

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Steer Davies & Gleave Ltd
28-32 Upper Ground
London
United Kingdom
SE1 9PD

Dear Sirs

Letter of Appointment

This letter of Appointment dated Tuesday, 13th October 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:	CR20061
From:	Department of Business Energy and Industrial Strategy , 1 Victoria St, Westminster, London, SW1H 0ET (" Customer ")
To:	Steer Davies & Gleave Ltd , 28-32 Upper Ground, London, United Kingdom, SE1 9PD (" Supplier ")

Effective Date:	Friday, 16 th October 2020
Expiry Date:	Monday, 31 st October 2022

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:	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 [REDACTED] 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 Part A, 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

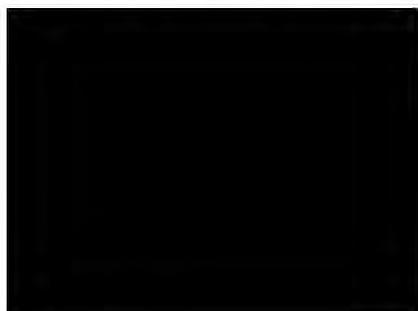
BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

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:



Date:

10/11/2020

Date:

01/12/2020

We have now signed the Contract, subject to clarification of the following points:

1. Steer does not consider, or intend that the 'Employment Regulations' (TUPE) will apply in connection with the commencement, expiry or termination of this Contract and/or any Statement of Work or that there should be any 'Relevant Transfer' at any time during the term of the Contract. We do not, therefore, believe that Schedule 3 Parts A or B of the Contract Terms will apply.
2. We understand that BEIS will consult with us before the disclosure of any commercial information in response to a request under the FOIA and that we would have the opportunity to rely upon any appropriate exemptions under the FOIA.

ANNEX A

Customer Project Specification

1. Policy Background

The **Industrial Energy Transformation Fund (IETF)** is an important fund set up to support businesses with high energy use to cut their bills and reduce carbon emissions.

The UK Government announced £315 million of funding in the 2018 Autumn Budget. The funding is available over the period to 2024.

The Department for Business, Energy and Industrial Strategy (BEIS) will manage the Industrial Energy Transformation Fund, with £289 million to invest in England, Wales and Northern Ireland. The Scottish Government will administer £26 million for investment in Scotland and will publish its plans for the funding in due course. The investment from the Scottish Government is *not* in scope for this Monitoring & Evaluation project.

IETF Phase 1 launched in June 2020 with the publication of the scheme guidance. Phase 1 is the first funding cycle with a budget of £30m to be invested in energy efficiency deployment projects and FEED/feasibility studies through grant funding. Funding will be assigned on a competitive basis, with applications required to pass eligibility and assessment criteria. This competition opened on Monday 20 July and will run until Wednesday 28 October. Innovate UK (IUK) are the delivery body for Phase 1.

The budget will be spent primarily on ready-to-go energy efficiency projects. During Phase 1 of the Fund, we will focus on the manufacturing sectors in Standard Industrial Classification (SIC) codes 10-33 and data centres (SIC code 63110).

For more information on how the Phase 1 application process works, please see the guidance available on gov.uk: <https://www.gov.uk/government/publications/industrial-energy-transformation-fund-ietf-phase-1-how-to-apply>.

Phase 2 of the scheme will open in 2021, with the remainder of the funding, to be invested in the above projects (energy efficiency deployment, feasibility & engineering studies for both energy efficiency and deep decarbonisation) but will also support the deployment of 'deep decarbonisation' projects (e.g. fuel switching, carbon capture, and material efficiency).

2. Aims and Objectives of the M&E Project

This project has three components, which will be delivered by the same contract.

After completion of the interim report, 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. For the purpose of administering the contract break clause, the project components are further sub-divided into **Part A (before**

the Break Clause) and Part B (after the Break Clause). This is summarised in the table below:

Project Component	Relevant Deliverables	Part A (to March 2021)	Part B (March 2021 – October 2022)
Process Evaluation of Phase 1 delivery	<ul style="list-style-type: none"> Interim Report (and raw data relating to the report) - Mar 2021 Final report (and raw data relating to the report) - Oct 2022 	Interim report covering priority evaluation questions expected to be delivered prior to the break clause	Should break clause not be invoked, this component of the project will continue
Benefits Methodology Scoping	<ul style="list-style-type: none"> Benefits interim report - Dec 2020 Complete benefits methodologies - Mar 2021 Final report - Oct 2022 	Work is expected to be completed before the contract break clause	<i>No work expected after break clause</i>
Impact Evaluation Scoping	<ul style="list-style-type: none"> Final report Oct 2022 	<i>No work expected prior to break clause</i>	Work expected to begin after the break clause should the break clause not be invoked.

Phase 1 Process Evaluation (Oct 2020 – Oct 2022)

This is an evaluation of Phase 1 of IETF delivery. It is timed to occur during the application, assessment and award decision-making stages of Phase 1 of the programme in order to provide lessons for the development of subsequent phases. It will be a theory-based evaluation, with bidders using information collected via fieldwork to test the Theory of Change. Bidders should consider using the data collected in this component to set baselines which can be used in later Impact Evaluation (and the Impact Evaluation Scoping component of this project).

Timing is a key consideration, balancing available evidence with the timeliness of its utility. Projects funded during Phase 1 are unlikely to be completed within the timeline of this contract, therefore this project will focus on relevant early outputs and process, rather than delivery of funded projects.

Key aims for the project are below. The precise evaluation questions can be discussed with the chosen contractor to focus them on process and relevant initial outcomes:

- Understand the response from industry to Phase 1, including the extent to which the incentives offered by Phase 1 were understood and attractive to different industrial sectors. This includes assessing the stakeholder engagement of BEIS and IUK
- Describe customer journeys and motivations for choosing to apply or not apply to the scheme
- Understand how well the delivery of Phase 1 by IUK supported the scheme's aims and suggest improvements
- Examine the characteristics of Phase 1 design (e.g. timing and length of funding window, eligibility and assessment criteria) and assess the extent to which these supported the scheme's objectives
- Describe adaptations that occurred during scheme delivery and determine the extent to which the process in practice matched the intention
- Highlight short-term unintended consequences (positive or negative) of the policy (e.g. impact on other policies, changes to industry behaviour)
- Obtain an early understanding of how the IETF has changed the market for energy efficiency and deep decarbonisation technologies and the decision-making of relevant businesses
- Test the scheme's Theory of Change against available evidence and suggest modifications if necessary
- Provide timely process lessons before subsequent funding rounds open (in order to improve the policy and process)

This component of the project is split across Part A and Part B. The Break Clause falls after the delivery of the Interim Report (see below) in March 2021. Part A (before the Break Clause) should focus on those questions of most interest to the policy team and culminates in the Interim Report. The prioritisation of questions will be discussed between the Supplier and BEIS once the contract commences.

Benefits Measurement Scoping (Oct 2020 – Mar 2021)

The aim of this part is for the contractors to deliver methods to measure the IETF's agreed benefits. Unlike the Process Evaluation this is a forward-looking piece of analytical work which is intended to cover all Phases of IETF delivery, not just Phase 1. **All of this component falls into Part A, before the contract break clause.**

The IETF scheme benefits are broad and will require a variety of disciplines to devise appropriate measurement methodologies. Scheme benefits include:

- Increased energy efficiency and reduced energy bill costs
- Reduced carbon emissions from industrial processes and the roll-out of industrial decarbonisation technologies
- Incentivising the roll-out of energy efficiency and deep decarbonisation technologies and building a pipeline of projects
- Improving competitiveness of manufacturing firms
- Building investor confidence in energy efficiency and deep decarbonisation technologies and increasing investment
- Reducing the costs and risks of new technologies

We have already defined our benefits map and the causal chains expected as part of our Theory of Change. We have also done internal work on how to measure success against our benefits but expertise and work will be needed on some complex areas, especially:

- Establishing baselines and setting appropriate targets, especially for qualitative indicators
- Attributing observed change to the IETF and establishing counterfactuals
- Identifying shorter-term measurements that could be used for regular reporting
- Measuring benefits which are realised over longer time periods and require a change in industrial sectors as a whole, rather than just direct scheme beneficiaries

Successful bidders will be expected to build on existing work. The end products for this work are "Benefits Profiles" which draw together the theory, measurement methods and governance

Impact Evaluation Scoping (Mar 2021 – Oct 2022)

This component is timed later in the contract in order to build on the methodologies established in the Benefits Measurement Scoping and take account of initial findings from the Phase 1 Process Evaluation. **This component falls entirely into Part B, after the contract Break Clause.**

The aim of this component is to take the relevant methodologies from the Benefits Methodology Scoping components and combine them into a realistic plan for an Impact Evaluation of the scheme (including estimated costings). This should use the IETF Theory of Change as a starting point and address overarching questions such as attribution of change and the additionality of the scheme. The putative Impact Evaluation is also expected to encompass assessing the value for money of the scheme and interaction with other HMG policies.

3. Project Deliverables

We expect the chosen bidder to deliver the following products during the course of the contract. These products can be reviewed with the chosen contractor after the contract begins.

Benefits measurement interim report (December 2020)

This will cover the progress on defining benefits measurement to date.

Interim report (March 2021)

This will have two components:

- Conclusion of Benefits Measurement Scoping, with all Benefits Profiles completed
- Interim conclusions on the Phase 1 process, focussing on those elements most useful to BEIS in formulating future IETF policy
- Along with the report we will require an anonymised copy of the raw data obtained through fieldwork

Contract review point - After completion of the interim report, 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.

Final report (October 2022)

This report will package all three components together, with a narrative on the methodologies used, clear conclusions and areas for future work. This report will be published and should be written to an appropriate quality.

Along with the report we will require an anonymised copy of the raw data obtained through fieldwork

4. Suggested Methodology

We will leave the scope relatively open for our bidders to suggest appropriate methodologies, but we envisage some combination of the following elements. The Benefits Measurement and Impact Evaluation components of the project are envisaged to be mostly desk-based, whilst the Process Evaluation will involve more fieldwork.

Timings

This contract will be running alongside the delivery of Phase 1. Therefore, bidders should be aware that information on the scheme and its processes will become available at different points during the contract. The timeline below sets this out at a high level, but note that the timeline is under review due to the Covid-19 situation.

In order to meet the deadline for the Interim report, we would expect much of the work of the Process Evaluation component of the contract to be “front-loaded” into the period from October 2020 – March 2021.

Phase 1 Scheme Delivery milestone	Timing	Information available
Application phase closes	End-October 2020	List of which projects have applied and some information (through Market Intelligence and pre-application) on projects which did not apply
Assessment phase closes	End-January 2021	Split of applicants into successful and unsuccessful projects

Contract award	May 2021	Final agreed project portfolio with project monitoring plans
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Desk-based research

- Evidence and literature review (e.g. Rapid Evidence Assessment), building on existing evidence where present
- Reading existing “lessons learned” reflections from the IETF team on process and delivery to avoid duplicating such exercises
- Testing our Theory of Change in the light of evidence gathered
- Using our Market Intelligence data, which consists of attitudinal information and lists of likely participant projects gathered by the IETF policy team
- Research on existing datasets (government and third-party) that we could use to measure progress against benefits and/or in later Impact Evaluation

Fieldwork

- We envisage that all research subjects will be companies (we do not envisage any research on households). The principle groups of interest for fieldwork are companies in sectors eligible for IETF support, but some consideration should be given to related groups (e.g. supply chain businesses, trade associations).
- All sites that apply to the IETF will be based in England, Wales or Northern Ireland. However, they may have parent companies elsewhere (including multinationals).
- Because stakeholders will be able to answer different questions at different time points, it may be desirable to conduct fieldwork in “waves”. We suggest the following waves:
 - “Wave 1” in 2020 before funding decisions have been finalised. We suggest that this wave focus principally on non-applicants and feed into the interim report
 - “Wave 2” in early 2021 after funding decisions have been made
 - Subsequent waves at the discretion of the bidder
- Manufacturing stakeholders can broadly be split into three groups, depending on their interaction with Phase 1 of the scheme – successful applicants, unsuccessful applicants and non-applicants.
- The main aims of the fieldwork are to:
 - Reveal common issues from applicants which could be addressed in subsequent applications windows
 - Produce applicant (and non-applicant) archetypes and archetypical customer journeys
 - Suggest which kind of energy efficiency projects are likely or unlikely to feature in future application windows
 - Understand why non-applicants didn’t apply and what non-applicants and unsuccessful applicants intend to do next. This helps build a more sophisticated view of the additionality of our intervention
- We envisage research on applicants taking the form of a small number of in-depth interviews and/or focus groups, rather than a large number of less detailed surveys in order to understand the different experiences of users
- The exception to this would be in the event of a low volume of applications for Phase 1, in which a broader survey of a large volume of non-applicants might be desirable
- Successful bidders can expect to have access to two internal customer satisfaction surveys for basic attitudinal information to answer “how” and “why” things happened. These are offered to scheme applicants after application and on being informed of the

funding decision. These internal survey responses could also be used to identify issues in order to tailor the content of interviews and focus groups

- As well as research on external stakeholders, successful bidders run qualitative interviews or focus groups with BEIS and IUK staff to understand how the policy was developed, experiences of running the scheme and to understand any adaptations made during the process
- For the purpose of future funding rounds, we are interested in why non-applicants did not apply to Phase 1. Please explain how a relevant sample of non-applicants will be obtained. There will be some information from firms registered to the IETF who did not apply, but we would also want to sample non-applicants outside this group.
- **We ask that all bidders bid on the assumption of delivering approximately 60 in-depth interviews and 10 focus groups, spread across at least two “waves”.**
- **This volume of fieldwork is an upper estimate and subject to scheme demand. We may choose to scale this volume back once the result of the applications process is known.**
- **We suggest the following “waves”:**
 - “Wave 1” in 2020 before funding decisions have been finalised. We suggest that this wave focus principally on non-applicants
 - “Wave 2” in early 2021 after funding decisions have been made
 - Subsequent waves at the discretion of the bidder
- **AW5.2 – Pricing Schedule allows for up to three “waves” of fieldwork in each part of the contract. Please specify when you plan to conduct fieldwork in your written bid.**

Considerations for research

Bidders are encouraged to consider the following issues:

- How to manage and ensure proportionate burden to research subjects.
- Phase 1 is demand-led. There is uncertainty around the number of applicants to Phase 1 and the cohort of potential applicants is very diverse
- Ensuring methodologies are feasible under the working conditions imposed by COVID-19
- Encompass risks posed by COVID-19, including a consideration of the proportionate burden on research subjects during COVID-19 economic recovery
- Consideration of handling potential bias from research subject in analysis

The chosen contractor will be required to engage with BEIS' Survey Control team once methodologies have been developed to agree ethics and proportionate burden to respondents.

5. Expected engagement with internal stakeholders

Once the contract starts, the chosen bidder will be expected to engage with internal stakeholders, including:

- BEIS analysts and policy officials
- Staff at IUK, the Phase 1 Delivery Body

- Staff from IUK's communications contractor
- Analysts and contractors working on the evaluation of other relevant policy areas, including:
 - Climate Change Agreements (CCAs)
 - Carbon Capture Usage & Storage (CCUS)
 - Industrial Fuel Switching
 - Hydrogen supply

Successful bidders will be expected to report and present to the IETF Evaluation Working Group on a monthly basis.

Part 2: Contract Terms



Contract Terms v6.0