



Department
for Environment
Food & Rural Affairs

Small and Medium Sized Enterprises Commercial Plan

April 2018 – March 2022





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Any enquiries regarding this publication should be sent to us at

Network.Procurement@defra.gov.uk

www.gov.uk/defra

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Defra background

Defra is the United Kingdom's government department with responsibility for safeguarding our natural environment, supporting our world-leading food and farming industry, and sustaining a thriving rural economy.

Our broad remit means we play a major role in people's day-to-day life, from the food we eat, and the air we breathe, to the water to drink.

Defra is a ministerial department, supported by [33 agencies and public bodies](#).

[Read more about what we do](#).

The Department for Environment, Food and Rural Affairs (Defra) remains committed to achieving the governments aspirational target that by 2022, a minimum of one-third of departmental spend will be with Small, Medium-sized Enterprises (SMEs).

The actions detailed within this document support this aim and sets out milestone delivery dates against which delivery will be measured.

This document supersedes all previous SME plans.

Purpose and action plan objectives

The SME agenda is a crucial engine for the government growth Agenda and a key element of Defra's Commercial Strategy as we look to create a more competitive and diverse supply chain, encouraging innovation and improve value for money.

This document will set out the path and milestones that Defra has identified to enable it to achieve the aspirational SME target by 2022. It supplements statements made in the Single Departmental Plan.

Background

In May 2010 the Coalition government introduced the aspirational target, that by 2015, one quarter of all government procurement spend would go to SMEs.

Defra responded to this commitment with a SME action plan that aimed to increase the departments spend with third party suppliers who are SMEs in May 2012.

The Conservative government introduced, through its 2015 manifest an amended aspirational target that one-third of all government spend would go to SMEs by 2020. Defra responded to this challenging target in its Single Departmental Plan.

This target was then further revised in 2017 following the last general election, when the target date for achievement of the one-third of all government spend to go to SMEs was revised to 2022.

Our spend

During 2017/18, Defra group expenditure excluding spend with Other Government Bodies (OGBs) totalled £1.033 billion, however in the short term this spend is likely to increase as preparations for EU Exit impact the Department.

To determine areas of spend that could be targeted for further SME advantages, a high level breakdown was conducted.



Having identified individual spend the categories will now be assessed for SME supplier density in each sector, further analysis of the categories will allow optimised targeting for increased SME participation.

Of this spend 93% is managed centrally by Defra group Commercial (DgC), the remaining 7% is dispersed amongst the agencies and public bodies within the Defra group.

This centralisation has resulted in a revised structure within DgC, which is now split into five categories;

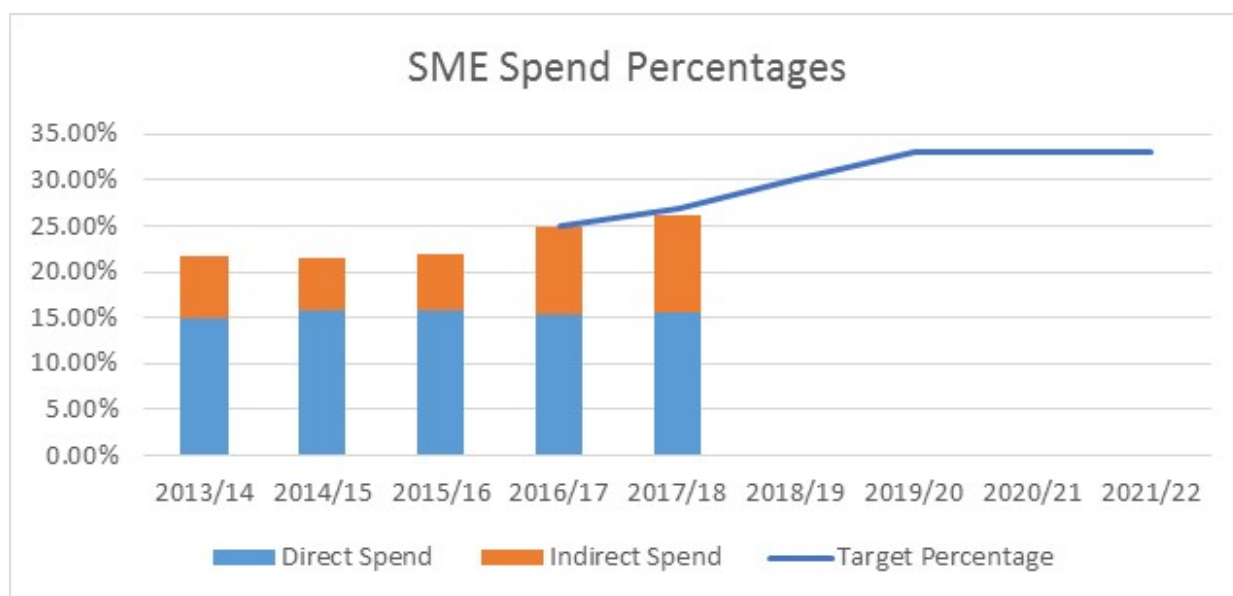
- Buildings
- Corporate Solutions
- Technology
- Environmental Goods & Services
- Infrastructure/Construction

Our SME spend

The SME target will be measured and reported internally on a six-monthly basis. Annual updates will be provided to the Cabinet Office (CO) who on behalf of government publish all Departmental SME figures.

Checks will be made to ensure that all deliverables detailed within the document have been achieved and that the impact on SME figures has been a positive one.

Defra has a positive track record in the delivery of SME third party spend as detailed in the chart below.



Our annual target percentage spend on combined direct and indirect spend is detailed below;

Financial reporting year	Targeted percentage
2017/18	27%
2018/19	29%
2019/20	31%
2020/21	33%
2021/22	33%

Our pipeline

Pipeline of requirements

Defra is working on the publication of a robust high level pipeline of commercial activities exceeding £5 million, it is anticipated that the first version of this document will be published in July 2019. This will be extended to include all planned commercial activities above £1 million during 2019/20.

The pipeline will be made available through the [department's procurement internet page](#) and will follow the agreed cross government minimum viable product recommendations.

Defra will continue to monitor its pipeline for accuracy with a long-term goal of continuous improvement in the ratio of pipeline activities converted into commercial activities.

Our action plan

Interfaces

DgC will work alongside the government's Procurement Policy, Spending Standards and the SME Champions Working Groups; all of whom influence elements of the SME strategy.

DgC implements government policy issued through Procurement Policy Notes (PPN), a number of which are focused on SME engagement.

Internally all categories of DgC have implemented actions to increase spend with SME's as per the agreed targets; it shall also ensure that the other commercial teams across the Defra group who are not part of DgC are aware of the SME targets and will support them to achieve these targets.

Simplification of procurement process

Annually revised strategies for each category will include information on the SME supplier density and detailed spend analysis. Each will include a SME statement and commitment which shall reflect the SME achievement in each category.

Our procurement strategies encourage and are designed to encourage SME participation and locally sourced supply. We regularly split contracts into lots (regional / bundles of work) and use CCS Frameworks where appropriate.

Additional steps to promote prompt payment throughout the supply chain and make increasingly visible supply chain opportunities with our major contracts will come on line 2019/2020.

Although not part of government figures for SMEs, Defra allocates a significant amount of money via Grants and endeavours to apply the same rigour and SME friendly tests to these commercial activities.

Structured communication plan

The DgC management information dashboard is published and issued across DgC and contains the latest SME target figures.

The Cabinet Office are responsible for the wider publication of SME figures on behalf of all government departments.

Both sets of figures are shared with DgC personnel.

Quality management

As part of the route to market for all procurement activities DgC uses a variety of routes including:

- the standard government Short Form contract for all goods and service procurements that take place below the [Public Contract Regulations thresholds](#). (These have been slightly amended to meet Defra's specific needs, but careful consideration was given to ensure that any changes were not going to negatively impact the SME supply community);
- Crown Commercial Services (CCS) frameworks (which contain SME's in the approved suppliers lists);
- Official Journal of the European Union (OJEU) approved routes using the CO Master Services Agreement with consideration given to SME's as part of the Supplier Qualification Questionnaire;
- all procurement opportunities (not utilising CCS frameworks) above £10,000 are advertised on Contracts Finder.

DgC remains prepared to work across government to harmonise contractual commercial terms and conditions.

DgC has taken back responsibility for obtaining sub-contracted SME data from its largest suppliers. This activity was undertaken previously by Cabinet Office but has reverted to Defra from April 2018.

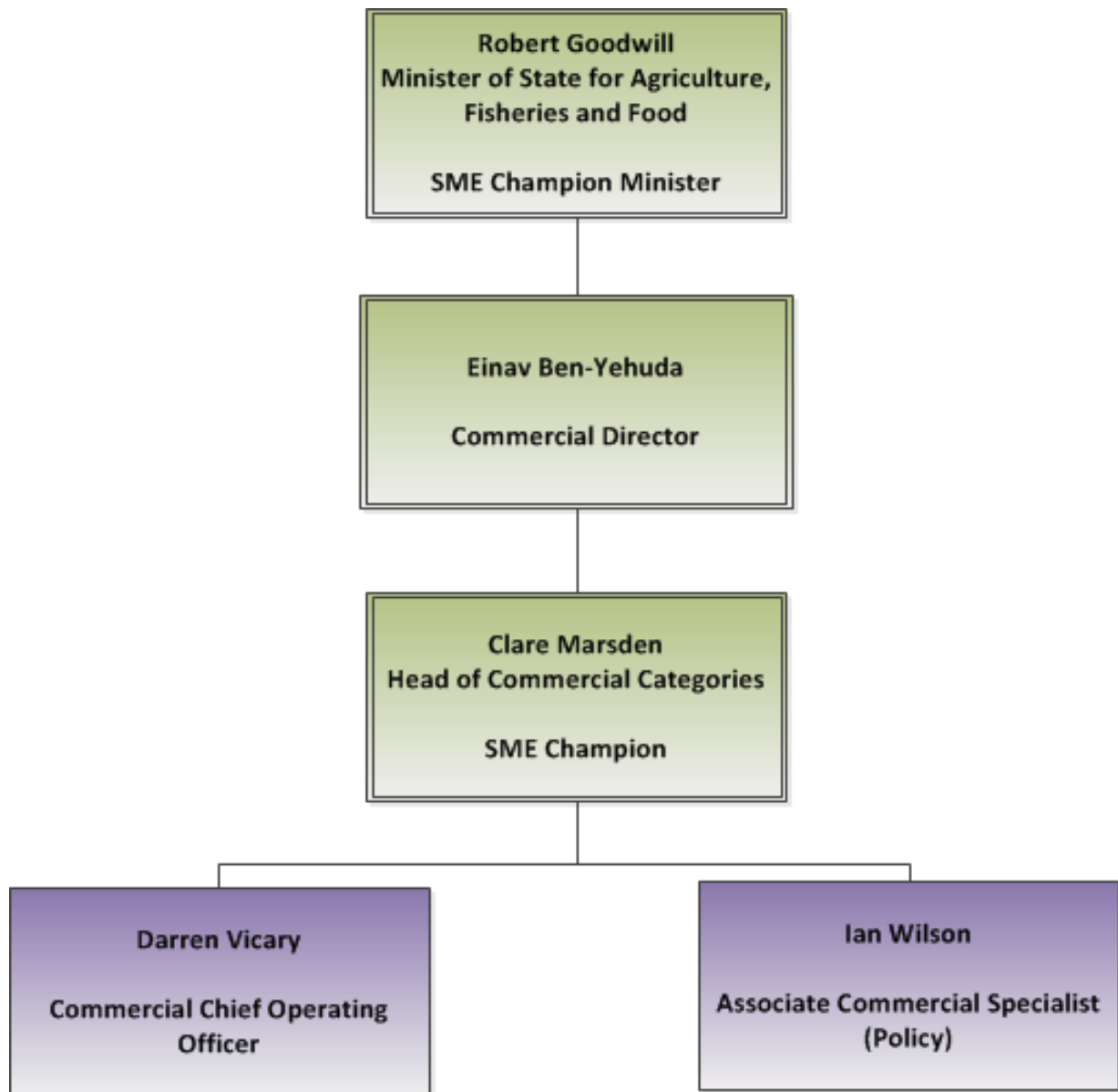
Prompt payment

Ensuring that the Defra group and its agencies and public bodies continue to support the prompt payment initiatives for both payments made to prime suppliers but also from prime suppliers to their sub-contractors is of paramount importance.

Adherence to the targets sets is very challenging, but Defra remains committed to a process of continuous improvement to identify areas for improvement.

Our SME Champions team

The diagram below presents our current SME Champions team denoting responsibility and accountability within Commercial and to our SME Champion Minister. The make-up and roles of the SME Champions team may change from time to time due to operational demand.



Appendices

Improvement plan - 2019/20

Ref	Improvement	Owner	Delivery Date	Update	Completed Date	Signed Off
1	Support and retrain staff within Defra ALBs to ensure that correct processes for the reporting of SME are understood for 2018/19 return.	Systems Team	Dec-19			
2	Include sub-contractor prompt payment measures as part of all Gold Contracts – KPI requirement	Category Teams	Mar-20	To be included during next available contract negotiation or renewal.		

Continuous improvement plan

Ref	Improvement	Owner	Update
1	Continue to promote (where applicable) the use of G Cloud which contains a large population of SME suppliers.	Technology Category Team	
2	Ensure that the “SME Suitable” box is ticked in Contracts Finder as a default and where not ticked an explanation is contained within the Procurement Strategy.	Category Teams	
3	Implement Procurement Policy Notice ensuring that captured Tier 1 Suppliers are advertising new sub-contracting opportunities on Contracts Finder	Process Team	
4	Encourage all Suppliers / Contractor awarded “gold” contracts to sign up to the Prompt Payment Code	Contract Management Team	
5	Improve the level of Social Value included in the Balanced Scorecard (evaluation) element of the commercial activity.	Process Team	
6	Promote transparency of SME figures across the Defra Commercial teams.	Process / Systems Team	

Initial risk log

Risk No.	Risk	Mitigation
1	<p>Access to opportunities. Ensuring that SMEs are aware of opportunities, and access to potential existing government Contracts.</p>	<p>SMEs will be able to view pipeline information for major contracts via the Commercial Pipeline which will be made publically available during 2018. Defra will continue to publish its requirements via Contracts Finder and OJEU Tender Electronic Daily.</p> <p>Defra will ensure that procurements (where practical) will include a Supplier/Industry Day, whereby SMEs can learn about the opportunity but also forge links with other SMEs or large industry.</p>
2	<p>Reduce Cost to Tender Further develop SME friendly documentation and processes which reduce the cost to tender, whilst ensuring clear and effective risk management.</p>	<p>Defra will continue to review its commercial documentation in line with government requirements, feedback from tenders and as part of its continuous improvement programme. The adoption of a single electronic sourcing system across the majority of the spend portfolio was delivered in 2017, access to this system is free-of-charge to potential tenderers.</p>
3	<p>Appropriate commercial strategies. Give consideration to the breaking down of requirements in lots which would facilitate improved opportunities for SMEs or enabling consortia bids.</p>	<p>Defra has taken stance of assuming that all requirements within its strategy development documentation will be broken down into smaller lots.</p> <p>Where this is not the case the Category Manager is required to justify this decision to the appropriate approving officer.</p>
4	<p>Maintaining momentum. Ongoing SME action updates</p>	<p>The SME plan will continue to be reviewed and updated on a regular basis to ensure progress is recorded and any additional steps to achieve the target are identified and managed.</p>