



HM Treasury

1 Horse Guards Road
London
SW1A 2HQ

S.40(2)

S.40(2)

Tel: S.40(2)

S.40(2)

www.gov.uk

S.40(2)

S.40(2)

National Audit Office
157-197 Buckingham Palace Road
Victoria
LONDON
SW1W 9SP

5 August 2015

Dear [S.40(2)],

I refer to your letter of 5th February and my reply of 10 March concerning Local Partnerships.

I have now received the commercial and legal advice which I commissioned and am writing to set out how we propose to maintain Local Partnerships on a sustainable footing that enables authorities to continue to access Local Partnerships and enables Accounting Officers to demonstrate Value for Money by allowing the business proposals of Local Partnerships to be marked tested when it is appropriate to do so.

It remains the case that engagement of Local Partnerships is entirely at the discretion of the departments and local authorities concerned and, as a matter of course, they must take steps to satisfy themselves as to both the legality and the value for money credentials of their arrangements with Local Partnerships.

The Treasury's considered view is that Government departments and other government bodies can legally procure Local Partnerships without competition. This rests on the fact that Local Partnership is wholly under the control of its owners (HM Treasury and Local Government Association) and meets the exemption criteria set out in Regulation 12 of the Public Contract Regulations 2015. Details of our view have been communicated to Local Partnerships in a letter to its Chief Executive, a copy of which is attached herewith.

In some circumstances Accounting Officers may be able to justify payments to Local Partnerships as Value for Money without requiring competition. However, we propose to allow the current restrictions on Local Partnerships to be amended



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so that where Accounting Officers do require some form of competition the company's business proposals can be market tested.

I am copying to you a letter I have written to the Chief Executive of Local Partnerships asking her and the Board of Local Partnerships to put forward detailed proposals for approval by the Members as soon as practicable. This will help ensure that the charging structure for Local Partnerships is on a sustainable and transparent footing.

I am copying this letter to S.40(2), S.40(2) and S.40(2)

you

S.40(2)

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