

# Competition for: Management of the Energy Upgrade Loan for Waltham Forest Council

## 1. Award of the Contract

The successful Provider shall be selected to enter into the Contract with Waltham Forest Council based on an evaluation of submissions with the price criteria given a 40% weighting, and quality criteria given a 60% weighting.

The Authority have made every effort to ensure the completeness and accuracy of information provided to Providers but do not warrant any such information. Providers will be deemed to have satisfied themselves as to the accuracy and completeness of such information before submitting their quotes.

## 2. Instructions on how to prepare and submit a Tender and asking clarification questions

Valid Tenders must include all of the following documents, each duly completed in the form provided in this Invitation to Tender:

- Appendix II: Method statements;
- Appendix III: Pricing schedule;

Bidders must complete their Tender in full. Incomplete Tenders may be rejected.

Tenders shall be submitted via the Crown Commercial e-sourcing tool. Please see instructions for how to do this [here](#). Tenders must be uploaded by **10:00:00 on 17 February 2025**. Quotations submitted after this time will not be accepted.

All requests for clarification and further information must be submitted electronically via the e-sourcing tool. Such requests must be submitted by no later than **18:00:00 on 07 February 2025**.

The Council will disclose details of all requests for clarification/ further information, and any resulting action or explanation from the Council on **12 February 2025**, to all Bidders.

## 3. The Evaluation Process

Provided in brackets is the percentage score allocated to that criteria and also the maximum number of pages allowed for responding. Providers are to use font style Arial, size 11pt minimum. Any information given outside of this limit will not be factored into the evaluation.

Scoring will be based on 40% price 60% quality basis.

Tenders will be evaluated on the basis of the following evaluation criteria and sub-criteria:

Criteria	Criteria weighting	Sub-criteria	Maximum weighted score
Price	40%	None	40%

Quality	60%	<b>Technical merit</b> , including the competence, skills, and experience of personnel proposed for the project	30%
		<b>Proposed plan for delivery of the services/methodology</b>	20%
		<b>Delivery plan and milestones</b>	10%

The Authority reserves the right to invite the bidders to clarification interviews. These interviews will not be scored but will serve as an opportunity to outline your written submission and clarify any points raised by the panel.

### Price (40%)

The total price of the scheme over 3 years will be evaluated. Providers should give pricing details for the processing of up to 40 loan applications and include a breakdown of all relevant fees as set out in Appendix III.

All prices are to be exclusive of Value Added Tax (VAT) and inclusive of all other costs; i.e. travel and any expenses.

Please take note of the DPS Pricing Schedule 3. The indicated Maximum Margin Percentage of 18% is the recommended maximum price, but please note that the Council will consider all tenders, including those with higher quotes.

The lowest 'grand total price' submitted will be allocated the maximum weighted score of 40%. The other 'grand total prices' submitted will be scored in relation to the lowest 'grand total price' as follows:

$$(lowest\ quotation\ price \div other\ quotation\ price) \times maximum\ weighted\ score$$

### Quality (60%)

Please upload document(s) with your response to each quality question, responding to all criteria stated in the specification. Providers must clearly identify the question, plus reference number, being responded to and adhere to the appropriate page limitation set herein.

Please note that only information contained within the response to a single criterion will be assessed for that criteria, the evaluation panel will not cross-reference answers to questions so be sure to respond fully to each criteria fully and in the correct place.

**Minimum score:** Bidders who failed to achieve the minimum of **3 points** (acceptable response) or more in any of the scored questions will be deemed as failed and will not be evaluated further.

Bidders are required to upload the response to quality questions within the relevant area of DPS platform. The questions are listed in the last section of this document, for completeness.

### Scoring Scale

In relation to the Quality criteria and sub-criteria, each response will be scored in accordance with the following scoring scale:

SCORE	DESCRIPTION
4	Response / answer / solution is of very high standard and that meets or exceeds requirements; proves excellent understanding of requirements

	and ability to deliver; shows that the service will be delivered to an excellent standard.
<b>3</b>	Response / answer / solution is of a high standard and that meets requirements without reservations about acceptability; provides evidence that the Provider can make a significant improvement to the way the service is delivered.
<b>2</b>	Good response / answer / solution to that aspect of our requirement; provides more evidence than that of an 'acceptable' response.
<b>1</b>	Acceptable response / answer / solution; basic requirements are met but lack of real understanding of requirement or evidence of ability to deliver.
<b>0</b>	Non-compliant – failed to address the question / issue or a detrimental response / answer / solution; limited or poor evidence of skill / knowledge sought.

In applying the scoring scale, each Tender will be evaluated according to its quality and deliverability. The term 'quality' in this context refers to performance and fitness for purpose of the proposal and therefore covers any aspect of a submission that affects the performance of the Contract. 'Deliverability' refers to the likelihood that all aspects of a particular submission could in fact be delivered by the Bidder concerned.

#### 4. Procurement Timetable

<b>Activity</b>	<b>Dates</b>
Tender published	27/01/2025
Deadline for Clarification questions	18:00 on 07/02/2025
Publication of Council response to all questions received	12/02/2025
Tender Submission deadline	10:00 on 17/02/2025
Potential clarification interviews and evaluation of submissions	17/02/2025-21/02/2025
Notification of outcome to all bidders	By 03/03/2025
Anticipated contract start date	17/03/2025
Anticipated project final end date	16/03/2028

#### 5. Milestone Payments

Upon the award of a contract, the DPS system will generate a service agreement, enabling the provider to submit service receipts (invoice) against the milestones.

The successful provider will receive payments in accordance with the milestone schedule (the provider will submit invoices for milestones completed, for the sums provided in the bid).

The high-level milestones can be split into partially completed milestones during the contract term, to enable more frequent payment to the provider, upon agreement between the Authority and the provider.

## **6. Procurement Process and Costs**

The Authority reserves the right at any time:

- 1.1.1 to require a Bidder and/or its Consortium Members to clarify their Bid(s) in writing and/or provide additional information (failure to respond adequately may result in a Bidder not being successful); and/or
- 1.1.2 to amend the terms and conditions of the Procurement Process;
- 1.1.3 not to consider Tenders other than those specified;
- 1.1.4 to issue amendments or modifications to the ITT;
- 1.1.5 to alter the timetable to contract award;
- 1.1.6 to cancel or withdraw from the Procurement Process at any stage; and
- 1.1.7 not to award a contract.

All Bidders are solely responsible for their costs and expenses incurred in connection with the preparation and submission of Tenders and participation in this and all future stages of this Procurement Process. Under no circumstances will the Authority be liable for any costs or expenses incurred by Bidders or any of a Bidder's supply chain, partners or advisers in this Procurement Process. This is the case even where the Authority abandons the Procurement Process for any reason.

Where the Authority receives a Tender which is abnormally low, it will require the Bidder to explain in writing the price or cost proposed in the Tender. The Authority will assess the information provided by the Bidder and may reject the Tender where the evidence supplied does not satisfactorily account for the low level of price or costs proposed.

## APPENDIX I: Specification

### *Summary*

Waltham Forest Council is seeking to appoint a third-party supplier to administer a new round of the Energy Upgrade Loan to Waltham Forest residents and landlords. The loan pot will be £250,000. Following the first year in which the loan will be launched, the supplier will provide two years of loan management, in addition to potential contract extensions.

### *Background*

With many energy inefficient and old properties, homes in Waltham Forest are the biggest source of CO<sub>2</sub> emissions in the borough. Owner occupier and privately rented homes collectively have the largest carbon footprint. Making homes across Waltham Forest more energy efficient will be essential for reducing energy bills for residents, tackling the climate emergency and eliminating fuel poverty. The target is to retrofit 80% of homes in Waltham Forest to Energy Performance Certificate (EPC) B (or equivalent) or higher by 2030. So far 90,000 homes are at an EPC level of C or lower (from those, around 73,000 homes have an EPC level of D or lower).

We need greater uptake of retrofitting measures by owner occupiers and privately rented homes to reduce carbon emissions and lower bills, but most landlords and homeowners are not able to pay for whole house low carbon retrofit in one phase. Cost has consistently come out as a top barrier, and the success of the Energy Upgrade Loan pilot project (EUL1) supports the idea that this is a big barrier.

In November 2023, we launched the first round of the Waltham Forest Energy Upgrade Loan (EUL1) in November 2023. We were oversubscribed: the applications total was £414,000, much more than the £250,000 we had available.

The successful residents are now improving their homes: 86% of applicants have started their retrofits and 60% of applicants have completed their energy upgrade projects, saving on their bills and reducing local carbon emissions.

The average loan value was £14,332. The most sought-after energy-saving measures were solar panels and double glazing, followed by different insulation measures. The combined measures are expected to achieve 22 tonnes of carbon saved per year, improve households' EPC by at least one band and deliver an average annual bill saving of £455 per household.

The project has helped to reduce energy consumption and costs for residents, while decreasing carbon emissions in the Borough. With EUL2 we are aiming to achieve even higher carbon savings through only funding high carbon saving measures as set out below (i.e. excluding measures such as double glazing which were popular under EUL1).

### **EUL2**

Given the success of EUL1, we are now planning to launch a new round of the Energy Upgrade Loan, offering a tangible incentive to homeowners and landlords to undertake essential retrofit works in their properties.

### *Eligibility*

- All Waltham Forest **private homeowners** (owner-occupiers and landlords) with properties of EPC level D and lower should be eligible. In case of excessive demand, we would prioritise applicants with homes of an EPC rating E-G to ensure the least energy-efficient homes are tackled first.

- Landlords will be eligible and will present a specific focus of this loan. We expect the appointed supplier to advise how we can achieve greater reach and support our efforts in reaching more landlords with our loan offer.
- Companies owning property would not be eligible.

#### *Eligible measures*

- The loan should **only fund retrofit measures**. It should not cover non-retrofit works, such as extensions.
- Before being approved for the loan, homeowners will need to specify what retrofit measures the loan is covering. To do this, homeowners need to get an assessment of the properties' retrofit needs (see below 'Assessment of retrofit needs'). Only measures that have been recommended through this assessment or an EPC report will be eligible for financing, although it will be entirely up to the homeowner which retrofit measures out of the recommended measures they want installed.
- The assessment of retrofit needs will guide what is suitable at any property, but only from a catalogue of measures that would be eligible:
  - Energy efficiency: roof and loft insulation, wall insulation, floor insulation
  - Low-carbon heating: air source heat pumps, ground source heat pumps
  - Renewable energy: Solar PV, solar thermal
  - Energy storage: to be decided in consultation with the appointed supplier.
- The following measures would not be eligible:
  - Energy storage solutions
  - Double and triple glazing, doors
  - Replacement measures, such as replacement double glazing or replacement heat pumps
- The appointed supplier shall advise the Council on the list of measures and recommend any others that may be missing.
- Homeowners using the loan need to use installers that are Trustmark registered or Microgeneration certification Scheme (MCS) certified.

#### *Product specification*

- Residents and landlords can apply for loans from £2,000 to £20,000. They can apply for 100% of the cost of the retrofit measures.
- The interest rate should be 0%.
- The Council will charge residents or landlords a small admin fee upon successful application for a loan which will be based on fees proposed by the supplier.
- Customers can combine the loan with grants from other schemes, such as the boiler upgrade scheme, and will be encouraged to do so.
- Loan holders will be required to pay back at least £1,000 per year (e.g. if they take out a £5,000 loan, they will need to pay it back within 5 years) up to a maximum repayment period of 10 years.
- Selected retrofit measures will have to be implemented within 9 months after approval of the loan.
- Evidence of the completed work will be needed as well as an invoice, for example a post installation EPC report.
- The loan type should be unsecured. Any proposed restrictions (e.g. which would hinder residents and landlords from selling the property without paying the loan back) by the supplier should be outlined in the proposal.

### ***Overview of key deliverables for the appointed supplier***

- Advise the Council on the selection of retrofit measures to be supported by the loan
- Provision of a tool or advice service for residents to assess the retrofit potential of their properties
- Creation of a clear loan application process and user journey for residents and landlords
- Processing of loans on an ongoing basis
- Ongoing loan management with positive feedback from loan recipients
- Ongoing monitoring, evaluation and reporting to the Council

### ***Loan management***

- The loan shall be managed by a specialist third party supplier with a successful track record in loan management.
- Loan applications should be submitted at different times of the year, e.g. the first deadline could be six weeks after launching the loan. The applications will then be assessed in batches, to ensure that priority will be given to loan applications for retrofit measures for the most inefficient homes (see above) in case of excessive demand for the loan. The supplier should propose a process to minimise delays in processing applications, including conducting potential pre-screening of applications. The supplier should develop a clear process for managing excessive demand, in particular managing a reserve list in case of drop out, to ensure all funding approvals can be made swiftly. The supplier should develop a clear communication protocol to ensure all applicants are well informed of their status.
- The appointed supplier shall undertake credit and affordability checks for residents and landlords applying for the loan. The supplier should be required to develop proposals for and agree with the Council: the acceptable criteria (acceptable level of credit score, etc); any additional management or information checks to be undertaken to make any 'borderline' applicants acceptable.
- The loan agreement would be between the third-party supplier and the resident or landlord. The third-party supplier will pay out the loan and collect the repayments of the loan on behalf of the Council. There would be no direct contractual relationship between the Council and the property owner taking the benefit of the loan.
- Once repayments have begun from loan applicants to the supplier (circa 9-12 months after the loans have been agreed), the supplier shall start making repayments to the Council on a quarterly basis until the overall loan pot has been repaid (maximum of 10 years in line with the maximum repayment time for borrowers).

### ***Assessment of retrofit needs***

- The Council want to ensure the loan only funds measures that are suitable for the property, whilst also supporting residents and landlords to choose measures that they want in their home.
- The supplier shall provide a tool or advice service for residents that allows them to identify the retrofit measures that are most suited for their property and aligned with their budget. The method of carrying out these assessments and/or advice can be chosen by the supplier and can be done in house or in partnership with another organisation.

- This should be available not only for potential loan applicants but any resident who wishes to find out about their property's retrofit potential. Waltham Forest Council should be able to use this as a form of engagement to mobilise more residents to make energy efficiency improvements to their home. We may also use this as a way of identifying eligible households and gauging interest in the upcoming Warm Homes Local Grant funding.

#### *Communications*

- The Council will undertake extensive promotional activities through various media, including direct mail, targeted ads on social media, landlord-specific forums, and other Council comms channels. We will further engage estate agents, asking them to hand out flyers to new homeowners.
- The supplier is expected to develop clear communication materials for residents and landlords on the steps involved to apply for the grant, but the Council will lead the actual promotion of the loan.
- In particular, the supplier should advise the Council how to reach more landlords in its communications. We also seek recommendations on how to this can be aligned with the Council's upcoming promotion of the Warm Homes Local Grants. Our aim is to ensure the two offerings complement each other and their distinction is clear to landlords.

#### *Customer communications*

- The supplier should commit to timely response times responding to customer queries: 80% of queries should be responded to within 1 day; 100% within 5 days.
- The supplier shall issue a customer satisfaction survey once the loan has been issued and share this information with the Council. The questions shall be agreed in advance with the Council.
- The supplier shall issue further ad-hoc customer satisfaction surveys following engagement to gauge live feedback.

#### *Project management and monitoring, evaluation and reporting*

During the loan setup, promotion, application assessment and processing phases, the supplier shall meet with the Council on a weekly basis. Once all loans have been issued, this can be reduced to monthly update meetings.

Additionally, the supplier shall monitor and share data with the Council on the following:

	Ad-hoc/when relevant	Monthly	Every 3 months	One year after project start or earlier if loan pot is paid out before
Expressions of interest/queries about the loan		X		X
Number of loans taken out		X		



Size of loans taken out		X		
Retrofit measures installed			X	X
Rate of repayment and any potential defaults			X	X
Potential challenges with borrowers	X			
Changes in EPC ratings				X
Estimated carbon savings per loan			X	X

## Appendix II: METHOD STATEMENTS

The responses to the Method Statements in this Appendix along with the prices submitted in the pricing schedule will be used to evaluate the responses received under the criteria and weighting system. Bidders should be aware that there is a page count limit for certain Method Statements.

### Method statements

- 1) **Technical merit:** What relevant competence and experience do you have that highlights your suitability for this project? (Maximum page count: 1.5 pages + CVs)
  - a. Please include reference to relevant previous work examples and elaborate on the success and learnings of this/these project(s).
  - b. Please provide details of the key personnel who would deliver the project, including one-page CVs for the staff working on the project.
- 2) **Approach to delivery:** Please demonstrate you clearly understand the objectives of this project and suggest your approach to devising an appropriate strategy to respond to the named objectives in the Specification (maximum page count: 2)
  - a. Please include a high-level overview of the resident user journey.
  - b. Please explain your approach to processing loan applications to ensure smooth and timely delivery.
  - c. Please explain your approach to credit checks: clearly indicate how financial eligibility of residents would be assessed and highlighting if alternative approaches to credit checks are used. This should also include information on how the supplier proposes to manage the risk of applicants deemed acceptable but have sub-optimum credit scores.
  - d. Please explain your approach to monitoring, evaluation and reporting.
  - e. Please explain any potential risks you see for delivery and how you would manage these.
- 3) **Delivery plan and milestones:** Please provide a high-level delivery plan for the duration of the contract, including key milestones (maximum page count: 2).
  - a. Please submit a simple GANTT chart.

- b. Please include clearly who is responsible for what activity – supplier, Council, resident.
- c. Please explain team responsibilities within the supplier clearly – which staff will deliver what – and elaborate which processes you have in place to ensure continuation of service in case of sickness or staff change.

**Other information to include:**

- Please indicate the mobilisation period required to start delivering the project, if chosen as the successful supplier.

## **APPENDIX III: PRICING SCHEDULE**

Please include your proposed pricing schedule and structure. Providers should give pricing details for the processing of up to 40 loan applications and include a breakdown of all supplier fees, such as:

- Loan application fees per loan to be charged to the Council by the supplier
- Ongoing loan management fees per loan
- Project mobilisation and management fees
- Provision of an online retrofit assessment tool
- Any other fees