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# Local Supply Chain pilots

Supplier day  
19<sup>th</sup> June 2018



# Aims for the day

- Provide you with a detailed project timeline, including the timeline for the invitation to tender
- Respond to questions raised at the last supplier day
- Provide you with project expectations & likely criteria for the bidding process

## Agenda

- Procurement
- Project context
- Questions from last supplier day
- Project expectations & evaluation
- Project timeline
- Criteria and expectations for bids



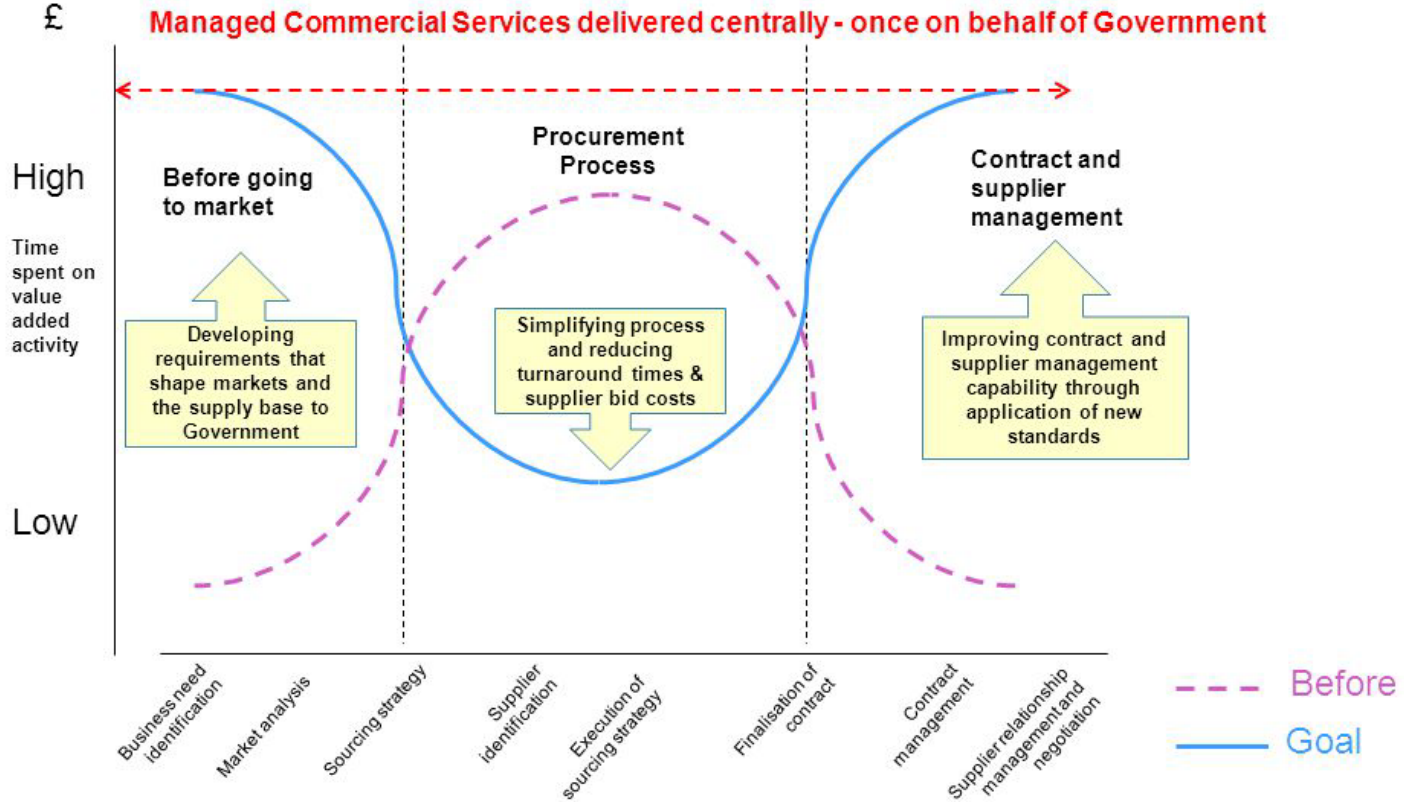
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# New DNA for commercial activities



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# Context

## Clean Growth Strategy

*“We want all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and our aspiration is for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable”*

*“To build the market for energy efficiency, we are publishing a call for evidence on additional measures to encourage energy performance improvements”*

## Building a Market for Energy Efficiency Call for Evidence

Focusing on the owner occupier sector

Building on existing home improvement market

Had policies covering demand and supply side barriers

*“Government should explore the potential of allocating additional programme funding to third-party organisations to provide support for local supply chain growth and coordination”*

## £1-5m Local Supply chain pilot scheme

The funding awarded by BEIS will be used by up to **5 organisations** in different areas, across the UK, over a period of **3 years** to test methods for building a sustainable model for driving retrofit in a local area.

The funding will be used to bring together different trades that are required for low carbon retrofit and also support retrofit coordination by working with assessors, retrofit coordinators, financial institutions, energy companies, local authorities etc.

Over 3 years, the programme’s main objective will be to develop a business model/ program that will sustain beyond the project period and could potentially be rolled out nationally.



# Over 2.5 years, the programme will look to:



- **Build partnerships and networks** between Local Authorities, planners, community groups, banks, SMEs that are sustainable and continue in the post-funding period

**KPI: Buy in achieved of local groups**



- **Build trusted brands and ensure quality retrofit** through the use of retrofit coordinators and performance management

**KPI: Measures savings**

**KPI: Positive customer experience**



- **Develop a clear offer or set of offers for consumers in an area** either through leveraging funding grants or securing lower interest rates from lenders.

**KPI: development of clear offer**



- **Increase skills and awareness of retrofit amongst key sectors** by providing training and advice.

**KPI: surveyed evidence of skills of local trades**



- **Generate further information about barriers and successful engagement routes** for different consumer groups, and different parts of the supply chain to inform national program

**KPI: Clear provision of evaluation information**



- **Increase uptake of retrofit projects** by property owners in the project areas. In particular deeper retrofit

**KPI: 'Conversion' rate of projects**

**KPI: Energy saved in homes**



- **Develop a model and program that will sustain beyond the project period**  
Contractors should aim to build a long-term funding structure

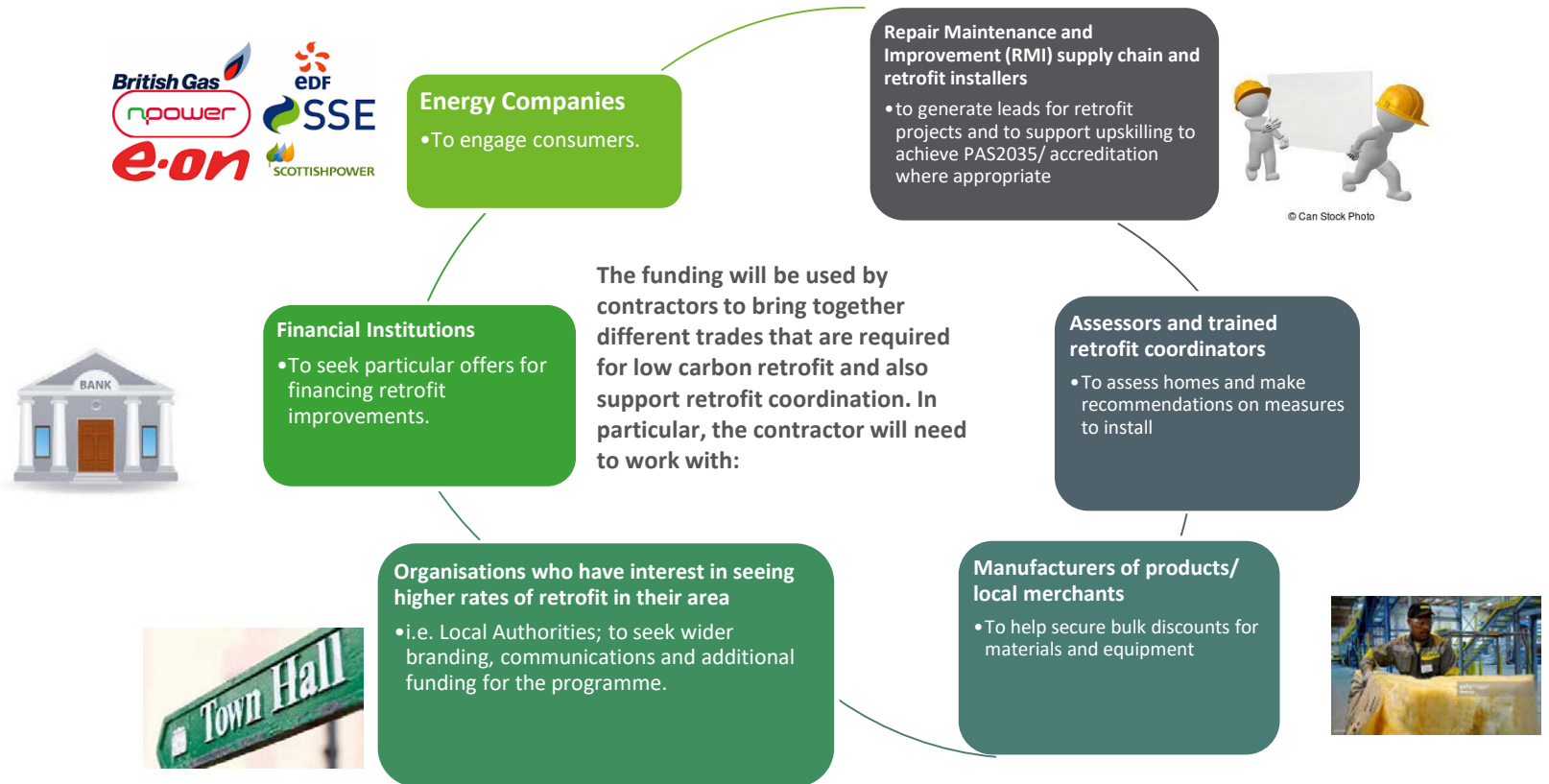
**KPI: Sustainable business model plan**



- **Decrease the cost of retrofit,** through bulk buying and trade, particularly for whole house works.

**KPI: % reduction in costs achieved**

# The Structure of the consortia



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# Funding



Funding cannot be used for

- Paying installers and contractors
- Fund the cost of measures
- Mobilising ECO funding
- Buy interest rates from credit unions
- Pay for independent financial advisors

Funding can be used towards

- Labour costs of core staff involved in the project
- Tools and materials to engage consumers
- Research
- Events bringing together different trades
- Data collection and reporting



£400k/a per year per partnership  
(indicative figures below):

- 3 x FTE at 60k each
- Engagement & promotional materials (including home audits) 90k
- Events and coordination activities at 45k per year
- Consumer insight research and user testing at 45k per year

10% of grant value (40k per year) allocated for administrative costs including reporting against key performance indicators, monitoring and evaluation



# Geographic location



- The focus will be on the best bids rather than **urban/ rural split**. Although BEIS will try and ensure final bids reflect a range of different areas.
- Will look favourably on bids that support **BEIS' wider policy objectives** – i.e. off gas grid areas – doesn't mean others will not be accepted.
- There will not be a restriction on areas covered, but bidders should show how they are going to reach a wide range of homes.
- Although there will be no penalisation for focussing on areas where considerable retrofit activity has already taken place, prospective contractor will be expected to show how they will **provide additional value** in their local area. Bidder must also show some **local knowledge**.

# Intellectual Property

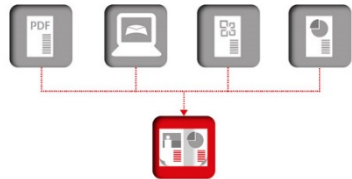
For future policy development purposes, BEIS would own the intellectual property



BEIS will own the **data collected** through out the pilot scheme. The ITT will provide specifics about which data successful contractors are expected to collect. Any original information in whatever form (computer disk, voice recording etc.) which contains that information, shall on request be deposited to BEIS.



Through out the process of data collection, whilst handling intellectual property and any other confidential information, BEIS will comply and expect successful applicants to comply with the new **GDPR regulations**. This will be set out in further detail in the ITT, and within the terms and conditions.



Successful suppliers will not be stopped from **publishing documents** about the scheme. However, if the documents include information owned by BEIS (i.e. data collected from the pilots) it would be expected that the suppliers gain clearance from BEIS officials. In most cases, the clearance will not be needed if the information is already in the public domain following publication from BEIS.

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# Project Expectations

	KPI/ BENEFIT SOUGHT	DATA PROVIDED BY CONTRACTOR	EVALUATION TO BE CARRIED OUT
YEAR 1	<b><u>Buildings analysis</u></b> - contractor has confirmed hypotheses about retrofit needs in area.	Breakdown of priority measures to target	N/A
	<b><u>Insight</u></b> - Contractor has tested customer offers and identified most popular in area.	Results from initial consumer testing	Peer review of consumer testing work.
	<b><u>Customer engagement</u></b> Contractor has identified routes for engaging customers, agreed routes with partners (LAs, suppliers etc.) and generated at least 500 leads for projects.	List of leads who consent to be contacted by evaluator for future interviews.	
	<b><u>Installers</u></b> - have signed up list of c.20 trustworthy installers willing to do energy retrofit in area (covering all skills necessary) and identified training needs/ ways to plug skills gaps for retrofit needs in area. Also recruited any retrofit coordinators etc. needed	List of installers, including analysis of skill gaps List of retrofit coordinators For both – details of whether they are willing to be contacted as part of the evaluation process.	Qualitative interviews with selected installers (partly to baseline)
	<b><u>Materials</u></b> - have secured discount on materials and secured contracts to bring in new materials (TIWI etc.)	Evidence of discounts	N/A
	<b><u>Setup/ events/ branding</u></b> – Initial events have been held with all relevant partners, and physical space let out,	Evidence of all these	N/A

	KPI/ BENEFIT SOUGHT	DATA PROVIDED BY CONTRACTOR	EVALUATION TO BE CARRIED OUT
YEAR 2	<b>Retrofit completed</b> 760 retrofit jobs in the area attributable to the project, with over half of these containing more than one measure/ deeper retrofit.	List of all known projects carried out in the area, with details of whether customers consent to contact from evaluator.  Details on measures that have been installed, including addresses etc.	Energy saving analysis using postcode data.  Analysis of savings based on returns from contractors
	<b>Greater trust in retrofit</b> through the high quality jobs done. Including over 80% willing to recommend projects to friends.	Monitoring information from homes where jobs take place (photos, in-situ measurement in proportion of homes etc.)	Interviews or surveys with people who have had retrofit projects (satisfaction scores, would you recommend to friends etc.)  Before and after evaluation by surveyors for a small proportion of homes.
	<b>Insight</b> – Further information on what offers and routes to engaging people have been successful	Breakdown of different routes tried, and leads generated through each route and measures delivered	Further statistical analysis on these figures
	<b>Customer engagement</b> Over 2000 leads have been generated in area.	List of leads who consent to be contacted by evaluator.	
	<b>Installers</b> - improved skills, more installers in area confident on retrofit, more links between RMI chain and retrofit installers.	List of installers who consent to be contacted by evaluator.	Qualitative interviews with selected installers – answers to similar questions as at outset of project.

	KPI/ BENEFIT SOUGHT	DATA PROVIDED BY CONTRACTOR	EVALUATION TO BE CARRIED OUT
YEAR 3	<p><b>Retrofit completed</b> 1500 retrofit jobs in the area attributable to the project, with over half of these containing more than one measure/ deeper retrofit.</p>	<p>List of all known projects carried out in the area, , with details of whether customers consent to contact from evaluator.</p> <p>Details on measures that have been installed, including addresses etc.</p>	<p>Energy saving analysis using postcode data.</p> <p>Analysis of savings based on returns from contractors</p>
	<p><b>Greater trust in retrofit</b> through the high quality jobs done. Including over 80% willing to recommend projects to friends.</p>	<p>Monitoring information from homes where jobs take place (photos, in-situ measurement in proportion of homes etc.)</p>	<p>Interviews or surveys with people who have had retrofit projects (satisfaction scores, would you recommend to friends etc.)</p> <p>Before and after evaluation by surveyors for a small number of homes.</p>
	<p><b>Insight</b> – Further information on what offers and routes to engaging people have been successful</p>	<p>Breakdown of different routes tried, and leads generated through each route and measures delivered</p>	<p>Further statistical analysis on these figures</p>
	<p><b>Customer engagement</b> Over 6000 leads have been generated in area.</p>	<p>List of leads who consent to be contacted by evaluator.</p>	
	<p><b>Installers</b> - improved skills, more installers in area confident on retrofit, more links between RMI chain and retrofit installers.</p>	<p>List of installers who consent to be contacted by evaluator.</p>	<p>Qualitative interviews with selected installers – answers to similar questions as at outset of project.</p>



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**July  
2018**

### **Tendering**

- BEIS to go out to tender in July 2018
- 2 week period for organisations to ask questions to BEIS
- BEIS officials will collate all the questions and respond within 2 weeks
- There will then be 2 further weeks from the publishing of responses prior to the closing of the ITT

**Aug/  
Sept  
2018**

### **Awarding Contracts**

- BEIS officials will aim to adhere to a September deadline for analysing bids and letting successful and unsuccessful contractors know the result of the bid.

**Oct  
2018**

### **Project Begins**

- The aim is to have the project up and running in October 2018.
- BEIS has drawn up a separate timeline and is considering other options in case the timeline slips for various reasons (i.e. it takes longer than anticipated to agree the contracts with successful contractors).

**Feb-  
Mar  
2019**

### **6 month mark**

- Successful organisations attend their first quarterly meeting to share knowledge
- External evaluation board, set up by BEIS has their first meeting
- 6 month review of the scheme against KPIs outlined by organisations begins
- Organisations alerted of whether funds are secured for year 2

**Apr –  
Dec 19**

### **Year 2**

- April 2019, year 2 starts
- Quarterly meeting for successful organisations
- External board meeting
- Evaluation of year 2 begins

**Jan –  
Oct  
2020**

### **Year 3**

- Organisations alerted whether they have secured money for year 3
- Year 3 starts
- Quarterly meets for successful organisations (3 times in this year)
- External board meeting (twice in this year)

**Nov 2020  
– May  
2021**

### **Transition from pilot scheme to sustainable business model**

- Full and final review of the pilot begins
- BEIS to publish learnings from the pilot scheme and announce the next steps in regards to the fostering growth within the supply chain.

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Description of Criteria	Metrics	Weighting (marks)
Value for Money/ Pricing	Plans for leveraging in additional funds Expected coverage (contacts) per £ Plans to create partnerships that sustain beyond project period Plans for building sustainable business model £ per Sap point/ nominal savings	25
Building skills in the supply chain	Plans for supporting supply chain with EHC quality mark/ alternative Plans for obtaining training support/ skills for supply chain Number of contractors that will be engaged/ skills improved	10
Strength of delivery plan	Range of partnerships built (tradespeople, installers, manufacturers assessors, LEPS, local authorities etc.) – evidence with letters of agreement Show understanding of local challenges/ how to address them Show evidence of plan to create appealing consumer offer Evidence of how intend to engage consumers Plans for building sustainable business model Project plan/ risk management	30
Strategic fit with Building a Market for Energy Efficiency & Heat Decarb <ul style="list-style-type: none"> <li>• Stretching ambition</li> <li>• Aligning with existing behaviours</li> </ul>	Plans for whole house approach/ multiple measures Plans for using measures likely to engage consumers (TIWI) Plans for use of actual measurement of performance Plans for engaging able to pay owner occupiers/ using natural trigger points	15
Strength of contractor	Skills available in the team (relevant retrofit experience etc.) Access to existing tools (eg digital engagement or building audit tools) Record of delivery in previous projects	15
Evaluation	Clear data collection processes demonstrated Evidence of how to differentiate impact of different interventions	5

# Expectations from bids



Suppliers will be expected to show **knowledge of local area** and challenges they will face



Suppliers will be asked for **supporting documents/ evidence** of:

- memorandums of understandings they have drawn up with partners,
- proof of other funds etc.



Suppliers need to outline different scenarios for the **costs of the project**.

- 1) Full funding is awarded
- 2) Less money is awarded
- 3) Project ends after 6 months



Suppliers will be expected to provide a **timeline** for the duration of the project period, including KPIs they expect to hit at different periods



Suppliers will have to demonstrate that they have a **track record of delivering projects at a local level** – and relevant skills and experience in retrofit



Suppliers will need to outline their plans to **monitor and evaluate** the outcomes of the pilot scheme.