DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

To whom it may concern,

Letter of Appointment

This letter of Appointment dated Tuesday 27th July 2021 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:	PS21033
From:	**Department for Business, Energy & Industrial Strategy (BEIS)** of 1 Victoria Street, Westminster, London, SW1H 0ET ("Customer")
To:	**IFF Research,** 5th Floor, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD ("Supplier")

Effective Date:	Tuesday 27th July 2021
Expiry Date:	Friday 26th November 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 Annex A and the Supplier's Proposal attached at Annex B;

Key Individuals:	[redacted]

Contract Charges (including any applicable discount(s), but excluding VAT):	The Customer shall pay the Supplier the sum of £143,030.85, excluding VAT for delivery of these Services. For the avoidance of doubt, the Contract Charges shall be inclusive of all third-party costs.

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<table>
<tr><td>Payment Milestones</td><td>
<table>
<tr><th>Milestone</th><th>Milestone Description</th><th>Date milestone to be invoiced</th><th>Amount of milestone (ex VAT)</th></tr>
<tr><td>1</td><td>Finalise survey materials including questionnaire</td><td>13/08/2021</td><td>[redacted]</td></tr>
<tr><td>2</td><td>Complete fieldwork (inc. mailing costs)</td><td>01/10/2021</td><td>[redacted]</td></tr>
<tr><td>3</td><td>First draft report delivery</td><td>05/11/2021</td><td>[redacted]</td></tr>
<tr><td>4</td><td>BEIS sign-off of final draft</td><td>26/11/2021</td><td>[redacted]</td></tr>
<tr><td></td><td></td><td>Invoice total</td><td>143030.85</td></tr>
</table>
</td></tr>
<tr><td>Insurance Requirements</td><td>Insurance (Clause 19 of the Contract Terms)
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.
Additional employers' liability insurance with a minimum limit of £5 million indemnity.
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.
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.</td></tr>
<tr><td>Liability Requirements</td><td>Suppliers limitation of Liability (Clause 18.2 of the Contract Terms);</td></tr>
<tr><td>Customer billing address for invoicing:</td><td>All invoices should be sent to should be sent to ap@uksbs.co.uk or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF)</td></tr>
</table>

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GDPR	Please see Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects).

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 Titl [redacted]

Signature: [redacted]

Date: 28/07/2021

Name and [redacted]

Signature: [redacted]

Date: 30/07/2021

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ANNEX A

Customer Project Specification

1. **Background**
To meet Net Zero, energy efficiency must reduce industrial emissions by up to 4 MTCO2e/year by 2050 (CCC Sixth Carbon Budget). The current industrial EE policy package consists of over 15 policies, with some policies costing up to £300m per year. Energy efficiency varies greatly between different segments of industry – from energy intensive industries like steel (where companies are hugely invested in understanding energy use and minimising energy costs) to sectors where energy costs are relatively small and firms have limited engagement in understanding potential savings. Given the new Climate Change Committee recommendations, the upcoming Spending Review and COP26, there are some significant decisions to make on these policies – as well as new policies in the pipeline – in the next 6 months. However, there are large gaps in our evidence base across industrial energy efficiency that limit our confidence in reforming a policy package to ensure it offers value for money and meets our net zero target. Firstly, we don't have a good understanding of what different segments of industrial firms (e.g. SMEs) already do on energy efficiency, and therefore the extent to which policies would add value. Secondly, we lack evidence on the scale of different barriers to energy efficiency for different types of firms and the incentives required to invest in energy efficiency (e.g. the rate of return required in order to prioritise EE). The evidence that already exists in this space is largely anecdotal, but – learning from previous research work – the scale of some of the policy decisions means we will need more representative data to justify more interventionist policy options required to meet net zero. **The scale of the policy decisions means we will need more representative data to justify a more interventionist policy landscape.**
2. **Aims and Objectives of the Project**
The aim of this research is to provide robust, representative data for different segments of industry on the management of energy and take-up of energy efficiency measures – specifically: i. What different segments of industrial firms currently do to manage their energy and improve their energy efficiency (e.g. the prevalence of Energy Management Systems and energy benchmarking metrics) ii. The relative importance of the barriers faced by different segments of industry in implementing EE measures, and the proportion of energy efficiency investments that get 'stuck' due to each barrier along the 'EE user journey' for different segments of industry The survey will need to reach the people in each firm most appropriate to answer these types of questions. We would like the survey data to be split by: • Firm size • Industrial groupings (although still to be confirmed): Food and drink; Paper; Refining;

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Chemicals; Rubber and plastic; Non-metallic minerals incl. cement; Glass and ceramics;

Iron and steel; Non-ferrous metals; Metal products and machinery; Vehicles; Electronics; and Other industry. • 2-digit SIC code

- Owner vs tenant of building/s used
- Firm structure (e.g. conglomerate)

1.

The sampling method should ensure that we achieve low margins of error (around 5%) when the data is split by firm size (split into micro, small, medium, and large) and by the 11 industrial groups listed above.

The survey data will provide an evidence base for BEIS to support the development of both new and existing policies to improve energy efficiency in the industrial sector. This includes:

- Climate Change Agreements (CCAs) and Climate Change Levy (CCL): understanding in which sectors and segments CCAs are most effective to drive EE, and what barriers they can address.
- the Industrial Energy Transformation Fund (IETF): eligibility and thresholds relative to SBEES.
- the Small Businesses Energy Efficiency scheme (SBEES): importance of financial barrier for SMEs.
- the Energy Savings Opportunity Scheme (ESOS): policy decisions regarding expansion to sectors and mandating recommendations
- the Performance-Based Policy Framework in commercial and industrial buildings: Value added by proposed benchmarking via mandatory in-use ratings for industrial buildings in future phases of the framework.
- amongst many other policies.

3. Suggested Methodology

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Our broad specifications for the survey and results are outlined below. However, we will work closely with the contractor to design the data collection in more detail.
We require a random sample to ensure that the results reflect the population the sample is taken from. We'd suggest a random stratified sample with allocation approximately proportionate to strata population sizes.
We suggest the following segments of industry as strata:

- Micro industrial firms
- Small industrial firms
- Medium industrial firms
- Large industrial firms

We would also like this segmentation of industrial sectors as strata:

- Food and drink
- Paper
- Refining
- Chemicals

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- Rubber and plastic
- Non-metallic minerals incl. cement
- Glass and ceramics
- Iron and steel
- Non-ferrous metals
- Metal products and machinery
- Vehicles
- Electronics
- Other industry

We are open to further conversations about the way in which we split up the industrial sector into the groupings listed above.
In order to achieve statistically significant results with a low (~5%) margin of error for each of the above segments, we **would ideally like a sample of 4500 respondents.**
The contractor will be expected to have a strategy for acquiring (or existing access to) contact data to achieve a sufficient number of respondents for each strata. This may also involve needing to chase up on initial survey invitiations by telephone. It is essential that the proposed approach should ensure that data is collected from informed participants (e.g. decision makers), and that the sample size is as large as possible within budget.
The survey mode could be either an online survey or telephone interviews – but given the research timings and number of participants required, we are expecting that an online survey is most appropriate.
The survey should take a maximum of 20 minutes, and should consist of mainly multiple-choice questions. We will have a core set of survey questions, and then may vary some questions for different segments of industry (to be agreed with the contractor).
We will agree on a list of questions internally, and then work with the contractor to ensure that these questions are appropriate for the survey and that they are worded correctly for the target audience. We propose some cognitive testing on these questions for a small sample first to ensure that we are getting reliable and effective output from the survey.
We would welcome contractors' advice on the length of time that the data collection is held open in order to achieve a sufficient number of respondents – but it must fit within our planned timescales to achieve final output by October.

The survey findings should be consolidated to produce a dataset offering the following segmentation of the data:

- Firm size (micro, small, medium, or large)
- Industrial groups listed above
- 2-digit SIC code
- Owner or tenant of building/s
- Estimated energy intensity
- Ownership structure: trading independently or as part of a larger group/conglomerate

Weightings should be applied appropriately to ensure that we can "total" the above categories.

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Survey responses should also be captured in a way that will allow for matching with other surveys and datasets that we hold. For example, this could be done by including the registered company number of each respondent.

The research questions will be focused on the following topics:

- **Understanding the current practices on energy efficiency across industrial sectors** to create a business as usual/counterfactual scenario for our policy development.
- **Rough estimations of energy efficiency potential**
- **Understanding the prevalence and impact of barriers to energy efficiency** improvements in industrial firms.

4. Deliverables

The expected deliverables are:

Survey set-up:

- A complete survey questionnaire, finalised in collaboration with the BEIS project team
- Cognitive testing of questions

Survey roll-out

- Regular updates on emerging findings and project progress
- Interim survey findings by 16th August 2021 to inform the upcoming Spending Review.
- A pre-agreed minimum number of respondents for each strata listed above (firm sizes and industrial groups)

Survey close and analysis

- Presentation of survey results to the project team, and to Deputy Directors.
- Quality assured final report
- PowerPoint slides summarising the key findings

ANNEX B

Supplier Proposal

[redacted]

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Part 2: Contract Terms

Contract Terms v6.0

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