CONTRACT NHMF 290

TITLE **GREEN FINANCE: MARKET SCOPING**

**Organisation National Heritage Memorial Fund**

**Department** Business Innovation and Insight

**Title of procurement Green Finance Market Scoping**

**Brief description of supply**

**Estimated value of tender** **£**25K (inclusive of VAT and expenses)

**Estimated duration** 2-3 Months

**Name of Heritage Fund Contact**: Alexandra Roberts,

 **(** Head of Innovation & New Business )

**Timetable** Tender Published: 22nd June

Clarification Questions Deadline: 7th July

 Clarification Questions Published: 9th July

 Response deadline: 19th July

Clarification Interviews**:** 22nd July

Contracting & Inception: w/c 26th July

Commencement of project: 5th August

Completion of project: By end of October 2021 (see outputs timeline in section 5)

# Introduction

The National Lottery Heritage Fund (NLHF), formerly the Heritage Lottery Fund (HLF) was set up in 1994 under the National Lottery Act and distributes money raised by the National Lottery to support projects involving the national, regional and local heritage of the United Kingdom. We operate under the auspices of the National Heritage Memorial Fund (NHMF).

1. **Background**

NHMF invests in the full breadth of the UK’s heritage and, through our investment , we aim to make a lasting difference for heritage, people and the places we support. This is reflected in the outcomes we want our investment to achieve as set out in our Strategic Funding Framework (SFF): <https://www.heritagefund.org.uk/sites/default/files/media/attachments/Heritage%20Fund%20-%20Strategic%20Funding%20Framework%202019-2024.pdf>

Land and nature is one of three key funding priorities for heritage we have committed to within the framework, with a specific focus on the following 3 thematic areas of natural heritage:

1. Nature conservation and restoration, including ecosystem restoration and species recovery;
2. Nature-based solutions, particularly for climate change mitigation and adaptation; and
3. Connecting people with their natural heritage.

Within the SFF, we also have a commitment to explore strategic interventions that can help champion innovation through testing and learning from new approaches and financing models that fit within our current Investment Powers[[1]](#footnote-1). In the context of our support for natural heritage, most recently this has included work as part of the Future Parks Accelerator (a joint programme initiative with the National Trust) to catalyse and support local authorities to explore new funding models such as social investment and community enterprise in relation to the management of urban green space. The local authority cohort of eight places are being supported by consultants Finance Earth to develop new financial models and test new investment approaches to urban green space.

However, beyond the social investment pilot within FPA, Green Finance more broadly remains a gap within our current wider social investment portfolio which currently consists of significant external investments into both the cultural and built environment sub-sectors through two partnership funds - the Heritage Impact Fund[[2]](#footnote-2) and Arts Cultural Impact Fund[[3]](#footnote-3). For this reason we therefore want to commission some focused market scoping of the rapidly growing UK-wide Green Finance space to inform the potential it holds for increasing our ability to protect, sustain and conserve our natural heritage for years to come through support for trialling and learning from these new investment approaches.

Our aim is to identify gaps and/or needs that could be supported and met by the Fund to accelerate Green Finance solutions to address the urgent needs of the climate and ecological crises, and that would deliver the greatest impact for nature’s recovery.

1. **The Commission & Project Scope**

Green Finance (any structured financial investment that has been created to ensure a beneficial environmental outcome) is a rapidly growing area, connected to the wider area of social investments and with a distinct focus on the climate and the environment and the significant potential to support our natural heritage. In fact some projects that the Fund supports now could potentially offer better value for money if blended with a Green Finance approach.

We recognise there are a diverse range of potential options for the Fund to explore in this rapidly developing space as the market includes a wide range of loans, debt mechanisms, bonds and other types of investments that can be used to stimulate the development of new green projects and/or minimise the impact on climate change and improve regulation of existing initiatives and activities.

Over the past year through both policy and strategy networks, our delivery partnership with Defra, & attendance at events such as the Natural Capital Finance & Investment Conference the Fund has built up its awareness & links to different contacts and initiatives in this space.

Green Finance is a priority for potential strategic investment in 21/22, and we want to undertake some further independent market scoping to identify and appraise the different approaches and opportunities open to the Fund to inform choices for how any Green Finance investment is delivered for greatest impact and return against the key areas of focus outlined above.

We want to understand and consider all the possible options for the Fund to participate in Green Finance whether that is through directly investing in enterprising environmental organisations, directly investing in innovative standalone projects, or through investing in a green impact partnership fund. At this stage we are agnostic about which route we take. Rather we want this independent market scoping exercise to provide us with more complete knowledge and insight of the Green Finance space, help us explore how we can add value to it, and support us to be better informed about the implications and trade-offs of different potential approaches.

We are also keen to understand any gaps in the current provision of Green Finance investment which aren’t being met and possible future needs that are likely to arise due to recent legislation and emerging trends.

We want this study to contribute to our wider social investment work including how different funding models approach the measuring of impact and impact risk and make value for money judgements.

1. **Project Objectives**

The following are the key objectives for this initial rapid R&D commission:

1. To review the evidence base and learning from recent innovations, developments and future trajectory in new Green Finance investment approaches.
2. To identify and explore the most promising future investment opportunities in this space and assess the relative potential they have to deliver on the Funds own objectives in respect of both land and nature and wider social investment practice.
3. To review wider funder practice and provide an overview of the current market space to help identify where the fund could add value, address gaps, skills shortages and where there may be scope for collaboration.
4. To support the appraising and prioritising of these initial options in relation to desirability (level of potential strategic impact), feasibility (right level & type of resource) and viability (right time, right approach) in partnership with the Fund
5. To make independent recommendations on where the targeting of any bespoke funding investment could have greatest impact on the basis of a synthesis of collated insights and evidence from different stakeholders.

# Methods & Outputs

Please detail your approach to the brief and delivering on the above objectives, any connections you would deploy, and existing evidence reviews you would be able to build upon to make solid recommendations and present options to the fund.

A project plan with specific deliverables\* and timetable will be agreed with the successful consultant/ies. However, The Fund expects the following deliverables in accordance with the following timetable as a minimum:

|  |  |
| --- | --- |
| **Deliverable/Key Milestones\***  | **Due date**  |
| Inception Meeting to agree plans, interviewees, interdependencies and ways of working  | Early August   |
| Interviews with  c.15-20 key external Green Finance stakeholders  | August-September 2020   |
| Evidence Review & horizon scan on new alternative funding models and mechanisms within the Green Finance space  | August-September 2020  |
| Draft findings  & options  | End September 2020  |
| Final report with structure agreed with the Fund, and accompanying slide deck  | Mid- October 2020  |
| Presentation of findings to Exec/Board  | 2nd November 2020  |

# Contract management

We expect the project to begin at the start of August 2021 and be completed by mid October 2021in time for Board consideration in November.

The maximum budget available is £25k to include all expenses and VAT. The contract will be let by the National Heritage Memorial Fund.

The payment schedule will be agreed on appointment on the basis of the successful contractors proposal but is anticipated to be in accordance with the following milestones:

* + 1. % upfront
		2. % at the end of project and submission of the final market scoping and recommendations report

# Award Criteria

# Tender responses submitted will be assessed by the Fund against the following Quality Criteria

1. **70% of the total marks will be awarded to Quality**

A proposal for undertaking the work should include:

* + 1. your understanding of the overall project and objectives

weighted at 25%

* + 1. your proposed outputs and methodology for conducting the project

weighted at 20%

* + 1. Demonstrated an awareness of the wider policy context and issues relating to Green Finance and wider partners and players in this space (20%)
		2. details of the experience of staff allocated to the project, together with understanding of the specific subject area. The project manager / lead contact should be identified as should the allocation of days between members of the team to proposed activites ;

weighted at 20%

* + 1. your timescale for the proposed activities carrying out the project;

weighted at 15%

Please also ensure you comment on the following in your responses:

* Availability/timelines – what start dates and availability you have.
* Use of any third-party products or providers – to be explicitly detailed in the proposal along with any associated support costs and arrangements.
* Any interdependencies/risks that might occur and have an impact on the one-time/on-budget delivery of the project.
* Any in-kind support you will be bringing to the delivery of the project

## Quality Questions scoring methodology

| Score | Word descriptor | Description |
| --- | --- | --- |
| 0 | Poor | No response or partial response and poor evidence provided in support of it. Does not give the Fund confidence in the ability of the Bidder to deliver the Contract. |
| 1 | Weak | Response is supported by a weak standard of evidence in several areas giving rise to concern about the ability of the Bidder to deliver the Contract. |
| 2 | Satisfactory | Response is supported by a satisfactory standard of evidence in most areas but a few areas lacking detail/evidence giving rise to some concerns about the ability of the Bidder to deliver the Contract. |
| 3 | Good | Response is comprehensive and supported by good standard of evidence. Gives the Fund confidence in the ability of the Bidder to deliver the contract. Meets the Fund’s requirements. |
| 4 | Very good | Response is comprehensive and supported by a high standard of evidence. Gives the Fund a high level of confidence in the ability of the Bidder to deliver the contract. May exceed the Fund’s requirements in some respects.  |
| 5 | Excellent | Response is very comprehensive and supported by a very high standard of evidence. Gives the Fund a very high level of confidence the ability of the Bidder to deliver the contract. May exceed the Fund’s requirements in most respects. |

1. **30% of total marks will be awarded for Price.**

The evaluation of price will be carried out on the Schedule of charges you provide in response to **Table A**

* 1. an overall cost for the work
	2. the daily charging rate of individual staff involved;

## Price Model at 30%

30 marks will be awarded to the lowest priced bid and the remaining bidders will be allocated scores based on their deviation from this figure. Your fixed and total costs figure in your schedule of charges table will be used to score this question.

For example, if the lowest price is £100 and the second lowest price is £108 then the lowest priced bidder gets 30% (full marks) for price and the second placed bidder gets 27.6% and so on. (8/100 x 30 = 2.4 marks; 30-2.4 = 27.6 marks)

The scores for quality and price will be added together to obtain the overall score for each Bidder.

1. **Partner Selection will be made on the basis of:**
* Demonstrable expertise, knowledge and understanding of the wider Green Finance market
* Technical understanding of social investment and impact investing
* A proven record of delivering similar projects on time and on budget
* Understanding of and ability to meet deliverable requirements and overall objectives
* Value for money
* Timescales for delivery

**8 Table A - Schedule of Charges**

Please show in your tender submission, the number of staff and the amount of time that will be scheduled to work on the contract with the daily charging rate.

Please complete the table below providing a detailed breakdown of costs against each capitalised description, detailing a total and full ‘Firm Fixed Cost’ for each element of the service provision for the total contract period. Bidders may extend the tables to detail additional elements/costs if required.

VAT is chargeable on the services to be provided and this will be taken into account in the overall cost of this contract.

As part of our wider approach to corporate social responsibility the National Heritage Memorial Fund/Heritage Fund prefers our business partners to have similar values to our own. We pay all of our staff the living wage (in London and the rest of the UK) and we would like our suppliers and contractors to do likewise. Please highlight in you proposal/tender/bid whether you do pay your staff the living wage.

Bidders shall complete the schedule below, estimating the number of days, travel and subsistence costs associated with their tender submission.

**TABLE A: (firm and fixed costs)**

| **Cost** | **Post 1 @cost per day****(No of days)***e.g. Project Manager/ Director**@ £2* | **Post 2 @cost per day****(No of days)***e.g. Senior Consultant/manager/researcher**@£1.5* | **Post 3 @cost per day****(No of days)***Junior* *Consultant/equivalent* *e.g. £1* | **Total days** | **Total fees** |
| --- | --- | --- | --- | --- | --- |
| Inception meeting to agree plans and finalise requirements with the Fund | *Example 0.5* | *1* | *1.5* | *3* | *£4* |
| *[Add as necessary]* |  |  |  |  |  |
| *[Add as necessary]* |  |  |  |  |  |
| *[Add as necessary]* |  |  |  |  |  |

| Cost Type | Value (£) |
| --- | --- |
| Sub - Total  |  |
| VAT |  |
| Total\* |  |

(This must include all expenses as well as work costs; this figure will be used for the purposes of allocating your score for the price criterion and must cover the cost of meeting all our requirements set out in the ITT)

**Notes: The Fund reserves the right to clarify quality and prices and to reject tenders that demonstrate an abnormally low quality response. The Fund also reserves the right to amend the timetable of work where required.**

You should not submit additional assumptions with your pricing submission. If you submit assumptions you will be asked to withdraw them. Failure to withdraw them will lead to your exclusion from further participation in this competition.

**9**  **Procurement Process**

The Fund reserves the right to reject abnormally low scoring tenders. The Fund reserves the right not to appoint and to achieve the outcomes of the work through other methods.

We reserve the right to carry out clarifications if necessary; these may be carried out via email or by inviting bidders to attend a clarification meeting.  In order to ensure that both the Fund’s and Bidder’s resources are used appropriately, we will only invite up to three (the ultimate number will depend on the closeness of the scores) highest scoring bidders to attend a clarification meeting.  Scores will be moderated based on any clarifications provided during this meeting.  You are responsible for all your expenses when attending such meetings.

Your tender proposals must be sent electronically via e-mail before the tender return deadline of **19th July at noon** to the following contact:

Alexandra Roberts

National Heritage Memorial Fund

Mezzanine North

International House

1 St Katharine’s Way

London

E1W 1UN

Email: Alexandra.Roberts@heritagefund.org.uk

 [www.heritagefund.org.uk](http://www.heritagefund.org.uk)

**Appendix: Accessibility and formatting guidance**

The Fund is committed to providing a website that is accessible to the widest possible audience. Our site is annually tested by accessibility auditors and we must meet a AA compliance level. Our accessibility testing encompasses not just site functionality and design but all of our content, including downloadable documents.

Reports and other documents created for the Fund (**including the tender submissions**) need to be clear, straightforward to use and ready to circulate internally, externally and online, as well as suitable for use by screen reading software. Best practice in accessibility is summarised below:

**Readability**

In the final report, and all other documents that may be published online including the tender application consultants should ensure that:

The size of the font is at least 11pt;

There is a strong contrast between the background colour and the colour of the text. Black text on a white background provides the best contrast. This also applies to any shading used in tables and/or diagrams;

Italics are only used when quoting book titles for citations and items on the reference list should be arranged alphabetically by author

Colour formatting and use of photos should be of a resolution size that is easily printable and does not compromise the printability of the document.

For further guidance on ensuring readability of printed materials, please refer to the RNIB Clear Print guidelines. These can be found on the [RNIB website](http://www.rnib.org.uk/Pages/Home.aspx).

**Accessibility**

Reports should adhere to the following guidelines:

**Formatting**

Headings and content in your document should be clearly identified and consistently formatted to allow easy navigation for users. Heading Styles should be used to convey both the structure of the document and the relationship between sections and sub-sections of the content. Heading styles should follow on from each other i.e. Heading 1 then Heading 2.

**Spacing**

Screen readers audibly represent spaces, tabs and paragraph breaks within copy, so it is best practice to avoid the repetitive use of manually inserted spaces. Instead, indenting and formatting should be used to create whitespace (e.g., use a page break to start a new page, as opposed to multiple paragraph breaks).

**Alternative text**

Alt text is additional information for images and tables. This extra information is essential for both document accessibility (screen reading software reads the Alt text aloud) and for the web. Alt text should be concise and descriptive, and should not begin with ‘Image of’ or ‘Picture of’.

**Images**

These should be formatted in-line with text, to support screen readers. Crediting pictures may be necessary, usually in response to a direct request from a third party.

**Tables**

These should be for used for presenting data and not for layout or design. They should be simple and include a descriptive title. The header row should be identified and there shouldn’t be more than one title row in a table. There should be no merged or blank cells.

**Additional documents**

Any additional information, separate to the report, for example proformas and transcripts which may be used as standalone documents must be fully referenced to the piece of work being submitting and therefore dated, formatted and numbered appropriately.

**Further resources**

Please refer to the WCAG 2.0 article on [PDF techniques](https://www.w3.org/TR/2014/NOTE-WCAG20-TECHS-20140408/pdf.html) for further information.

**Submitting your report to THE FUND**

Please check the accessibility of your document using the Word accessibility checker before submitting: File – Info – Check for Issues – Check Accessibility.

Please submit your document as a Word file.

The Fund retains the right to amend documents in order to create accessible versions for publishing.

1. As a public body the Fund is regulated in accordance with specific legislation that has implications for how and in what we are able to invest. The parameters of this will be discussed with and provided to the appointed provider. [↑](#footnote-ref-1)
2. We have invested £2.5m in the Heritage Impact Fund managed by the AHF. This £7m fund provides working capital and capital investment loans to organisations with a social or community purpose operating within historic buildings. The HIF is unique as partnership fund that brings together investment from a number of key heritage sector stakeholders including The Architecural Heritage Fund, Historic England, Historic Environment Scotland, Cadw, Northern Ireland Department of Communities, along with private sector funds. The Fund launched in February 2019 & will operate initially for seven years with the potential to become a social impact fund in perpetuity. Running alongside the Impact Fund is a tailored business support programme that will provide a health check and tailored support package for organisations that require it. [↑](#footnote-ref-2)
3. We have invested £2m in the £20m Arts and Culture Impact Fund led by Nesta. The ACIF is social impact fund that aims to develop the impact potential and the ability of organisations to measure and articulate the difference they make. The Fund remains in development with a projected launch date of February 2020. As well as our investment the fund brings together investment from Arts Council England, Big Society Capital, Esmee Fairbairn, Nesta and Bank of America Merrill Lynch. The Fund has a 10-year life. Our funding along with ACE provides the first-loss catalysing layer. The model projects a 1.1IRR which essentially recovers our initial investment at the end of the fund's 10 year life. [↑](#footnote-ref-3)