

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 Monday 26th April 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:	CR21041 - Heat Networks Zoning Social Research
From:	Department for Business, Energy & Industrial Strategy (BEIS) of 1 Victoria Street, Westminster, London SW1H 0ET ("Customer")
To:	Centre for Sustainable Energy , St James Court, Canon Street, Bristol, BS1 3LH ("Supplier")

Effective Date:	Friday 30 th April 2021
Expiry Date:	Friday 1 st October 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;
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Key Individuals:	<div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div>
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Contract Charges (including any applicable discount(s), but excluding VAT):	The Customer shall pay the Supplier the sum of £122,972.00 (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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Insurance Requirements	<p>Insurance (Clause 19 of the Contract Terms)</p> <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);
Customer billing address for invoicing:	All invoices should be sent to should be sent to ap@uksbs.co.uk or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF)

GDPR	Please see 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:

ANNEX A

Customer Project Specification

1. Background

Decarbonising heat is a key part of the Government's net-zero strategy and underpins the Prime Minister's 10-Point Plan for a Green Industrial Revolution. It will also be a focal point of our forthcoming Heat and Buildings Strategy within which Heat Networks, *delivered in the right location*, will be vital to reaching net-zero.

Following requests from industry and Local Government, the Heat Networks Team are developing a policy to introduce **Heat Network Zones** - *areas in which heat networks are the appropriate solution for decarbonising heat (and cooling)*. The policy, which would require primary legislation and be introduced by 2025 at the latest, is being developed in collaboration with a subset of key stakeholders who are likely to be most influential in its development, delivery, and implementation.

The Heat Networks Team have recently commissioned external consultancy support to develop proposals to introduce a Heat Network Zoning policy (Heat Network Zoning Project). This focuses on four main workstream areas (1. Policy, 2. Data 3. Methodology and 4. Implementation) which are being developed in collaboration with 100+ key internal and external stakeholders.

Concurrently we are piloting a methodology to designate zones in six cities across England (Heat Network Zoning Pilot) based on data-driven viability assessment, with refinement from key strategic local stakeholders in each city. Both workstreams will culminate feed into the public consultation.

Currently, there is little/no social research on Heat Network Zones. This is likely because proposals have been insufficiently developed to date, as opposed to it not being an important topic.

Whilst a similar policy exists in Denmark (since 1980s), the stakeholder landscape is very different to that of the UK. We are engaging with other countries developing similar proposals (Scotland, Netherlands, Germany and Norway) but have not found evidence of views beyond key strategic stakeholders, which is only a proportion of those impacted by such a policy.

For wider context, the Heat Networks Team have previously commissioned research on the barriers to heat network deployment and has a good understanding of these having worked directly with stakeholders on the ground for the last 7 years via the Heat Network Delivery Unit.

The Heat Network Zoning policy itself is being developed to address many of these well-known issues, the key one being 'connection risk' – the uncertainty around whether connections to buildings (sources of heat demand) will happen.

This research project focuses on assessing the views, attitudes and perspectives of connecting to heat networks if Heat Network Zones were introduced. It is the window within

which to undertake such research as we have sufficiently developed thinking which we can test with stakeholders but can also use any outputs to refine the policy's development.

2. Aims and Objectives of the Project

The overarching goal of this research is to inform development and implementation of the Heat Networks Zoning Policy. Bids should demonstrate a strong understanding of the aims and objectives of this project, based on the information below.

Overall aims:

This research project will enable BEIS to plug key policy development evidence gaps with the main aims of:

- Assessing the attitudes, views and perspectives of stakeholders which may be impacted by the introduction of Heat Network Zones in England (and potentially Wales).
- Providing the necessary evidence base to inform policy recommendations to Ministers.

It will therefore inform the scoping, design and refinement of an ambitious and important policy in our transition to net-zero.

We propose that the research is undertaken with impacted groups (see section 3) across six cities (Bristol, Birmingham, Greater Manchester, Leeds, Newcastle & Nottingham) in which a *methodology* to designate zones is already being piloted as part of a wider project on heat decarbonisation

The sub-aims of the research are to:

- Engage with a representative sample of building types and asset owners across the six cities that fall within the identified heat network zones.
- Identify key considerations underpinning attitudes towards heat decarbonisation (choice, cost, responsibilities, carbon).
- Seek views on being part of a local solution vs. an individual building solution to heat decarbonisation.
- Determine attitudes towards being mandated/ compelled/ encouraged to connect to a heat network and on what basis (i.e. what evidence would need to underpin this).
- Identify key risks/opportunities identified by sample group.

Need for the research:

The first phase of this research project will inform development of a consultation regarding the zoning policy and the second phase will run parallel to the consultation. As with most policies in the decarbonisation policy arena, stakeholders can be divided into those which

are likely to be involved in (a) it's **development** and delivery and (b) those who will be **impacted** by such a policy. It is the latter that we are targeting.

The outputs of this research project will enhance the more traditional approach to consultation which is likely to only receive responses from key strategic or already engaged stakeholders (a). This research will feed back into further refinement of the policy and ultimately inform our decision as to whether the policy should be introduced and the extent to which it is applied to different stakeholder groups (b).

Without such research, there is a risk that the attitudes, views and perspectives of business and citizens which may be impacted, are not captured and/or that key strategic local stakeholders (i.e. A narrow group of Local Government representatives or larger public and private sector organisations) are used a proxy to act as voice for the wider local community.

Additionally, the outputs may be used by the six cities (and Local Authorities) with whom we are working to pilot a methodology to better understand how and when it may be appropriate to designate heat network zones in the cities Heat Network Zones.

The key outcome will be a policy which is considerate of not just key strategic stakeholders but the attitudes, views and perspectives of businesses and wider society (see section 3) to which it may apply.

Research questions:

The overarching research questions are:

- *To what extent would local authorities and eligible buildings in a Heat Network Zone support zoning and connection to the heat network? Does this vary between building type?*
- *What challenges do eligible buildings associate with creation of a Heat Network Zone and subsequent connection to the heat network?*
- *What challenges do local authorities foresee with Heat Network Zones and what is needed to ensure their successful implementation?*
- *Amongst tenants and leaseholders in social housing properties, what considerations should be taken into account to minimise resistance to heat network connection?*
- *What are the views of owners of buildings that are currently out of scope?*

Bidders should outline how they would address these research questions, proposing a suitable methodological approach and engaging sufficiently with the challenges associated with said approach. Bids should also demonstrate an understanding of the context surrounding these questions, outlining a broader understanding of the policy area and heat networks more generally

3. Suggested Methodology

Suppliers are expected to follow a two-phased, mixed methods approach as outlined below. In response to this ITT, providers should detail how they would deliver this research, detailing how they would collect the necessary sample, conduct the fieldwork and run their analysis.

We remain open to alternative approaches and bidders should feel free to submit proposals for alternative methodologies if they feel they would be better suited to answering the research questions.

Phase 1: Deliberative Workshops: To be completed before launch of the zoning public consultation at the end of June.

Participants from groups who are in-scope of the zoning policy will be invited to an introductory workshop (1 hour), where they will be introduced to heat decarbonisation, heat networks and the zoning policy, including what a Heat Networks Zone is. It will be outlined to participants, scenarios in which they might find themselves in a Heat Network Zone and participants will be introduced to the benefits and drawbacks of heat networks as opposed to alternative low carbon heating systems. Current awareness of the zoning policy should also be tested. Following this workshop, respondents will attend a further workshop (2 hours per workshop) which will be organised along sample group lines. In these workshops, participants will be provided with further information about heat networks and zoning, their views on a range of topics relevant to their group will then be sought. **We would like a field expert (i.e. somebody who understands heat networks and heat decarbonisation) to be part of the facilitation team for these workshops**, high value is placed on this requirement. Attendance of a handful of existing heat networks consumers who could describe their experiences to workshop attendees may also be desirable. Owing to the Covid-19 pandemic, all workshops will be online. The overall tone of both sets of workshops should be that of informing policy rather than suggesting the policy is to be implemented imminently.

Topics to Explore:

- *All:*
 - Do participants understand heat decarbonisation and why it is necessary to decarbonise heat?
 - Who should cover the costs associated with heat decarbonisation and the implementation of Heat Network Zones?
- *Eligible Buildings:*
 - Extent to which eligible buildings would connect to the heat network.
 - What considerations would inform any decision?
 - If yes: What about heat networks are appealing to you?
 - If no: Why not and what could be done to encourage you to connect?
 - Views on mandatory connection.
 - Would eligible buildings be capable of proving exemption to connection if it applied to them?
 - Risks and challenges associated with connection for eligible buildings.

- Do eligible buildings trust in the local authority to deliver the heat network?
- To what extent would you need to undertake energy efficiency retrofit on your stock in order to facilitate district heating?
- *Social Housing Residents:*
 - Do residents of social housing understand what heat networks are? Do they support creation of a heat network zone?
 - What challenges do social housing residents foresee with connection of their home to a heat network?
- *Zone Local Authorities:*
 - Do local authorities support designation of a space under their jurisdiction as a Heat Network Zone?
 - What challenges do local authorities foresee with implementing a Heat Network Zone within their jurisdiction?
 - What potential internal conflicts of interest do local authorities foresee in the implementation of heat network zones, what can be done to minimise these?

Sample (Deliberative Workshops):

Category	Sample Group	Sample Size Per Zone (All-Zones Total)*
Eligible Buildings in Heat Networks Zone	Private Sector Non-Domestic Buildings with 100 MWh Annual Heat Loads	3 (18)
	Housing Developers Undertaking Projects	1 (6)
	Landlords of Non-Domestic Public Sector Properties	1 (6)
	Social Housing Providers	1 (6)
Zone Local Authorities	Local Authority Representatives (With a Range of Responsibilities: Sustainability, Finance, Planning, Economics, etc.)^	3 (18)
Social Housing Residents	Tenants	2 (12)
	Leaseholders	2 (12)

* Sizes of zones may vary; once the size of zones are clearer these numbers will change to account for the size of a zone. However, the intention will remain to invite a small number of each eligible building types per zone. ^ Inclusion of local authorities is currently under review, in the final research design this group may be dropped.

Phase 2: Survey: To run parallel to the zoning public consultation, starting in June and concluding in July.

In addition to capturing private sector non-domestic buildings with 100MWh annual heat loads and social housing residents, the survey component will also include respondents who in future, may be required to connect to a heat network by virtue of falling within a zone. This is so some consideration can be paid to these groups in implementation of zones, in anticipation for their future eligibility. It is important that these participants are given sufficient introduction to heat networks and zones therefore the surveys will incorporate some background to heat decarbonisation and Heat Network Zones. It is currently proposed that this is a postal survey as only addresses of households will be available. Alternative approaches which have shown recent success, such as push to web or knock to nudge, could be used to deliver the survey via different modes and help increase response rates.

Topics to Explore:

- *Eligible Buildings (in this case, only Private Sector Non-Domestic Buildings with 100 MWh Annual Heat Loads):*
 - Extent to which eligible buildings would voluntarily connect to the heat network.
 - Which considerations raised in the workshops emerge as most prevalent?
 - What engagement or information would be most useful for encouraging voluntary connection to the heat network?
 - Which risks and challenges associated with connection emerge as most prevalent?
 - Levels of trust in the local authority.
 - What would promote greater trust?
- *Social Housing Residents:*
 - Would social housing residents support creation of a heat network in their area?
 - If no: Why?
 - What engagement and information would be most useful for encouraging residents to support building of the heat network?
 - Public Sector Equality Duty: Appropriate information should be collected as per the public sector equality duty.
- *Potential Future Buildings:*
 - Would potential future buildings support the creation of a heat network zone in their area?:
 - If no: Why:
 - How do respondents feel about not being eligible to connect to the heat network at this time?
 - What challenges would they face connecting in future?

Sample (Survey):

Category	Sample Group	Sample Size*	Survey Mode
Eligible Buildings in Heat Networks Zone	Private Sector Non-Domestic Buildings with 100 MWh Annual Heat Loads	150	Postal/Online
Social Housing Residents	Tenants & Leaseholders	400	
Potential Future Buildings	Private Sector Non-Domestic Buildings with Less Than 100 MWh Annual Heat Loads	200	
	Private Housing Residents	350	

* Sizes of zones may vary, once the size of zones are clearer these numbers will change to account for the size of a zone. This sample size is the total across all zones. Local authorities and social housing providers will not be sampled as part of the survey, as there will likely only be one per zone. Housing developers undertaking projects and landlords of non-domestic public sector properties will not be sampled owing to small sample sizes.

Sampling:

The winning supplier will be expected to develop the sample themselves. BEIS will provide the supplier with a list of Unique Property Reference Numbers (UPRNs) which match properties falling within the identified zones. Suppliers will need to arrange for the conversion of these UPRNs to addresses and postcodes.

It is possible that BEIS may be able to provide postcodes, but the working assumption should be that only UPRNs will be provided.

4. Deliverables**Deliverables:**

It is our intention that a version of the final report will be made publicly available for example through the .gov website. As such bid responses should ensure to price for producing a publishable document.

Suppliers **must** produce the following deliverables:

- Interim Results Presentation.
- Final Publishable Report (with standalone executive summary).

Bids may also outline additional outputs which could improve understanding and socialisation of the results, for example a short film of highlights from the deliberative workshops.

Working arrangements/Emerging findings:

It is important that BEIS are kept informed of emerging findings and project progress. The successful supplier will be expected to identify one named point of contact through whom all enquiries can be filtered. A BEIS project manager will be assigned to the project and will be the central point of contact.

Weekly progress updates will be required throughout the project. These can be delivered via e-mail and/or phone call to the BEIS project manager. The suppliers should inform BEIS of any arising risks to the project delivery will require a mitigation plan by the supplier. Any changes to supplier team identified in the bid must be approved by BEIS with a plan for mitigating this to reduce impact on project. All research tools and methodologies will need to be agreed by BEIS.

BEIS will own the intellectual property rights of any and all intermediate products, including the final deliverables, and in particular including presentation slide packs, reports and data. BEIS will strive to be supportive if any authors wish to publish any findings or work in academic/scientific journals once BEIS has published the main report, although reserves the right to decline this.

Timetable:

A high level, example timetable of milestones is set out below. We invite bidders to propose their own, suitably detailed timetable to achieve the above deliverables in the timeframe that allow sufficient time for BEIS to provide comments on draft research materials.

Contractors must demonstrate that they can meet the following provisional timetable for the research:

Event / Milestone	Date and Time
Contract start date	Friday, 23 rd April 2021
Kick-off meeting to agree and finalise approach to the study	Friday, 23 rd April 2021
Interim Results Presentation (based on finalised deliberative workshops)	Wednesday 16 th June 2021
Draft final report	Monday 9 th August 2021
Final report	Monday 27 th September 2021
Summary presentation incl. key background facts and analysis	Wednesday 29 th September 2021

Fieldwork:

A privacy notice will be required when collecting the personal data of those participating in deliberative workshops and responding to the survey. The content of this can be agreed after the contract is awarded.

Deliverables (Presentations & Report):

The interim results presentation should last one to one and a half hours. It should communicate the emerging findings from phase one of the research in a means which is accessible for non-technical audiences.

Near the close of the project, the supplier should circulate the draft report within BEIS to the Heat Networks team. This should be timed to allow for any comments received to be taken account in finalising the report. BEIS may ask for multiple drafts at no extra cost if the first requires substantive amendment. It is anticipated that 2-3 drafts of the final report will be sought. The final report would be expected to detail the key findings across phase one and two of the research. An exact length of the report is not prescribed but BEIS would not expect reports to be shorter than 80 pages in length. A standalone executive summary should accompany the final report. All reports should be of publication standard. Clear, precise and succinct language is essential. We expect this to be costed and accounted for in the timeline.

Quality assurance and peer review:

All work completed for this research must be subject to appropriate quality assurance within the suppliers own organisation. Project milestones, research approach, outputs, quality assurance should be agreed by BEIS and the contractor at the start of the contract. Final outputs will be reviewed by BEIS before the project is signed off.

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. BEIS reserves the right to refuse to sign off outputs which do not meet the required standard specified in this ITT. The contractor must state how all work on the project will be quality assured within the proposal.

All analysis carried out as part of the project should be subject to quality assurance consistent with the Aqua Book guidance¹.

Upon submission of the first draft report, suppliers should also submit sample of data from phase two. Which data is sampled will be at BEIS' discretion and will be used to recreate analysis presented in the report, as a means of quality assurance.

¹ See: <https://www.gov.uk/government/publications/the-aqua-book-guidance-on-producing-quality-analysis-for-government>

BEIS may wish to appoint an external peer reviewer for the project. If we do this then we will endeavour (though cannot guarantee) to align timings of this of this with the first or second set of comments from BEIS on the first or second draft of the report.

Publication:

The final report for this research project must be formatted according to BEIS publication guidelines, therefore within the Research paper series template and adhering to BEIS accessibility requirements for all publications on GOV.UK. The publication template will be provided by the project manager. Please ensure you note the following in terms of accessibility:

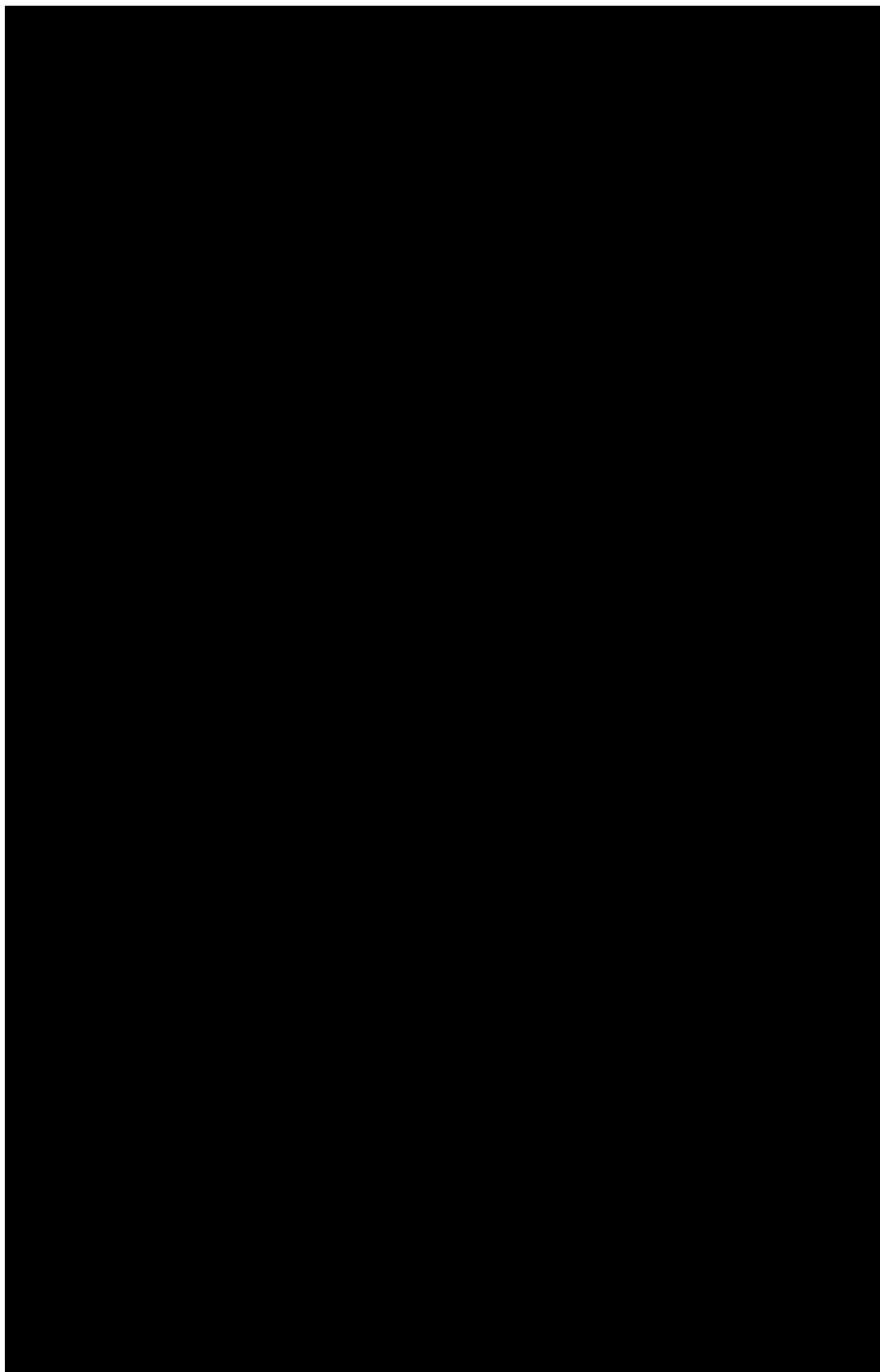
Checklist for Word accessibility:

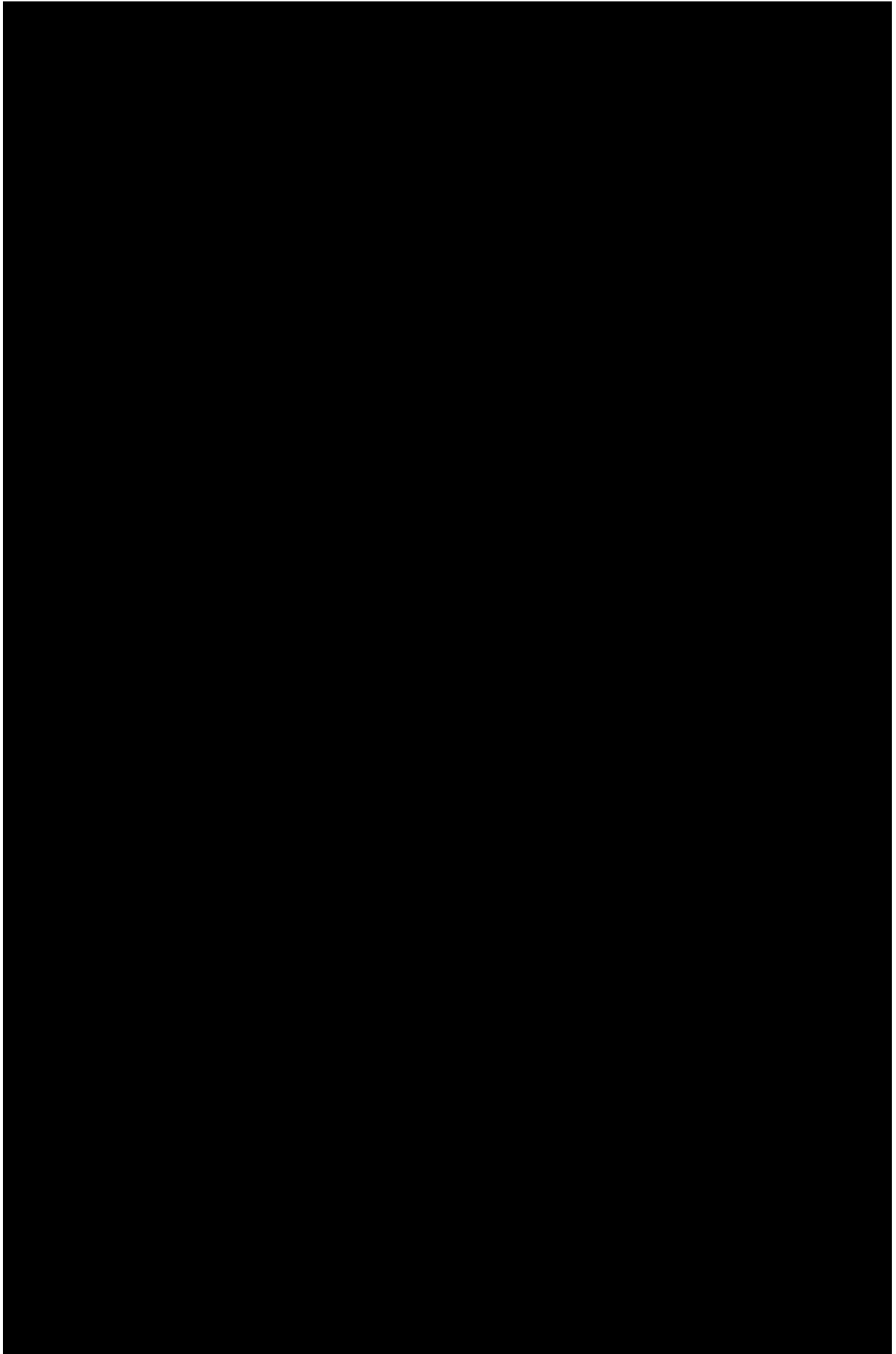
Word documents supplied to BEIS will be assessed for accessibility upon receipt. Documents which do not meet one or more of the following checkpoints will be returned to you for re-working at your own cost:

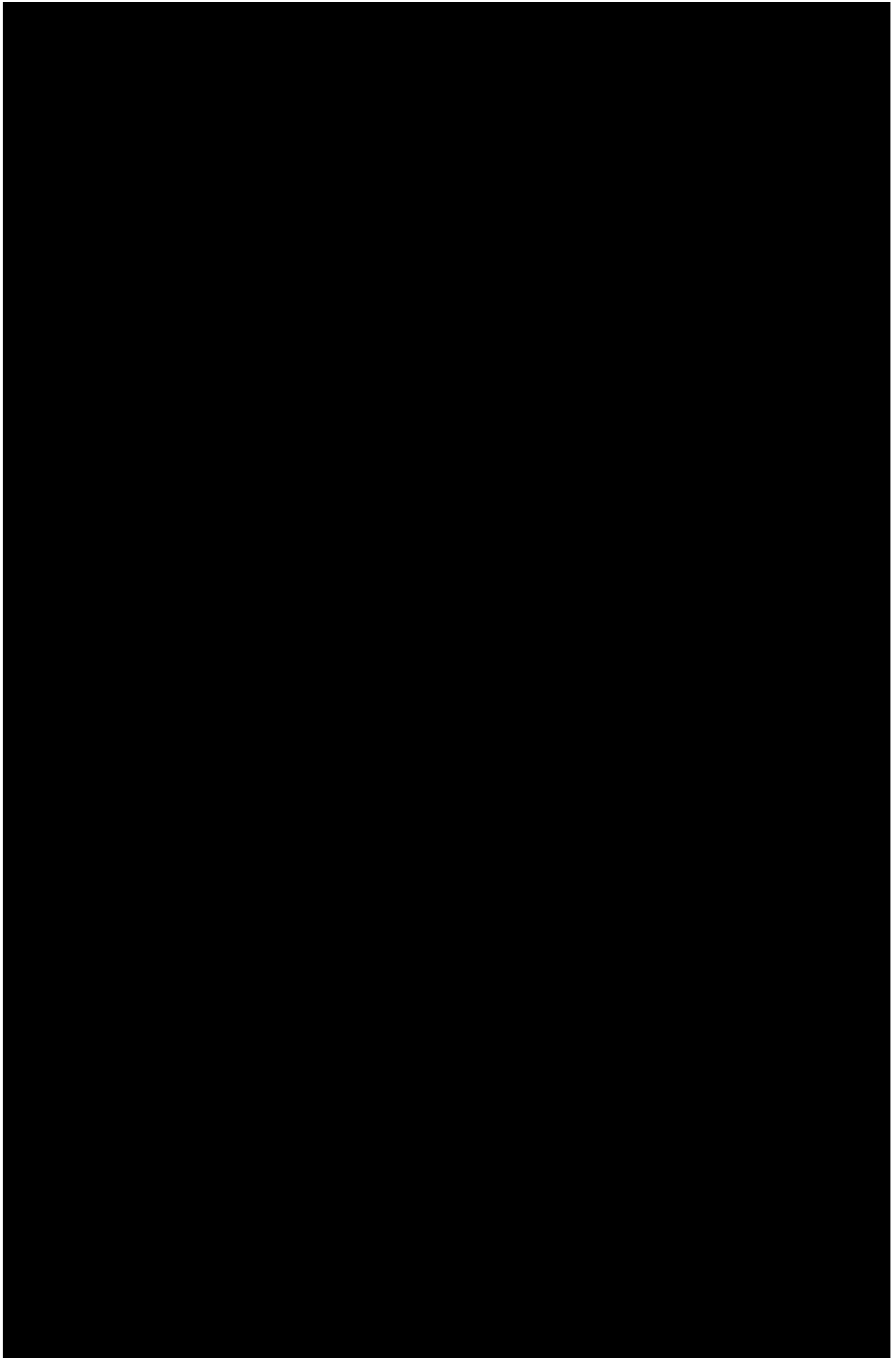
1. document reads logically when reflowed or rendered by text-to-speech software
2. language is set to English (in File > Properties > Advanced)
3. structural elements of document are properly tagged (headings, titles, lists etc.)
4. all images/figures have either alternative text or an appropriate caption
5. tables are correctly tagged to represent the table structure
6. text is left aligned, not justified
7. document avoids excessive use of capitalised, underlined or italicised text
8. hyperlinks are spelt out (e.g. in a footnote or endnote)
9. Please see Annex A for BEIS Social Research Report Writing Guidelines.docx below

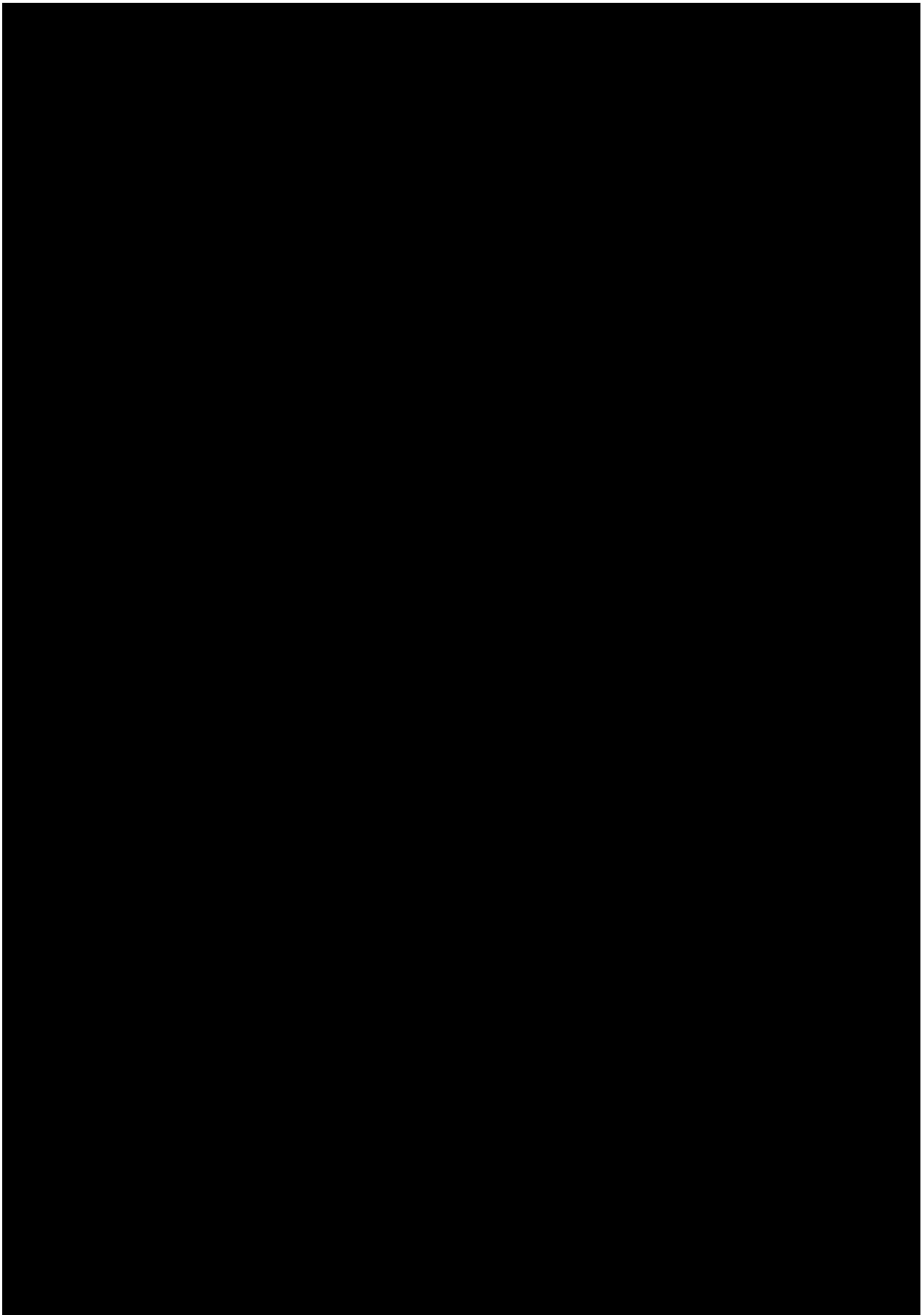
ANNEX B

Supplier Proposal









Part 2: Contract Terms



Contract Terms v6.0