net zero capability and technologies				
Supporting Measures				
Planned Jobs: <ul style="list-style-type: none">• Jobs paying below the real living wage• New jobs – by new inward investors to Scotland• New jobs - by existing inward investors (expansion)• Safeguarded Jobs - by existing inward investors	Sustainability: <ul style="list-style-type: none">• CO2 savings (tonnes)			
Sales <ul style="list-style-type: none">• UK sales as a result of support (excl international sales)	R&D and Innovation <ul style="list-style-type: none">• R&D investment attracted from Innovate UK, EU, etc• Collaborative R&D funds from other sources• R&D investment attracted to sector assets• Planned sales from innovation			
International export sales <ul style="list-style-type: none">• Number of new international exporters• Number of new products/services launched in international markets• Number of new international markets entered	Capital Investment <ul style="list-style-type: none">• SE capex contribution• Other Public Sector capex contribution• Private Sector Contribution			
Tracking Measures				
Fair work <ul style="list-style-type: none">• Number of businesses supported to develop approaches to fair and progressive workplace practices• Number of supported companies adopting Business Pledge elements/Fair Work First	Growth funding <ul style="list-style-type: none">• Number of businesses supported to improve their financial readiness			
Innovation <ul style="list-style-type: none">• Number of Inclusive Model businesses supported (e.g. social enterprises, employee owned businesses, co-operatives, B-Corps)• Number of businesses supported to be innovation active• Planned R+D SE:Public:Private	Other <ul style="list-style-type: none">• Characteristics/performance of supported businesses – minimum indicators: employment, turnover, exports			
Cut of measures/outcomes by: <ul style="list-style-type: none">• Inward investors vs Scottish owned businesses, new vs existing inward investors• Direct company vs sector projects				
Contribution to national opportunities: Low carbon, High Value Manufacturing, Digital economy, health & wellbeing				

APPENDIX 2: FULL REVIEW OF STRATEGY/POLICY DOCUMENTS

Table 2.1: Key Strategy / policy documents

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
Environment / climate change			
2020	The Government's Programme for Scotland – 2020/21	The strategy, though focusing predominantly on short-term policy objectives pertaining to Covid-19, reaffirms the Scottish Government's commitment to transition to net zero emissions by 2045, outlined in the Programme for Scotland 2019/20.	<p>The EIF is a catalyst for emerging renewable technologies and solutions. It provides funding only in the case of an identified funding gap, supporting projects for which, without funding, would be able to achieve their objectives.</p> <p>There is obvious market failure associated with the renewable energy market with commercial investors reluctant to invest. In the case of marine technology, the market is incomplete and investment is at risk, putting off investors.</p> <p>In the context of net zero emissions, the need for renewable technologies is an imperative as home / business heating and electricity must continue to transition away from high carbon-based fuels and to renewable solutions.</p> <p>This will require low-carbon and renewable technology to be established and integrated into heating and electricity networks in Scotland. By investing and ensuring that renewable / low-carbon technologies can obtain required funding in the absence of other options, the programme is developing the sector and providing innovative solutions.</p>
	The Environment Strategy for Scotland: Vision and Outcomes (2020)	This strategy document highlights the intrinsic links between anthropogenic climate change and other environmental degradation in Scotland (e.g. biodiversity loss). The report positions Scotland's natural environment as a key driver of the economy and as such highlights the importance of a Scottish economy that considers not just	<p>The Fund contributes to the outcomes outlined in this strategy as it, by ensuring the viability of renewable and low-carbon projects, has reduced the amount of CO₂ emitted to produce electricity.</p> <p>The Fund also delivers wider supply chain and economic benefits, demonstrating an approach to economic</p>

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
		<p>GDP as a measure of success, but also the wellbeing of the planet. As such, relevant outcomes of the strategy include:</p> <ul style="list-style-type: none"> tackling the global climate emergency and limiting temperature rise to 1.5 degrees; protecting Scotland's nature and with flourishing biodiversity, clean air, water, seas and soils; and an economy that conserves and grows natural assets. 	development that also has positive environmental outcomes.
2019	The UK's Draft Integrated National Energy and Climate Plan (NECP)	<p>This document sets out the integrated climate and energy objectives, targets, policies and measures, covering the 5 dimensions of the Energy Union.</p> <p>The strategy outlines UK-wide targets on energy use and emissions, with relevant targets including:</p> <ul style="list-style-type: none"> At least a 40% reduction in greenhouse gas emissions by 2030 following the Paris Agreement; and An improvement in the route to market for renewable technologies. 	<p>The programme is strategically aligned with the broad aim of reducing emissions, by displacing CO₂ to generate electricity, as well as catalysing the development of technologies to bring about energy transition on a larger scale.</p> <p>The programme has also been essential in bringing renewable technologies to market, funding projects with an identifiable funding gap.</p>
	The Government's Programme for Scotland – 2019/20	<p>This strategy outlines a commitment to end Scotland's contribution to climate change and adopts a net zero emissions target by 2045. Relevant targets towards these objectives include:</p> <ul style="list-style-type: none"> developing regulations so that new homes from 2024 must use renewable or low carbon heat; and leadership from the Scottish Government in accelerating efforts to 100% renewable electricity on the Scottish Public Estate by 2040. 	<p>As with the PfS 20/21, the programme fits with the ambitious targets of the Scottish Government, to achieve net zero emissions and end Scotland's contribution to climate change as it is the catalyst for the technology required to enable net zero emissions, whilst still seeing economic growth and wellbeing increase.</p> <p>The Fund has seen increase in the generation of electricity from renewables towards these targets.</p>
2018	Scottish Government	<p>Outlined in this plan is an overarching vision to, reduce Scottish emissions by 66% by 2030, while growing the economy, increasing the wellbeing of the people of</p>	<p>The programme has strategically aligned with this strategy in the following ways:</p>

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
	Climate Change Plan: 2018-2032	<p>Scotland and protecting and enhancing our natural environment. Relevant policy outcomes include:</p> <ul style="list-style-type: none"> • From 2020, Scotland's electricity grid intensity will be below 50g CO₂ per kilowatt hour. The system will be powered by a high penetration of renewables, aided by a range of flexible and responsive technologies; • by 2030, 50% of all Scotland's energy needs will come from renewables. <p>Implementation indicators include:</p> <ul style="list-style-type: none"> • an increase in the amount of electricity generated from renewable sources in Scotland; • an Increase in the total community and locally owned renewable energy capacity operational, and in development, in Scotland; • an increase in the total renewable capacity in Scotland by planning stage; and • an increase in the share of electricity generated from renewable sources, as a proportion of total electricity generated in Scotland. 	<ul style="list-style-type: none"> • the programme has seen an increase in electricity generated by renewables; • the programme supports community energy projects increasing the number of community owned renewable energy projects; and • the programme is supporting innovative technologies where investment is crucial to see them mature into viable options for Scotland's energy mix.
	The Government's Programme for Scotland – 2018/19	<p>A priority for government outlined in this strategy is sustainable economic growth and the energy sector is identified as a key sector of potential sustainable growth, with two headline targets of:</p> <ul style="list-style-type: none"> • the equivalent of 50% of the energy for Scotland's heat, transport and electricity consumption to be supplied from renewable resources; and • an increase by 30% in the productivity of energy use across the Scottish economy. <p>The strategy also outlines the Government's desire to see growth in the offshore renewable sector, highlighting significant economic and supply chain benefits as well as sustainability.</p>	<p>The programme contributed to the government priorities outlined in this strategy as it ensured the continued growth of the renewable energy sector despite a lack of private sector investment available.</p> <p>Offshore renewables include offshore wind, tide and wave generated renewable energy, and the programme has targeted the development of wave and tidal technologies with investment in often untested technologies.</p>

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
2017	Scottish Energy Strategy 2017	<p>This strategy outlines a 2050 vision for Scotland's energy sector as flourishing and competitive, delivering secure, affordable, clean energy for Scotland's households, communities and businesses. Three core principles guide the vision, namely:</p> <ul style="list-style-type: none"> • a whole system view; • an inclusive energy transition; and • a smarter local energy model. <p>Relevant priorities for 2050 are:</p> <ul style="list-style-type: none"> • renewable and low-carbon solutions: the Scottish Government will champion and explore the potential of Scotland's huge renewable energy resource; • system security and flexibility: Scotland should have the capacity, connections, flexibility and resilience necessary to maintain secure and reliable supplies of energy as transition takes place; and • innovative local energy systems: the Scottish Government will empower communities by supporting the development of innovation and integrated local energy systems and networks. 	<p>This strategy is significant in marking the shift from REIF to EIF, with the inclusion of low-carbon technologies to be funded by the scheme. The programme is strategically aligned to this strategy as it is the way by which renewable and low-carbon solutions are brought to market where there is an identified funding gap, due to young technologies or lack of knowledge of maturity of technologies.</p> <p>The programme includes provision for community empowerment which has led to networks of locally owned renewable power through community-owned renewable investments.</p>
	Scotland's Electricity and Gas Networks: vision to 2030	<p>Published in 2017, this strategy outlines a vision to 2030 for Scotland's electricity and gas network, with three key points to its vision:</p> <ul style="list-style-type: none"> • an inclusive transition to a decarbonised energy system; • a whole system approach across heat, transport and electricity; and • smarter, local energy models. 	<p>The programme has contributed to this strategy by ensure that the opportunities for renewable energy generation have been inclusive, and in practice, these benefits have been more keenly felt in rural communities.</p> <p>The community owned investment type is also strategically aligned to the aims of this plan.</p>
2016	Making Things Last: a circular	<p>This strategy sets out Scottish Government priorities for moving towards a more circular economy. It builds on Scotland's progress in the zero waste and resource efficiency agendas. Shifting resource usage from finite to</p>	<p>The programme is a driver towards a circular economy by catalysing the transition of Scotland's energy mix to renewable energy.</p>

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
	economy strategy for Scotland	renewable is a core aspect of a circular economy and thus the strategy outlines an energy transition to renewables as a goal of a circular economy.	
2015	Scotland's National Marine Plan	<p>This strategy sets out strategic policies for the sustainable development of Scotland's marine resources out to 200 nautical miles. Relevant objectives outlined in this strategy include:</p> <ul style="list-style-type: none"> • Sustainable development of offshore wind, wave and tidal renewable energy in the most suitable locations; • Economic benefits from offshore wind, wave and tidal energy developments maximised by securing a competitive local supply chain in Scotland; • Contribute to achieving the renewables target to generate electricity equivalent to 100% of Scotland's gross annual electricity consumption from renewable sources by 2020; and • Contribute to achieving the decarbonisation target of 50gCO₂/kWh by 2030 (to cut carbon emissions from electricity generation by more than four-fifths). 	<p>The programme has significantly invested in marine renewables, including wave and tidal technologies, utilising Scotland's coastline and resources.</p> <p>Supply chain benefits are a key goal of the programme, and when assessing eligibility, projects must demonstrate their community benefit for the Scottish Economy.</p> <p>The programme has already contributed to displacing significant amounts of CO₂ and to electricity generation from renewable sources.</p>
2014	UK Community Energy Strategy	<p>This document considers the growing role of individuals communities as key stakeholders in energy generation and transforming the marketing and outlines a strategy for placing communities at the centre of energy generation. Renewable energy opportunities are central to the community energy strategy. A relevant vision point from the strategy states:</p> <ul style="list-style-type: none"> • by 2015 it should be the norm for communities to be offered the opportunity of some level of ownership of new renewable developments. 	The programme has enabled communities, through the community renewable investment type, to become key stakeholders and owners of renewable projects, either solely or in partnership with other organisations.
2012	UK Energy Security Strategy	This Energy Security Strategy considers energy security in the context of the challenges faced in the UK.	The programme has helped utilise the natural resources coastal (wave and tidal) and onshore (wind and hydro) and has contributed to developing technologies that will

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
		Decarbonising UK supplies to help reduce dependence on international fossil fuel markets in the longer term is a key policy goal.	enable the transition of the energy market away from a dependence on fossil fuels.
	Scottish Enterprise Business Plan (2012-15)	<p>This strategy document outlines how SE will achieve the ambition of making Scotland more globally competitive. Strategic priorities for SE include:</p> <ul style="list-style-type: none"> renewable energy: working with partners who seek to create a world class renewable energy cluster; and the transition to a low carbon economy, with a specific target output of up to 50,000 tonnes of CO₂ savings arising from SE support for companies. 	<p>The programme has contributed to achieving the goals of SE by enabling the development of technologies otherwise not utilised. This has contributed to the sustainable development of Scotland's renewable sector.</p> <p>These companies supported by SE are further contributing to CO₂ displacement targets.</p>
2011	2020 Route map for Renewable Energy in Scotland	<p>This strategy sets ambitious targets for 2020 of:</p> <ul style="list-style-type: none"> the equivalent of 100% of electricity demand to be met by renewables; 11% heat demand to be met by renewables; at least 30% overall energy demand from renewables by 2020; and 500 MW community and locally owned renewable energy by 2020. 	<p>This strategy outlines the context in which REIF was introduced and highlights the programmes strategic alignment with government targets and priorities. The programme was strategically aligned with these target outputs from the offset as it:</p> <ul style="list-style-type: none"> sought to support projects that deliver energy from a renewable source, reduce the cost of renewable energy, or provide key solutions for renewable energy generation; included district heating as an investment type; and supported community-owned energy projects.
Inclusive Growth			
2019	Fair Work Action plan	The Scottish Government's commitment to promoting Fair Work is set out previously in Scotland's Economic Strategy, National Performance Framework, Economic Action Plan and Labour Market Strategy. This action plan is designed to focus policies and resources on progressing this goal.	The programme has begun to monitor businesses adopting fair work principles, encouraging business supported to pledge to implement the Fair Work Action Plan.

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
		<p>The actions the Scottish Government is taking through the Fair Work Action Plan cover three broad themes, aiming to:</p> <ul style="list-style-type: none"> • Support employers to adopt Fair Work practices; • Deliver Fair Work to a diverse and inclusive workforce; and • Embed Fair Work across the Scottish Government. 	
2018	A new blueprint for Scotland's rural economy: Recommendations to Scottish Ministers – National Council of Rural Advisers (2018)	<p>National Council of Rural Advisers make a number of recommendations to the Scottish Government in order to realise the potential of Scotland's rural economy including:</p> <ul style="list-style-type: none"> • Supporting 'non-traditional' rural sectors such as advanced manufacturing; • Ensuring flexible, adaptive and skilled people by promoting rural areas as centres of excellence for 'non-traditional' rural sectors such as advanced manufacturing, digital technologies, and e-commerce; and • Creating a supportive enterprise environment for rural business growth, specifically supporting developing sectors. 	The programme benefits are particularly felt in rural communities due to the propensity of rural landscapes and locations to support renewable energy opportunities, engendering rural economic development. This has catalysed direct and induced economic benefit and brought high value jobs to rural areas.
2016	Scotland's Labour Market Strategy	<p>This document outlines the Scottish Government's ambition for Scotland to be a more successful and fairer country, with opportunities for all to flourish. A strong economy is cited as essential to achieve this, of which a vibrant, fair and inclusive labour market is a key component. Relevant priorities include:</p> <ul style="list-style-type: none"> • Promoting Fair Work Framework and Responsible Business; • a skilled, productive and engaged workforce capable of meeting the needs of employers; • equality of opportunity to access work and to progress to ensure everyone is able to maximise their potential; 	Fair work includes equitable access to employment, fulfilment from employment and security of income. Securing and creating jobs has been a key goal of the programme from the outset. It has contributed towards the provision of jobs to rural communities and provided high value jobs in manufacturing, research and development. Supply chain impacts also support employment.

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
		<ul style="list-style-type: none"> fulfilling, secure and well-paid jobs, where employees' contributions are encouraged, respected and valued; an economy that supports a sustainable working population and that can retain and attract new talent, to meet our wider economic and social ambitions. 	
Economic Development			
2020	Towards a Robust, Resilient Wellbeing Economy for Scotland	<p>This document was prepared in the context of, and with the remit of responding to the Covid-19 pandemic and ensuing economic uncertainty and collapse. Relevant recommendations emerging from the strategy include:</p> <ul style="list-style-type: none"> accelerating action to promote wellbeing and Fair Work; securing significant increase in access to capital investment to support the recovery; and green economic recovery is central to recovery overall. The Scottish Government now needs to establish a priority on delivering transformational change with clear sector plans, where the coincidence of emissions reductions, the development of natural capital and job creation is the strongest. 	<p>The programme is aligned with the recommendations in this strategy, tracking the number of business adopting Fair Work first practices, as well as other positive employment targets including jobs paying at least a real living wage.</p> <p>The programme contributes to enabling access to capital as it is a conduit for investment for emerging renewable and low-carbon technologies.</p> <p>The programme is key to enabling green economic growth in the long term, reducing emissions and dependence on fossil fuels. It also contributes to the Scottish economy providing supply chain benefit to Scottish businesses and leveraging private sector investment.</p>
2019	Scottish Government Economic Action Plan 2019-2020	<p>Scotland's Economic Action plan is based upon the three 'R's: Resilience, Recovery and Restructuring. The strategy pertains to the following areas of focus: Investment; Enterprise; International; Innovation; Skills; Place; People; and Sustainability. Salient points in relation to these themes include:</p> <ul style="list-style-type: none"> work with employers to deliver fair work first; provide skilled job opportunities; support inward investment in Scotland; grow exports from 20% to 25% of GDP; 	<p>The programme provides high value manufacturing and research and development jobs and is tracked for commitment to fair work and real living wage. The project also contributes to leveraging inward investment and enabling companies to grow their export markets. It offers wider economic benefit to Scotland, growing the economy and contributing to reduced CO₂ emissions.</p>

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
		<ul style="list-style-type: none"> • promote green innovation and a green economy; and • providing access to finance to ensure a competitive business environment. 	
2018	Enterprise and Skills Board: strategic plan	<p>This plan is a direction-setting strategy for enterprise and skills agencies in Scotland (including SE and HIE) to improve Scotland's productivity, equality, wellbeing and sustainability. The plan outlines four key areas to achieve this:</p> <ul style="list-style-type: none"> • progressive business models, workplace innovation and Fair Work; • Encouraging and enabling a shift to a more demand-led skills system that better responds to the current and future skills needs of employers; • Promoting business creation and growth; and • Increasing export growth through both the number of exporting businesses and the value of exports. 	The programme has contributed to business growth in the renewable sector, enabling companies to secure investment in the absence of alternative investment opportunities and thus in time increase export growth.
2017	Scotland CAN DO: an innovation action plan for Scotland	<p>This strategy outlines a desire to see Scotland be recognised as a world-leading entrepreneurial and innovative nation and a positive place to do business. To achieve this innovation, the document presents three key actions:</p> <ul style="list-style-type: none"> • maximise public sector support for innovation, meeting the needs of Scotland's economy and society, e.g. tackling climate change / delivering low carbon and sustainable energy; • create an innovation culture in business and public service; and • increase awareness of sources of innovation support and the benefits it can provide for businesses across Scotland. 	The programme has contributed by providing public sector support to tackle the issues of climate change and emission, issues that threaten the Scottish economy and society. It has also fostered innovation within the sector, providing a viable pathway to market where otherwise innovative products may have been unable to realise potential.

Date	Document	Relevant Aims / Objectives	Contribution of REIF / EIF
2015	Scotland's Economic Strategy	<p>This strategy outlines how Scotland will ensure shared and sustainable economic growth. The strategy has four priorities:</p> <ul style="list-style-type: none"> • Investing in our people, infrastructure and assets; • promoting inclusive growth; • fostering a culture of innovation; and • enabling Scotland to take advantage of international opportunities. 	<p>The programme has significantly contributed to all the priorities of this strategy:</p> <ul style="list-style-type: none"> • the programme provides high value manufacturing and R&D jobs directly and through supply chain benefits; • benefit is felt across Scotland, particularly in rural areas which can make use of hydro, wind, tidal or wave renewable energy; • there has been investment at risk in young technologies, particularly in the marine type investment, enabling innovation; and • the support for companies enables them to grow their international export markets and can develop Scotland as a leader in renewables.

APPENDIX 3: SURVEY INSTRUMENTS/ TOPIC GUIDES

Topic guide for stakeholders and co-investors

In November 2020, RSM UK Consulting LLP were commissioned by Scottish Enterprise to provide an evaluation of the Renewable Energy Investment Fund (REIF) and the Energy Investment Fund (EIF) (the 'Fund'). Ownership of the overall policy, and decisions on Fund positioning and parameters, is the responsibility of the Scottish Government, with Scottish Enterprise responsible for delivery of the Funds.

As part of our evaluation process, RSM are conducting consultations with key stakeholders and recipients of funding to aid our understanding of how the Fund has been operating, to outline areas of success and limitation and to consider the lessons that can be learned for the future operation of the Fund and other programmes.

Programme Design and Delivery	
1.	What is your role in relation to the Fund?
2.	What do you feel were the drivers for setting up the Fund? What was the rationale for the Fund as a public sector intervention in the market?
3.	What gaps in the funding market was the Fund designed to address? How well did it address these gaps?
4.	How effective was the process to identify suitable businesses or projects for investment?
5.	How effective were the Scottish Government eligibility criteria in finding the right businesses or projects who would benefit from investment and provide positive return on investment?
6.	How appropriate/relevant was the level of funding in supporting businesses/projects?
7.	How effective were your working relationships: <ul style="list-style-type: none"> b. with beneficiaries?; and c. with other stakeholders (e.g. SE, SIB, Scottish Government, co-funders)?
8.	How appropriate/relevant were the four categories of investment type (marine, community, district heating and other)?
9.	How is success measured / assessed? How effective / appropriate have these measures been?
10.	How has the programme evolved / changed over the term of the two Funds?
Programme Impacts	
11.	What impacts have resulted from the programme? What have the key successes been?
12.	What impact has REIF / EIF had on the supply of risk capital and debt to eligible companies and projects? Has it made investors more willing to fund these types of projects?
13.	How impactful has the programme been in relation to the following outcomes (please give examples wherever possible)? <ul style="list-style-type: none"> d. renewable / low-carbon technology and sector development; e. reducing CO₂ emissions; f. wider community / economic benefit; g. high value job creation and protection;

	<p>h. inclusive growth and fair work; and</p> <p>i. contributing to Scottish energy transition.</p> <p>In which area(s) has the programme been most impactful?</p>
14.	How has the programme impacted innovation, research and development in the renewable / low carbon sector?
15.	Has the programme enabled the commercialisation of renewable products / technologies?
16.	Would the development of the market have taken place if the Fund not been set up? Would it have developed at a different speed, to a different scale, or not at all? Please distinguish between the four categories of investment if you are able to.
17.	What would have happened in the absence of the Fund?
Shortcomings of the programme	
18.	In what areas was the programme unable to deliver its desired impact?
19.	Have there been any gaps in what the programme offers to the sector / who is eligible to receive support?
Constraints on success	
20.	What (if anything) has constrained the effectiveness or impact of the programme? Please distinguish between the four categories of investment, and the types of impact, if you are able to.
21.	What (if any) are the barriers to uptake of support? Again, please distinguish between the four categories of investment if you are able to.
Lessons learned / Future Programme	
22.	From an operational perspective: What (if any) lessons can be learned from the implementation of the programme? What has worked well, less well and what are the reasons for this (by category)?
23.	From a policy perspective: what can be learned from comparing the original design of the Fund when compared to the reality of delivery? How has this informed your thinking and influenced future policy direction?
24.	How has the funding landscape changed over the duration of the programme? Is market failure still a rationale for intervention?
25.	How, and to what extent, has demand changed over the duration of the programme? How will this affect the offer of the programme going forward? Do you feel the funds have stimulated demand and/or created a market?
26.	What (if any) recommendations would you make for any future programme based on your experience of REIF / EIF?
Other Comments	
27.	Have you any other comments you would like to make about the programme?

In-depth interviews with programme beneficiaries

In November 2020, RSM UK Consulting LLP were commissioned by Scottish Enterprise to provide an evaluation of the Renewable Energy Investment Fund (REIF) and the Energy Investment Fund (EIF) (the 'Fund'). Ownership of the overall policy, and decisions on Fund positioning and parameters, is the responsibility of the Scottish Government, with Scottish Enterprise responsible for delivery of the Funds.

As part of our evaluation process, RSM are conducting consultations with key stakeholders and recipients of funding to aid our understanding of how the Fund has been operating, to outline areas of success and limitation and to consider the lessons that can be learned for the future operation of the Fund and other programmes.

Programme Delivery	
1.	Tell us about your organisation: where you are located and your involvement with the Fund?
2.	How did you hear about the Fund?
3.	Why did you apply for funding support from the Fund? <ol style="list-style-type: none"> What (if any) steps did you take to secure other finance? What (if any) steps did you take to de-risk your project? Why was the Fund the most appropriate source of support?
4.	What was the nature of the support (equity, debt)? Did you also receive any advice or other support? Which type of support was the most important for you?
5.	What (if any) were the barriers to your organisation's growth, prior to accessing support?
6.	How did you find the experience of applying for support?
7.	How effective was communication between yourself and Scottish Enterprise / the Scottish Investment Bank?
8.	What monitoring / evaluation / other data was required by the delivery body and what was your experience of collection / reporting of this data?
Programme Impact	
9.	How would your organisation have been impacted had the funding not been available? <ol style="list-style-type: none"> What other sources of investment were available to you in the market? Would the scale of your project have been different? Would the timing of your project have been different? Would your project have been set up?
10.	Policy makers have outlined various targets in relation to net-zero emissions by 2045, with significant portions of Scottish energy mix supplied by low-carbon or renewable energy. How has your organisation or project contributed towards these aims and how has it been enabled to continue contributing towards these targets?
11.	To what extent has the Fund enabled the potential for future upscaling of technologies / CO ₂ reduction through working with your organisation?

12.	How has the programme impacted innovation, research and development in the renewable / low-carbon sector through working with your organisation?
13.	How has your organisation been supported by the Fund in creating or protecting jobs?
14.	How has your REIF/EIF funding supported Scottish Government objectives relating to a real living wage and fair work ¹⁵ ?
15.	<p>How has the support received contributed to wider community benefits?</p> <p>a. What (if any) have been the downstream supply chain benefits at a local and a national level?</p> <p>b. What other wider socio-economic benefits can you identify as a result of support?</p>
16.	<i>[Companies only: not relevant to community projects]</i> : How has your company been aided in commercialisation; how have you been enabled to access new markets and increase sales revenue?
17.	How has the funding landscape changed over the duration of the programme?
18.	Have there been other changes / shifts at a sector wide level (e.g. technology, international competition, other policy changes) over the course of the programme?
Shortcomings of the programme	
19.	Have there been any gaps in what the programme has offered to your organisation?
20.	Have there been ways in which your organisation has not been supported to grow / develop? What has limited growth?
Constraints on success	
21.	Have there been any external factors that have constrained the effectiveness of the programme in supporting your business or project's growth and development?
Lessons learned / Future Programme	
22.	What (if any) lessons for your organisation can be learned from the implementation of the programme?
23.	What (if any) lessons for other organisations (e.g. SE, SIB, co-investors) can be learned from the implementation of the programme?
24.	What (if any) recommendations would you make for a future programme based on your experience of REIF / EIF?
Other Comments	
25.	Have you any other comments you would like to make about the programme?

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Online questionnaires

Marine or “other” projects

	Please enter your name, e-mail address, and the name of the company or project that received funding from REIF or EIF below.	
1. Programme Delivery		
1.1	When was your project / company first supported by REIF / EIF?	Year
	(Enter year of first support here)	
1.2	Which project type best describes your project / company?	Tick which is most appropriate
	Marine (Wave and tidal)	
	Other (please provide more detail below)	
1.3	How did you first hear about REIF or EIF?	
1.4	Prior to securing funding from REIF / EIF, what steps did you take to secure other finance? Please detail below.	Tick as many as apply
	Sought debt investment from another provider	
	Sought equity investment from another provider	
	Sought investment through an alternative source such as crowdfunding	
	Other (please provide more detail below)	

	Did you go ahead with this funding? If not, why not?	Tick as many as apply
	Yes (debt)	
	Yes (equity)	
	Yes (alternative)	
	No (please explain why below)	
1.5	Prior to securing funding from REIF / EIF, what steps did you take to de-risk your project / company? Please detail below.	Tick as many as apply
1.6	What barriers (if any) were there to your project / company's growth, prior to accessing REIF/EIF (?) support? Please tick as many as apply.	Tick as many boxes as apply
	Lack of debt investment available in market	
	Lack of equity investment available in market	
	Company/project not ready to receive investment	
	Lack of information/experience of deal structuring	
	Lack of information/experience of managing investments	
	Other (please specify below)	
1.7	What was your experience of applying for REIF / EIF funding? Tick the most appropriate description.	Tick which is most applicable
	The application process was clear, well sign-posted and it was evident what was required and how to proceed.	
	The application process was somewhat easy to understand and follow, and with support it was evident what was required.	

	The application process was somewhat confusing and difficult to navigate	
	The application process was unclear and hard to navigate	
	Please give additional details for your answer below.	
1.8	How was ongoing communication with the team delivering the fund?	<i>Tick which is most applicable</i>
	Excellent	
	Good	
	Average	
	Below average	
	Poor	
2. Programme Impact		
2.1	How would your project / company have been impacted had REIF / EIF funding not been available?	<i>Tick as many as apply</i>
	We would have been unable to proceed with our product / project without REIF / EIF.	
	We would have been able to proceed, but results would have been smaller scale.	
	We would have been able to proceed, but results would have been delayed.	
	We would have been able to proceed, but results would have been delayed and less impactful / smaller scale	
	We would not have been impacted.	
	Other (please give details below).	
2.2	How has your project or company contributed to reducing carbon emissions? Please detail below, including whether the level of carbon reduction is likely to increase over time.	

2.3	<p>How has your project / company contributed to low-carbon energy / technology research and development? Please detail below, including whether R&D is now complete or if it is ongoing.</p>	
2.4	<p>In your view, has your project made use of an innovative funding model – one where the Fund has been able to flex or adapt to meet the needs of the project? Please detail below.</p>	
2.5	<p>How has your project / company benefited the wider community?</p>	<p><i>Tick all that apply</i></p>
	The project / company has provided an income stream for a community	
	The project / company has brought about economic development in a rural area.	
	The project / company has led to community ownership (or shared ownership) of a renewable energy asset	
	The project / company has used local/regional suppliers / contractors	
	The project / company has used national (Scottish) suppliers / contractors	

	The project / company has added high value jobs (R&D, advanced manufacturing etc) to the local / Scottish economy				
	The project / company contributes Fair Work, and/or has signed up to Fair Work First ¹⁶				
	Other social or socioeconomic impacts (please describe below)				
2.6	Please describe how your project / company's access to domestic and international markets and potential for future growth are likely to change over the next five to ten years (tick one box per row)				
		Shrink	Stay the same	Increase	Increase rapidly
	Access to domestic markets				
	Access to international markets				
	Future revenue				
	Please explain your answer below.				
3. Constraints on success; shortcomings of the programme					
3.1	Are there any gaps or limitations to the programme, which if addressed would make (or would have made) a greater impact on the growth/ success of your project? Please detail below.				

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4. Lessons learned / Future Programme		
4.1	Are you aware now of any alternative sources of funding that could have benefited your project had the REIF / EIF funding not been available?	<i>Tick which is most applicable</i>
	I am aware of alternative funding, which would have been appropriate / accessible for this project	
	I am aware of alternative funding, but they would not have been appropriate / accessible for this project	
	I am not aware of any additional funding sources	
4.2	To what extent has your experience of demand for your product / renewable or low-carbon energy changed over the course of your involvement in the programme?	<i>Tick which is most applicable</i>
	There has been a significant increase in demand	
	There has been an increase in demand	
	Demand has remained steady over the course of our involvement	
	There has been a decrease in demand	
	There has been a significant decrease in demand	
4.3	Which statement best describes the current renewable / low-carbon funding landscape with respect to EIF's future relevance?	<i>Tick which is most applicable</i>
	The funding landscape is supportive and willing to invest in all renewables / low-carbon projects and technologies	
	The funding landscape is supportive of proven / mature renewable and low-carbon technologies, but a similar fund is required to support younger, less developed technologies	
	There has been limited shift in the renewable / low-carbon funding landscape, and as such there is still a need for market interventions / funds like EIF across the sector at all stages of maturity	
4.4	Based on your experience, what (if any) recommendations would you make to a future programme like REIF or EIF, to improve it and ensure it has impact? Please detail below.	

5. Other comments	
5.1	Have you any other comments you would like to make about the programme? Please detail below.

Community Projects

	Please enter your name, e-mail address, and the name of the project that received funding from REIF or EIF below.	
1. Programme Delivery		
1.1	When was your project first supported by REIF / EIF?	Year
	(Enter year of first support here)	
1.2	How did you first hear about REIF or EIF?	
1.3	Is your project fully mature / up and running?	<i>Please tick one</i>
	Yes – the project is complete and is generating its benefits	
	No – the project is a number of years away from full completion (please enter number of years to maturity below)	
	Years until project complete:	
1.4	Prior to securing funding from REIF / EIF, what steps did you take to secure other finance? Please detail below.	Tick as many as apply
	Sought debt investment from another provider	
	Sought equity investment from another provider	
	Sought investment through an alternative source such as crowdfunding	
	Other (please provide more detail below)	
	Did you go ahead with this funding? If not, why not?	Tick as many as apply
	Yes (debt)	
	Yes (equity)	
	Yes (alternative)	

	No (please explain why below)	
1.5	Prior to securing funding from REIF / EIF, what steps did you take to de-risk your project? Please detail below.	
1.6	What barriers (if any) were there to your project , prior to accessing REIF/EIF support? Please tick as many as apply.	<i>Tick as many boxes as apply</i>
	Lack of debt investment available in market	
	Lack of equity investment available in market	
	Company/project not ready to receive investment	
	Lack of information/experience of deal structuring	
	Lack of information/experience of managing investments	
	Other (please specify below)	
1.7	What was your experience of applying for REIF / EIF funding? Tick the most appropriate description.	<i>Tick which is most applicable</i>
	The application process was clear, well sign-posted and it was evident what was required and how to proceed.	
	The application process was somewhat easy to understand and follow, and with support it was evident what was required.	
	The application process was somewhat confusing and difficult to navigate	
	The application process was unclear and hard to navigate	
	Please give additional details for your answer below.	

1.8	How was ongoing communication with the team delivering the fund?	<i>Tick which is most applicable</i>
	Excellent	
	Good	
	Average	
	Below average	
	Poor	
2. Programme Impact		
2.1	How would your project have been impacted had REIF / EIF funding not been available?	<i>Tick which is most applicable</i>
	We would have been unable to proceed with our project without REIF / EIF.	
	We would have been able to proceed, but results would have been smaller scale.	
	We would have been able to proceed, but results would have been delayed.	
	We would have been able to proceed, but results would have been delayed and less impactful / smaller scale	
	We would not have been impacted.	
	Other (please give details below).	
2.2	How has your project contributed to reducing carbon emissions? Please detail below, including whether the level of carbon reduction is likely to increase over time.	

2.3	In your view, has your project made use of an innovative funding model – one where the Fund has been able to flex or adapt to meet the needs of the project? Please detail below.	
2.4	How has your project benefited the wider community?	<i>Tick all that apply</i>
	The project has provided an income stream for a community	
	The project has brought about economic development in a rural area.	
	The project has led to community ownership (or shared ownership) of a renewable energy asset	
	The project has used local regional suppliers / contractors	
	The project has used national (Scottish) suppliers / contractors	
	The project has added high value jobs (R&D, advanced manufacturing etc) to the local / Scottish economy	
	The project contributes Fair Work, and/or has signed up to Fair Work First ¹⁷	
	Other social or socioeconomic impacts (please describe below)	
3. Constraints on success; shortcomings of the programme		
3.1	Are there any gaps or limitations to the programme, which if addressed would make (or would have made) a significant impact on the growth/ success of your project? Please detail below.	

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4. Lessons learned / Future Programme		
4.1	Are you aware now of any alternative sources of funding that could have benefited your project had the REIF / EIF funding not been available?	<i>Tick which is most applicable</i>
	I am aware of alternative funding, which would have been as appropriate / accessible for this project	
	I am aware of alternative funding, but would not have been as appropriate / accessible for this project	
	I am not aware of any additional funding sources	
	Did you approach these sources? If not, why not; if so, what was the outcome?	
4.2	Which statement best describes the current renewable / low-carbon funding landscape with respect to EIF's future relevance?	<i>Tick which is most applicable</i>
	The funding landscape is supportive and willing to invest in all renewables / low-carbon projects and technologies	
	The funding landscape is supportive of proven / mature renewable and low-carbon technologies, but a similar fund is required to support younger, less developed technologies	
	There has been limited shift in the renewable / low-carbon funding landscape, and as such there is still a need for market interventions / funds like EIF across the sector at all stages of maturity	
4.3	What (if any) recommendations would you make to a future programme like REIF or EIF based on your experience, to improve it and ensure it has impact? Please detail below.	

5. Other comments	
5.1	Have you any other comments you would like to make about the programme? Please detail below.

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