

Press release

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SMEs underused and undervalued in the public sector, finds new techUK survey

- *91.2% of SMEs find government have little understanding of how they can help SMEs operating in the public sector*

LONDON, 24 April 2023: techUK's latest GovTech SME Survey has found that SMEs operating in the public sector face numerous challenges, including lack of meaningful early industry engagement, an overly complex network of frameworks, and a risk-averse culture within the civil service.

The results of the survey, published today, analysed the opinions of techUK's SME members on a range of topics, from how effectively they feel the government has acted on its commitment to helping small businesses break into the public sector, to how they feel about addressing Social Value. The survey showed mixed results.

Government support

On a positive note, 59% of respondents believe that Digital Marketplace is helping to improve SME access to the marketplace. The Digital Marketplace is a one-stop shop which allows all public sector organisations to find cloud technology and specialist services for digital projects. Suppliers on the Digital Marketplace provide services across 3 frameworks - G-Cloud, Digital Outcomes and Specialists, and the Crown Hosting Data Centres.

However, only 27% of respondents feel that the government has acted effectively on its commitment to helping small businesses break into the public sector over the last five years. This figure is significantly less than what the GovTech SME Survey found last year (40%).

The survey also highlights a widespread feeling of SME underuse by government, as 91.2% of SMEs do not think government has sufficient understanding of how small businesses can meet their needs.

Social value

In 2021, new procurement measures took effect, requiring that social value contributions account for at least 10% of the overall assessment score. While suppliers are broadly

supportive of social value objectives, the implementation of the policy has proven challenging for SMEs in particular, as they often do not have the excess capacity or financial resources that larger companies use to address social value questions.

As a result, 76% said that addressing social value in contracts is an administrative burden.

Recommendations

This year's findings remain similar to last year's and signs of improvement are still marginal and slow. techUK has therefore identified five key recommendations for government:

- Engage in more early pre-procurement market engagement
- Provide more support around social value
- Apply fewer frameworks
- Appoint ministerial SME champions who can understand the way SMEs operate and their needs
- Identify opportunities for collaborative bids and partnerships to support SMEs.

Putting SMEs at a disadvantage when it comes to getting onto frameworks and applying social value means the government is missing out on innovation and the full capabilities of the market.

Heather Cover-Kus, Head of Central Government, said:

"SMEs are vital to the UK economy, and in the tech sector they are a great source of innovation and ingenuity that the government should support and tap into. The GovTech Survey shows that there is still work to be done to capitalise on the benefits that working with SMEs can bring."

-ENDS-

Notes to Editors

The survey can be found [here](#).

About techUK

techUK is the technology trade association that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve.

With around 940 members (the majority of which are SMEs) across the UK, techUK creates a network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet.

By providing expertise and insight, we support members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.