

Local Supply Chains Supplier day (June 2018):

Procurement

Paul run through the procurement process for the bid as per the crown commercial service guidance. Contractors wanted to know:

1. *Would the Government want to own the intellectual property of something that already exists?*

If it is information/ tools that the organisations had prior to the pilot scheme starting, then the intellectual property would belong to the organisation not BEIS

2. *Can organisations be named on more than one bid?*

Yes.

3. *Can organisations cover more than one area?*

Organisations will not be discouraged from covering more than one area. It is important to note that if an organisation was to cover more than one area, they will be required to provide delivery plans for both areas, both in the short (6months) and long term (2.5 years). They will also need to note that the funding provided to them would remain the same and not be doubled because they are covering two areas.

4. *Can the research from the bid be used for other projects?*

Learnings from the project can be used on other projects but we would encourage organisations to consult with BEIS officials first, particularly in the case where the intellectual property belongs to BEIS.

5. *Is this a fixed bid?*

BEIS is able to provide up to £190,000 per organisation for year 1. However, bidders will be asked to use the pricing schedule to detail how they intend to spend the funding for all stages. Bidders will also be expected to detail how they would use the funding if less funding (around 50%) was available and another option for if they had more funding available (up to double).

6. *Would start up companies/ companies that started trading last year be eligible? Specifically, in the context of having to provide financial evidence.*

We cannot discount start up companies, however, they will need to demonstrate that they have the necessary skills from past projects that have been involved in so that the tender board can have confidence that they can deliver the outcome.

7. *Would an international based company be eligible?*

Yes.

8. *Is it acceptable for companies to take a commercial approach – not encouraging a particular measure to consumers, allowing them to choose and then reporting back*

The pilot project is designed to be flexible with the approach that companies take and encourages innovation. However, suppliers need to have a detailed programme plan which highlights how their approach will deliver the aims and objectives set out by BEIS. This will include ensuring that measures are actually delivered in homes and that this is not simply an 'advice' programme.

Project Context

Gervase ran through the project context; mentioning that the work has come from our aspiration in the Clean Growth Strategy to get as many homes as possible to EPC band C by 2035 where practical, cost-effective and affordable and also a response to the Building a Market for Energy Efficiency Call for Evidence, which was published alongside the Clean Growth Strategy.

Gervase highlighted that following the last supplier day, BEIS officials had taken on board the feedback from suppliers particularly around the duration of the project and the project expectations after the first year. BEIS is now proposing to fund up to 5 different organisations for up to 3 years for the pilot scheme. However, business planning, funding is only guaranteed for a year, with the potential for a two-year extension.

Questions from last supplier day

Aside from the duration of the project, the most prominent questions from the last supplier day were on funding, geographic location and intellectual property (which was also covered during the procurement segment).

Gervase set out BEIS' expectation of how the funds should be used and gave an indicative breakdown of costs (noting there is flexibility on this). It was clearly outlined what would and would not be funded (including whether it could be used to work with mortgage lenders and towards incentivising the customer by offering vouchers etc.), this will also be clearly detailed in the ITT.

In terms of the geography, Gervase mentioned that, following feedback from the last supplier day, we had moved away from the urban/ rural asks that had been initially been set out. BEIS will still try and ensure that the final bids reflect a range of different areas and will look favourably on bids that support BEIS' wider policy objectives such as off gas grid areas.

Suppliers also wanted to know if the two best bids came from the same geographic area, what would be the selection process from a BEIS perspective?

BEIS will reserve the right to not award grants to projects in overlapping areas, as this would most likely lead to inefficiencies.

Project expectations and evaluation

Gervase and Jen set out the project expectations for years 1, 2 and 3. Suppliers asked BEIS to clearly define what they meant by leads and to reconsider the number of leads expected especially in the first year. This also brought about some questions from suppliers regarding whether BEIS was looking for experimentation, market change or just output and furthermore how substantial the interventions would need be. There was also considerable concern that if the expectations for the first 6 months were not set out clearly and correctly, it could encourage suppliers to deliver existing projects and not encourage innovation.

BEIS would expect suppliers to experiment in the first year, specifically figuring out what will and won't work for consumers and their local area. At the end of the project, BEIS will be looking for delivery and output. It will be outlined in the ITT that there will be some flexibility regarding what should be delivered in the first 6 months.

Suppliers also highlighted there is a risk they would not receive buy in from suppliers and local authorities as the funding has not been secured for years 2 and 3, especially if they are to invest in the training of the supply chain.

Gervase highlighted that BEIS has planned for the project to run for the full time period (2.5years) and we will ask suppliers when applying to plan for the full time period. However, there is a need to highlight suppliers that the funding is not secured for years 2 and 3, as per Governmental business planning. Suppliers will also be encouraged to provide two project plans. One as set out above and one detailing what would be done differently and expected outputs if the project only lasted 6months.

Suppliers also noted the absence of carbon reduction aims in the projects expectations and asked for BEIS to clarify if there were any carbon aims and what they are. This will be clarified further in the ITT but BEIS does not expect that there will be major carbon savings/ reductions from this pilot scheme but expects to learn how to upskill the supply and drive up retrofit in a local area. If successful, these models could potentially be replicated at a national level and therefore providing significant carbon savings and working towards the EPC Band C by 2035 aspiration.

Suppliers also wanted to know:

9. What the plans were for evaluating the sustainability of the business model in the final year?

There are currently no plans in place for this, but the evaluation team is working on it and it will be added. Successful organisations will be alerted in good time of the plans.

10. How does this relate to the quality mark and will existing standards stand?

Suppliers are expected to upskill the supply chain, and this includes gaining the relevant accreditation such as the each home counts quality mark, but there will be no concrete requirement.

11. If the long-term business plan was strong, would this be detrimental to the short-term approach and inevitably the tender?

Suppliers will need to provide both a short term and long-term business plan. Applications will mainly be weighted on the long-term business plan as they will be most reflective of the projects aims and outputs. However, suppliers are asked to submit a strong short-term business plan, which should be focused on delivering the aims and output for year 1 but also setting out the KPIs that the organisations expect to meet/ be measured against.

Project timeline

Gervase presented the draft project timeline highlighting that it is only indicative and subject to change depending on when the ITT opens and when the contracts are drafted with the successful organisations. BEIS will provide updated timelines throughout the process.

12. Suppliers had questioned if the evaluations for year 1 and 2 will delay the release of funds for year 2 and 3?

The evaluations should not delay the release of funds. However, in the case that it does, BEIS officials will let successful organisations know in good time that there is a delay and when they should be expecting the funds.

Criteria and expectations for bids

Gervase outlined the criteria that will be used for the ITT and the supporting documents/ evidence that prospective suppliers will be expected to provide.

Regarding the “strategic fit with building a market for energy efficiency and heat decarbonisation” criteria suppliers wanted to know:

13. Are any linkages with the smart meter roll out?

There are linkages to wider BEIS policy such as the decarbonisation of heat and smart meters but contractors should not count installation of smart meters as part of this scheme.

14. Would linkages to other aspects of the Clean Growth Strategy be accepted, such as links to low carbon transport?

The aims of this project are about the energy performance of homes (insulation, boiler replacements, double glazing, energy efficient lighting etc.) in line with the aspiration to get as many homes as possible to EPC C by 2035. If contractors identify an opportunity to improve the energy performance of homes alongside other actions such as installation of UV charging points, they should pursue this. However these wider decarbonisation actions such as encouragement of electric vehicles or installation of charging points are **not** one of the objectives of this project and so will not be considered in the evaluation of tenders.

AOBs

Other questions asked by suppliers included:

15. Will BEIS be taking the learnings from successful schemes, or are we moving forwards by encouraging successful project delivery teams to then expand out into new territories?

If the projects are successful, there could be the possibility to expand out existing projects to new territories.

16. Is there a preference for SMEs or large companies delivering this project?

There is no preference. BEIS will endeavour to award the contracts to organisations with the strongest bids.

17. Is there a preference in marketing styles (using the social media, estate agents etc.), if so, please can this be detailed?

There is no preference in marketing styles and BEIS would encourage suppliers to test out different approaches in their local area whilst also building on their experience of what has worked in the past, in the same area.

18. What is the role of local authorities? Is there any intention to promote local authority planning and support?

Suppliers are encouraged to work with local authorities to better understand their local area, build sustainable partnerships, build a brand and generate offers for consumers.

19. What is the group of people that the project is supposed to target (i.e. social housing, PRS etc) and BEIS looking at individual home owners or groups with a big clientele?

The project is aimed at non-fuel poor households in owner occupied and privately rented homes. Social housing is not covered.