



Government Procurement & SMEs

Presentation to CONIAC

By

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Changing Procurement Method

- Following Latham & Egan Reports moving away from traditional methods
- Now Frameworks, partnering
- Common characteristics:
 - Long term
 - Best value criteria
 - Bundling of smaller schemes
 - Affects all of public sector
- Principles welcomed by SME sector
- Implementation causing great concerns

Strategic Forum SME Group

- Cross industry membership
- Public Sector procurement identified as main issue
- Anecdotal evidence from all parts of industry
- Need to establish fact-based clearer picture
- NFB agreed to undertake scoping exercise

The Survey

- Data collected early 2007
- Respondents mainly NFB members
- Others not numerically significant, but support the findings
- 27% of NFB membership responded
- Results published late 2007

The Key Results

- 32% of companies doing less Public Sector work
 - 83% cited changes in procurement methods as reasons
 - 69% derive some turnover from Public Sector (thus also work in private sector)
 - 18% engaged with larger companies (as subcontractors)
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- 32% expect to do less Public Sector work in the future
 - 85% were undertaking Public Sector work outside frameworks
 - Fair to assume the situation will deteriorate

Implications for Health & Safety

- PS exerts a positive influence of Health & Safety performance
- PS interfaced with large numbers of SMEs
- Most SMEs working in PS also work in private sector
- Most work for occasional clients undertaken by SMEs
- SME principle contractors have many smaller firms within their supply chains
- Reduced interface between PS and SMEs will be detrimental to improving H&S in both public and private sectors

Wider Implications

- This is not just a problem for SMEs, but also:
 - HSE
 - Public Sector Clients
 - Private Sector Clients (particularly 'one-off' and occasional)
 - The workforce

Conclusions

- Frameworks can be SME inclusive and best practice should be identified and promoted
- Situation, trends and implications should be publicized
- Further measurement needed of trends and impact
- Establishment of KPI's for public sector for SME involvement
- Other suggestions welcomed