



Invitation to Tender

Corporate Finance lead advisory role in relation to the Wyre Catchment Natural Capital Investment project

13th March 2020



Section 1 Background information

The Rivers Trust – our purpose

Healthy rivers are essential to human life, they provide us with drinking water, they water our crops, they are home to important species of wildlife, they provide recreational spaces for our health and wellbeing. Yet only 14% of our rivers are at good ecological status and most have been declining over recent years.

The Rivers Trust was formed in 2001 as the umbrella organisation for 60 local member Trusts – many of whom have been operating for over 25 years. We are the only group of environmental charities in the UK and Ireland dedicated to protecting and improving river environments for the benefit of people and wildlife.

Our aim is to gain government and general public support to take vital action in protecting and improving rivers across the UK and Ireland for future generations.

The Wyre Catchment natural capital project

This project involves the restoration of the upper catchment of the River Wyre, which suffers from significant flooding and water quality issues which impact adversely on local communities, businesses and future development. The Wyre is a 28-mile long river which originates in the Forest of Bowland in North Lancashire and flows down into the Irish Sea at Fleetwood. It is reputedly the longest river in England whose estuary can be seen from its source.

The overall goal of this project is to achieve “investment readiness” for a catchment-scale natural flood management (“NFM”) solution for the catchment that could be implemented through use of repayable social and green investment capital raised from investors.

The overall project plan involves 255 separate interventions including grip and gully blocking in peatland and moorland, dam installation for flow dispersion, attenuation features and woodland creation. The benefits of these interventions will include slowing the flow of water to deliver flood resilience, improved quality of life for residents and farmers in the catchment (in particular the village of Churchtown) and reduction in insurance claims.

The project will involve the use of predictive landscape modelling of the River Wyre catchment to prioritise interventions and engage those parties who have an interest in seeing a reduction in flooding and its associated impacts. Modelling undertaken to date has shown that development of approximately 70 hectares of NFM features could reduce the frequency of flooding to up to 120 properties in Churchtown with a large potential cost saving to multiple beneficiaries including the water company, Environment Agency, local authorities, insurance industry, locally based businesses and homeowners. Theoretically, these cost savings could generate a long-term revenue stream for repayment of an upfront investment in reduced flood risk.



The overall goal of this project is to achieve “investment readiness” for a catchment-scale NFM solution for Churchtown that could be implemented with social and green investment capital.

The estimated capital costs of the Wyre catchment intervention are £0.5 - £1million.

This project has been designed as a natural capital investment test case. Following a successful competitive tender process, The River Trust has received a development grant from Esmée Fairbairn Foundation to finance business development and investment readiness work with a view to creating an investable proposition generating significant and monetizable ecosystem services and long-term natural capital benefits for the Wyre Catchment.

In particular, the Wyre Catchment project is intended test whether revenue streams can be generated from the sale of ecosystems services such as natural flood management, improved water quality, carbon sequestration and biodiversity gain.

The project will be led by The Rivers Trust, working with a range of local partners including the Environment Agency, United Utilities, Co-operative Insurance and FloodRe. The Rivers Trust are now looking to secure the services of an experienced corporate finance consultant with a demonstrable passion for restoration of our natural environment and expertise in financing innovative projects.



Section 2 The Requirement

You are invited to tender for a corporate finance consultancy role to support The Rivers Trust in business planning, investment readiness and capital raising for the Wyre Catchment natural capital project.

Services Required

The Rivers Trust wishes to appoint an experienced corporate finance consultant to work with the charity and other stakeholders to help develop an innovative natural capital investment proposition and financing model which can deliver the Wyre Catchment project set out in Section 1.

Due to the innovative nature of this project, the services required are necessarily broadly based and will require the consultant to be proactive, adaptable and committed throughout the project.

In particular, it is important to state that the consultant will be expected to work proactively within a Wyre Catchment project team led by the Rivers Trust in helping to identify and secure project revenue streams through ecosystem services contracts as well as investment funding for the project (which can only be raised if there are proven revenue streams and a viable business model). This is an important additional feature of this service requirement and beyond what would normally be expected of a typical capital raising mandate.

The services required can be split into two parts as follows:

Part 1 – Business planning and investment readiness

- Working within the Wyre Catchment project team throughout the project, attending regular project planning meetings and calls as required.
- Supporting the co-creation of a detailed Wyre Catchment work programme.
- Proactive support in development of a Wyre Catchment ecosystems services presentation and data-room which will support meaningful discussions with potential buyers of ecosystems services.
- Supporting the Wyre Catchment project team in discussions, presentations, meetings and negotiations with potential buyers of ecosystem services. This may include the regional water company, local corporates, residents, developers and the local authority and possibly others.
- Support in negotiating MoUs with key stakeholders (e.g. water companies, landowners, agencies) and ecosystem services buyers for the purpose of business planning.
- Advice to The Rivers Trust and partners in relation to structuring the transaction for operational and investment purposes – including the pros and cons of a range of SPV options.



- Preparation of a business plan for the project suitable for presentation to potential lenders and investors.
- Financial modelling and sensitivity analysis suitable for investor discussions.
- Preparation of a data-room to support investor and lender due diligence.
- Identifying and approaching potential investors.
- Organising and attending meetings and calls with potential investors to establish appetite for the project and feedback on proposed terms (soft market testing).
- Supporting the Wyre Catchment project team in discussions and negotiations with government agencies (Defra, EA etc) regarding licences, approvals and potential match funding (grants, co-investment or payment for ecosystem services contracts) required to ensure the project is investable.
- Meetings with The Rivers Trust board of trustees (if required) to update on progress or discuss key issues relevant to the success of the project.

Part 2 – Capital Raising

- Responsibility for preparing and managing a capital raising plan for the project.
- Identification of investors, organising and attending meetings and site visits alongside Wyre Catchment project team.
- Preparation of investor presentational materials (PowerPoint) together with business plan and supporting data-room.
- Leading the negotiation of deal structure, financing terms and conditions and supporting Wyre Catchment project team in responding to due diligence enquiries.
- Drafting specifications for other external advisers (legal) and project management of the completion phase of the capital raising.
- The consultant will need to familiarise themselves with The River Trust's established governance process and working practices to review any risks and barriers attached to working with the potential sources of funding identified.

Timescale and Resources

We envisage that Part 1 of the services should be completed within a three to four-month timeframe from the date of contract award – however, due to the innovative nature of this project and stakeholders involved, the consultant should be aware that this might take longer.

Part 2 of the project will be largely under the management of the selected consultant and so we will be looking to the consultant to provide expert guidance on the capital raising process and likely timescale.

Fee budget

The Rivers Trust has been awarded a grant by the Esmée Fairbairn Foundation (EFF) for the development of the Wyre Catchment natural capital project. The maximum budget for the corporate finance service specification is fixed at £15,000 (including VAT).



We recognise that the service specification outlined above is very broad and may be required to take place over a period of six months to one year (or even longer if required) and we are therefore asking for an integrated proposal covering delivery of:

- Part 1 (fixed fee capped at £15,000) and
- Part 2 (a fully contingent fee based on success of the capital raising)

The fixed fee for Part 1 will be paid by The Rivers Trust as recipient of the EFF grant. Any contingent fees in relation to Part 2 will be paid out of any SPV which raises the investment. For engagement purposes, the contract will be between the consultant and The Rivers Trust for Parts 1 and Part 2 with The Rivers Trust having the option of novating the engagement to an SPV in due course.

Responding to the Tender

We require a proposal addressed to The Rivers Trust which includes

- a short description of how you will approach this project and your response to the service requirement set out above;
- your interest and experience in the natural capital investment sector;
- any additional ideas, contacts and previous experience that you have that is relevant to this work and will assist in successful delivery of this project;
- a summary of your track record in raising risk capital;
- a summary of the profiles and experience of the proposed individuals in your team who will be delivering the services.
- your fee proposals split between the Part 1 (investment readiness) and Part 2 (capital raising) as described above.

Evaluation criteria

We will use the following evaluation criteria in assessing any proposals:

- **Understanding of the service requirement**
- **Understanding and experience of the natural capital investment sector and the challenges therein.**
- **Previous track record and experience**
- **Ability to work to proposed methodology and within the estimated timescales**
- **Commitment to positive environmental & ethical standards and impacts**
- **Experience and quality of proposed team**
- **Fee proposals – value for money**



Section 3 Bidder Information

General

The following further information and documentation is available on request;

- Copy of the Wyre Catchment development grant application to EFF
- Telephone conversation with Alistair Maltby – Operations Director of The Rivers Trust and Project Lead for the Wyre Catchment project (see contact details below)

We will expect the consultant to issue their own draft contract containing the terms and conditions of engagement resulting from the work awarded from this tender. The Rivers Trust reserves the right to review and negotiate these terms and conditions.

Please ensure your bid is in line with the tender instructions in section 4, if these are not followed your bid will be disqualified.

Contact information

The responsible person for this tender is Alistair Maltby, Operations Director of The Rivers Trust; please send all communication including tender responses and questions via the details below. Please note email is the preferred method of receiving tender responses.

Rivers Trust Contact	Alistair Maltby
Telephone	07736 364478 or 01579 372142
Email	alistair@theriverstrust.org
Address	The Rivers Trust Kyl Cober Parc Stoke Climsland Callington Cornwall PL17 8PH

Responses

Responses can be submitted in your own format.

The deadline for tender responses is 31st March 2020.

Insurance

The Rivers Trust requires all suppliers to hold a minimum level of £5m Public Liability Insurance and £2m Professional Indemnity Insurance. Copies of insurance policy certificates may be requested before formal engagement.



Section 4 Tender Instructions

All bids are required to be in line with the instructions detailed below. Any bids which do not follow these instructions will be disqualified from the tender. Please contact the responsible person outlined in section 3 should you have any queries or concerns.

Any Lead Bidder for a consortium Tender must ensure that any individual or member organisations of the consortium are not included in any other bid in respect of this ITT.

Conflict of Interest

Bidders, for all goods/services where a conflict of interest may exist or arise, must inform The Rivers Trust and submit proposals for avoiding such conflicts.

Acceptance

The Rivers Trust does not bind itself to accept the lowest Tender, or any Tender. Instead, The Rivers Trust shall seek to accept the most economically advantageous Tender in terms of the evaluation criteria set out in Section 2 of this ITT. If there is a discrepancy between words and figures on the submitted tender the amount in words will prevail.

Form of contract

The ITT and the submission of the Tender shall not in any way bind The Rivers Trust to enter into a contract with the Bidder or involve The Rivers Trust in any financial commitment in this respect. A binding commitment shall only occur once The Rivers Trust has signed a formal contractually binding engagement letter with the preferred Bidder.

The Rivers Trust reserves the right to terminate any contract awarded if, at any time thereafter, we discover that the bidder has made any material misrepresentation in their tender response.

Amendments

The Rivers Trust reserves the right to amend or add to this ITT document and any associated documents if we see appropriate to do so.