

## **SOLACE RESPONSE TO: Cabinet Office Consultation on core PQQ questions**

September 2014

### **1. Executive Summary**

Further to our response dated 17 October 2013, SOLACE welcomes and again expresses thanks for the opportunity to respond to the Cabinet Office's consultation on core PQQ questions, arising from Lord Young's initial proposals. SOLACE is the only representative body for all local authority chief executives and senior managers. As such, we are in a unique position to express the views of local authority professionals.

In theme with the Cabinet Office's underlying reasons for introducing the core PQQ, we continue to highlight that local government has played a leading role in encouraging SMEs to bid for and win work from local authorities and other public bodies. Local authorities have a direct interest in helping their local SMEs to thrive, generating jobs and investment to benefit local people. SOLACE and our members do share the Government's desire to increase the amount of public sector work awarded to SMEs.

However, when considering the bigger picture, SOLACE wish to underline our categorical viewpoint that local authorities have successfully pioneered working local and regional approaches to encouraging SMEs and are strongly opposed to the Cabinet Office attempting to standardise practice nationally, due to the extreme differences in local circumstances and economies across the country.

SOLACE and other local government bodies have collaborated enthusiastically with a range of Cabinet Office initiatives on commissioning, sourcing and procurement. Again, SOLACE express our disappointment at the proposals being suggested in the consultation and does not support the imposition of yet more centrally-dictated regulations on local government, not least because local government appear to be far more successful than central government in awarding work to SMEs.

Following further discussions and viewpoint sharing with our members, colleagues and allied organisations, SOLACE have identified key areas of concern around the core PQQ proposals themed as follows. We understand our colleagues at a range of allied organisations also intend to respond in a similar vein to the consultation.

In summary, SOLACE believe that:

- The Cabinet Office's approach to solving the PQQ question is not the right one.
- PQQs are useful tools for local authorities to be able to access. Even if a local authority does not always choose to use it, it should be at their discretion, with trust placed in their knowledge and expertise.
- We agree that action is required in order to prevent disproportionate PQQs negatively impacting on SMEs ability to win new business.
- We feel the draft core PQQ is unable to suit the needs of our members. It has been noted contradictorily as being both "too short and not detailed enough" and "too long and overly cumbersome" in order to prove useful. To add value and benefit the users (both bidder and provider), a PQQ needs to be adaptable to suit local needs – be they geographic, economic or in tune with the nature of the services being advertised. A centrally-dictated "one size fits all" approach, as is being proposed by the Cabinet Office in this consultation, does not do this.
- We would welcome the introduction of a Cabinet Office led scheme of high-quality training and guidance to write tailored PQQs to suit local economic circumstances,

specific service and industry standards and would be openly and publicly sympathetic to the needs of SMEs. SOLACE note the obvious cost implication that would result due to this, but would welcome the opportunity to discuss this as an alternative to the existing proposals.

## 2. Background

SOLACE has welcomed the positive approach of the Cabinet Office to engaging with our sector in commissioning, sourcing and procurement initiatives. In response, SOLACE and other local government bodies have:

- Played a leading role in the development of the Commissioning Academy, sharing best practice and learning together with other parts of the public sector.
- Promoted good practice, including featuring Cabinet Office advice (e.g. procurement mythbusting) in SOLACE's guidance to its members.
- Promoted effective commissioning through publications such as "When The Salami's Gone: the SOLACE guide to commissioning and sourcing" (with which the Cabinet Office collaborated) and through dedicated sessions at SOLACE's last two Annual Summits and through its 2012 Winter Conference which was devoted to commissioning.
- Invited the Secretary of State to address the 2012 Annual Summit on efficiency and procurement issues.
- Launched a new SOLACE Policy Network on Commissioning made up of representatives from councils across the country to spread learning and promote good practice.

Given local government's positive engagement with the overarching agenda behind these proposals, SOLACE again expresses its disappointment that the Cabinet Office is envisaging extended new regulations to include local authorities. **SOLACE is opposed to the introduction of regulations to introduce these proposals and, specific to this consultation, the core PQQ, to local government.**

If, following consultation, the Cabinet Office continues to be minded to pursue the proposals for public bodies in general, **we recommend that local authorities are respectfully exempted, given their independent status, knowledge, expertise and existing success in procuring from SMEs.**

## 3. SOLACE's Overall Response

In theme with our previous response dated 17 October 2013, the core PQQ proposal fails to acknowledge the significant work that local authorities have already undertaken to support their local SME and third sector. Local government does not require further central rules in order to make it work well with SMEs and local enterprises; it does so naturally already. We have previously highlighted evidence suggested that local government has been far more successful than central government in making SMEs and the third sector part of our supply chain, and continue to emphasise this point.

We reiterate that our local focus on our supply chain has produced this success, working flexibly and tailoring our approaches to support local businesses in competing for and securing local authority work, helping them to grow in confidence and reach. By "nationalising" and "centralising" procurement approaches in the ways proposed, the Cabinet Office threatens the leading and innovative role that local authorities play in encouraging SMEs. We acknowledge that local authorities need to ensure value for money and excellent

quality standards, but are also clear that we understand the importance of supporting the local economy in these continually difficult times.

SOLACE continues to agree that more could be done across local government – but not through the introduction of further unwelcome and constricting legislation that limits our ability to suit the needs of our unique local circumstances. We reiterate our point that “one size does not fit all” in response to these proposals.

SOLACE are enthusiastic about working with the Cabinet Office and other allied bodies to promote good practice. We continue to agree with you that over-elaborate PQQs should be eradicated. However, we flag that councils are already tackling this themselves and have achieved great success in encouraging SMEs to bid for and win work. Procurement concordats between local authorities and SMEs continue to work well, clearly demonstrating our commitment to the agenda and the rationale behind our success.

**Our responses to this consultation around the draft core PQQ continue to be conditioned by our overall criticisms of the Cabinet Office’s approach to the overarching issue.**

- The Cabinet Office introduction of a standardised core PQQ would eradicate the benefits, time and effort invested in developing existing tailored arrangements that suit local circumstances. As we stated in our 17 October 2013 response, this approach is anti-localist and fails to respect our independence and local market knowledge as local authorities.
- SOLACE believe that the draft PQQ document is contradictorily both too extensive and too short to add value and prove useful to our members. It does not meet the specific needs of our members, due to its standardised general nature.
- Where the core PQQ is too extensive, we would be keen to identify areas which could be reduced or consolidated to make the document shorter and more user-friendly. At 19 pages, some members feel this is laborious and may intimidate some SMEs into not applying for local government work as they may not have the time, human resources or manpower to complete such a document.
- Where the core PQQ is too short, we do not feel it offers enough opportunities or space for providers to include the level of detail required to demonstrate their experience and history of successful delivery – a key element of a PQQ that is often used to shortlist providers. Certain industry standards and services require extreme levels of detail around this (e.g. construction and building works) and a standardised 19-page PQQ is felt by some members to not cover enough ground to add value and improve current practice.
- SOLACE believe the length of a PQQ should be proportionate to the nature and scope of the contract and trust our members’ subject knowledge to identify this for themselves. SOLACE would welcome the opportunity to support our members further through the introduction of a PQQ training guidance and advice programme nationally, led by the Cabinet Office, which would be publically sympathetic to the needs of SMEs and local economies.
- SOLACE would welcome the opportunity to demonstrate best practice examples of PQQs that public sector colleagues have worked with – either at our own authorities, or from another organisation within the public sector. We would like to demonstrate to you what elements us, and our provider colleagues, found most user-friendly, and

propose you consider them within the new document if this is your chosen way forward.

- SOLACE would welcome the opportunity to share our experience of bidding or reviewing consortia bids – we would like to share with you our experiences to date, and suggest examples of best practice.
- SOLACE would welcome the opportunity to share our methods for quality assuring the standard of providers we use. We would like to share with you examples of assurances we consider to ensure our contracts, and PQQs, attract bids from the best providers.
- SOLACE would welcome the opportunity to discuss and identify potential alternatives to the Cabinet Office's efforts to introduce new legislation that would help achieve the Government's goals within this area.

### **Notes**

The Society of Local Authority Chief Executives and Senior Managers (SOLACE) is the professional body representing Chief Executives and Senior Managers in UK local authorities and other public sector organisations.

SOLACE is committed to promoting public sector excellence and seeks to influence debate around the future of public services to ensure that policy and legislations are informed by the experience and expertise of our members.

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