**Specification for Barriers to Financing Adaptation Actions in the UK**

Tender Reference Number: RM/0122

**Specification of Requirements**

Invitation to Tender for **Barriers to Financing Adaptation Actions in the UK**

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Deadline for Tender Responses: **1pm on 28th January**

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1. **Background**

**The Climate Change Committee**

The Climate Change Committee (CCC) was set up as part of the Climate Change Act. The CCC is an independent body that advises both on reducing emissions in the UK and adapting to the climate changes in the UK.

The Committee has recently provided its advice to the UK Government on the risks and opportunities facing the UK from current and future climate change as required under the Climate Change Act as part of the third Climate Change Risk Assessment – this was summarised in its Independent Assessment of UK Climate Risk which was published in summer 2021.

The CCC’s full range of past reports are available here: <http://www.theccc.org.uk/reports/>.

**Overheating as a key risk to the UK**

The CCC’s Independent Assessment of UK Climate Risk identifies a large number of risks to the UK for which there is a good case for doing more to address these risks over the coming five years as part of the UK Government’s next National Adaptation Programme for England.

For many of these risks there is an increasing recognition that many adaptation actions to address these risks have economic benefits to society that are greater than their costs. This was documented in [supporting research](https://www.ukclimaterisk.org/wp-content/uploads/2021/06/Monetary-Valuation-of-Risks-and-Opportunities-in-CCRA3.pdf) to the CCRA3 Technical Report.

However, the CCC’s 2021 progress report for England highlights substantial gaps in the deployment of adaptation actions across many parts of the economy. This suggests that barriers to investing in adaptation exist that prevent many of these societal cost savings from being realised.

1. **Aims and objectives**

The aim of this project is to identify the major barriers that are preventing the participation of private and public investment in supporting the deployment of adaptation actions in the UK, to compile case-studies for how adaptation has been financed that could be applicable at larger-scales across the rest of the economy, and to identify policy actions that could help remove the identified barriers to financing adaption.

This project will feed into the CCC’s wider adaptation work programme and in particular ongoing work around what policy actions could deliver the necessary investment in adaptation and indicators of progress on adaptation.

**3. Detailed methodology**

***Task 1:*** *Identify barriers to investment by the private and public sector] in UK climate change adaptation*

* This task should undertake a thorough literature review of barriers to realisation of adaptation investment in the UK. This should draw from a wide range of literature including both peer-reviewed and other reports. Given that considerations on these issues are often not accessibly documented – expert consultation with adaptation and finance experts should also be undertaken here and is expected to be a key way of accessing relevant knowledge.
* This review should be broken down by the key sectors of necessary adaptation action in the UK. This should include but does not need to be limited to: the natural environment; infrastructure; overheating in the built environment and human health; flooding protection; and business and industrial adaptation.
* Building on this literature review, a typology should be developed to categorise the main barriers to investment in cost-effective adaptation action in the UK using a clear and intuitive methodology.
* Challenges associated only with particular forms/streams of adaptation finance (e.g. bonds, blended finance) should be clearly documented to ensure the appropriate scope of any conclusions.
* This typology should be used to provide a ranking of the main barriers to investing in adaptation within each of the sectors considered in the literature review.

***Task 2:*** *Detailed case-studies of adaptation investment business models*

* This task should conduct case studies of instances where successful and innovative financing models for adaptation were implemented in the UK.
* These case studies should be substantive and in-depth explorations of the instances and cover, as minimum, a clear and detailed treatment of:
	+ What adaptation action/outcome was being financed?
	+ How the need for finance/investment to deliver the adaptation outcome was identified?
	+ Barriers to securing this finance through conventional means
	+ What form/stream did the provided adaptation finance ultimately take
	+ How benefits from the adaptation action are monetised
	+ What other (non-adaptation) co-benefits are associated with the action and are/can these also be monetised?
	+ How have mechanisms been created to return some of this value to the provider of the investment capital?
	+ How progress towards the adaptation outcome is measured.
* We would expect these case studies to ideally include interviews with the relevant actors (in addition to desk based research) who both sought and provided the investment to enable these adaptation actions to go ahead.
* We would expect this task to cover at least six substantive case studies. These should ideally cover a range of sectors, with at least two of these covering innovative financing mechanisms that are supporting adaptation in the natural environment sector. At least one example from both public and private sector financing should be included – with most of the case studies expected to come from private financing examples. Examples should be drawn from the UK where possible.

***Task 3:*** *Identification of policy actions that can remove barriers to adaptation financing*

* Building on the outputs of task 1 and task 2, this task should develop evidence-based recommendations on how policy could remove the identified barriers to adaptation investment
* The identified actions should be specific, targeted, and with a clear and explicit theory of change regarding how these actions would enable the correct incentives for both recipients and providers of finance to be put in place (an indicative theory of change framework currently in use at the CCC is included below in Figure 1 for reference) – where possible who would be responsible for implementing the action (e.g. specific Government department or agency) should be identified.
* Policy actions should be identified across all categories of barriers in Task 1 and across all of the sectors listed there.

**Figure 1:** Indicative theory of change framework currently used by the CCC.



# Outputs Required

The outputs of the work should include:

* **A spreadsheet**, in a clear and easily accessible format documenting the literature review in task 1.
* **A report,** setting out the scope of work, assumptions, methodology and findings, a detailed documentation of each case study is expected as part of this.

Where excel workbooks are used these should be shared, fully unlocked and linked to rest of the excel workbook deliverable above, allowing future capability to update assumptions.

We envisage that bidders may need to make use of pre-existing knowledge to enable delivery and welcome this. However, this should not limit the transparency of approaches used in this project and all outputs should be provided in a publishable format. In the event of any limitations on sharing (e.g. in wider sharing beyond the CCC), these should be specified as part of the tender.

In addition to the above, we also expect interim deliverables to be required, including slide packs for the purposes of milestone and/or steering group meetings.

# Ownership and Publication

The key deliverables will be handed over to the CCC, who may choose to publish these as supporting evidence on their website. Spreadsheets should be open access and unrestricted, to enable full QA of results and assumptions.

# Quality Assurance

This project must comply with the ‘CCC – Quality Assurance of Evidence and Analysis’ guidance[[1]](#footnote-1) and bidders must set out their approach to quality assurance in their response to this ITT.

All research tasks and modelling must be quality assured and documented. Contractors should:

* Include a quality assurance (QA) plan that they will apply to all of the research tasks and modelling,
* Specify who will take lead responsibility for ensuring quality assurance and ensure that this responsibility rests with an individual not directly involved in the research, analysis or model development,
* Provide QA log to demonstrate the QA undertaken, including who undertook the QA and the scope, type and level of QA that has been undertaken (e.g. a log entry only stating ‘the data was checked’ will not be sufficient),
* Allow for a meeting with CCC staff to run through QA performed.

Sign-off for the quality assurance must be done by someone of sufficient seniority within the contractor organisation to be able take responsibility for the work done. Acceptance of the work by the CCC will take this into consideration. The CCC reserves the right to refuse to sign off outputs which do not meet the required standard specified in this invitation to tender.

The successful bidder will be responsible for any work supplied by sub-contractors and should therefore provide assurance that all work in the contract is undertaken in accordance with the quality assurance expectation agreed at the beginning of the project.

# Timetable

The proposed timetable for the project is set out in the following table. Ability to start work early rapidly is highly desirable for this project.

|  |  |
| --- | --- |
| **Date** | **Action** |
| W/c 7th Feb | Kick-off meeting |
| Early March | Meeting to discuss findings of literature review, and case study selection. |
| Before end of March | Interim presentation/report on progress across all three tasks |
| Early May | Latest date for delivery of final report, analytical outputs and assumptions log |

The CCC is willing to be flexible with timelines and will consider alternative timetable proposals – however being able to complete a substantial fraction of the work before the end of March will be a necessary factor.

In addition to the formal reporting points, the CCC would expect to have regular scheduled discussions (weekly meetings or calls) to ensure the work is progressing as expected. It is expected a more detailed timeline would be proposed in bids documents and agreed with the CCC at the kick-off meeting.

# Challenges

The specific challenges that the CCC envisage with this project include:

* Establishing an analytical methodology and approach which enables high quality insights to be delivered in short timeframes
* Ensuring that the project findings can be integrated effectively and coherently with the previous work in this area

Bids should set out how these risks will be managed alongside any other risks and challenges to successfully undertaking this work.

The successful contractor will be expected to identify one named point of contract through whom all enquiries can be filtered. A CCC project manager will be assigned to the project and will be the central point of contact.

#  Skills and experience

CCC would like 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. A solid understanding of the types of financial models/products investigated as part of the research will be an important feature of the team’s capability.

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.

#  Consortium Bids

In the case of a consortium tender, only one submission covering all of the partners is required but consortia are advised to make clear the proposed role that each partner will play in performing the contract as per the requirements of the technical specification. We expect the bidder to indicate who in the consortium will be the lead contact for this project, and the organisation and governance associated with the consortia.

Contractors must provide details as to how they will manage any sub-contractors and what percentage of the tendered activity (in terms of monetary value) will be sub-contracted.

If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should be provided. However, please note CCC reserves the right to require a successful consortium to form a single legal entity in accordance with Regulation 28 of the Public Contracts Regulations 2006.

CCC recognises that arrangements in relation to consortia may (within limits) be subject to future change. Potential Providers should therefore respond in the light of the arrangements as currently envisaged. Potential Providers are reminded that any future proposed change in relation to consortia must be notified to CCC so that it can make a further assessment by applying the selection criteria to the new information provided.

#  Budget

The budget for this project between £60,000 - £80,000 excluding VAT.

Contractors should provide a full and detailed breakdown of costs (including options where appropriate). This should include staff (and day rate) allocated to specific tasks.

Cost will be a criterion against which bids which will be assessed.

Payments will be linked to delivery of key milestones. The indicative milestones and phasing of payments can be adjusted and agreed with the contractor and Project Manager. Please advise in your tender response how this breakdown reflects your usual payment processes:

In submitting full tenders, contractors 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 Committee on Climate Change aims to pay all correctly submitted invoices as soon as possible with a target of 10 days from the date of receipt and within 30 days at the latest in line with standard terms and conditions of contract.

#  Evaluation of Tenders

Contractors are invited to submit full tenders of no more than 20 pages, excluding declarations and CV’s. Tenders will be evaluated by at least three CCC staff.

CCC will select the bidder that scores highest against the criteria and weighting listed below, see the ITT for further information.

**EVALUATION CRITERIA AND SCORING METHODOLOGY**

|  |  |  |
| --- | --- | --- |
| Criterion | Description | Weighting |
| 1 | RELEVANT EXPERIENCE / DEMONSTRATION OF CAPABILITY | 15% |
| 2 | MANAGING YOUR RELATIONSHIP WITH THE CCC | 5% |
| 3 | QUALITY ASSURING THE SERVICES YOU PROVIDE | 10% |
| 4 | MANAGEMENT STRUCTURE | 5% |
| 5 | PROJECT TEAM – SKILLS AND KNOWLEDGE | 20% |
| 6 | METHOD, ABILITY AND TECHNICAL CAPACITY  | 30% |
| 7 | UNDERSTANDING OF REQUIREMENTS | 5% |
| 8 | RISK AND CHALLENGES | 10% |
|  |  |  |
|  | 100% |

**Scoring Method**

Tenders will be scored against each of the criteria above, according to the extent to which they meet the requirements of the tender. The meaning of each score is outlined in the table below.

The total score will be calculated by applying the weighting set against each criterion, outlined above; the maximum number of marks possible will be 100. Should any contractor score 1 in any of the criteria, they will be excluded from the tender competition.

|  |  |
| --- | --- |
| **Score** | **Description** |
| 1 | Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard |
| 2 | Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps  |
| 3 | Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. |
| 4 | Good: Proposal meets the required standard, with moderate levels of assurance |
| 5 | Excellent: Proposal fully meets the required standard with high levels of assurance |

**Scoring for Pricing Evaluation**

Price will be marked using proportionate pricing. Please see the example below.

Marking proportionate to the lowest price.

Price will be scored as set out below.

There will be a maximum of e.g. 20 marks

The lowest priced bid will receive the full 20 marks, all other bids will then be marked as set out below.

Proportionate Pricing scoring example

If 20% = 20 marks

|  |  |  |
| --- | --- | --- |
| Supplier | Price | Marks |
| 1 (lowest bid) | £60,000 | 20 |
| 2 | £70,000 | 60/70 \* 20 = 17.1 |
| 3 | £80,000 | 60/80 \* 20 = 15 |

**Structure of Tenders**

Contractors are strongly advised to structure their tender submissions to cover each of the criteria above and supply a price schedule specifying the daily rates (ex-VAT) you will charge for each level of your staff.

**Evaluation for Interviews, if held**

CCC reserves the right to award the contract based on applicants’ written evaluation only if one candidate emerges from the evaluation stage as significantly stronger than the others.

Should interviews go ahead, CCC will shortlist the top three suppliers with the highest marks from the written proposals. Interviews are provisionally expected to be held in the week commencing 31st January. If this date changes, CCC will notify applicants.

The areas to be covered in the interview, and markings allocated to each topic area will be sent to the shortlisted supplier prior to interview.

Further details of interviews will be sent to successful applicants on selection.

**Feedback**

Feedback will be given in the unsuccessful letters or emails.

1. <https://www.theccc.org.uk/wp-content/uploads/2013/02/Quality-Assurance-interim-guidance.pdf> [↑](#footnote-ref-1)