

Central Government Direct and Indirect Spend with Small and Medium sized Enterprises 2019/20

The government wants small and medium sized enterprises (SMEs¹) to benefit from central government procurement spend, either directly or indirectly via the supply chain.

Reports on this aspiration are represented as the sum of two figures: direct spend and indirect spend, as the figures are calculated using different methodologies. Their addition provides the figure against which the overall aspiration is measured.

Methodology:

These figures on SME spend are management information published in the interests of transparency. The data sources for direct and indirect spend are described in more detail below. Given the differences in methodology between direct and indirect spend and changes in methodology between years, caution should be exercised when making comparisons over time.

Methodology: Direct Spend

To calculate direct spend, we use Dun and Bradstreet, a leading provider of business information, to classify all government suppliers as either SMEs or non-SMEs in line with the EC definition. We then use departments' accounting systems to calculate how much money has been directly spent with those SMEs. Departments are asked to include the core department and its Executive Agencies and Non-Departmental Public Bodies (NDPBs). Returns are reviewed and signed off by Commercial Directors.

Methodology: Indirect Spend

Indirect spend with SMEs via the supply chain was collected through a survey issued by departments to their suppliers. For each department, we calculated the percentage of their procurement spend with large suppliers which had been captured by supplier responses. For those departments with over 70% of spend captured (i.e. with high levels of confidence in the supply-chain data) an extrapolation has been applied over the remaining spend to obtain a more complete picture. This calculation can be found in the .csv file Annex.

¹ We use the EC definition of an SME: <http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/>

Breakdown of departmental SME spend data (£m) 2019/20

The table below shows the departmental breakdown of spend with small and medium sized businesses for financial year 2019/20 against financial year 2018/19 figures.

Department	Financial Year 2018/19						Financial Year 2019/20					
	Total Procurement Spend (£m)	Direct Spend with SMEs (£m)	Direct Spend with SMEs as %	Indirect Spend with SMEs (£m)	Indirect Spend with SMEs as %	Total Spend with SMEs as %	Total Procurement Spend (£m)	Direct Spend with SMEs (£m)	Direct Spend with SMEs as %	Indirect Spend with SMEs (£m)	Indirect Spend with SMEs as %	Total Spend with SMEs as %
BEIS	£1,297	£397	30.6%	£59	4.5%	35.1%	£1,435	£410	28.6%	£53	3.7%	32.3%
CO	£381	£24	6.3%	£79	20.9%	27.1%	£457	£42	9.3%	£29	6.3%	15.6%
DCMS	£336	£129	38.5%	£23	6.7%	45.2%	£608	£268	44.1%	£19	3.1%	47.2%
DEFRA	£1,296	£203	15.7%	£81	6.2%	21.9%	£1,265	£232	18.3%	£103	8.1%	26.5%
DFE	£506	£180	35.5%	£17	3.4%	39.0%	£550	£200	36.3%	£45	8.1%	44.5%
DFID	£1,185	£241	20.3%	£297	25.1%	45.4%	£1,249	£194	15.5%	£309	24.7%	40.2%
DFT	£13,428	£1,690	12.6%	£2,685	20.0%	32.6%	£14,327	£1,408	9.8%	£3,496	24.4%	34.2%
DHSC	£2,641	£490	18.6%	£103	3.9%	22.5%	£3,165	£586	18.5%	£57	1.8%	20.3%
DIT	£143	£55	38.2%	£0	0.0%	38.2%	£150	£54	36.0%	£8	5.4%	41.4%
DWP	£2,195	£95	4.3%	£166	7.5%	11.9%	£2,303	£80	3.5%	£200	8.7%	12.2%
FCO (1)	£265	£19	7.0%	£12	4.3%	11.3%	£443	£22	5.0%	£51	11.4%	16.4%
HMRC (2)	£1,492	£143	9.6%	£174	11.6%	21.2%	£1,642	£145	8.9%	£198	12.0%	20.9%
HMT	£81	£10	12.8%	£2	2.1%	14.9%	£80	£11	13.8%	£2	2.3%	16.1%
HO	£2,538	£376	14.8%	£246	9.7%	24.5%	£2,402	£382	15.9%	£240	10.0%	25.9%
MHCLG	£197	£54	27.6%	£19	9.7%	37.3%	£217	£51	23.7%	£19	8.7%	32.4%
MOD (3)	£20,455	£775	3.8%	£3,166	15.5%	19.3%	£21,138	£1,088	5.1%	£3,417	16.2%	21.3%
MOJ	£5,190	£1,378	26.5%	£241	4.6%	31.2%	£5,068	£1,346	26.6%	£213	4.2%	30.8%
NDA	£1,716	£134	7.8%	£424	24.7%	32.5%	£1,735	£46	2.7%	£515	29.7%	32.3%
Total	£55,341	£6,392	11.5%	£7,793	14.1%	25.6%	£58,236	£6,569	11.3%	£8,971	15.4%	26.7%

Notes

(1) FCO spend figures are calculated using UK spend data.

(2) HMRC spend data has been updated following a reported change and error identified in the 2018/19 figures. This has therefore been amended for accuracy and transparency.

(3) MOD total procurement and direct spend figures are for the core department and DSTL (Executive Agency) only. All other Executive Agencies and NDPBs are excluded.