

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Eunomia Research & Consulting Limited
37 Queen Square
Bristol
United Kingdom
BS1 4QS

Dear Sirs

Letter of Appointment

This letter of Appointment dated Monday, 2nd November 2020, is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	CR20089
From:	Department for Business Energy and Industrial Strategy (BEIS) , 1 Victoria Street, London, SW1H 0ET ("Customer")
To:	Eunomia Research & Consulting Limited , 37 Queen Square, Bristol, United Kingdom ("Supplier")

Effective Date:	Friday, 6 th November 2020
Expiry Date:	Wednesday, 31 st March 2021

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: The Customer's Project Specification attached at Appendix A and the Supplier's Proposal attached at Appendix B.
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Key Individuals:	Supplier Contact – ██████████ BEIS Project Manager – ██████████
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Contract Charges (including any applicable discount(s), but excluding VAT):	As per AW5.2 Price Schedule response highlighted within the RM6018 Contract Terms, section; Annex 1 – Contract Charges. The total value of this contract shall not exceed £185,290.52 Excluding VAT.
Insurance Requirements	<p>Additional public liability insurance to cover all risks in the performance of the Contract, with a minimum limit of £5 million for each individual claim.</p> <p>Additional employers' liability insurance with a minimum limit of £5 million indemnity.</p> <p>Additional professional indemnity insurance adequate to cover all risks in the performance of the Contract with a minimum limit of indemnity of £2 million for each individual claim.</p> <p>Product liability insurance cover all risks in the provision of Deliverables under the Contract, with a minimum limit of £5 million for each individual claim.</p>
Liability Requirements	Suppliers limitation of Liability (Clause 18.2 of the Contract Terms);
Special Condition(s):	Contract review point - After Stage 1, there shall be a break clause. At this stage BEIS reserves the right to terminate the project.

GDPR	As per Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects).
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FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

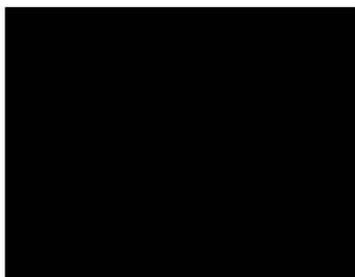
The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

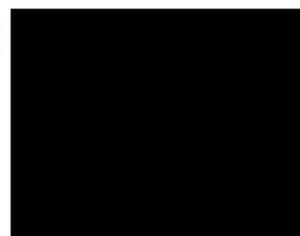
For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title



Name and Title



Signature:

Signature:

Date: 05/11/2020

Date: 06/11/2020

ANNEX A

Customer Project Specification

Background

To reach our Clean Growth Strategy 20% energy efficiency improvement ambition for businesses by 2030, and our 2050 net zero targets¹, action will need to be taken across the non-domestic building stock. This will include retrofit and/or optimisation of a significant number of these buildings.

This research will help us to understand if the market is able to scale to deliver this, and if not, then where it is best for us to aim our policies to encourage and support the required growth in the market.

This project will give BEIS a more detailed understanding of the non-domestic (excluding public sector) building optimisation and retrofit supply chain(s) including:

- Companies that install fabric measures (for example insulation, glazing etc.)
- Companies that install building services (for example HVAC and building management systems)
- Companies that supply installers with first tier materials (excluding heat pumps as that is covered by existing research)
- Companies that focus on building optimisation (for example energy managers/consultants)

Potential additional scope budget depending -

- We would be happy for facilities management companies to be included within the scope but only if this can be kept within the budget (however if this is not possible then it can be excluded from the scope as our understanding is that FM companies broadly have little time to engage with energy efficiency).
- We would also be interested to understand the role of non-domestic energy assessors in the supply chain, especially around providing advice to clients to find installers/manufacturers. Again, this would be if budget allowed.
- Some engagement with non-domestic building owners/landlords on how they engage with the supply chain.

The project has a budget of £250K Maximum, we would only anticipate the budget approaching the higher end were there to be issues with establishing/contacting a representative sample for the interview/survey elements of this work. This work should be complete by the end of March 2021 to align with our current and future policy development

¹ In Scotland the target is by 2045

in this area, for example on the Small Business Energy Efficiency Scheme (SBEES) and mandatory in-use energy ratings scheme.

There is some risk that this work will not, in the initial Stage 1, be able to gather enough evidence to build a robust sample, therefore a break clause will be included in the contract after Stage 1 of the research.

Contract review point - After Stage 1, there shall be a break clause. At this stage BEIS reserves the right to terminate the project. Bidders must clearly signal this break clause within their pricing and proposed methodology.

Some research has been done in this space in 2018 on the non-domestic energy services market – Annex 1 <https://www.gov.uk/government/publications/non-domestic-energy-efficiency-services-market>. Please consider this work when putting together any proposal (recognising the market may well have changed since then, especially considering the impacts of COVID-19).

Aims & Objectives of the Project

The proposed work will involve several workstreams –

- Rapid Evidence Assessment of UK & International supply chain
- Quantitative research to understand the market (numbers of businesses, size, location etc...)
- Demographic analysis of businesses in the supply chain by activity (what their primary/secondary activities are, how many per activity, what types of buildings do they retrofit etc...)
- Qualitative surveys of businesses in the supply chain to understand the current market & barriers to growth
- Market growth modelling (H/M/L scenarios)

This work is required because currently there has been little to no research into the non-domestic retrofit and optimisation market.

We do not know if or how the supply chain is different for smaller non-domestic buildings compared to the supply chain for homes, or if there is a marked difference between the supply chains for small and large non-domestic buildings.

We do know from the macro data that there are a relatively small number of buildings that are above 1000m². However, energy use increases significantly in these larger buildings, therefore this is a potentially useful split in terms of how this project could be approached.

With a better understanding of these issues we will be able to target our policy interventions to encourage market growth to both support recovery from COVID-19 and deliver the level of retrofit work required to meet Net Zero. This work will also support current policies in development such as the Small Business Energy Efficiency Scheme (SBEES) as well as the mandatory in-use energy ratings scheme.

Content to be covered by the winning bidder (excluding public sector):

1. General supply chain looking at the following categories –

- 05 Companies that install fabric measures (for example insulation, glazing etc.)
- Companies that install building services (for example HVAC and building management systems)
- Companies that supply installers with first tier materials (excluding heat pumps as that is covered by existing research)
- Companies that focus on building optimisation (for example energy managers/consultants)
- Potentially include facilities management companies if this can be accommodated within the budget.

General Supply Chain -

- Who is in the supply chain(s) – number of companies, type of primary/secondary activity(s), company size by turnover, employees etc.)?
- Is there a difference between the supply chains for small & large buildings (1000m²+ or a difference based on building characteristics such as number of floors or construction materials)? Is the supply chain different in different sectors e.g. office vs retail or hospitality?
- On what types of buildings/size of businesses are their activities conducted and who do they interact with? (large/small buildings, SME's/non-SME's. landlords/tenants etc...).
- How much does the non-domestic supply chain overlap with the homes supply chain?
- How much of the supply chain is based in the UK (how many jobs are based in the UK compared to Europe/rest of the world)?

2. Supply chain growth –

- Is supply chain growth required to meet our objectives (20% energy efficiency improvement ambition and Net Zero)? How much would the supply chain need to grow and is the supply chain capable of growing at the required rate? High/medium/low growth scenarios would be helpful.
- What are the barriers to growth? (for example, what evidence is there of sub-standard retrofits or lack of consumer confidence, lack of appropriate skills & training etc... being barriers to growth)?

3. Role of government –

- What aspects of the current policy environment (e.g. standards, regulations, policy commitments, for example Climate Change Levy, Building Regulations, etc...) in the UK are supporting or hindering growth?
- What, if something is required, should the government or other actors do to support supply chain growth to meet our climate objectives?

4. COVID specific -

- How has COVID-19 affected the supply chain?

- How much has it contracted, and what is the anticipated time it will take to recover? Should government be supporting the recovery? If so how?

5. International comparisons -

- Are there any countries that have particularly successful non-domestic energy efficiency retrofit and or optimisation supply chains? And if so who and why?

Through this research we want to be able to speak to companies across the supply chain including SME's in the interview/surveys therefore you should explain how you would do this in your response to this ITT. The types of companies we are interested in engaging with are listed above.

This research should cover England, Scotland² and Wales.

Suggested Methodology

Total number of Interviews (survey)	Maximum 1000
Total number of Interviews (qualitative)	Maximum 50

The representative sample size for the survey of supply chain members to be decided after the desk research in phase 1.

Rapid Evidence Assessment and demographic analysis of businesses in the supply chain (feasibility study)

This work will start with a Rapid Evidence Assessment of the UK & International retrofit and optimisation supply chain and demographic analysis of businesses to establish which businesses are involved in the retrofit and optimisation market.

The previous off gas grid research searched for installers by postcode area which would be a potential methodology for this project. However, we are open to the contractors devising their own methodology for the demographic analysis which we will assess on its suitability. We expect this aspect of the work will consist of mostly desk-based research to form an understanding of the demographics of the relevant supply chain(s) (and also to identify whether there is one singular supply chain or a number).

Interviews or workshops with leading market actors, trade bodies and other stakeholders (such as the Construction Industry Training Board) may also be necessary at this point to fill gaps in the evidence. As well as helping us to understand the non-domestic supply chain more generally, we would like the REA to help us understand how the supply chain has

²The environment is a devolved matter in Scotland, with energy efficiency schemes devolved since 2016. Energy is mostly a reserved matter (i.e. policy is made in Westminster), however the promotion of renewable energy generation and energy efficiency is devolved. More info can be found here - <https://www.parliament.scot/images/Parliament%20Publications/DevolvedPowers.pdf>

reacted to energy efficiency policies in the UK and overseas. It is intended that this part of the work will also help us understand which parts of the non-domestic supply chain differ from the domestic, enabling us to focus our research on the parts of the supply chain not covered in other research. We would like this part of the research to help shape the sample design for later stages and act as a feasibility study for the rest of the project. Given the risks that the winning bidder is unable to gather enough evidence to build a robust sample in this phase, we will include a break clause after this first phase of the research.

This first stage research will help to identify the sample frame for the later interview and survey elements of the project, as we do expect the winning bidder to know how many companies there are in the supply chain and what type of retrofit and optimisation services they deliver. It is anticipated that the information obtained from the first phase will be combined with IDBR data to build the sample frame. We anticipate that the winning bidder will not just be able to use the IDBR as they will not know enough about the supply chain to have confidence that using SIC codes will give us an accurate picture of the market.

Mixed Methods Primary Research

Once the winning bidder has identified the companies involved in the relevant supply chains, they will then contact a representative sample for the purposes of the interview/survey work. We anticipate that this will be a mixed-methods research exercise which will provide evidence to answer our questions around the role of government, barriers to growth & support mechanisms, as well as COVID specific questions.

- Stage 1. In-depth interviews of key businesses across the supply chain (Maximum of 50). This will generate detailed qualitative data which will then be used to inform the questions in the quantitative survey. Due to the ongoing pandemic, we envisage these interviews will be conducted over the telephone or through videoconferencing.
- Stage 2. A survey with a representative sample of supply chain members (Maximum of 1000) This will allow us to obtain generalisable evidence related to the key findings from the qualitative phase. The survey could be either telephone or online, whichever would most limit the survey burden while still generating a usable response rate (online survey would be less intensive than but traditionally has a lower response rate).

Growth Analysis

Finally, the data collected in the earlier phases will be fed into the final stage which will comprise of growth analysis and modelling to assess whether the current expected levels of growth will be sufficient to meet what will be required to meet our objectives (20% energy efficiency improvement and Net Zero) through retrofit and optimisation, and which segments of the supply chain are the most likely to need intervention to reach the right levels of growth.

Deliverables

- Regular updates on emerging findings and project progress (frequency TBD)
- Interim report

- Anonymised survey data
- Presentation slide pack
- Final report
- Workshop(s) with key stakeholders (trade bodies plus businesses), experts and BEIS to validate the results of the work

Part 2: Contract Terms



Contract Terms v6.0