**Specification for (“**How can policy better support SMEs in the pathway to Net Zero”)

Tender Reference Number: DJ/0122

**Specification of Requirements**

Invitation to Tender for “How can policy better support SMEs in the pathway to Net Zero’”

Tender Reference Number: DJ/0122

Deadline for Tender Responses: Tuesday 8th February

**Contents**

1. Introduction and summary of requirements / Preamble

2. Background

3. Aims and Objectives

4. Methodology

5. Outputs Required

6. Ownership and Publication

7. Quality Assurance

8. Timetable

9. Challenges

10. Working Arrangements

11. Required Skills

12. Consortium Bids

13. Budget

14. Evaluation of Tenders

**1 Introduction and summary of requirements / Preamble**

The Climate Change Committee (CCC) plans to publish a report in 2022 to advise Government on business action, including a section on SMEs. The report will summarise the actions needed from SMEs to contribute to the [Sixth Carbon Budget](https://www.theccc.org.uk/publication/sixth-carbon-budget/), evaluate the climate policies in place that currently impact SMEs and suggest new or strengthened policies.

To inform this publication, the CCC is tendering a project 1) to understand the actions that priority SMEs groups should be taking to meet the Sixth Carbon Budget 2) to evaluate existing SME-focussed policies and to highlight where these leave gaps and 3) to suggest changes to existing policies or new/alternative policies that would engage more SMEs in reducing their emissions effectively.

Given timescales for publication, the tendered work needs to be delivered by end of April 2022, at a cost of £25,000 - £40,000 plus VAT.

The CCC’s past reports are available here: <http://www.theccc.org.uk/reports/>.

# 2 Background

**The Climate Change Committee**

The Climate Change Committee (CCC) was set up as part of the Climate Change Act. The CCC is an independent body tasked with providing advice to Government on climate change issues, and particularly the setting of carbon budgets, and the monitoring of progress towards meeting those budgets.

The Committee provided advice on the sixth carbon budget (setting a limit on UK emissions in the period 2033-2037) in 2020 and assessed UK progress in its annual Progress Report in June 2021.

**The Climate Change Committee’s work in relation to SMEs**

To date, the CCC’s published work on businesses has mainly focussed on large corporates.

* In November 2020, the CCC published a brief on ‘[the role of business in delivering net zero’](https://www.theccc.org.uk/publication/the-role-of-business-in-delivering-the-uks-net-zero-ambition/), which set out high level principles for how businesses should reduce their emissions
* In the 2021 Progress Report, the CCC identified business action as a key driver of progress in reaching net zero and noted plans in future to help businesses make informed decision in line with Net Zero, and to track how corporate commitments are progressing in the UK.

As SMEs are an area that previously has not had much focus, this year the CCC plans to publish:

* a Business Report assessing the role of business in delivering Net Zero, and recommending policy levers to accelerate business action, including a section dedicated to the role of SMEs

# 

# 3 Aims and Objectives

The aim of this project is to strengthen CCC analysis on what **enablers, regulations** and **incentives** are needed for SMEs to take actions to help meet the CCC’s Sixth Carbon Budget Pathway. This will inform the CCC’s advice to government on which policies should be in place to support SME action.

The three key tasks in this project are listed below, with guidance on the anticipated division of resource between them included as a percentage:

1. Identify a small number of the most significant SME ‘groups’ (based on sector and /or size) for the UK’s pathway to Net Zero and characterise their role (25%).
2. Map out existing policies and funding supporting these SMEs’ role in the UK transition to Net Zero and identify policy gaps (25%).
3. For the priority SME groups**,** identify how existing incentives and enablers should be strengthened and recommend new policies which could be implemented to fill the policy gaps (50%).

In this work we would like to primarily focus on understanding how to engage with and design policies to encourage behaviour change from the SMEs who do not tend to engage on the transition to Net Zero. We suggest engaging with SMEs through a focus group-style approach, with an emphasis on targeting high-emission, low-engagement SMEs. We also aim to distinguish between SMEs based on their size, as micro businesses will be required to behave very differently (often more like consumers) to medium-sized businesses.

# Methodology

**Task 1:** *Identify a small number of most significant SME ‘groups’ (based on sector and /or size) in the UK’s pathway to Net Zero and characterise their role (25%).*

Broadly this task is divided into **(i)** identifying the key actions needed from SMEs in the UK’s pathway to Net Zero, as per the Sixth Carbon Budget and Net Zero Strategy **(ii)** using an evidence-based approach to identify a small number of priority SME ‘groups’ to focus on for the rest of the project, based on the impact a step-change in their actions would have on the UK’s progress to Net Zero.

The approach to **part (i)** should include a literature review of CCC reports on business actions and milestones for Net Zero (see [the Role of Business brief](https://www.theccc.org.uk/publication/the-role-of-business-in-delivering-the-uks-net-zero-ambition/) from p18 and page 27 in the [Sixth Carbon Budget](https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf)) and Government strategies such as the [Net Zero Strategy](https://www.gov.uk/government/publications/net-zero-strategy). The CCC secretariat team will be able to assist suppliers in this task.

We welcome suppliers suggesting their own approaches for identifying key actions, but as an illustration, one possible approach would be to:

* 1. Divide the SME population in the way the supplier sees fit
  2. For each group, summarise what actions they would need to take in order to match the CCC’s Sixth Carbon Budget Pathway yearly up to 2050
  3. Set out clear milestones (e.g., the number/proportion of SMEs in each sub-group having taken the action required to meet the Sixth Carbon Budget Pathway every 5 years)

For **part (ii),** we expect suppliers will draw on the priorities for the Net Zero transition, data and knowledge of the SME population, division of SMEs between sectors, and frameworks dividing SMEs into categories based on climate action, to identify a small number of priority SME groups for further investigation. Consideration might be given to:

1. Sources of emissions which cut across most SMEs (e.g. - buildings, transport, energy)
2. Certain sectors as having a particularly significant SME cohort within their business population
3. As there tends to be more data on SMEs who are ‘climate leaders’ or already highly engaged in climate pathways, the emphasis should be more on identifying a small number of groups of SMEs who are less engaged but high-emission
4. Identifying in which SME groups the key actions /barriers can be considered similar to households (and so don’t merit specific investigation with an SME lens)
5. Identifying in which SME groups the key actions/changes needed/barriers can be considered similar to large businesses (and so don’t merit specific investigation with an SME lens)

The supplier should engage with the CCC as initial priority groups emerge, to ensure the selection aligns with CCC priorities.

The CCC is also open to bids which prefer to conduct Task 2’s policy mapping before selecting priority SME groups. The sequencing the supplier would follow should be set out in the bid.

**Task 2:** *Map out existing policies and funding supporting SMEs’ role in the transition to Net Zero and identify policy gaps (25%).*

The bidder should identify policies in place that are directly aimed at helping SMEs to reach Net Zero, and policies that encourage SMEs to take action but are not directly aimed at them. These should be divided into **enablers, regulations** and **incentives.**

If the supplier has capacity, this mapping would cover policies for all SMEs. However, given limited time/resource, the CCC also welcomes bids which will focus the policy mapping only on the small number of priority SME groups identified in Task 1. The supplier’s planned approach to this should be clearly specified in the bid.

The CCC welcomes suggestions from suppliers on how they would approach this Task, but the methodology might include a desk review of existing publications and validation of policy and funding summaries with SME Hubs or a focus group of SMEs. Suppliers might include geographical scope of policies/funding in their mapping.

Identifying policy gaps might include a comparison of the actions needed (from Task 1) and the scope of current policy, and a consideration of how policies reach/cover SMEs within the priority groups. Suppliers should validate and deepen their analysis of policy gaps through the SME focus groups in Task 3.

**Task 3:** *For the priority SME groups****,*** *identify how existing SME-focussed policies could be strengthened and recommend new policies which could be implemented to fill the policy gaps (50%).*

For both these questions we envisage they would largely be answered through **focus groups** (or other engagement) with the small number of priority SME groups identified in Task 1, and a review of the relevant literature.

The policies examined should be considered through the lens of **enablers, regulations** and **incentives.** The emphasis should be on collecting strong evidence and insights into a select number of proposals (strengthening existing policies and new policies) rather than generating a long list of potential policies. This is so that the findings from the workshops can be used to inform recommendations to Government. Bids should set out how their approach would ensure this.

Beyond the focus groups and literature review, for identifying potential new policies, the methodology might include:

1. Identifying how local policies that have been shown to be effective at their local level would be if implemented more widely across the UK.
2. Suggesting policies not currently implemented in the UK (international or hypothetical examples) and reflect on:
   * Which policy gap they address
   * How effective they would be if implemented in the UK, and any barriers that should be addressed for them to be effective
   * How the SMEs in the focus group respond to these suggested policies
3. International examples may be identified using relevant literature and recommendations from international networks.

The expected impacts of potential new or strengthened policies, as well as barriers for effective implementation, should be identified by posing these suggestions to the SMEs taking part in the focus group.

# Outputs Required

The outputs of work should include:

* **If appropriate, an excel spreadsheet/table** containing the breakdown of actions needed to be taken by each sub-group of SMEs and how this translates to the CCC’s Sixth Carbon Budget. The CCC can share the underlying data from the 6CB as required.
* **If appropriate, an excel spreadsheet** containing the results from the focus group for each respondent (non-identifiable where appropriate).
* **A report** setting out the scope of the work, assumptions, methodology, notes that should be shared with audience (Government) and findings. There should be an explicit section on overarching reflections on the policies currently in place supporting SMEs to reach Net Zero.
* **Table 1 within the report:** clearly labelled and formatted setting out the current policies in place (divided into **enablers, regulations** and **incentives**) and their costs, benefits, and limitations to effective implementation.
* **Table 2 within the report:** clearly labelled and formatted setting out policy recommendations based on the focus group/literature findings. The findings should be supported with evidence and, where appropriate, fully referenced. It should cover:
  + The recommended changes to make existing policies more effective
  + Proposed new/expanded policies (divided into **enablers, regulations** and **incentives**), where the suggestion was from, what policy gap it is addressing, impacts, and barriers.

Bids should clearly set out what outputs would be included.

Where excel workbooks are used these should be shared, fully unlocked, and linked to the rest of the excel workbook sheets where applicable. The CCC should have full capability to update any assumptions.

Bidders will likely have to make use of pre-existing knowledge/contacts to deliver the outcomes above, and the CCC welcome this. However, all findings/methodologies used in this project should be made transparent and all findings should be provided in a publishable format. Any limitations on sharing (e.g., external to the CCC) should be specified as part of the tender.

In addition to the above, we also expect interim deliverables to be required, including slide packs for the purposes of milestone and/or steering group meetings.

# Ownership and Publication

The key deliverables will be handed over to the CCC, who may choose to publish these as supporting evidence on their website. Spreadsheets should be open access and unrestricted, to enable full QA of results and assumptions.

# Quality Assurance

This project must comply with the ‘CCC – Quality Assurance of Evidence and Analysis’ guidance[[1]](#footnote-1) and bidders must set out their approach to quality assurance in their response to this ITT.

All research tasks and modelling must be quality assured and documented. Contractors should:

* Include a quality assurance (QA) plan that they will apply to all of the research tasks and modelling,
* Specify who will take lead responsibility for ensuring quality assurance and ensure that this responsibility rests with an individual not directly involved in the research, analysis or model development,
* Provide QA log to demonstrate the QA undertaken, including who undertook the QA and the scope, type and level of QA that has been undertaken (e.g., a log entry only stating ‘the data was checked’ will not be sufficient),
* Allow for a meeting with CCC staff to run through QA performed.

Sign-off for the quality assurance must be done by someone of sufficient seniority within the contractor organisation to be able take responsibility for the work done. Acceptance of the work by the CCC will take this into consideration. The CCC reserves the right to refuse to sign off outputs which do not meet the required standard specified in this invitation to tender.

The successful bidder will be responsible for any work supplied by sub-contractors and should therefore provide assurance that all work in the contract is undertaken in accordance with the quality assurance expectation agreed at the beginning of the project.

**All**

# Timetable

The proposed timeline is set out in Table 1:

Table - key milestones

|  |  |
| --- | --- |
| **Date** | **Action** |
| Monday 14th Feb | Kick-off meeting |
| Thurs March 31st | First interim presentation/report on SME actions and interim workshop/survey findings |
| Thurs April 15th | Latest date for delivery of underlying data/findings |
| 29th April | Latest date for delivery of final report and findings (including any updates based on earlier CCC feedback) |

In addition to the formal reporting points, the CCC would expect to have regular scheduled discussions (e.g., weekly calls/meetings) to ensure the work is progressing as expected.

# Challenges

The specific challenges that the CCC envisage with this project include:

* Avoiding repeating the findings of multiple existing surveys on SME’s views of reaching Net Zero, and instead developing a deeper and more policy-relevant understanding of barriers/drivers to SME action. We particularly value looking more in-depth at how policies can be tailored to helping SMEs reach Net Zero and where policy gaps currently exist
* Ensuring advice for new/strengthened policies are robustly evidenced with views of SMEs and literature findings
* It may be challenging to get responses from SMEs who are not traditionally engaged in the transition to Net Zero
* Keeping the focus on SME-related policies/actions and avoiding going into impacts of sector-specific policies that extend beyond SMEs
* Getting sufficiently in-depth views in the timescales available

Bids should set out how these risks will be managed alongside any other risks and challenges to successfully undertaking this work.

# Working Arrangements

The successful contractor will be expected to identify one named point of contract through whom all enquiries can be filtered. A CCC project manager will be assigned to the project and will be the central point of contact.

# Skills and experience

CCC would like bids to demonstrate that you have the experience and capabilities to undertake the project. Your tender response should include a summary of each proposed team members experience and capabilities.

Contractors should propose named members of the project team and include the tasks and responsibilities of each team member. This should be clearly linked to the work programme, indicating the grade/ seniority of staff and number of days allocated to specific tasks.

Contractors should identify the individual(s) who will be responsible for managing the project.

# Consortium Bids

In the case of a consortium tender, only one submission covering all of the partners is required but consortia are advised to make clear the proposed role that each partner will play in performing the contract as per the requirements of the technical specification. We expect the bidder to indicate who in the consortium will be the lead contact for this project, and the organisation and governance associated with the consortia.

Contractors must provide details as to how they will manage any sub-contractors and what percentage of the tendered activity (in terms of monetary value) will be sub-contracted.

If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should be provided. However, please note CCC reserves the right to require a successful consortium to form a single legal entity in accordance with Regulation 28 of the Public Contracts Regulations 2006.

CCC recognises that arrangements in relation to consortia may (within limits) be subject to future change. Potential Providers should therefore respond in the light of the arrangements as currently envisaged. Potential Providers are reminded that any future proposed change in relation to consortia must be notified to CCC so that it can make a further assessment by applying the selection criteria to the new information provided.

# Budget

The budget for this project is £25,000 to £40,000 excluding VAT.

Contractors should provide a full and detailed breakdown of costs (including options where appropriate). This should include staff (and day rate) allocated to specific tasks.

Cost will be a criterion against which bids which will be assessed.

Payments will be linked to delivery of key milestones. The indicative milestones and phasing of payments can be adjusted and agreed with the contractor and Project Manager. Please advise in your tender response how this breakdown reflects your usual payment processes:

In submitting full tenders, contractors confirm in writing that the price offered will be held for a minimum of 60 calendar days from the date of submission. Any payment conditions applicable to the prime contractor must also be replicated with sub-contractors.

The Committee on Climate Change aims to pay all correctly submitted invoices as soon as possible with a target of 10 days from the date of receipt and within 30 days at the latest in line with standard terms and conditions of contract.

# Evaluation of Tenders

Contractors are invited to submit full tenders of no more than 35 pages, excluding declarations and CV’s. Tenders will be evaluated by at least three CCC staff.

CCC will select the bidder that scores highest against the criteria and weighting listed below, see the ITT for further information.

**EVALUATION CRITERIA AND SCORING METHODOLOGY**

|  |  |  |
| --- | --- | --- |
| Criterion | Description | Weighting |
| 1 | RELEVANT EXPERIENCE / DEMONSTRATION OF CABABILITY | 20% |
| 2 | MANAGING YOUR RELATIONSHIP WITH THE CCC | 5% |
| 3 | QUALITY ASSURING THE SERVICES YOU PROVIDE | 5% |
| 4 | MANAGEMENT STRUCTURE | 5% |
| 5 | PROJECT TEAM – SKILLS AND KNOWLEDGE | 25% |
| 6 | METHOD, ABILITY AND TECHNICAL CAPACITY | 15% |
| 7 | UNDERSTANDING OF REQUIREMENTS | 20% |
| 8 | RISK AND CHALLENGES | 5% |
|  |  | 100% |

**Scoring Method**

Tenders will be scored against each of the criteria above, according to the extent to which they meet the requirements of the tender. The meaning of each score is outlined in the table below.

The total score will be calculated by applying the weighting set against each criterion, outlined above; the maximum number of marks possible will be 100. Should any contractor score 1 in any of the criteria, they will be excluded from the tender competition.

|  |  |
| --- | --- |
| **Score** | **Description** |
| 1 | Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard |
| 2 | Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps |
| 3 | Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. |
| 4 | Good: Proposal meets the required standard, with moderate levels of assurance |
| 5 | Excellent: Proposal fully meets the required standard with high levels of assurance |

**Scoring for Pricing Evaluation**

Price will be marked using proportionate pricing. Please see the example below.

Marking proportionate to the lowest price.

Price will be scored as set out below.

There will be a maximum of e.g. 20 marks

The lowest priced bid will receive the full 20 marks, all other bids will then be marked as set out below.

Proportionate Pricing scoring example

If 20% = 20 marks

|  |  |  |
| --- | --- | --- |
| Supplier | Price | Marks |
| 1 (lowest bid) | £50,000 | 20 |
| 2 | £60,000 | 50/60 \* 20 = 16.7 |
| 3 | £75,000 | 50/75 \* 20 = 13.3 |

**Structure of Tenders**

Contractors are strongly advised to structure their tender submissions to cover each of the criteria above and supply a price schedule specifying the daily rates (ex-VAT) you will charge for each level of your staff.

**Evaluation for Interviews, if held**

CCC reserves the right to award the contract based on applicants’ written evaluation only if one candidate emerges from the evaluation stage as significantly stronger than the others.

Should interviews go ahead, CCC will shortlist the top three suppliers with the highest marks from the written proposals. Interviews are provisionally expected to be held on w/c 7th Feb. If this date changes, CCC will notify applicants.

The areas to be covered in the interview, and markings allocated to each topic area will be sent to the shortlisted supplier prior to interview.

Further details of interviews will be sent to successful applicants on selection.

**Feedback**

Feedback will be given in the unsuccessful letters or emails.

1. <https://www.theccc.org.uk/wp-content/uploads/2020/04/CCC-%E2%80%93-Quality-Assurance-of-Evidence-and-Analysis.pdf> [↑](#footnote-ref-1)