



Department for Levelling Up,
Housing & Communities

Tenancy Deposit Protection (TDP), Pre-Tender Market Engagement (PTME) Q & A's

Objective No.	Question	Response
1	Do you have any concerns about a custodial only model?	
	1.a. There is evidence that letting agents are saying they have difficulties getting deposits back under custodial schemes. I expect that the CMA (Competition and Markets Authority) report will provide further information that will be relevant to this?	DLUHC (Department for Levelling Up, Housing & Communities) response: The Department is aware of the CMAs (Competition and Markets Authority) ongoing investigation of Deposit Alternatives and will respond to the report as necessary once it is published. We will consider the findings of the CMA report through the re-procurement exercise.
	What is the ideal contract length to run a successful scheme?	
	1.b. Will the Authority be exploring a contract length beyond 5 years?	DLUHC response: The Concession Contract Regulations 2016 stipulates that for contracts lasting more than five years, the maximum duration of the concession contract shall not exceed the time that a concessionaire could reasonably be expected to take to recoup investments. The Authority would welcome any evidence or justification for a proposed contract duration, and we will consider this.
	1.c. Could the Authority provide early indication on objective 1, to pursue a custodial only model?	DLUHC response: The Department will consider providing an update, possibly in the form of a Prior Information Notice (PIN), ahead of a potential procurement.
2	In what ways could statutory requirements be delivered in a system that is more tenant led and focused?	
	2.a. Will the Authority consider the tenants choice to where their deposits should be paid i.e. into their preferred scheme?	DLUHC response: The approach is enshrined in law. Legislative change is not scope for this procurement.

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3	What do you consider to be the features of a clear and effective ADR (Alternative Dispute Resolution) service?	
	NIL	NIL
4	What social value would you be able to deliver as part of the service?	
	4.a. What does tackling economic inequality mean in practice? Does it mean that you must treat someone the same regardless of size of deposit?	DLUHC response: Tackling economic inequality is a social value Theme as referenced in the Social Value Model and guidance. The requirements and metrics for this Theme are set out in the guidance and relate to social value more generally, rather than the Tenancy Deposit Protection specification.
	4.b. Our user systems could be more user-friendly, is this the type of social value being sought?	DLUHC Response: Providers will need to think more broadly than what they might already be contracted to deliver. The requirement for social value relates to how an organisation can utilise the benefits it may receive from the contract in order to make commitments to deliver social value objectives as set out in the guidance.
	4.c. Is Social Value a new government requirement?	DLUHC Response: Contracts are based on a concessionary model, however due to the likely value of the revenue, it is appropriate to consider the Government's Social Value Model, this will mean weighting will be attached to social value in a potential procurement. Usually, a minimum of 10% of the overall award criteria would be attributed to social value, although it may be higher. The guidance can be accessed here Social-Value-Model-Edn-1.1-3-Dec-20.pdf (publishing.service.gov.uk) .
	4.d. Do social value requirements mean we should look to deliver additional services? e.g. helping tackle homelessness and the more vulnerable people in the market?	DLUHC response: We are not asking you to provide an entirely separate scope of service but for contributions to the wider outputs set out in the Social Value Model. The Authority would expect providers to make clear commitments to these outputs in bid responses to a potential procurement and are at this stage seeking your views on the most appropriate Themes.
	4.e. What does the Authority define by "public good"?	DLUHC response: These are wider benefits delivered to the private rental sector (PRS) which are separate to the Social Value Model and Themes.
	4.f. In the PTME document it is not clear if the Authority requires us to comment on the two themes of Social Value or against all the themes that are stipulated within the SVM?	DLUHC response: We would like you to review the Social Value Model and to consider what in that model is feasible, relevant, and achievable in terms of committing to social value outputs. We have picked out some Themes we think may be relevant but would be happy to hear your thoughts on any or all of the other Themes in the model.

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	4.g. When you consider social value, does the Authority expect suppliers to explain their internal governance measures which demonstrate this, or just the elements of the service that they will deliver?	DLUHC response: We are keen for new initiatives or expansion of policies that you have in place that do not necessarily have to be directly linked to the Tenancy Deposit Protection scope of work but would have benefits to wider society and deliver social value in line with the Social Value Model.
	4.h. Can the Authority be clear on the SV themes, will this be two areas or more that will be relevant to the tender process?	DLUHC response: The Authority are still considering which Theme might be most appropriate at this stage and would welcome your views on this and if you think we should focus on one specific Theme or leave it open to allow potential providers to be more flexible in their approach.
	4.i. Q12 in the PTME document asks whether the “proposed Social Value Themes, Policy Outcomes and Criteria are appropriate for this requirement”. Please can you provide clarification that the “Policy Outcomes and Criteria” noted in this question are those covered with the Social Value Model reference material published via.gov.uk and that the “requirement” noted in the question refers to the provision of TDP broadly	DLUHC response: These are proposals at this point in time, which The Authority are keen to test with potential suppliers. The final themes and policy outcomes should meet the Social Value Model and should be relevant and achievable.
	4.j. Reference Q13, does the Authority seek information in respect of Social Value contributions already being provided by an organisation?	DLUHC response: This would be helpful to the Authority if organisations are willing to provide this information. We would be keen to understand how these existing contributions could be expanded as part of the delivery of future TDP schemes.
5	What benefits to the sector would you be able to deliver as part of the service?	
	5.a. We deliver what is required under the contract which is a free ADR (Alternative Dispute Resolution) service – to go beyond that is what we are trying to look at now. Can the Authority provide input on this?	DLUHC response: Following the conclusion of this Pre-Tender Market Engagement exercise, the Authority will examine the suggestions put forward by the market of what benefits could be delivered and set out in the tender what these benefits could and should be. https://www.legislation.gov.uk/ukxi/2016/273/regulation/3/made
	5.b. What happens in a profit share model if the business (service) does not make any money?	DLUHC response: The Concessionary Contracts Regulations 2016 provides clarification on general risk if the Authority decides to continue to use a concession model. There should be a genuine risk to the organisation, and we do not wish for schemes to be completely unattractive to the market. The Authority would seek to find a balance between reasonable risk and ambition of service.(Please see to Concession Contracts Regulations 2016 (CCR2016), para 3(4)(b) for detail). We would welcome your views on how a model like this might be feasible.

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	5.c. Should the Authority be referring to "profits" instead of "revenue"?	DLUHC response: This is something we are exploring and want to understand more about from potential providers.
	5.d. It is entirely appropriate for TDP schemes to look at how profits are used outside of the schemes, however, if the Authority wants to encourage organisations to conduct work at risk, sitting that alongside a profit share model, can it advise how that sits within CCR 2016?	DLUHC response: We are still considering various models and profit or revenue sharing opportunities and how this might work in practice – we very much welcome your views on this. The Authority will ensure that any decision and operating model is compliant with the regulations.
	5.e. Regarding objective 5, do ‘profits’ mean all or some?	DLUHC response: Objective 5 refers to some of the profits, not all. We want to understand how potential profit share models might work and in what ways could it add benefit to the wider private rented sector, i.e. in addition to the Tenancy Deposit Protection system.
	5.f. Is the Authority intending to award contract under a concessionary contract?	DLUHC response: Yes, that is the intention, but as per the terms of the Pre-Tender Market Engagement, there is no commitment to a procurement and subsequent contract at this stage.
	5.g. Provided the awarded organisation runs the service and as part of that takes full responsibility - how do you see that where the authority is passing on the risk to a partner and yet there is a concept of upside sharing?	DLUHC response: We accept this as a healthy challenge and the Pre-Tender Market Engagement exercise is to get supplier input.
	5.h. Can the Authority clarify profit share on the PTME objective 5?	DLUHC response: See response to 5b
	5.i. What would happen if the interest dropped down and schemes enter financial difficulty- is there any support coming back from the government for those specific times?	DLUHC response: See response to 5b
	5.j. Would there be an opportunity of returning interest to tenants through insured schemes? And could this bridge the inequality between insured and custodial schemes?	DLUHC response: We are open to suggestions at this stage and would welcome more details on how suppliers suggest this could be achieved in practice.
6	Are these relevant to the operation of these contracts and do you have any suggestions of other possible KPIs, regarding ADR and the return of unclaimed deposits?	

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	NIL	NIL
7	OTHER	
	7.a. It would be helpful if the Authority could provide a criterion for objectives to understand how everything will be assessed- this will help us (suppliers) to understand how important these things are?	DLUHC response: At this stage we are looking for views on the objectives and priorities. The Authority will consider feedback and would provide clarity within any subsequent tender evaluation criteria.
	7.b. What is the expected procurement timetable beyond 31 March?	DLUHC response: Any further questions regarding the Pre-Tender Market Engagement to be sent by 12pm on 26 th April. All written responses by 12pm on 3 rd May. Tender Pack publication during the Summer. Evaluation and monitoring by Autumn/ Winter and new contracts awarded and announced early 2025. As per the terms of the Pre-Tender Market Engagement, all dates are indicative and the Authority does not commit to a procurement process and subsequent contract award at this stage.
	7.c. Will there be an opportunity to comment on the Terms & Conditions before the formal ITT is issued?	DLUHC response: The exact procurement route is yet to be determined and any thoughts can be provided by written response by 12pm on the 3 rd May, which we will review and consider. Draft terms would be published within the tender, and there would be an opportunity for suppliers at this stage to review and submit clarifications and queries. Final agreement of these terms would be with the preferred provider.
	7.d. Can the Authority confirm the number of providers that will be appointed?	DLUHC response: We are considering options into the number of suppliers and will consider an early update, possibly via a Prior Information Notice (PIN), ahead of publishing the Tender.
	7.e. Will responses to the PTME form any assessment to the overall ITT?	DLUHC: No. The Pre-Tender Market Engagement document and information is used to elicit information to help The Authority prepare its specification and tender documents. No assessment of suppliers is allowed or made at Pre-Tender Market Engagement stage.
	7.f. Please can the Authority confirm how responses to the PTME CPD4126218 document will be assessed in the context of the procurement process as a whole.	DLUHC response: The Pre-Tender Market Engagement document and information is used to elicit information to help The Authority prepare its specification and tender documents. No assessment of suppliers is allowed or made at Pre-Tender Market Engagement stage.
	7.g. Please can the Authority confirm the approach that will be taken in the event that no new supplier expresses an interest in participation of the full procurement exercise	DLUHC response: Any future procurement will take place as a completely independent activity from the current contract arrangements and will be evaluated independently as a completely new procurement requirement according to public procurement regulations. The information published in any potential tender will define the procurement process and evaluation criteria.

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	7.h. Please can the Authority provide guidance on the basis of procurement award, or confirm the point in the process where potential bidders will be advised of the award criteria and weighting?	DLUHC response: The Authority has not yet decided upon the form of the competition, this is why it is inviting suppliers to participate in the Pre-Tender Market Engagement, so that we can be as informed as possible. The award criteria and weightings will be part of the information contained within the tender pack for any potential procurement which may follow
	QUESTIONS ADDED ON 29/04/2024	
8	8.a It was not clear how DLUHC intends to procure the contract; do you intend to put each of the six legacy schemes out to tender in individual lots?	DLUHC response: A final decision has not been made on this and this will be set out clearly in the tender. The Authority may consider providing an update ahead of the tender in the form of a Prior Information Notice (PIN).
	8.b In the event that a current provider does not retain one or all of their schemes will the TUPE requirements apply?	DLUHC response: It is possible that TUPE may apply to existing schemes, but further detail would be sought at tender stage. This Pre-Tender Market Engagement exercise is to help the Authority gather intelligence and insights from the market, so please raise any concerns you may have in your response to this exercise.
	8.c If a current scheme provider loses a contract lot what steps will DLUHC take, if any, if agents and landlords decide to move to other schemes or exit TDP completely (e.g. move to deposit replacement schemes, between the date of the tender award).	DLUHC response: The Authority would be interested to understand what issues this would present to providers/ suppliers and what you believe would aid transition – please feel free to set this out in any response to this exercise.
	8.e If DLUHC decides to end insurance backed provision by 31 March 2026 how will they ensure that all current insured deposit are transferred to a custodial scheme by that date (as insurers are unlikely to provide run off cover for deposits that have not transferred by that date)? Will this require legislation to force this move?	DLUHC response: If the Authority were to end the insured TDP schemes by 31 March 2026, we would be interested to know what your suggestions are on how to ensure all the insured deposits are transferred over to custodial, and what timescales are needed. We will consider the responses as part of the PTME process.
	8.f How do you anticipate dealing with adjudications that are outstanding/in the system at 31 March 2026 if a scheme is transferred to another provider?	DLUHC response: We would be interested to know what your suggestions are on any outstanding adjudications and how this transference might work if another provider were to be successful, and we will consider the responses as part of the PTME process.

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