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Planning

Soft Market Test for Local Investment in Natural Capital (LINC)

West Midlands Combined Authority

F01: Prior information notice

Prior information only

Notice identifier: 2023/S 000-014260

Procurement identifier (OCID): ocids-h6vhtk-03cdb0

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Section I: Contracting authority

I.1) Name and addresses

West Midlands Combined Authority

16 Summer Lane

Birmingham

B19 3SD

Contact

Victoria Zhao

Email

Victoria.Zhao@wmca.org.uk

Telephone

+44 3453036760

Country

United Kingdom

Region code

UKG - West Midlands (England)

Internet address(es)

Main address

<https://www.wmca.org.uk/>

I.3) Communication

Additional information can be obtained from the above-mentioned address

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object**II.1) Scope of the procurement****II.1.1) Title**

Soft Market Test for Local Investment in Natural Capital (LINC)

II.1.2) Main CPV code

- 90000000 - Sewage, refuse, cleaning and environmental services

II.1.3) Type of contract

Services

II.1.4) Short description

The purpose of this Prior Information Notice (PIN) is for soft market testing for Local Investment in Natural Capital (LINC), we are engaging early with the market to understand how we might structure this procurement and what might be achievable within the budget envelope. The project will be working primarily with the WMCA 'constituent' local authorities (those identified as 'members with full voting rights here: <https://www.wmca.org.uk/who-we-are/>).

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

- 90000000 - Sewage, refuse, cleaning and environmental services
- 90700000 - Environmental services

II.2.3) Place of performance

NUTS codes

- UKG - West Midlands (England)

Main site or place of performance

West Midlands

II.2.4) Description of the procurement

Below are elements to the programme that WMCA requires consultancy support on from a financial, investor and legal perspective:

1. Building the prospectus (Budget: £50k – £100k)

We understand the need to bring scale forward to fully realise the opportunity for investment in the natural environment. The WMCA area provides the opportunity for building a project pipeline at scale, but there are also challenges to achieving this in a dense urban area. The consultant will therefore need to support an innovative approach to the development of a project pipeline to reflect the unique size, pressure and nature of our baseline natural capital i.e. we can't just plant trees and deliver BNG. There has been some initial work to pull together some of this, but we would like the focus of the prospectus to do this in a more systematic way and so that it is attractive to investors. Specific tasks will include:

- Establish the scope (type/definition/scale) of the prospectus and phasing of project development (especially understanding the projects that are 'ready to go').
- Pipeline of investible projects (of different sizes and locations and stages of readiness)
- The capacity, capability, structures, systems and processes required for projects including a difficulty/availability/timescale to delivery rating to inform implementation.
- Data on the specific impact of investment (both natural environment benefits, but also co-benefits) – including a review of existing tools and methodologies for determining these metrics and understanding of the income potential from investment into natural environment.

2. Building the Fund (Budget: £300k - £380k)

The aim of this work will enable us to understand the necessary conditions we need to have in place to give investors confidence in the region's ability to develop and deliver natural capital projects and coordinate through a Fund; we will do this by building an investor panel as a point of contact throughout the project – this should be drawn from expertise already in the sector and through the contacts of the consultants and stakeholders supporting the project. The specific elements are:

- Scoping the demand-side through understanding the role of standards and accreditation, regulation, legislation, mechanisms and the emerging policy horizon in natural environment investing.
- The current maturity of investment options, their applicability to the prospectus and its stakeholders.
- The opportunity to blend different approaches to financing effectively – drawing on multiple sources to provide scale.
- Understanding the potential for outcome buying as it relates to investment in the natural environment.
- Investor panel co-design of the prospectus to ensure projects are effective investible propositions.
- Understanding the options, scope and purpose of a Fund as well as the recommended route based on pros and cons suitable to the WMCA stakeholder and investment needs
- Proceed to establishing an effective legal, governance and operations model for managing the Fund.

- Set up the Fund.

In addition to this, we will look to use the DEFRA project funding to bring forward two projects to be ready for investment by March 2025. This will involve working with the stakeholder community to accelerate two projects and prove and iterate the region's approach.

3. Communications and dissemination work (Budget: £45k-£50k)

- Project events (e.g. 'meet the investor')
- Design and dissemination of the investment prospectus
- Community of practice engagement and learning events
- Preparation of case studies, evaluation and lessons learnt reports to be shared on WMCA website, with a concluding set of case studies and a final report published by 31 March 2025.
- End of project event/ Fund launch

II.2.14) Additional information

If you are interested in this opportunity, could you express an interest to Mike Webb at Mike.Webb@wmca.org.uk by 2pm on 26th June 2023, then you will receive a set of soft market test questions for further communication.

II.3) Estimated date of publication of contract notice

1 September 2023

Section IV. Procedure

IV.1) Description

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section VI. Complementary information

VI.3) Additional information

The West Midlands Combined Authority (WMCA) published its Natural Environment Plan (NEP) in September 2021 . This was produced in collaboration with stakeholders from the public and third sectors and sets out significant ambition to enhance and restore the natural environment across the WMCA, for the benefit of the region's ecosystems but also people and communities. More recently, the WMCA Environment Team has also led a piece of work to identify how a nature-based solutions approach can build resilience to the effects of climate change .

Since the publication of the NEP there have been several advances in the government's approach to nature recovery and the WMCA is working with both the Department for the Environment, Food and Rural Affairs (DEFRA) and Natural England (NE) on initiatives and projects that will deliver regional scale outcomes nature recovery, climate mitigation and climate adaptation. With this increased scope of work and deliverables the WMCA's natural environment programme has attracted additional funding from central government to deliver against national targets and initiatives.

Understanding the different routes to financing projects and programmes at scale will be essential. The NEP therefore indicated the need to develop a Natural Capital Investment Plan and explore new finance mechanisms, e.g., leveraging of private sector finance, taking on board the Dasgupta Review recommendations. In recognition of this ambition, the DEFRA invited the WMCA to submit and apply for a grant and join the Local Investment in Natural Capital (LINC) programme as part of the recent devolution deal. The WMCA has been awarded a grant of £1,000,000 to be used to progress the development of natural capital investment in the West Midlands region.

The focus of the WMCA's LINC project is to understand how we might combine different financing and funding mechanisms, at scale, so that delivery of natural environment projects in the region becomes sustainable in every sense of the word. This includes building organisational knowledge and capacity so that we learn how to deliver this kind of investment in an ongoing way, integrating with other agendas such as Levelling Up and net zero. The ambition of the LINC programme, is to enable the public sector (and their third sector partners) to become more market-facing with their projects and programmes to deliver the NEP. The LINC programme will enable the WMCA to be in a state of readiness to attract funding by 31st Jan 2025, through building the capacity, effective governance arrangements and capability of local leaders and partner organisations.