



Pre-Tender Market Engagement

Provision of External Assurance Reviews of Local Authorities CPD4124050

Authority: Department for Levelling Up, Housing and Communities DLUHC (“**the Authority**”).

Date Response required: 17:00 Monday 19th September 2022.

1 PURPOSE

- 1.1 This Pre-Tender Market Engagement (PTME) seeks information in preparation for the potential procurement of a Supplier (from herein referred to as a “**Potential Supplier**”) to coordinate and conduct external assurance reviews of Local Authorities across a range of subject areas that may include governance processes, financial management, financial sustainability, commercial and companies, and procurement and contract management. The purpose of this PTME is to:
 - 1.1.1 help define the requirement;
 - 1.1.2 help provide a better understanding of the feasibility of the requirement;
 - 1.1.3 understand the best approach;
 - 1.1.4 understand the capacity of the market to deliver and possible risks involved;
 - 1.1.5 provide the market with an opportunity to ask questions, raise queries and any issues to be addressed at an early stage;
 - 1.1.6 understand potential costs
- 1.2 The Authority shall maintain commercial confidentiality of information received during the PTME.

2 INTRODUCTION

- 2.1 The Department for Levelling Up, Housing and Communities is responsible for the stewardship of the Local Government Accountability Framework and ensuring the framework is fit for purpose to enable a sustainable and resilient local government sector that delivers priority services and empowers communities.
- 2.2 In the event of issues, risks and / or failures within individual Local Authorities that are impacting upon and / or preventing the effective and efficient operation of services, the Department may take actions to remediate this and support Local Authorities to address identified issues.
- 2.3 As part of this the Department may seek independent expert analysis of Local Authorities’ processes, operations and financial position to provide evidence and information via an external assurance review. The findings of the reviews can help determine the most appropriate course of action to deliver the most successful outcomes with regards restoring Local Authorities to effective and efficient operations, reducing risk and bolstering their resilience. This is particularly pertinent as Local Authorities continue to recover from the COVID-19 pandemic.

3 HIGH LEVEL OUTLINE PROJECT OUTCOMES REQUIRED

3.1 Our objectives:

- 3.1.1 To have a Supplier that can quickly mobilise resources to coordinate and conduct external assurance reviews of Local Authorities where those Local Authorities are identified as carrying significant risk and / or exhibiting evidence of failure. The reviews may cover a range of subject areas that include but are not limited to:

governance processes, financial management, financial sustainability, commercial and companies, and procurement and contract management. Reviews will include recommendations on appropriate steps Local Authorities could take to address the issues / risks identified.

3.2 Desired outcomes:

- 3.2.1 Using the findings of the reviews, alongside other evidence, the Department is able to establish a complete picture of the context, circumstances, risks and issues of the Local Authority under review. This will inform appropriate actions and / or steps required to address identified issues.
- 3.2.2 Using the findings of the reviews, Local Authorities facing significant risks and issues will, over time, be able to take the necessary steps to improve, whether that is independently, or should it be required, under the oversight of central Government via appropriate intervention action.

3.3 Social Value, Theme, Policy Outcome and Criteria

- 3.3.1 The Department aims to secure additional social value in accordance with [The Social Value Model](#). We have selected the following criteria:
- **Theme 1:** COVID-19 recovery
 - **Policy Outcome:** Help local communities to manage and recover from COVID-19
 - **MAC 1.3:** Support for organisations and businesses to manage and recover from the impacts of COVID-19, including where new ways of working are needed to deliver services.

<https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts>

4 OUTPUTS/DELIVERABLES

- 4.1 The output will be the provision of external assurance review findings in a written report to the Department and to the Local Authority under review to support Local Authorities to make the necessary behavioural and operational changes to address the risks and issues identified, as well as inform Government actions with regards:
- 4.1.1 Decision relating to [Exceptional Financial Support](#)
- 4.1.2 Decisions relating to statutory or non-statutory intervention in Local Authorities demonstrating evidence of significant risk, issues and / failure
- 4.1.3 Actions taken in connection to incoming capital powers as set out within the Levelling Up and Regeneration Bill.
- 4.2 Due to the demand led nature of this work we are unable to provide an exact figure of the number of reviews that will be required. However, we have forecasted the anticipated number of reviews that may be required over the initial 12 month contract period as a minimum of six and a maximum of thirty-two.
- 4.3 Due to the demand led nature of this work, the individual scopes of each external assurance review will vary according to the specific circumstances of the Local Authority to be reviewed. However we expect the scope of reviews to include one or a combination of the following:
- 4.3.1 An assessment of a Local Authority's financial management and management of risk, deliverability of savings plans and efficiency in delivering services;

- 4.3.2 An assessment of a Local Authority's assets and investments including dependence on commercial income, debt costs, and other risks;
 - 4.3.3 An assessment of a Local Authority's capital programme and management of related risks including arrangements with Local Authority Owned Companies;
 - 4.3.4 An assessment of a Local Authority's governance processes, including whether it has the right governance procedures in place and / or the capability and capacity to make any necessary transformation;
 - 4.3.5 An assessment of a Local Authority's leadership, operational culture and management processes;
 - 4.3.6 An assessment of a Local Authority's Procurement function, including corporate structures, workflow, oversight, as well as views on pipeline and contract management;
 - 4.3.7 An assessment of a Local Authority's progress against an agreed improvement plan that may or may not be a condition of Exceptional Financial Support, the scope of which will be informed by the areas already identified for improvement;
 - 4.3.8 Recommendations to provide a Local Authority with tangible actions to guide design and implementation of an improvement plan to address identified risks and issues. This may include an opinion on any requests for Exceptional Financial Support.
- 4.4 Reflecting the subject matter of the specification we will require a supplier with significant knowledge of: local government finances and governance processes; specialist knowledge of local authority accounting practices including with regards to debt, assets, and administration / governance of wholly or part owned Council companies, procurement functions and; the Local Government Accountability Framework. We will require appropriate evidence of this expertise as part of the tender process.
- 4.5 To note, subject to in progress review findings, there is a possibility that the scope of a review may alter once work is underway on a particular subject area due to additional unexpected risks being uncovered.
- 4.6 Subject to the circumstances of external assurance review requirements, we may require reviews of varying intensiveness. For example, a rapid review with an anticipated delivery time of two to three weeks or an intensive review with an anticipated delivery time of six to seven weeks.
- 4.7 Suggested delivery times of two to three weeks for a rapid review and six to seven for an intensive review are from initial commission and provision of scope to delivery of final product. This time period includes provision of working drafts.
- 4.8 Following introduction to the relevant Local Authority under review, the Supplier will be expected to lead engagement to gather the necessary data and information to provide the analysis and recommendations as required by the agreed scope.

5 KEY DATES & TENDERING PROCESS

- 5.1 If it is decided this service is required, it is anticipated that a procurement may start in September/October 2022 with the contract to commence in December 2022. These indicative dates are for information purposes only. DLUHC reserve the right to amend these dates at any time, and Potential Suppliers rely on them entirely at their own risk.
- 5.2 The contract is expected to be for a period of 12 months and will be on a "call down" basis, this means that volumes of work would not be guaranteed.

5.3 The contract is expected to be for a period of 12 months, with the potential for extension or retendering of the project for a further 6-12 months.

6 RESPONSE

6.1 Please respond by email to commercialtenders@levellingup.gov.uk with the following by 17:00pm (GMT) Monday 19th September 2022 (the “Response Deadline”).

6.2 The full response to the below questions must be a maximum of two (2) pages.

Category	
Clarity	<p>1. Does the specification provide you with a clear understanding of what is required? If not, what do you find ambiguous and what other information would you require?</p> <p>2. What, if anything, has been overlooked in setting out the requirement?</p>
Feasibility	<p>3. Would delivery of the anticipated required number of reviews (minimum of six and maximum of thirty-two during the initial contract period) be feasible, reflecting there may be intensive and quieter periods of work due to the demand led nature of this work?</p> <p>4. Is the breadth of the specification deliverable in consideration of the anticipated number of reviews and potential variation of scopes?</p> <p>5. Reflecting there may be a need to amend review scopes mid review to account for newly identified issues, do you anticipate any challenges with delivery within the proposed timeframe (two to three weeks for rapid review; six to seven for intensive)?</p> <p>6. Could this work be delivered by one organisation without compromising on quality of output? Please explain your reasoning.</p>
Pace	<p>7. Are the indicative timescales realistic? (rapid review: 2-3 weeks; intensive review 6-7 weeks)</p> <p>8. Do you anticipate any challenges with these timescales?</p> <p>9. Can timescales be condensed?</p>
Outputs / Deliverables	<p>10. Please provide any observations to the outputs/deliverables as set out in Section 4. Are there any other subject areas not mentioned in Section 4.3 that you think we might want to explore?</p> <p>11. Do you envisage any challenges to the effective delivery of this specification? How might the outputs/deliverables be reached more effectively in your view?</p> <p>12. In your opinion, is the proposed Social Value Theme, Policy Outcome and Criteria appropriate and achievable for this requirement? If not, please provide reasons.</p> <p>13. In your opinion is the proposed Social Value Theme, Policy Outcome and Criteria appropriate and achievable for this requirement? If not, please provide reasons.</p>

Technical expertise	<p>14. As set out at 4.4, we will require evidence of appropriate expertise as part of the tender process. Are there particularly certifications or qualifications you wish to highlight that would be appropriate to request evidence of in support of this requirement?</p> <p>15. What other essential experience would you recommend we seek evidence of as part of the tender process to ensure successful delivery of the requirement?</p> <p>16. Is there a different approach to evidencing appropriate technical expertise you can suggest?</p>
Experience	<p>17. We will be seeking tangible examples from potential suppliers of similar reviews (either in the public or private sector) they have conducted in the past. What is your view on this?</p>
Costs	<p>18. Considering the information provided in Sections 1-5, what is the indicative of cost of this work? Please provide estimates of both rapid (2-3 week delivery) and intensive (6-7 week delivery) review costs.</p>
Other	<p>19. Is your organisation considering submitting a tender or participating in a collaborative response for this project? If not, is there any reason why? Could the Department take any steps to encourage greater participation?</p>

7 QUESTIONS AND CLARIFICATIONS

- 7.1 Potential Suppliers may raise questions or seek clarification regarding any aspect of this PTME document at any time prior to the Response Deadline. Questions must be submitted by email to commerciantenders@levellingup.gov.uk only
- 7.2 To ensure that all Potential Suppliers have equal access to information regarding this PTME exercise, responses to questions raised by Potential Suppliers will be published in a “Questions and Answers” document, which will also be circulated by email, with updates appearing at regular intervals (approximately two to three working days).
- 7.3 Responses to questions will not identify the originator of the question.
- 7.4 If a Potential Supplier wishes to ask a question or seek clarification without the question and answer being revealed, then the Potential Supplier must state this in their email and provide its justification for withholding the question and any response. If the Authority does not consider that there is sufficient justification for withholding the question and the corresponding response, the Potential Supplier will be invited to decide whether:
- 7.4.1 the question/clarification and the response should in fact be published; or
- 7.4.2 it wishes to withdraw the question/clarification.

8 GENERAL CONDITIONS

- 8.1 This PTME will help the Authority to refine the requirements and to understand the potential level of interest in the delivering requirements. It will also aid Potential Supplier's understanding of the requirements in advance of any formal competitive tender exercise.
- 8.2 The Authority reserves the right to change any information contained within this PTME at any time, and Potential Suppliers rely upon it entirely at their own risk.
- 8.3 The Authority reserves the right not to proceed with a competitive tender exercise after this PTME or to award any contract.
- 8.4 Any and all costs associated with the production of such a response to this PTME must be borne by the Potential Supplier.
- 8.5 No down-selection of Potential Suppliers will take place as a consequence of any responses or interactions relating to this PTME.
- 8.6 The Authority expects that all responses to this PTME will be provided by Potential Suppliers in good faith to the best of their ability in the light of information available at the time of their response.
- 8.7 No information provided by a Potential Supplier in response to this PTME will be carried forward, used or acknowledged in any way for the purpose of evaluating the Potential Supplier, in any subsequent formal procurement process.