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An evaluation of the YnNi Teg Foundational Economy Challenge Fund Project

1. Background and Purpose

In 2019 YnNi Teg (YT) was awarded £100,000 funding from the Welsh Government's (WG) Foundational Economy (FE) Challenge Fund of which they drew down £99,617. Before this, YT's focus was the development of a community owned 900kW wind turbine in Carmarthenshire. The FE funding was secured to enable YT to broaden its role by supporting the development of community energy (CE) projects across Wales through the provision of project management skills and technical expertise needed to move projects forward. This could be either supporting existing groups or developing a new project from inception.

In January 2021 Keith Edwards Ltd was commissioned via a tendering process to:

1. Carry out an evaluation of how YT had delivered against the objectives set out in its application for FE funding.
2. Explore with key stakeholders the challenges facing the CE sector and in what ways YT might be developed further to address them.

The purpose of this document is to set out what was learnt from this exercise.

2. Policy context

The Foundational Economy concept has its roots in the work of Prof. Karel Williams at Manchester University's CRESC. At its core is the idea that supporting the "mundane economy" – essentially the goods and services that meet our everyday needs – would be an effective focus for government economic policy.

In 2017 the Welsh Government's Economic Action Plan adopted the FE approach as a core plank of its economic policy. WG describes FE as consisting of the "basic services and products that we rely on to keep us safe, sound and civilised" This includes:

- care and health services
- food
- housing
- energy
- construction
- tourism
- high street retail

Energy then is central to the FE concept and within this, the development of CE provides the greatest potential within the energy sector to achieve one of the key goals of the FE approach – capturing the economic value of activities and keeping it within the local economy.

3. Evaluation process

A mixed methods approach was taken to the evaluation made up of two core elements:

- A review of relevant documentation provided by YT that demonstrates what the funding enabled the organisation to deliver against the measurable outputs stated in the funding application.
- A series of semi-structured interviews with key stakeholders including people who worked for, partnered with, funded or received services from YT. The aim of the interviews was to understand two things:
 - Stakeholder perspectives on what YT had achieved with the FE funding.
 - Their views on what YT could most usefully do in the future to support the growth of the CE sector.

4. Measurable Outputs

The FE Challenge Fund application set out a range of both quantifiable outputs and broader more qualitative objectives. To assess delivery against the measurable outputs, we asked YT to provide documentary evidence of what had been achieved. The review of what was provided showed:

- 7 of the measurable outputs were fully achieved or exceeded,
- 1 partly achieved, and
- 1 not achieved.

4.1 Fully achieved or exceeded were:

- Recruit to 2 1.4 FTE roles to develop community projects and create a support package.
- Identify 30 potential projects to develop or that need support.
- Secure the right to develop 3 of those projects.
- Secure a contract to support 3 locally owned renewable energy projects.
- Secure additional £100,000 for ongoing work. (This was exceeded by over £150,000).
- Develop a webpage, promotional pack and launch event to promote the service.
- Deliver an evaluation analysing the impact of this model and potential benefits of secured projects (The successful completion of this evaluation will mean this has been fully achieved).

4.2 Partly achieved:

- Deliver shared ownership projects and best practice guidance for Wales.

4.3 Not achieved:

- Bring privately owned assets into community ownership. (YT made 3 bids to acquire. Two were rejected by the landowner and one was passed on to another developer.)

In addition to the above, evidence provided suggests that there is a portfolio of projects currently in development with a generative capacity of 41mW which has levered in around £250,000 of additional funding. The largest of these projects – The Bretton Hall Solar Farm – if successful would be the largest community owned solar farm in the UK.

5. Stakeholder interviews – evaluation of delivery against qualitative objectives

23 people were invited to be interviewed and 22 interviews were undertaken. The conversations centred around 10 questions. The first question focused on understanding the relationship of the interviewee to YT. Questions 2 to 7 focused on stakeholders' perspectives and experiences of how YT had delivered on the specific and broader objectives set out in their funding application. Questions 8 and 9 asked about wider sector issues. The final question asked respondents if there was any further feedback they would like to provide to YT that the questions hadn't brought out.

The following sections set out what was learnt from the interviews.

5.1 General Conclusions

Overall, the information gained from the interviews suggested that although there is a mismatch between the timescales inherent in the successful completion of energy projects and the duration of financial support from the FE Challenge Fund (under 18 months), stakeholders with a knowledge of YT's work felt that the objectives set out in the funding application had largely been met.

Interviewees clearly valued YT's work. The commitment, expertise, knowledge and skills of the team were all seen as hugely beneficial, particularly for volunteer-led CE organisations and large scale projects in their infancy. Many said that without YT's support, progress would have been much slower and some felt that projects may well have stalled.

The only concerns voiced were around the mismatch between the capacity of a small team and the potential demand for their services. Many interviewees expressed the view that there is a real but time limited opportunity for Wales to invest in and reap the benefits of CE and most interviewees felt that the kind of support YT provided was essential if Wales was to grasp this opportunity and retain the economic and wider benefits of energy generation within communities and the country. Many interviewees urged YT and WG to be ambitious in their plans for CE and what it could achieve for communities and Wales as a whole over coming years.

The following sections summarise the responses to the specific objectives set out in YT's FE funding application.

5.2 Helping CE projects achieve more than they are able to on their own

"[our organisation] wouldn't be where it is without YnNi Teg input – it's been key"

A minority of respondents felt that it was difficult to say definitively that this objective had been met due to the long development time inherent in RE projects meaning no single CE project currently

supported has reached fruition; however, a significant majority of respondents said that projects had made more progress than they would have done without YT's support. The majority view then from the interviews was that this objective had been met.

Generally, YT's ability to assist groups to move projects forward in a very hands-on way was hugely valued and it was felt that this support not only complemented the work of the WG's Energy Service, it was crucial to moving projects forward at the pace required. Respondents also fed back that this level and type of support could not be accessed anywhere else. The aspects of YT's work considered to be of greatest value for groups was the team's hands-on support and particularly their:

- Project management skills
- Technical expertise
- Sectoral knowledge and networks
- Enthusiasm and approachability
- Ability to move quickly to respond to opportunities

5.3 Supporting CE projects to develop shared ownership projects

There were a number of objectives in YT's funding application where the interviews highlighted that there is an issue with definitions – what people understood “shared ownership” to mean was one of these. However, whether the respondent took this to mean a share offer being developed for a CE project, or where it was understood as a shared approach to developing renewable energy (RE) projects between a private developer and a community group, it was felt that YT played an important role in helping groups to understand concepts, support the development of the positive relationships needed, and move forward operationally.

5.4 Supporting CE projects to develop larger, more complex projects

“The capacity of CE groups varies a lot across Wales – there are some that are well resourced that could take on other larger projects but there are other areas where it hasn't developed to the same extent but there is interest and this is where YT and CEW can really make the most of those opportunities.”

This question was particularly relevant in that many respondents expressed the view that with significant changes in the operating environment and subsidy levels, only larger and therefore more complex projects are considered viable. Most were aware of the larger projects YT was supporting and felt this was the right approach. Consequently YT's support was seen as crucial by those committed to and passionate about CE to ensure the financial gains made from a development are captured within the local economy. Many were of the view that without YT's support to complement that provided by the WG's Energy Service, the CE sector would essentially be unable to compete with large private developers and significant opportunities for communities and the Welsh economy would be missed.

5.5 Helping the sector to increase the level of locally owned renewable energy projects

As with the definition issue identified by the conversations around shared ownership, the conversations around YT's role in contributing to an increase in the level of locally owned RE projects highlighted that there is an issue with the blurring of what “locally owned” and “community owned”

means to people. This suggested that there is a need for clarity both in relation to terms used and what YT's focus might usefully be in the future.

Respondents felt that YT's work was contributing to the development of projects that would – on successful fruition – increase the number of both locally owned and community owned projects, but there were different views on whether government and partners should solely focus on supporting community owned projects.

5.6 Helping to increase the level of community benefit (CB) from RE projects in Wales

In setting this question, we were aware that the term "community benefit" tends to mean different things to different people and sectors. The conversations here highlighted that within the CE sector, there is a particular understanding possibly linked to the groups often being set up as Community Benefit Societies. The majority of respondents felt that CB was central to what CE projects set out to achieve. Some talked about using funds generated from one scheme to fund setting up others, others were excited by using funds to support education programmes around environmental projects or tackling issues such as fuel poverty. One interviewee was uncomfortable with the term itself.

As many see it as an intrinsic part of what CE is about, by supporting the development of CE projects, YT is seen as helping to increase the level of community benefit from RE projects in Wales.

5.7 Helping to increase the level of resources available to support Welsh communities towards a zero carbon economy

As with the previous question, most respondents felt that YT's support of CE projects by its very nature contributed positively to this goal. Again, there was a widely held view that with greater capacity, support from YT could encourage a broader range of initiatives that would have greater impact, although there were also conversations about the pro's and con's of YT having either a broad or well defined role/contribution within the RE sector.

5.8 Contributing positively to an increase in Gross Value Added to the Welsh economy from the transition to renewables

Although some interviewees questioned the narrow economic focus of such an objective and others commented that this is a difficult objective to demonstrate progress against, it was again felt that by supporting the development of CE projects, YT was through its core activities contributing positively to this outcome.

6. Stakeholder interviews – perspectives on issues facing the sector and the contribution YT could make in the future

In addition to the funding specific questions, we asked about other issues that YT felt it would be useful to take this opportunity to discuss with stakeholders. The following sections set out what came from those conversations. This is followed by a section that summarises other points that were raised by interviewees that we thought might be useful to feed back to YT, Community Energy Wales, partners and stakeholders.

6.1 Future development of YT's role

"I'd like to see a well resourced development team with in-house skills – essentially a consultancy service so that they can deliver a project – design, deliver and hand over"

The majority of interviewees expressed the view that the biggest barrier for YT delivering what is needed to really make the most of what the CE sector has to offer Wales is the imbalance between the capacity of the organisation and the size of the task. There was overwhelming support for YT to grow its capacity and enhance its offer; specifically continuing to carry out the project management role for potential CE projects to the point where a community can take over its leadership, then continuing to provide support to that organisation where needed.

In terms of growing the capacity of the organisation, a small number of respondents had very clear views on what would be of most benefit. They felt that in-house planning, legal and communications/marketing expertise would enable YT to deliver the intensive "hands-on" support that projects needed to take them forward within an appropriate timeframe, whilst at the same time promoting CE and what YT was achieving to engage a broader audience. It was felt that bringing this expertise in-house would be most cost effective and ensure the service provided was joined-up and delivered at the pace necessary.

It was pointed out that there are private consultancies providing this kind of support to groups (at a cost), however YT is the only organisation that is solely committed to growing the CE sector by also being a developer in its own right. This makes YT's potential to grow CE generation in Wales unique.

6.2 Partnerships and collaboration

The interviews highlighted the strong working relationships between organisations working in RE field. The strength of collaboration and commitment to mutual support was notable.

Specific to CE, all interviewees who commented were positive about how YT and the WG Energy Service worked together and complemented each other's roles. A number felt that a particular strength of the support provided by YT was that it was independent from but complementary to government programmes.

In terms of relationships or collaborations between the CE sector and others, interviewees thought that growing the sector and its contribution to economic, social and environmental objectives would benefit from greater engagement with:

- Local authorities,
- Community "anchor organisations" such as housing associations and other not-for-profits outside the RE sector, and
- Structures such as Regional Partnership Boards

As with other questions, interviewees recognised that capacity within YT would currently be the greatest barrier to making the most of these collaborations. A few felt that it would be worthwhile to consider which organisation(s) from the sector would be best placed to develop these relationships.

6.3 Diversity in the CE Sector

“Not being diverse is a problem – we need to reflect our communities more – it’s an historical issue”

Everyone interviewed agreed that the CE sector isn’t as diverse as it could be in terms of gender, race and age. A number also included socio-economic background and level of education. All respondents felt that the sector would benefit from being more diverse. The benefits of this were seen as:

- Decision-making and actions reflecting the needs and views of a wider range of people within the community.
- The potential to engage a broader range of people in environmental issues generally and a greater impact on energy use and the environment as a result.
- Longer lasting positive environmental impact if the sector engaged more younger people.
- The sector being more relevant to and engaged with communities that would most benefit from the income streams and opportunities that projects could generate.
- The sector being more attractive to potential funders and policy-makers.

Interviewees generally felt that the sector was not intentionally excluding people although one did describe a situation where there had been opportunities for a CE organisation’s board to become more diverse through available board positions. There were people interested who would bring appropriate skills and broaden the diversity of the board but the group decided not to offer them positions.

Apart from this example, in relation to potential reasons for the lack of diversity, interviewees identified:

- Typical academic routes that led to becoming involved – such as an engineering – are currently male-dominated in the UK.
- There are few employment opportunities in the sector, particularly entry level jobs. Many are also part time and/or temporary which makes them unviable or unattractive to people with fewer resources.
- Getting involved via a community share offer requires some disposable income.
- Volunteering as a route into the sector requires some available time.
- The current lack of diversity in the sector can be off-putting or unintentionally unwelcoming.
- Rural communities – where often CE schemes are based – aren’t themselves very diverse in terms of race.

All interviewees were positive about taking action to address this issue. One listed a number of women who were working in the sector who they felt didn’t have the profile that others had. It was suggested that doing more to highlight their achievements and contribution would be a good place to start to address the apparent lack of diversity in the sector.

This question also led to conversations that demonstrated that many have a perception of the sector as small, insular and dependent on a small group of individuals. Interestingly, one respondent stressed that this was a false impression that ignored the large number of people involved via share ownership of projects, and two others expressed concerns that this perception risked misrepresenting the sector. They stressed that like other sectors, CE is a broad church and they felt sometimes this image of the sector under-represented its capacity, knowledge and resources. They felt this could limit its potential in the eyes of policymakers.

7. For consideration

This section pulls together what we see as the key issues identified by interviewees that YT, the sector and its representative organisations may want to consider.

7.1 For YT:

As outlined above, there was universal support for the organisation's recent contribution and enhancing it further in the future. Two respondents had clear ideas on what shape and capacity the organisation might need to provide the level and type of support that would be most valuable to the sector.

- We would suggest the Board strategically reviews the future of the organisation – what its future contribution should be and what it needs to have in place to deliver that. This should include considering the relationships between YT, CEW and the WG ES. It has been suggested that it is possible that YT could become self-financing over time and it would be useful to carry out a viability assessment of what funding model might facilitate this over what period.

7.2 For the sector and its representative bodies:

A number of interviewees felt that the sector was small and insular, lacking in diversity and reliant on a small group of passionate people. They felt this presented risks in terms of capacity, succession/growth and governance. However, a few interviewees felt that this was a misconception and that a broader group of people are involved but less visible. Engaging more people and organisations outside the CE/RE sector was seen as positive by all interviewees in terms of reaching wider environmental, social and economic goals. We would suggest the following could usefully be considered:

- Is there a need to broaden engagement and if yes, how could this best be achieved?
- Are there ways to engage more people via community anchor organisations such as Housing Associations and other structures and organisations such as Regional Partnership Boards and local authorities?
- If this is desirable, which organisation(s) within the CE sector should take this forward and where's the best place to start?

Accessing the support of and considering potential collaborations with organisations such as Chwarae Teg, the Women's Equality Network, Stonewall and EYST would be worth considering as a way to begin addressing this.

One of the strongest themes of the interviews was that there is a time-limited opportunity for the CE sector and that it needs to be ambitious and grasp that opportunity now. With a new Welsh Government in place within the next few weeks it would seem the time is right to develop ideas around what the sector can offer Wales and what support it needs from WG and/or other potential funders to make sure that the country doesn't miss this opportunity.

- For CEW and YT (possibly in collaboration with other CE and RE networks and initiatives) – what is your "ask from and offer" for the next Welsh Government?

8. Conclusion

The evaluation showed that with 2 minor exceptions, YT achieved what it set out to do with the Foundational Economy Challenge Fund grant – and in many cases achieved more.

Limiting factors for the project were the mismatch between the duration of funding available and the time required to bring projects to fruition alongside the nature of the operating environment, including the impact of the Covid pandemic.

Despite these challenges, a small not for profit organisation with a very modest budget was able to support over 30 initiatives, raised additional funding of £250,000 and should the Bretton Hall Solar Farm be successful, developed the largest community owned solar farm in the UK.

Many interviewees felt that the next few years will be crucial for Wales to grow the CE sector and make the most of its contribution to broad economic, social and environmental goals. Overall, the stakeholders interviewed felt to achieve this, the support provided by YT alongside other partners is essential. Moreover, there was strong support for growing and broadening the organisation and its services.

It is the authors' view that YT has demonstrated its value and should the new WG wish to make the most of the contribution of the CE sector to the environment and economy of Wales, further investment to develop the organisation's services would support the achievement of shared goals.

Authors:

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