



Pre-Tender Market Engagement

Provision of a new Technical Advisory Service
CPD 004/124/053

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

Date Response required: 17:00 GMT 11th July 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 set up a new Technical Advisory Service (TAS) to support firms conducting local audits and roll out of local audit qualification / Diploma for auditors and potential Key Audit Partners (KAPs). 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; and
- 1.1.5 provide the market with an opportunity to ask questions, raise queries and any issues to be addressed at an early stage.

1.2 The Authority shall maintain commercial confidentiality of information received during the PTME.

2 INTRODUCTION

2.1 This specification is for a 2-year contract which will fund a host body to lead a Centre of Excellence, and the first of its activities, which will be to set up and put in place the operational functions of a non-statutory technical advisory service [England-wide] [and support the roll out of the training qualification and Diploma that will widen the pool of auditors and give them the required qualification to conduct local audits].

The service will respond to queries raised by auditors working on particularly complex local audit cases, ie this includes providing external audits to local bodies including local authorities, local drainage boards, national park authorities, waste authorities, etc.

The specialist technical advisory service to local auditors will respond to a wide range of difficult or complex audit queries such as - but not limited to:

- advice to assist auditors on how to respond to electors’ objections
- assistance with such issues as how and when to produce a public interest report or a statutory recommendation
- advice on performance audit issues (for VfM arrangements).

The contract being sought will oversee the start-up of a separate, standalone but central Technical Advisory Service to bolster the capability of auditors, by providing a mechanism for guaranteeing and supplementing the level of skills across the sector market, as well as quality assuring the response to individual cases.

It will be particularly useful for new or challenger firms, where these firms do not have a developed public sector technical service. We are seeking proposals from tenderers that can demonstrate the necessary expertise to:

- source personnel with the expertise and experience to answer queries raised with the Advisory Service
- act as a central contact point for the Advisory Service, coordinating and allocating queries from a range of audit firms and distributing them to appointed personnel
- establish an agile, digital systems along with the necessary protocols and administration to record, manage, monitor and store queries, and enable the smooth interface with clients
- ensure expert information or advice is provided in a timely fashion;
- represent the sector, co-ordinate views and offer leadership as well as steering the sector in dealings with outside stakeholders, including Government;
- oversee and implement the roll out of the training qualification to top up the credentials of auditors along with widening the pool of Key Audit Partners. This will involve **initially** setting up the digital platforms to allow the courses to be delivered to candidates. The tenderer will also need to successfully negotiate with the sector ongoing support and funding of the service, which is envisaged to be charged to the candidates who apply to go on the courses

3 HIGH LEVEL OUTLINE PROJECT OUTCOMES REQUIRED

3.1 Tenderers should clearly demonstrate how they will deliver against the following during the term of the contract:

1. Host body for launching centre of excellence (digital platforms, resource)

The contracted body will be required to mobilise a new service from conception. It will need to be fully versed in the legal context and local audit frameworks that local audit operates in so that it is able to establish a resilient and compliant process.

The tenderer will need to show that they will be able to design a new service that is responding to a changing landscape and working with an unknown and untested quantum of work. It will need to be able to demonstrate it has the confidence of the Financial Reporting Council (FRC). The tenderer therefore will need to establish an agile way of working that shows from the outset its potential to:

- Work within a fluid situation to ensure the design of the Advisory Service aligns with an interim shadow and established systems' leader, ie when ARGAs are created
- respond to an evolving local audit framework and system and perform effectively alongside any technical networks currently established under the National Audit Office
- consider how the new procurement exercise impacts the work of the Service
- have contact, resource and digital systems in place ready to respond to queries from Service launch date
- scale up and down as necessary for future response to the emerging volume of work
- develop / put in place a digital platform that will receive queries, interface with clients and experts, retain an appropriate log and handle any associated administration

The need to clearly demonstrate the ability to source, recruit and maintain the pool of specialist technical expertise will also be necessary. It will therefore be required to ensure that it has identified clear plans for, or have readily available, recruitment and contracting systems and processes in place to do this.

The system will need to be prepared to go live on the first day of the PSAA contract launch, April 2023, to support the market.

2. Host body for queries contact point, management, and operations

Tenderers will need to demonstrate a proven ability for delivery in an agile environment. With so much fluidity the successful bidder will need to adapt the Service to respond to increased or reduced volume as necessary, and as changes are being proposed to the local audit framework, for example reducing accounting requirements to assist with timeliness.

The successful tenderer will be expected to discharge the following (though not limited to) anticipated operations:

- managing and maintaining records and systems that log the receipt of queries, managing the queries while they are live, and monitoring their progress through to conclusion
- distribution of the queries to the most appropriate expert and handling the engagement of both enquirer and responder
- ensuring quality assurance of queries, ie they are checked for any legal ambiguity and / or implications (advice will not be statutory) and against Financial Reporting Council, and its shadow, then successor's policies, and any risks that affects alignment with the local accountability framework etc before they are finalised, and issued to the enquirer
- logs of final and standardised responses to ensure consistency precedents, where required

3. Evaluating, reporting, and invoicing

The tenderer will use the monthly contact sessions with the contract manager to demonstrate how it will evaluate continued development and improvement in the service it is delivering. One of the key areas of importance raised by stakeholders is the need to maintain quality in local audit. The tenderer will need to show how this will be a key driver in the service it will be providing.

The tenderer will arrange to maintain regular contact with the contract manager at DLUHC and attend quarterly review meetings to assess the progress of project delivery. These meetings will inform on any issues arising and agree resolutions that may be needed. They will also be used to review costs arising from the contract. The tenderer will be required to provide a short report explaining the costs arising from the quarterly period setting out the rationale for that period's spend. The tenderer should also volunteer further detail and metrics for the contract that will be used to assess value for money on costs incurred.

4. Represent the sector in dealing with Government and other stakeholders

The tenderer is required to set out how they would represent the sector when engaging on matters relating to the Centre of Excellence work and to ensure a continuous improvement ethos. Given the importance of the work of the Centre in delivering the Department's objectives, the tenderer should set out how they would best work with DLUHC as the contract manager, Government departments, the Financial Reporting Council (FRC) to ensure the outputs support and complement FRC's objectives and policies in its shadow system leader role when it is created, followed later by ARGA when it becomes fully functioning.

Tenderers should also maintain engagement with the sector, such as audit firms, to ensure the Services it is delivering remains fit for purpose.

The successful tenderer will be required to maintain a comprehensive overview of the developments both in the Local Audit framework and the sector through regular engagement and delivering meaningful feedback to DLUHC on new and ongoing developments in the sector and how it relates or impacts the work of the Centre of Excellence. Tenderers are required to outline how they would achieve this.

5. Ongoing funding for Service sustainability

The Department will not be able to fund the Service beyond this contract. The tenderer will have to demonstrate how it will negotiate ongoing funding and sustainability for the service. It will be required to agree how it will charge out services to the firms and negotiate this with the PSAA (Public Service Appointing Authority Ltd) as part of the contracts to be awarded in April 2023. To this end, the tenderer will need to demonstrate how it has scoped out anticipated costs for the service and give assurance that these will be accepted by the sector and into the local audit appointment contracts.

6. Roll out of training qualifications

The government's Redmond Capacity and Capability Working Group has recommended alternative ways to increase the pool of auditors and Key Audit Partners (KAPs). This includes qualifications designed to provide a 'top up' qualification for auditors and senior auditors who may need a refresher on, or want to become more versed in, local audit. This qualification will also allow such auditors to become KAPs and support the Department's objective to widen the pool of auditors.

To deliver this course in the most effective and accessible 'COVID-proof' way, it will need to be delivered on a digital platform.

Tenderers are asked to set out how they intend build a suitable platform, with relevant interfaces to deliver the course to candidates online. Tenderers will need to demonstrate that they have assessed the market with potential candidate audit firms and educational institutions and tested whether the digital platform will host an e-learning package or if it is best delivered as a series of periodic live sessions fronted by a qualified tutor.

If live and periodic sessions, tenderers will need to explain the rationale for the frequency of courses.

Social Value:

The Government must take account of Social Value in all of its procurement exercise. That is how a proposed contract might secure relevant and proportionate wider social, economic and environmental benefits. Those benefits are currently grouped into the following themes and outcomes:

- Covid-19 recovery (helping local communities to manage and recover from the impact of covid-19).
- Tackling economic inequality (creating new businesses, jobs and skills, and increasing supply chain resilience and capacity) e.g. employment, training and work experience opportunities for local people.
- Fighting climate change (effective stewardship of the environment) e.g., local staff, local suppliers and local work reducing your carbon footprint.
- Equal opportunity (tackling workforce inequality and reducing the disability employment gap risk of Modern slavery).
- Wellbeing (improving health and wellbeing, as well as community integration) e.g.

supporting local community initiatives e.g. charities, local amateur sports teams etc.

To help ensure that the Social Value aspects of the evaluation criteria that the Authority will apply to this procurement is fair and proportionate, the Authority would like Potential Suppliers to gauge:

- which of the policy themes and outcomes are most relevant to this procurement and could yield some potential benefits;

Please refer to the Social Value Model Quick Reference Table for details of the potential model evaluation questions, model award criteria, model response guidance and reporting metrics for each policy outcome to help in the assessment:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940828/Social-Value-Model-Quick-Reference-Table-Edn-1.1-3-Dec-20.pdf
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4 OUTPUTS/DELIVERABLE

4.1 The over-arching objective of this new contract is to support capability of local audit firms to provide quality local audits and handle arising complex queries on local audits to the best of their professional ability.

4.2 This contract's other objective is to deliver a top up qualification that qualifies auditors to deliver quality local audits and seeks to increase the supply of auditors and key audit partners. Outputs and KPIs for the proposed new contract may include but are not limited to:

- **Output:** The contractor will create and maintain a relevant database logging all the queries received and the progress of queries at all stages.
 - **KPIs:** Updates on numbers and status of queries will be reported to DLUHC via monthly oral engagements and in quarterly summary reports to the Department.
- **Output:** The contractor will have periodic engagement (bi-monthly?) with the sector to understand that what they are delivering is fit for purpose, and tailored and adapted to serve the needs of the sector and the objective to produce quality audits
 - **KPIs:** Readouts of interactions and any adjustments to the process, both at quarterly and monthly engagement meetings with DLUHC, will be reported to DLUHC showing the extent of discussions and the contractor's response to requirements arising from these engagements.
- **Output:** The contractor will engage in a regular progress meeting with the contract manager to assess progress against the contract. This could take the form of a monthly meeting and will update on latest issues, concerns, along with tracking progress. The contractor will compile a short delivery report every quarter for discussion with DLUHC that evaluates overall delivery of the service, including the queries received, handling and the quality assurance process. It will also report any adjustments that have been needed to the Service as first designed.
 - **KPI:** The contractor will be required to demonstrate a satisfactorily handling rate of queries, against appropriate times, and a Service responding to the needs of the sector
- **Output:** The contractor will provide data and information requests to DLUHC as required.
 - **KPI:** Data and information requested by DLUHC will be provided within 48 hours.

- **Output:** the contractor will negotiate an appropriate ongoing funding model with the sector that will be integrated into PSAA contracts for audit firms in April 2023.
 - **KPI:** A full agreement by the Sector and the PSAA on charging rates for the sector and full buy-in by firms agreeing to participate in continued delivery of the Service

Roll-out of top up qualifications

- **Output:** The contractor will set up a digital platform for delivering the top up qualification for candidate auditors becoming Key Audit Partners (KAPs) or senior auditors needing to build up their knowledge in local audit
 - **KPI:** A fully tested digital system in place to start receiving its first cohort in April 2023
- **Output:** The contractor will provide periodic reporting to DLUHC which evaluates progress of the course and its users' and users' feedback and how the course has helped progress auditors participate in the local audit arena professionally
 - **KPI:** % of course users, and 85% satisfaction rate of completion of course

5 KEY DATES & TENDERING PROCESS

- 5.1 If it is decided this service is required, it is anticipated that a procurement may start July/August 2022 with the contract to commence August/September 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 two (2) years.

6 RESPONSE

- 6.1 Please respond by email to commercial@levellingup.gov.uk with the following by 17:00 GMT on the 11th July (the "Response Deadline").

Question Number

Question

- 1 **Expert Personnel.** We know that the supply for local auditors is scarce.
- Do you have access to people with extensive experience in the local audit market?
- DLUHC will require technical experts with proven experience in conducting local government audits. We propose this means they will need to be able to: understand local government's expenditure controls, financial resilience, legal, regulatory and quality control environment within which local audits are conducted. They will also need to assess the financial reporting framework and evaluate how auditing standards apply to the local audit and audit framework.
- Should we be defining technical experts as above? Is there anything missing?
 - What evidence should we be looking for to demonstrate that the market has access to this experience?

- 2 How do you think the host body needs to demonstrate experience in administration?
What is the rationale for your answer?
- 3 The number of anticipated queries from the sector on complex local audit issues is currently an unknown quantity. What is a reasonable number of expert personnel we should set out in the ITT?
What is the rationale behind the quantity given? Is your answer based on any assumptions?
- 4 What risks do you foresee arising as a result of this requirement, ie conflict, sourcing expert personnel, market advantage, ongoing future funding etc and what mitigations could be established to prevent these? How confident are you that the mitigations will have the desired effect? On what basis do you provide that answer?
- 5 **Strength of relationships with Local Audit framework** Is it feasible to expect that the market will have key relationships / or be able to engage with sector leaders within the contract duration to assure its successful delivery in the timeframe provided?

What are the relationships we should expect the market to have?
- 6 **Diversity** The Department has a duty to ensure compliance with personal data and protected characteristics legislation, and this extends to contracts we will fund.
Can we feasibly ask the market to ensure diversity in the recruitment of experts given the current scarcity of expert resource? Will this have an impact on the number of experts?
- 7 **Pace**
The technical advisory service will need to be in place at the time the contracts for local audits under the current Procurement campaign goes live, ie at the beginning of next financial year.
How long would you estimate service rollout to take after contract award? What different activity is the timeline based on?

How long would you estimate local audit qualification rollout to take after contract award? Please provide the different stages we should feasibly expect.
- 8 **Route to Market**

DLUHC is currently considering the appropriate route to market. What suggestions would you advise in terms of frameworks and opportunities and why have you suggested this route as a means of fulfilling the Authorities requirement.

9 **Cost**

What would be a reasonable budget for establishing and implementing the technical advisory service and diploma? Please provide separate breakdowns for each scheme.

10 Are there any key assumptions we should ask for the above costs to be based on?

11 Government is providing funding for start-up / launch, is it feasible to expect the schemes can self-fund going forward and survive from the third year?

What kind of ongoing funding solutions should we be expecting from the market and how feasible are they?

12 Can we reasonably request the market to provide examples to guarantee the schemes can remain sustainable?

13 **Other**

Centre for expertise. We have framed this requirement as a centre of excellence service given the host body will be seeking to establish and deliver two different schemes.

Do you have any comments about delivering the schemes through a *centre of excellence*?

14 **Delivery.** What is the potential in this requirement to be successful? Is it deliverable? Are there more suitable ways to deliver the proposed two schemes? What is the rationale for your answer?

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 commercial@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.