

Invitation to Tender

Developing a Scottish source to sea, nature finance model

Section 1 - Introduction, Objective and Specification

Introduction

This Invitation to Tender ("ITT") initiates a call to appoint a consultant/s to provide services to explore a "source to sea nature finance model" and to recommend preferred option/s for the governance, legal and financial framework by which it will operate. This document provides tenderers with:

1. Background
2. Objective of the tender
3. Specification – Scope of Work
4. Outputs - deliverables
5. Milestones
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The funding for this contract/s is provided through an award provided through the FIRNS initiative (Facility for Investment Ready Nature in Scotland)¹ supported by NatureScot and the National Heritage Lottery Fund.

Background

New funding mechanisms are urgently needed if we are to meet nature targets to halt biodiversity loss on land and in our rivers, coasts, and seas by 2030.

Pressures from climate change and human activities are severely impacting our land, freshwater, and marine environments, causing biodiversity loss, and affecting people's wellbeing and livelihoods. There is an urgency to tackling these issues and investing in nature-based solutions can help to address impacts like flooding and pollution as well as reversing biodiversity decline and enhancing natural carbon stores.

¹ <https://www.nature.scot/funding-and-projects/firns-facility-investment-ready-nature-scotland>

Public funding will not be sufficient to meet the nature restoration needs for our aquatic habitats, or the terrestrial habitats from which pressures on water environment can originate, so this project seeks to investigate options to create a sustainable funding mechanism to harness nature finance and deliver effective restoration work at scale, from source to sea. The overall aim of this consultancy brief is to recommend the optimal funding mechanism that will achieve this ambition, with a possible option being two separate (but potentially interacting) funds; one for the marine and one for freshwater catchments.

The long-term objective of the fund/s is to provide a mechanism that will enable corporate bodies and investors with interests and dependencies across marine, estuarine, freshwater, (and connected terrestrial) environments to invest primarily through their Environmental Social and Governance (ESG) and/or Corporate Social Responsibility (CSR) commitments. Ultimately the fund/s will provide an opportunity for delivery organisations to bid for projects that will improve diverse environments connected by water and provide benefit to communities. The fund/s will operate on a Scotland-wide basis. Experience gained from the Scottish Marine Environment Enhancement Fund will be an important component.

Project outputs will recommend market mechanisms to best engage with corporate investors seeking to invest under their ESG/CSR commitments and explore the scope for strategic net gain and potential offsetting. The scope of work does not include the securing of investments.

The consultancy contract/s will be managed by Fisheries Management Scotland, overseen by members of the Project Steering Group that comprises; Crown Estate Scotland, Fisheries Management Scotland, NatureScot, Marine Directorate and the Scottish Marine Environment Enhancement Fund (SMEEF).

Objective of the Tender

Fisheries Management Scotland is seeking to appoint consultants to provide the advice, options and recommendations for a market mechanism and governance arrangements (legal, company status, financial, administration) for the fund/s in collaboration with key stakeholders, that will allow the fund/s to operate satisfying the needs of both investors and project developers' investment propositions.

This opportunity may be attractive to a range of consultancy firms including those who have expertise in rural, freshwater and/or marine economy topics including fisheries, natural resources, and natural capital investments; and those with expertise in governance and legal / structural mechanisms for delivery of funding for public benefit. As a result, we have not been prescriptive on the structure of the expertise. This work could potentially be undertaken by a joint venture or team combining different areas of expertise, or with subcontracting of areas of expertise not delivered in-house.

Specification – Scope of Work

The consultancy objectives are to:

1. Build on the successful creation of the Scottish Marine Environmental Enhancement Fund (SMEEF), to investigate options for a robust and sustainable plan for its longer-term structure;
2. Explore options to create a similar fund to target investment into river catchment restoration work;
3. Consider the merits / risks of merging these to a single fund, or evolving as two 'sister funds', determining options for robust governance and streamlined running costs; and enabling nature restoration from 'Source to Sea';
4. Ensure that community benefit through early engagement is integral to all options being considered;
5. Assess the risks and opportunities associated with the fund(s) playing a role in various new market-based mechanisms, and define the potential roles and implications for governance, staffing, etc.
6. Ensure funding streams are streamlined and cohesive.

It is expected that the activities will include;

- Appraise learning and lessons from SMEEF practice to date, including processes and governance (such as ethical contributions board, due diligence process, grant – making and monitoring etc). Legal, financial and structural constraints of the current SMEEF model (such as public body financial limits) should be considered alongside benefits and opportunities of different options for hosting the fund/s.
- Explore the potential for attracting more formal /contractual ESG/CSR commitments, and voluntary biodiversity and carbon offsetting; and delivery of net gain (voluntary or compulsory) or strategic compensation; including appraising risks and opportunities of involvement in these approaches (such as legal, reputational, financial liability etc).
- Consider scope to 'bundle' ecosystem service products and / or blend public and private finance to help maximise funding for restoration and provide attractive options for voluntary investment.
- Consider views of investors and corporate bodies and their approach to funding contributions through in-depth engagement activities, through meetings and workshop/s with the investment community (individual corporates, brokers and fund managers) to assess their investment appetite, consideration of business risks and liabilities.
- Consider views of communities, landowners, contributors, and grant recipients through the experience of SMEEF and other similar nature financing initiatives that have benefit for communities as a key component, and exploration of potential investable propositions.

- Consider the ethical and due diligence aspects in relation to high integrity investment standards and the Scottish Government's Interim Principles for Responsible Investment in Natural Capital.
- Explore options and make recommendations for a monitoring and reporting framework that will enable the impact funded projects and their outcomes to be measured, evaluated and reported. This must be meet the needs of investors whilst being proportionate and efficient (where possible making use of existing monitoring and metrics). Resource needs and barriers to introducing the framework should be highlighted.
- Propose sustainable business model(s) for the fund/s based on the above considerations, including staffing requirements, financial and governance structures, and preferred fund hosting arrangements, and actions required to set up the preferred structure with an assessment of the benefits and risks associated with each potential structure.
- Liaise with other relevant FIRNS projects where possible, to make efficient use of evolving understanding on aspects like carbon and biodiversity market mechanisms.
- Delivery of a final workshop to present the findings in an open forum with stakeholder representatives engaged throughout the study and wider stakeholder groups.

Note that although this contract will not include detailed appraisal of developing carbon and biodiversity markets, we are keen that these aspects are scoped into the consideration of governance structures so that the fund/s could engage in such work in future if appropriate.

Outputs/Deliverables

The following list is the set of deliverables expected from this project:

1. Draft report that details options and recommendations for sustainable business model(s) and draft governance proposals for the source to sea fund/s
2. Final report that assesses options, risks and opportunities, and identifies a recommended approach for the fund/s, including staff requirements, governance structures and approach to evaluation and measuring impact.
3. Appendices including records of interviews, meetings, workshops, and events held.
4. Final workshop with stakeholders
5. Draft "Prospectus" for the Scottish Source to Sea, green finance model

The project must be completed with all outputs delivered by the end of March 2024.

Bidders should provide a project plan which will achieve all required deliverables within these constraints and to fit with the following project milestones.

Milestones

The consultancy contract should be delivered in accordance with the following milestones;

Event	Date	Comment
Kick-off meeting	w/c 4 th December	
Progress meeting (virtual via MS Teams unless otherwise agreed).	w/c 18 th December w/c 8 th January w/c 29 th January w/c 19 th February	Takes into account Christmas break
Interim report	w/c 29 th January	
Final draft report	w/c 26 th February	For comments by steering group
Stakeholder Workshop	w/c 4 th March	With logistical and subject input from the Project team
Draft Prospectus	w/c 11 th March	
Final report and prospectus	w/c 18 th March	

Selected References

The following is a list of initial selected reading and website references that will be helpful in providing further background and information relevant to this tender. Further materials and Stakeholder contacts will be provided to the successful bidder after the contract is awarded.

- Interim Principles for Responsible Investment in Natural Capital²
- Scottish Marine Environment Enhancement Fund³
- Green Finance Institute Investment Readiness Toolkit⁴
- Recommendations of the Task Force for Nature Related Financial Disclosures⁵
- Scottish Biodiversity Strategy and Delivery Plan (currently in consultation)⁶
- Responsible Natural Capital and Carbon Management Protocol⁷

² [Interim Principles for Responsible Investment in Natural Capital - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/interim-principles-for-responsible-investment-in-natural-capital/pages/interim-principles-for-responsible-investment-in-natural-capital.aspx)

³ www.smeef.scot

⁴ [Investment Readiness Toolkit \(greenfinanceinstitute.co.uk\)](https://www.greenfinanceinstitute.co.uk/investment-readiness-toolkit/)

⁵ <https://tnfd.global/publication/recommendations-of-the-taskforce-on-nature-related-financial-disclosures/>

⁶ <https://www.gov.scot/publications/tackling-nature-emergency-consultation-scotlands-strategic-framework-biodiversity/>

⁷ <https://www.landcommission.gov.scot/our-work/good-practice/responsible-natural-capital-and-carbon-management>

Fees and Costs

Please provide a fixed price to deliver all of the required outputs accompanied by a table of costs and hours.

Please include a proposed invoicing structure. Rates and prices should include any additional expenses related to delivery of the contract and any chargeable VAT.

The maximum budget over the maximum term of the contract is £40,000 -£45,000 plus VAT based on an estimated cumulative input of around 80 consultancy days across all disciplines required to complete the work.

Data Protection

Bidders should provide confirmation of compliance with our requirements in relation to Data and Information Security:

Fisheries Management Scotland is required by law to comply with the EU General Data Protection Regulation (GDPR), the Data Protection Act 2018 (DPA) and associated legislation protecting privacy rights. The contractor will be required to handle personal data on behalf of Fisheries Management Scotland and will be considered a data processor, with Fisheries Management Scotland and the contractor acting as joint data controllers.

The Contractor must comply with all UK data protection legislation including GDPR.

Other than at the Contracting Authority's specific request the Contractor shall not disclose or allow access to any personal data (as defined in the Data Protection Act 2018) whether provided by Fisheries Management Scotland or others acquired by the Contractor for executing the Contract, other than to a person placed by the Contractor under a like obligation who is variously employed or engaged by the Contractor or any sub-contractor, servant, agent or other person within the control of the Contractor concerned with the performance of the Contract. The Contractor shall obtain the prior agreement of Fisheries Management Scotland in writing to store or process such personal data at sites outside the United Kingdom.

Confidentiality in Respect of the Tender Process

This ITT and all additional information concerning Fisheries Management Scotland are made available to tenderers on a confidential basis for the purpose of the tender process only. Information gained during the tender must not be communicated to any other party, during or after the tender process.

Tenderers may disclose, distribute or pass the ITT to their advisers, subcontractors, consortium members or other persons, provided:

- this is done for the sole purpose of enabling them to submit a tender and the person receiving it undertakes in writing to keep it confidential on the same terms as the Tenderer.

- the Tenderer obtains the Contracting Authority's prior written consent in relation to disclosure, distribution or passing of the ITT;
- the Tenderer is legally required to make disclosure; or
- the ITT has been published in accordance with conditions relating to the contracting authority's obligations in relation to transparency.

Fisheries Management Scotland, as the Contracting Authority may disclose information submitted by Tenderers during the Procurement to its officers, employees, agents or other members of the project Steering Group.

The Contracting Authority may disseminate information provided by Tenderers that is materially relevant to the Procurement, to other Tenderers subject to any:

- procedures described in the ITT for raising questions and/or clarifications; and
- duty to protect commercial confidentiality in relation to the information contained within a tender.

Confidentiality, conflicts of interest, other assignments relating to these matters

We welcome submissions from consultancies who can demonstrate how they can guarantee the confidentiality of Fisheries Management Scotland's and the project partners' information, whilst enabling us to demonstrate that no crossovers of information will occur.

- Based on the information provided bidders must confirm whether they have any potential, actual or perceived conflicts of interest that may be relevant to this requirement.
- We require that any potential, actual or perceived conflicts of interest in respect of this ITT are identified in writing and that companies outline what safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during procurement process and the delivery of these services.
- Fisheries Management Scotland will review the proposed mitigation in line with the perceived conflict of interest, to determine what level of risk this poses to them. Therefore, if Potential Providers cannot or are unwilling to suitably demonstrate that they have suitable safeguards to mitigate any risk then their Tender will be deemed non-compliant and will be rejected.

Additional information

Project tenders must demonstrate:

- Skills and professional experience in (these will be used in the assessment criteria);
 - Advising on different financial, legal, governance, investment, and funding structures
 - Nature finance and nature market mechanisms and their applicability to the source-to-sea context, and inclusive provision of benefits to communities.

- Requirements for monitoring and reporting centred on clarity, confidence, and trust in data relating to nature-related risks and regulatory and shareholder reporting.
 - Understanding the different uses, socio-economic and environmental values and opportunities relating to Scotland's freshwater, coastal and marine environmental assets; and connectivity and dependencies between environmental systems along the source-to-sea continuum.
 - Stakeholder engagement and management, facilitating meetings and other interactive exchanges and drawing out key messages, consensual preferences and recommendations.
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- The company must demonstrate clear approach incorporating project management, capacity, and methodology for the work.
 - The company must provide confirmation if you foresee any Conflict-of-Interest issues with this work and how any such issues would be mitigated or managed.
 - The company must provide confirmation that all relevant and statutory insurance is in place including professional indemnity.
 - The company must provide confirmation of your willingness to adhere to our Terms and Conditions (see supporting document Terms and Conditions) and a confirmation that you can meet our timescale for delivery of this work.
 - Commitments to [Fair Work First](#) should be demonstrated by the Tenderer and any sub-contractors and documented in the bid submission. Fisheries Management Scotland is a Fair Work First employer and this commitment extends to our contracted service providers.

Section 2 - Business Overview

The Project partners comprise the following organisations;

Fisheries Management Scotland is the representative body for Scotland's District Salmon Fishery Boards, the River Tweed Commission and charitable Rivers and Fisheries Trusts. Our members work to conserve Scotland's valuable and iconic wild salmon and freshwater fish and fisheries and the aquatic environment on which they depend. <https://fms.scot/>

NatureScot is Scotland's nature agency, the lead public body responsible for advising Scottish Ministers on all matters relating to the natural heritage. NatureScot's purpose is to:

- promote, care for and improve our natural heritage
- help people to enjoy nature responsibly
- enable greater understanding and awareness of nature
- promote the sustainable use of Scotland's natural heritage. <https://www.nature.scot/>

Crown Estate Scotland's purpose is investing in property, natural resources and people to generate lasting value for Scotland. This includes maintaining and seeking to enhance income from, and the value of, the Scottish Crown Estate while supporting delivery of the Scottish Government's purpose. Crown Estate Scotland has a duty to maintain and seek to enhance the value of the assets and the income arising from them, to further the achievement of sustainable development in Scotland for the improvement of economic development, regeneration, social and environmental wellbeing. <https://www.crownestatescotland.com/>

Scottish Marine Environment Enhancement Fund (SMEEF) is a new financial tool designed to help bridge the nature finance gap. SMEEF enables those interested in the health of Scottish waters to voluntarily contribute to grant pots which are then strategically distributed to projects across Scotland. SMEEF, is managed by a Steering Group of Marine Directorate, Crown Estate Scotland and NatureScot. SMEEF plays a key role in delivering important policy areas including the Blue Economy Vision for Scotland and the Scottish Biodiversity Strategy. SMEEF funds projects that recover, restore or enhance the health of marine and coastal habitats and species from Shetland to the Borders. <https://smeef.scot/>

Marine Directorate is a Directorate of the Scottish Government with responsibility for the integrated management of Scotland's seas, working closely with delivery partners NatureScot, Joint Nature Conservation Committee (JNCC) and the Scottish Environment Protection Agency (SEPA). Marine Directorate is responsible for:

- marine renewable, fishing vessel, freshwater fisheries and seal licensing
- ensuring compliance with fisheries regulations
- promoting sustainable, profitable and well-managed fisheries and aquaculture industries
- ensuring a sound scientific evidence base exists to inform our marine policies
- the sustainable management of freshwater fish and fisheries resources
- promoting sustainable economic growth from the marine renewables industry

<https://www.gov.scot/about/how-government-is-run/directorates/marine-scotland/>

Section 3 – Tender Process

Timeline

Bids must be submitted by 12:00 (noon) on 23rd November to general@fms.scot at the latest. Late bids will not be considered.

Stage	Milestones	Target Date
1. ITT Completion	Proposals submitted to Fisheries Management Scotland via general@fms.scot	12:00 noon 23 rd November
2. Proposals reviewed and evaluated	Proposals reviewed by Fisheries Management Scotland	24 th November
3. Decision/ implementation	Decision made and communicated to Tenderers.	27 th November
	Formal agreement in place	29 th November
4. Contract Start Date	Contractor commences work	4 th December

Evaluation of the Tender / Quote /Award Criteria

Tenderers are required to provide responses and where required supplementary evidence to all questions within both the selection and award stages. Failure to do so may result in the Tenderer’s response being excluded from this competition.

Stage 1 Selection Stage

The Selection Stage will comprise of questions and minimum criteria set out within the tender document.

Stage 2 Evaluation of Tenders

All Tenderer responses which pass the selection stage will have their Tender checked for compliance including completeness and accuracy. Failure to meet any mandatory requirements indicated will result in the tender being considered non-compliant and the Tenderer concerned will be excluded.

Overall Award Criteria

All compliant tenders will be evaluated. The overall award criteria weightings are;

- Quality 80%
- Value for money 20%.

In review of the tenders, we will be looking for knowledge and experience of all aspects of delivery of these important services.

The tender should cover as a minimum:

- A summary of your understanding of the services / work required
- Relevant experience for delivery of the services / work required knowledge and experience of key staff who will be working to provide these services, with a breakdown of key staff time against specific tasks.
- The proposed approach to undertake this contract and description of what you would do to achieve the objectives of this contract
- Cost proposal

	Quality / questions scoring criteria	Scoring
A	Advising on different financial, legal, governance, investment, and funding structures	20%
B	Nature finance and nature market mechanisms and their applicability to the source-to-sea context, and inclusive provision of benefits to communities.	20%
C	Requirements for monitoring and reporting centred on clarity, confidence, and trust in data relating to nature-related risks and regulatory and shareholder reporting.	20%
D	Understanding the different uses, socio-economic and environmental values and opportunities relating to Scotland’s environmental assets, and; connectivity, effects and dependencies between environmental systems along the source-to-sea continuum.	10%
E	Stakeholder engagement and management, facilitating meetings and other interactive exchanges and drawing out key messages, consensual preferences, and recommendations.	10%
	Total = A+B+C+D+E	

The tenderer should also meet the requirements of other items specified in the “Additional Information” section of this ITT (incl. confirmation of requirements on T’s and C’s, insurance etc.)

Each Quality Criteria will be scored from 0-4 as explained below, and the percentage weighting applied.

Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.	0 Unacceptable
Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled.	1 Poor
Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas.	2 Acceptable
Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.	3 Good
Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.	4 Excellent

Terms and Conditions

The contract will be subject to Fisheries Management Scotland terms and conditions. These are available on request.