

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Dear Sirs

Letter of Appointment

This letter of Appointment dated 25th February 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:	CR21010
From:	The Department for Business, Energy and Industrial Strategy (BEIS), 1 Victoria Street, London SW1H 0ET ("Customer")
To:	SQW Limited, Oxford Centre for Innovation, New Road, Oxford OX1 1BY ("Supplier")

Effective Date:	Monday 1st March 2021
Expiry Date:	Wednesday, 31 st March 2027

Services required:	<p>Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by:</p> <p>the Customer's Project Specification attached at Appendix A and the Supplier's Proposal attached at Appendix B of this letter of appointment;</p> <p>The Letter of Clarification to the services required (attached at Appendix C). The clarifications in this letter supersede the services proposed in the Supplier's Proposal (Appendix B). The Contract, including any previous variations, shall remain effective and unaltered except as amended by this variation.</p>
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Key Individuals:	<div>██████████</div> <div>████████████████████</div>
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Contract Charges (including any applicable discount(s), but excluding VAT):	£191,895.63 excluding VAT
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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 of the Contract Terms);
Special Conditions	There will be contract breaks at the end of each stage due to the long timeframe of the evaluation contract and to ensure the project remains flexible to any possible changes to BEIS and the Fund Manager's needs. Contract breaks will also provide review points for BEIS staff to ensure the project is being delivered to timelines and quality.
GDPR	Please see Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects).
Customer billing address for invoicing:	All invoices should be sent to should be sent to finance@services.uksbs.co.uk or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF).

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: [REDACTED]

Name and Title:

Signature: [REDACTED]

Signature: [REDACTED]

Date: 02/03/2021

Date:

The BEIS policy objectives for the BEIS investment and therefore the focus of the policy evaluation, are as follows:

In the short term:

- Address the market funding gap for cleantech start-ups.
- Leverage private sector funding into the early stage clean growth tech.
- Provide a strong signal to the market that Government is committed to supporting innovation in support of its clean growth objectives.

In the long term:

- Demonstrate the venture capital opportunities available in the Clean Growth sector.
- Act as a catalyst to the clean growth market across the UK.
- Achieve cost-effective reductions in carbon emissions.
- Inform Government whether a fund of this type offers a value-for-money route to increase commercialisation of low-carbon technologies in the UK.

2. Aims and Objectives of the Project

An evaluation to see if BEIS met its policy objectives is required which is proportionate in scale to the £20m invested and is implemented in three stages over the first 7 years of the intervention. The policy evaluation overall should seek to:

- Provide an update on the current state of the UK clean growth venture capital market, the so-called funding "valley of death" for clean growth SME finance, and current trends seen in the UK and European VC markets to provide context and evidence for the need for the intervention in the current economic environment.
- Provide an overview of the benefits and challenges associated with the delivery of the policy intervention and the outcomes and wider impacts of the intervention;
- Understand Fund Manager and key stakeholders' perspectives on the extent to which the policy intervention reduced the equity funding gap in clean growth technologies (particularly for early stage, pre- and post-revenue UK companies), and had an impact on the wider VC market, including market capacity and development;
- Provide emerging views of the wider externalities and additional benefits of the BEIS investment, for example, in terms of facilitating innovation, turnover, or employment growth, and reducing greenhouse gas emissions, covering effects that have already occurred as well as expectations about the future;
- Collect evidence that the intervention is addressing identified market failures and will contribute to productivity growth over the longer term;
- Collect evidence to determine the value-for-money of the policy intervention.

Process evaluation

The process evaluation should assess the efficiency and effectiveness of the policy intervention's implementation processes from January 2020. This will cover the implementation of the due diligence and negotiation, BEIS contribution to awareness raising of the Fund (since May 2020), an overview of the identification and creation of the investment portfolio over the first 5 to 7 years and the governance and reporting processes between BEIS and CGIM across the life of the Fund.

Aims:

- Was the policy intervention implemented as intended?
- How effective and efficient are the processes of implementation?
- What are the experiences of each stakeholder group to the intervention?

- What learnings can be derived from implementation of the policy intervention, which can be applied to improve and inform future interventions?

Interim impact evaluation

The impact evaluation should assess the extent to which the intervention has achieved its initial outputs, outcomes, and early impacts.

A non-experimental theory-based approach using Contribution Analysis is deemed to be most appropriate based on the number of investees expected (estimated ~15-30 firms, dependent on the total commitments to the Fund). This restricts the potential for statistical analysis and will facilitate an assessment of the contribution made by the policy intervention to the outcomes and impacts observed compared to, and in the context of, the role played by external factors.

Aims:

- What impact is the intervention having?
- How has the policy intervention achieved its intended (and unintended) outcomes?
- How necessary is the Fund for the achievement of outcomes?
- Is the Fund itself sufficient to achieve the desired outcomes?

An evaluation of this policy intervention should track progress against three key groups of outcomes over the whole life of the Fund:

- Outcome 1: Direct impacts of the policy intervention, including the effect on the amount of private sector investment raised, the levels of VC investment in UK clean tech (within and beyond the Fund); the commercial returns and the projected reductions in the greenhouse gas emissions and/or the costs of delivering reductions in greenhouse gas emissions
- Outcome 2: Direct impacts of the policy intervention on investees, for example on their Research and Development (R&D) expenditure, technological progress, commercial progress, and sales.
- Outcome 3: Wider impacts such as on collaborations, knowledge spill-overs, supply chain impacts, net effects on Gross Value Added (GVA) and consumer surplus and environmental benefits (i.e., improving air quality, reducing land-use).

Prospective economic evaluation

Economic analysis is required to assess the extent to which the policy intervention delivers additional outcomes. This will compare the benefits and costs of the intervention relative to the baseline and report on any early economic effects such as increases in employment, turnover, supply chain, productivity effects and greenhouse gas emissions.

Aim:

- What is the overall value for money of the policy intervention?

To note, a full economic and impact evaluation will take place after the Fund has closed, as such, this is outside the scope of this tender.

Research questions to be addressed across phases 1-3 of the evaluation (see methodology for a breakdown of the phases):

- **RQ1:** What does the VC market for early stage clean tech SMEs seeking seed, late-seed, or series A investment look like in 2020-21?
- **RQ2:** How does the Fund fit in with the landscape and context of the VC market in the 2020s?
- **RQ3:** To what extent is the BEIS investment leveraging private sector finance at an appropriate scale and stimulating the market in the intended way?

- **RQ4:** Is the Fund impacting on a funding gap for SMEs in the clean growth sector? What impact is it having?
- **RQ5:** Is the Fund reaching early-stage SMEs that are scaling up to commercialisation and seeking seed, late-seed, or series A investment in the clean growth sector?
- **RQ6:** Is the Fund attracting new investors into the clean growth sector?
- **RQ7:** Is the Fund enabling commercialisation of low carbon technologies, contributing to Net Zero?
- **RQ8:** Is the Fund enabling technological progress of low carbon technologies, contributing to Net Zero?
- **RQ9:** Has the BEIS investment resulted in any unintended impacts and/or delivered any co-benefits beyond its core objectives?
- **RQ10:** Is the BEIS investment delivering additionality? Has it avoided duplication with other public funding initiatives?
- **RQ11:** Does the BEIS investment in the Fund contribute to a cost-effective means of delivering Net Zero?
- **RQ12:** What is being learnt from the implementation of the BEIS investment to help inform other Government interventions?

3. Suggested Methodology

The methodology presented here should be used only as an example of the type of activities which, for the specified budget, can deliver the evidence required for this piece of research. Bidders are encouraged to consider the appropriateness of these methods and, if felt necessary, propose alternative approaches which are felt to provide more robust, timely or cost-effective evidence.

This evaluation is expected to run alongside the first seven years of the Fund in 3 phases as follows:

Baseline phase to provide a review of the current clean growth VC market, refine the Theory of Change (ToC), develop an evaluation framework, and provide any initial process findings (at the start of the evaluation contract)

- **Early process phase** (within two years of the implementation of the Fund, post final close) to look at the processes of implementation after final close including awareness raising, identifying and creating the investment portfolio, fundraising and leverage of private sector investment, and monitoring activity to date.
- **Interim phase** six to seven years' after implementation of the Fund (2026-2027) to evaluate initial outputs, impacts and prospective economic evaluation.

A full impact, economic and process evaluation is expected to be commissioned separately in 2030, approximately 10-12 years after the Fund launched, to complete the evaluation.

There will be contract breaks at the end of each stage due to the long timeframe of the evaluation contract and to ensure the project remains flexible to any possible changes to BEIS and the Fund Manager's needs. Contract breaks will also provide review points for BEIS staff to ensure the project is being delivered to timelines and quality.

Suggested Methodology

Phase 1 – Baseline (February 2021 – June 2021)

This phase is to:

- Provide a review on the current clean growth VC market building on published literature, reports and secondary datasets e.g., [Clean Growth Strategy](#), [Green Finance Strategy](#), [Accelerating green finance: Green Finance Taskforce report](#), to establish a baseline for the evaluation
- Refine the Theory of Change (ToC) and develop an evaluation framework.

- Provide any initial process findings. Processes would include setting up, due diligence, negotiation and BEIS contribution to awareness raising of the Fund that took place in 2020.

Data should be collected through:

- Analysis of BEIS documentation
- Analysis of Fund Management Information (see below for further information)
- Qualitative interviews with key BEIS programme managers (up to 5)
- Qualitative interview with the Fund Manager (up to 5)
- Desk based analysis of clean-tech investment trends to establish how early-stage investment has evolved over time, considering fundraising, total commitments to funds, number of deals, size of investments, stage focus, sector focus of fund portfolios etc, to provide context for the investee-level case studies (see below for suggested secondary data sources)
- Qualitative interviews with market experts (up to 5) e.g., BVCA, UKBAA, academics, trade associations etc., to provide information about whether the intervention has had an impact on VC investment in clean-tech and the impact on investees.

This will seek to answer the evaluation research questions:

- **RQ1:** What does the VC market for early stage clean tech SMEs seeking seed, late-seed, or series A investment look like in 2020-21?
- **RQ2:** How does the Fund fit in with the landscape and context of the VC market in the 2020s?
- **RQ3:** To what extent is the BEIS investment leveraging private sector finance at an appropriate scale and stimulating the market in the intended way?
- **RQ4:** Is the Fund impacting on the funding gap for SMEs in the clean growth sector? What impact is it having?
- **RQ5:** Is the Fund reaching early-stage SMEs that are scaling up to commercialisation and seeking seed, late-seed, or series A investment in the clean growth sector?
- **RQ6:** Is the Fund attracting new investors into the clean growth sector?
- **RQ12:** What is being learnt from the implementation of the BEIS investment to help inform other Government interventions?

This data will be used to refine the ToC in collaboration with BEIS and the Fund Manager and to measure the impact of BEIS policy intervention and attribute impact in later stages. It will, for example, need to measure:

- Current VC investment in the UK clean-tech sector
- Number of Funds targeting the UK clean-tech sector
- Number of alternative public funding initiatives targeting the UK clean-tech sector
- Total number of clean-tech companies
- Number of people employed in the sector

Phase 2 – Early Process (Nov 2021 – Mar 2022)

This phase is to:

- Look at the processes of implementation after final close including awareness raising, identifying and creating the investment portfolio, fundraising and leverage of private sector investment, governance, and monitoring activity to date.
- Provide an initial assessment on the extent to which the intervention has achieved any immediate outputs.

This will seek to answer evaluation questions:

- **RQ3:** To what extent is the BEIS investment leveraging private sector finance at an appropriate scale and stimulating the market in the intended way?
- **RQ12:** What is being learnt from the implementation of the BEIS investment to help inform other Government interventions?

Data should be collected through:

- Analysis of Fund Management Information to analyse characteristics of the investment portfolio companies and review key documents covering processes.
- Qualitative interviews with BEIS staff (up to 5) and interviews with the Fund Manager (up to 5), to understand the effectiveness of the implementation and governance processes.
- Qualitative interviews with a sample of early investees (up to 5²) to understand reasons for accessing the Fund, initial indication of impact of funding on performance, satisfaction, availability of other sources of finance and public funding.

Phase 3 – Interim (Nov 2026 – Mar 2027)

This phase is to:

- Complete a full process evaluation, including consideration of what has worked in other sectors and whether lessons from these sectors can benefit the implementation of the intervention, or other Government interventions.
- Assess using Contribution Analysis the extent to which the intervention has achieved initial outputs, outcomes, and early impacts
- Provide a prospective economic evaluation. This would be best delivered through an indicative social Cost-Benefit Analysis (CBA) delivering in keeping with HMT Green Book³ guidance (see data sources below for suggested costs and benefits to be included) and an early assessment of economic effects.

The interim findings should emphasise that the results regarding the BEIS policy intervention should be viewed in the context of the Fund's duration and treated with caution, as it may be too early to assess actual performance, outcomes, and impact. This phase seeks to answer **all** evaluation questions (**RQ1 – RQ12**) stated in the aims and objectives section.

Data should be collected through:

- Analysis of Fund Management Information and secondary data sources to provide information about investments made, including baseline investee information, the number of awards, the size of deals and any exits made. Secondary data analysis will provide information on firm performance over a longer period (where available) and wider economic data.
- Qualitative Interviews with BEIS staff (up to 5) and other Government departments (e.g., DIT, HMT, up to 2)
- Qualitative interviews with Fund Managers (up to 5), Members of the Advisory Board (up to 4) and investees (c. 10)⁴,
- Investee and comparator (innovators considered by the Fund Manager who have not received funding at the time of the evaluation to act as a counterfactual group) case studies research (c. 5). Case study research would involve a review of relevant documentation and 3-5 interviews exploring the perspectives of investees, collaborators, and customers to explore how the capital received from the Fund was deployed, access to alternative private and public funding, the impact of the funding on R&D expenditure, technological and commercial progress and long-

² Total investees estimated to be ~15-30 firms over the lifetime of the Fund, dependent on the total commitments to the Fund.

³ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

⁴ Where permitted in accordance with data protection legislation and all other applicable law, the Fund Manager will request consent (but not be obliged to obtain consent) from investee companies and prospective investee companies and Advisory Board to have their contact details shared with the supplier, for work assessing the effectiveness of the investment made by BEIS, on reasonable notice.

term impacts on sales, exports, employment and productivity. This will help to understand any additionality from the intervention to investees.

Further information on data sources

Desk research and secondary data sources

- Secondary data sources e.g., ONS Business Structure Database, UK Research and Innovation Gateway to Research, and VC databases (e.g., Beauhurst, Crunchbase, Pitchbook & Prequin). Bidders must make clear their current availability and access to these databases. Bidders should ensure if they are using these sources, they have the appropriate licenses in place.
- Published literature and reports e.g., [Clean Growth Strategy](#), [Green Finance Strategy](#), [Accelerating green finance: Green Finance Taskforce report](#), [ONS Low Carbon and Renewable Energy Economy survey](#)
- Carbon Trust – Market Assessment for a start-up fund (2016). This report was commissioned by DECC in 2016 to assess the need and potential scope for a renewable energy start-up fund. (Access to this report will be provided to all bidders in this competition on return of the signed non-disclosure agreement which can be found in the tender pack)

Fund Management Information

- Monitoring information – the Fund Manager submits quarterly reports to its Limited Partners including BEIS regarding the performance of the Fund. This will include information on financial reporting on the Fund and investments, valuations, fees, assets and liabilities, gross IRR on all investments, cash flow, summary investments made (capital committed and value of the Fund), returns, realisations, sector, geography and a summary of each investment and progress (company description, investment case, current trading, business risks and carbon equivalent reduction achievements and forecast savings).
- Climate Assessment Reports – the Fund Manager undertakes an independent climate assessment report for each investment. This will include estimates, verified by an independent third party, of projected GHG reductions, any detrimental environmental impact of the investment e.g., loss of habitat or species extinction, indirect emissions, and impact on the potential carbon savings.
- “Dead deal” log of potential pipeline opportunities, which have not yet been taken forward.

Primary research – qualitative interviews

Primary research can provide information that other data sources cannot provide, this includes:

- The technical progress made by investees;
- The demonstration effect of the Fund; and
- Spill-over effects, including knowledge transfers and contributions to environmental impacts.

We would expect all qualitative interviews to typically consist of a 60 to 90-minute telephone interview. All stakeholder engagement must be proportionate and consider the respondent burden and commercial confidentiality issues. Where permitted, in accordance with data protection legislation and all other applicable law, the Fund Manager will request consent (but not be obliged to obtain consent) from investee companies and prospective investee companies to have their contact details shared with the supplier, for work assessing the effectiveness of the investment made by BEIS, on reasonable notice.

Prospective economic evaluation

Costs:

- Government capital investment and opportunity costs - the Fund has deployed public sector funds to invest in a venture capital fund that makes equity investments in private sector companies. It is assumed that this investment will have resulted in opportunity costs to the public sector in the form of returns which could have been earned on investments elsewhere (collected from Fund Management Information).
- Fund development and administration costs incurred by BEIS and other Government departments e.g., awareness raising, due diligence/negotiation costs associated with the investment (collected through qualitative interviews with BEIS)
- Fund management and delivery costs incurred by the Fund Manager in creation and management of the Fund's portfolio e.g., investee leads, appraisal and contractual due diligence. BEIS staff time to review monitoring reports to governance groups, governance arrangements (collected through the Fund Management Information).

Benefits:

- Positive investment returns generated by the Fund. Only returns over and above the market rate of return are assumed to be value added to the economy (collected from Fund Management Information).
- Projected environmental greenhouse gas emissions benefits (collected from Fund Management Information) and/or the impact on the costs of delivering reductions in greenhouse gas emissions

Additional direct and indirect early economic effects (collected through qualitative interviews with investee companies):

- Employment and turnover effects in investee companies as a result of investment.
- Supply chain effects e.g., the impact of more technologies on the market, resulting in suppliers scaling up their production processes.
- Productivity gains achieved through technology development caused by investment e.g., energy intensity, increase in productive efficiency, increase in quantity produced, potential reductions in the unit cost of energy, potential increased energy efficiencies.
- Impact on innovation e.g., number of patents filed

The Fund Manager has agreed to share information, knowledge and learning in reasonable evaluation activities in a reasonable format and on reasonable notice including, but not limited to: (i) completing questionnaires or surveys; (ii) participating in interviews and workshops; and (iii) communicating learning points from the project. The evaluation plan must set out the expected frequency and nature of involvement from the Fund Manager. Where permitted in accordance with data protection legislation and all other applicable law, the Fund Manager will request consent (but not be obliged to obtain consent) from investee companies and prospective investee companies to have their contact details shared with the supplier, for work assessing the effectiveness of the investment made by BEIS, on reasonable notice. The Climate Assessment Report and the quarterly reports provided by the Fund Manager to BEIS as Limited Partner may be shared with and used by the supplier for evaluation of the BEIS policy intervention. The supplier will be bound by duties of confidentiality with respect to such documentation.

To ensure fairness, openness, and transparency in our competition, we are providing bidders with access to an evaluation scoping report that was written prior to the procurement of the Fund Manager for the BEIS £20m investment. We are providing this historical scoping report to provide background information to all tenderers and remove any potential for the distortion of our competition. We stress that the scoping report is **not**

to be used as an indication or guide for a supplier to develop their bid. This scoping report was written in March 2019, prior to the BEIS policy intervention and investment in the Fund. The scoping report details the thinking in spring 2019 and no longer reflects the approach taken or the reality of the BEIS policy intervention and investment in the Fund. It holds details that are now inaccurate and invalid. To minimise conflicting information, this document will not be published.

Access to this scoping report and the Carbon Trust Market Assessment report will be provided to all bidders to this competition on return of the signed non-disclosure agreement, which can be found in the tender pack.

4. Deliverables

The following outputs are required within the project, irrespective of whether the proposed methodologies are used or whether alternatives are proposed. Alternative reporting approaches or timing may be proposed so long as they exceed the needs set out below and the reasons are fully explained.

The outputs of this research project are expected to include:

Phase 1

By June 2021

- Baseline evaluation report including the refined ToC, Contribution Analysis evaluation framework and initial process evaluation.
- Short report summarising the current state of the clean growth VC market.
- Presentation to BEIS and Fund Manager (e.g., slide deck summarising the key findings).
- Interview transcripts and any datasets, annexes.

Phase 2

By March 2022

- Early process evaluation summary report.
- Findings presentation to BEIS and Fund Manager (e.g., slide deck summarising the key findings).
- Interview transcripts and any datasets, annexes.
- Technical annex

Phase 3

By March 2027

- Interim evaluation report including early impact, full process, and prospective economic evaluation. The interim report should emphasise that the results provided should be viewed in context and treated with caution as it may be too early to assess actual company performance.
- If the reports hold commercially sensitive or confidential information, then a summary evaluation report for publication will be needed.
- Annexes (including synthesis, a final ToC, prospective CBA, and technical method).
- Findings presentation to BEIS and Fund Manager (e.g., slide deck summarising the key findings).
- Interview transcripts and any datasets, annexes.

Other reporting requirements or deliverables

Where relevant, outputs should include suitable technical annexes and datasets. We would welcome suggestions as to any further outputs and would expect to agree a final set of deliverables at the inception stage.

It is desirable to also have transcripts of qualitative interviews or other records of discussions with stakeholders, for internal BEIS use. However, if it is not possible to include these, bidders are asked to specify how they will record and analyse their

qualitative research and to propose alternative outputs which could be used more widely by BEIS.

It is assumed that most reports will be published to ensure a transparent evidence base is available to support ongoing policy making decisions. To demonstrate relevant experience in producing high quality reporting, bids must:

- specify who in the project team will be responsible for drafting the report.
- specify who will be responsible for quality assurance before it comes to BEIS.

Quality Assurance

Bidders must set out their approach to quality assurance (QA) in their response to this ITT with a QA plan.

Sign-off for quality assurance must be done by someone of sufficient seniority within the contractor organisation to be able to take responsibility for the work done. Acceptance of the work by BEIS will take this into consideration. BEIS reserves the right to refuse to sign off outputs which do not meet the required standard specified in this invitation to tender and/or the contractor's QA plan. QA should cover all aspects of the project undertaken by the contractors, including data collection, data analysis and reporting.

To demonstrate an effective process to produce high quality reporting, the contractor/s must ensure that quality assurance is done by individuals who were not directly involved in that particular research or analysis.

Bidders should note that BEIS may appoint its own internal peer reviewer(s) to QA publishable outputs. Consideration should be given to how the external peer reviewer(s) will be included in the QA process.

Where complex or innovative methods are proposed, bidders should specify how additional quality assurance will be provided. Where necessary, this should include the use of external experts. A BEIS appointed peer reviewer will not be expected to provide detailed quality assurance, their role will be focused on higher level peer review.

Outputs will be subject to BEIS internal approvals, the more substantive the output the longer the approval time required. Reports will require three rounds of comments from BEIS, and approval by the Fund Manager. Reports may also require approval from the Fund's Limited Partner Advisory Committee (LPAC). This process should be factored into the processes and timelines.

If the reports contain commercially sensitive or confidential information, then work will be required to produce a redacted version for publication or a summary evaluation report for publication (as necessary) in place of publishing the final evaluation report.

The successful bidder will be responsible for any work supplied by sub-contractors. For primary research, contractors should be willing to facilitate BEIS research staff to attend interviews or listen in to telephone surveys as part of the quality assurance process.

Other useful sources of guidance and advice that will help bids and the resulting work be of the highest quality include:

- The [Government Social Research Code](#), in particular those that relate to GSR Products;
- [UK Statistics Authority Code of Practice](#) or an equivalent standard.
- Supplementary Guidance on the Quality in Policy Impact Research
- [Quality in Qualitative Research: A Framework for assessing research evidence](#) provides a Framework for appraising the quality of qualitative research.

Working Arrangements

The successful contractor 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.

Where a consortium or sub-contractors are in place, BEIS expect that they are included in relevant meetings, workshops and review points to ensure their full engagement in the project. All contractors and sub-contractors are responsible for the delivery of outputs to the appropriate time and quality. It is expected that the lead contractor takes an active role in oversight of all workstreams and bears the overall responsibility for the delivery of the evaluation activities and outputs.

Bids should assume that BEIS take an active role in review and quality assurance of research materials, analysis and outputs, beyond external peer review. It should be expected that research materials and outputs go through at least four iterations (i.e., three rounds of comments from BEIS and the Fund Manager), dependent on the complexity of the product. Additional amendments may be required for published outputs.

The appointment offer will be confirmed week commencing 15th February 2021. Note that bidders must be available to attend an inception meeting in the week commencing 22nd February 2021.

We envisage the need for close interaction between the BEIS Project Manager and contractor throughout the process, to ensure that emerging issues are dealt with promptly and that BEIS fully understand the assumptions and approach taken. Bidders should assume that engagement with BEIS will include weekly project management phone calls, weekly progress update reports, steering group meetings (frequency to be confirmed), and face to face meetings as required to design, and deliver the chosen methods. Throughout the research, BEIS and the Fund Manager will be required to review and sign off all final data collection instruments, analytical approaches (including key assumptions) and outputs.

Skills and experience

BEIS requires you 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.

The following skills and experience are considered particularly important for this work:

- Delivery of theory-based evaluations in a policy evaluation context;
- Understanding of the clean growth technology, innovation, and UK energy policy landscape, including early-stage investment and commercialisation challenges;
- Understanding and working knowledge of venture capital finance;
- Ability to engage private sector and SME research participants;
- Designing and running a large-scale process, economic and impact policy evaluations;
- Identifying, prioritising and framing evaluation questions;
- Developing evaluation plans – methods and costing to meet clear evaluation questions;
- Designing and undertaking the types of primary (interviews and case studies) and secondary data collection and analysis outlined in the specification;
- Ability to deliver robust and high quality analytical work using appropriate project management techniques;
- Delivery of high quality synthesis, reporting and communication of complex policy research.

The supplier (including any consortium partners) must not be a direct competitor of the Fund Manager (Clean Growth Investment Management) or the Fund's appointed investment advisor (Carbon Limiting Technologies) in early-stage clean growth equity investments or clean growth business incubation support, as this would be a Conflict of Interest. Any actual, potential or perceived Conflict of Interest must be declared in the Conflict of Interest declaration that accompanies this Tender. The Conflict of Interest

declaration should be accompanied by a mitigation plan that will be assessed by the Contracting Authority (BEIS). Failure to declare an actual, perceived or potential Conflict of Interest can result in the rejection of a bid. If the Contracting Authority does not feel the mitigation plan is sufficient a bid may also be rejected.

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.

Challenges

There may be several challenges in conducting this research; some are given in the following section. Bidders must consider how these, and any other challenges will be addressed through the research design and delivery.

Independence, burden, and timings of the evaluation

The evaluation is being conducted by BEIS to evaluate their investment as an effective policy intervention tool. The Fund is an independent fund and BEIS is a parri-passu Limited Partner. The Fund Manager is supportive of the evaluation and will participate as required; however, resource burden must be kept to a minimum and the evaluation must respect Fund timelines. The Fund Manager has agreed to share information, knowledge and learning in reasonable evaluation activities in a reasonable format and on reasonable notice including, but not limited to: (i) completing questionnaires or surveys; (ii) participating in interviews and workshops; and (iii) communicating learning points from the project. The evaluation plan must set out the expected frequency and nature of involvement from the Fund Manager.

Time lag in observing impacts

Outcomes from the investment are not expected to be immediate and this is an interim evaluation, therefore it will be limited by the timeframes. The evaluation plan must align with the Fund timelines to ensure the right questions are asked at the right time. The interim findings should emphasise that the results provided should be viewed in context and treated with caution as it may be too early to assess actual performance, outcomes, and impact.

Contacting and engagement with stakeholders

Where permitted in accordance with data protection legislation and all other applicable law, the Fund Manager will request consent (but not be obliged to obtain consent) from investee companies and prospective investee companies to have their contact details shared with the supplier, for work assessing the effectiveness of the investment made by BEIS, on reasonable notice. The Fund is an independent fund and BEIS is a parri-passu Limited Partner, therefore some stakeholders may not be aware of this relationship and it should be handled sensitively to avoid any damage to the stakeholder and Fund Manager's relationship. Bidders should provide guidance on how this will be managed, and how to control for any potential selection bias. The process for engaging with stakeholders will be agreed between the supplier, BEIS and the Fund Manager prior to any contact. These should be addressed in their proposed methodology.

Confidentiality

Stakeholders might not want to disclose commercially sensitive information. The bidder should have a procedure in place to respect this and ensure any necessary confidentiality agreements are in place. The supplier will be bound by duties of confidentiality with respect to such documentation. All outputs will require approval by BEIS and the Fund Manager. Reports may also require approval from the Fund's Limited Partner Advisory Committee (LPAC) and be subject to BEIS peer review process which should be factored into the processes and timelines. If the reports contain commercially sensitive or confidential information, then work will be required to produce a redacted version for publication or a summary evaluation report for publication (as necessary) in place of publishing the final evaluation report.

Primary research and COVID-19 impacts

The VC market and environment has been affected by COVID-19, potentially impacting the baseline evaluation and consequently the interim impact evaluation. The ToC will need to be re-evaluated to account for any changes in the environment due to COVID-19. The successful supplier will need to work flexibly and plan for alternative modes of research if required. All interviews are expected to take place online or via telephone to avoid any potential impacts. There will be contract breaks at the end of each stage due to the long timeframe of the evaluation contract and to ensure the project remains flexible to any possible changes. Bidders will need to propose ways of accounting for the effects of COVID-19 on the proposed methodology.

Ethics

All applicants will need to identify and propose arrangements for initial scrutiny and on-going monitoring of ethical issues. The appropriate handling of ethical issues is part of the tender assessment exercise and proposals will be evaluated on this as part of the 'consideration of challenges' criterion.

We expect contractors to adhere to the following Government Social Research (GSR) Principles:

1. Sound application and conduct of social research methods and appropriate dissemination and utilisation of findings;
2. Participation based on valid consent;
3. Enabling participation;
4. Avoidance of personal harm;
5. Non-disclosure of identity and personal information.

Data security

The successful tenderer must comply with the General Data Protection Regulation 2016 (GDPR) and any information collected, processed, and transferred on behalf of the Department, and in particular personal information, must be held and transferred securely. Contractors must provide assurances of compliance with the GDPR and set out in their proposals details of the practices and systems they have in place for handling data securely including transmission between the field and head office and then to the Department. Contractors will have responsibility for ensuring that they and any subcontractor who processes or handles information on behalf of the Department does so securely. The sorts of issues which must be addressed satisfactorily and described in contractors' submissions include:

- procedures for storing both physical and system data;
- data back-up procedures;
- procedures for the destruction of physical and system data;
- how data is protected;
- data encryption software used;
- use of laptops and electronic removable media;
- details of person/s responsible for data security;
- policies for unauthorised staff access or misuse of confidential/personal data;
- policies for staff awareness and training of DPA;
- physical security of premises; and
- How research respondents will be made aware of all potential uses of their data.

Price and payments

The budget for this project is £192000 excluding VAT. Cost will be a criterion against which bids which will be assessed.

Contractors should provide a full and detailed breakdown of costs in AW5.2. This should include staff (and day rate) allocated to specific tasks.

Bids should at a minimum include costs for the below activities which will take place across all three phases of the evaluation, including design and analysis.

- Qualitative telephone interviews with:
 - c. 24 interviews with BEIS programme managers and Fund Managers (a combined total of 8 interviews per phase)
 - c. 4 market experts
 - c. 12 investees (4 in the early process, 8 in the interim)
 - c. 2 other Government departments
 - c. 4 members of the Advisory Board
- Case study interviews
 - 10-15 interviews with investees, innovators considered, collaborators, and customers for 5 case studies
- Refining and consolidating the Theory of Change
- Developing and consolidating the Contribution Analysis framework
- Desk based research to establish baseline and analyse Management Information
- Prospective cost-benefit analysis and assessment of early economic effects

In submitting full tenders, suppliers 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 Department aims to pay all correctly submitted invoices as soon as possible, within 30 days from the date of receipt, in line with standard terms and conditions of contract.

Timetable

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

Kick-off meeting to agree and finalise approach to the study	w/c 15 th February 2021
Phase 1 - Baseline Evaluation	Feb 2021 – June 2021
<i>Development of intervention ToC, baselining, identifying alternative hypotheses, evidence required and initial process evaluation</i> <u>Process evaluation</u> BEIS programme manager and Fund Manager interviews to examine initial processes <u>Impact evaluation</u> Desk research and market expert interviews to further develop ToC; secondary data access and analysis and stakeholder interviews to establish baseline e.g., in VC clean growth trends	
Phase 2 - Early Process Evaluation	Nov 2021 (after final close) - Mar 2022
<i>Evaluation of early processes</i> <u>Process evaluation</u> Analysis of Fund Management Information and interviews (BEIS, Fund Manager and investees)	
Phase 3 – Interim Evaluation	Nov 2026 – Mar 2027
<i>Analysis of Fund implementation and outcomes achieved</i> <u>Process evaluation</u> Follow-up process evaluation activities <u>Impact evaluation</u>	

Re-validation of ToC, test alternative routes to impact, external factors; early impact evaluation activities e.g., analysis of Fund Management Information, secondary data analysis, interviews with BEIS, other Government departments, Fund Manager, Advisory Board Members and investees and case studies with investees and considered innovators.

Prospective economic evaluation

Prospective CBA and assessment of early economic effects

(The results provided should be viewed in context and treated with caution as it may be too early to assess actual performance, outcomes, and impact)

Payment milestones

The indicative milestones and phasing of payments will be agreed at the project inception meeting. A provisional phasing is detailed below; however, BEIS welcome alternative suggestions at the inception meeting.

Milestone	Date	Payment
Baseline evaluation – delivery of ToC & evaluation framework, baseline evaluation report, presentation, interview transcripts, datasets & annexes.	July 2021	£51000
Early process evaluation – delivery of report, presentation, interview transcripts & datasets, annexes	April 2022	£35000
Interim evaluation - delivery of report, summary report, presentation, interview transcripts, datasets, and annexes.	March 2027	£106000

Evaluation of tenders

Please refer to the Mini Competition Questions for details of the evaluation criteria.