



London
Anchor Institutions'
Network

Procurement breakout

11:15 – 12:15

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Critical friends today



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Agenda

Part 1 – Where we've been

- Revisiting key barriers for SMEs (10 mins)
- Where we've got to (challenges & solutions) (20 mins)

Part 2 – Looking ahead

- Reflections – critical friends (10 mins)
- Fresh ideas for 2024 (20 mins)

Gillian Askew

Director, Go4Growth

GO4GROWTH



London Anchors
Institution Network
08/02/2024



Barriers to Entry & Growth for SMEs

- ✓ Overview of the research programmes
- ✓ Scope and objectives
- ✓ Timescales

Headline Findings – Barriers to SMEs

Communication/Engagement

- ✓ Bias (conscious and unconscious) exists towards smaller organisations and a perceived inability to supply.
- ✓ The definition of an SME can be misleading – the focus needs to be on small/micro (0-49 employees)
- ✓ Market engagement requires more focus (pre-procurement)
- ✓ Support is out there but it can be difficult to find – simplifying this would make a difference
- ✓ Anchor Institutions in London can be largely invisible to the business and VCSE community

Headline Findings – Barriers to SMEs

Procurement Process

- ✓ The feedback process can often be unhelpful to unsuccessful bidders
- ✓ Competition processes can be disproportionately complicated and lengthy
- ✓ Inconsistency of requirements across London can mean additional challenges for providers
- ✓ Smaller businesses can get locked in the Supply Chain or may miss supply chain opportunities due to poor visibility
- ✓ Aggregating up can lock out smaller organisations – consider unbundling opportunities

Headline Findings – Barriers to SMEs

Financial Requirements

- ✓ Insurance level requirements can be disproportionately high versus contract value or risk
- ✓ Liability levels (especially unlimited) is a key barrier to entry
- ✓ Financial assessment of providers (minimum thresholds) can exclude SMEs

Key Recommendations

Communication/Engagement

- ✓ Turn rhetoric into action - the marketplace is fatigued and eager to see changes happen
- ✓ Gain leadership commitment
- ✓ Future planning is crucial
- ✓ Communication and transparency of requirements and data

Procurement Process

- ✓ Support should be tailored
- ✓ Implement early and comprehensive pre-market engagement
- ✓ Reserving Procurements for SMEs

Key Recommendations

Financial Requirements

- ✓ Review insurance, accreditation and liability requirements
- ✓ Training on risk profiling for financial requirements
- ✓ Central repository for insurance documents
- ✓ Financial health assessment for SMEs

Procurement Act 2023

- ✓ MEAT 'vs' MAT
- ✓ Focus on SMEs – Removing barriers
- ✓ Frameworks and Dynamic Markets
- ✓ Contract Management
- ✓ Support for suppliers/SMEs
- ✓ Central Digital Platform

Discussion

Where are we now?
Challenges & solutions

(20 minutes)

Procurement Action Plan

2022-2023

| Accountability | Activity | Detail |
|----------------|------------------------|--|
| Collective | Database | Explore creation of shared database of small and diverse suppliers |
| Collective | Events | Participate in 1-2 LAIN market engagement events per year targeting small and diverse businesses |
| Individual | Forward pipelines | Publish plan of goods and services to be procured, up to 6 months in advance |
| Collective | Information & guidance | Publish guides on social value and public sector procurement |
| Individual | Payment terms | Review payment terms and feasibility of 10-day payment periods for MSMEs |
| Individual | Indemnity insurance | Review proportionality of insurance levels required of small and diverse suppliers/contracts |
| Individual | Simplify documents | Review options to adopt simplified legal Terms and Conditions documents for contracts <£50K |
| Collective | Officer training | Develop and roll out training for Procurement staff |
| Individual | Reserve contracts | Reserving under threshold contracts specifically for SMEs |

Discussion

Looking ahead **Fresh ideas for 2024**

(20 minutes)

Consider

1. What barriers does this respond to?
2. Why is this worth doing?
3. Is this a product or a process?
4. What is involved (time, financial)
5. Who else needs to be involved?



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