

# Harnessing SME Potential in the Public Sector Annual GovTech SME Survey



# Introduction

Lack of meaningful early industry engagement, too many frameworks and a risk-averse culture within the civil service are some of many challenges faced by SMEs operating in, or looking to operate in the public sector, which is why helping SMEs access the public sector technology market is a critical part of the work we do here at techUK. The GovTech SME Survey helps us to understand these challenges further, gather insight on the SME experience in the public sector and identify ways in which improvements could be made through a set of recommendations for government.

Small businesses' potential to transform public service delivery through their innovative nature and wide set of capabilities is clear and well documented. This report aims to support the government in harnessing the potential of SMEs, the ambition is clear, but more work needs to be done.

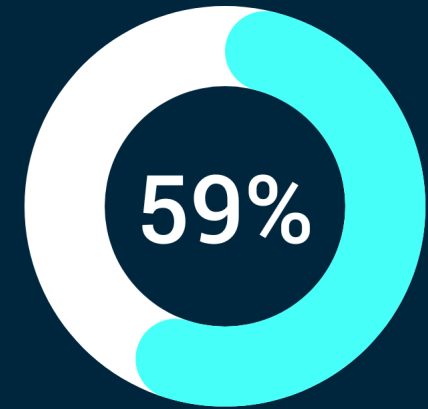
At the beginning of 2022 we surveyed 100 SMEs to gauge their opinion on a range of topics, from how effectively they feel the government has acted on its commitment to helping small businesses break into the public sector, to how they feel about addressing Social Value, and much more. The below infographic provides a look into the most significant stats from the 2022 survey.

**GovTech  
SME Survey  
provides  
insight on  
the SME  
experience  
in the public  
sector.**

# What is going well?

The benefits of the Digital Marketplace have persisted, with **59% of respondents believing that it is still helping to improve SME access to the marketplace.**

It appears that guidance and support from procurement organisations who host frameworks has improved, with 51% of respondents feeling they generally get adequate support and guidance from organisations that host frameworks, an improvement from last year in which only 45% reported adequate support.



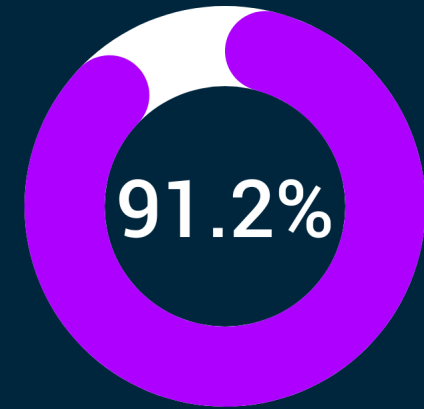
**believe that the  
Digital Marketplace  
is still helping  
to improve  
SME access to  
the marketplace**

# Areas for improvement

**Just 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 5 years. This figure is significantly less than last year – and **93.44% believe not enough is being done to achieve the 33% SME spend target**, so it's clear that more work is required.

Despite over half of respondents being satisfied with the support they get from organisations that host frameworks, more work still needs to be done urgently, as **57.9% of respondents find it difficult to look across the various frameworks and tender vehicles**.

SMEs still have limited trust in government, and **91.2% of respondents do not think that government has sufficient understanding of how small businesses can meet their needs**.

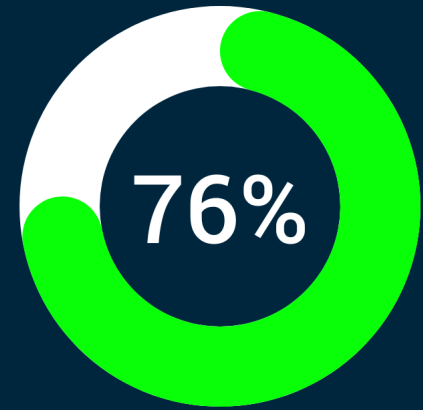


**do not think  
that government  
has sufficient  
understanding of  
how SMEs can meet  
their needs**

# Social Value and SMEs

On 1 January 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 both large and small suppliers alike. **For SMEs in particular, this policy presents a particular strain, as they often do not have the excess capacity that larger companies use to address social value questions.** Furthermore, the additional expense of social value commitments may put SMEs at a disadvantage.

In this context, it is not surprising that **76% said that addressing social value in contracts is an administrative burden.**



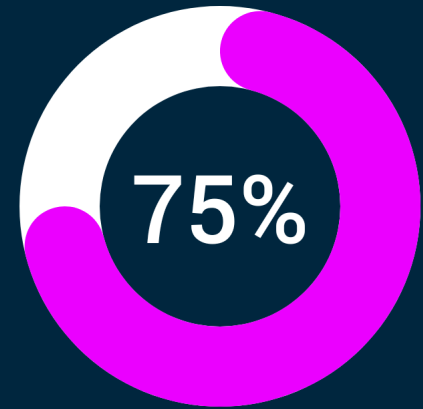
**said that  
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# What SMEs want

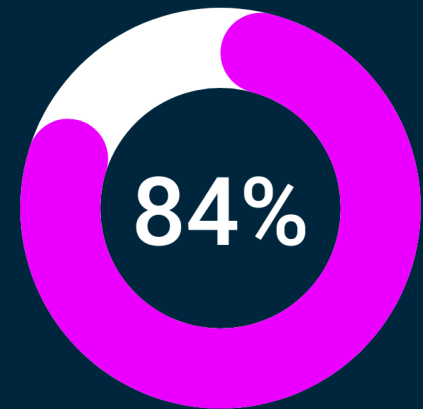
SMEs want more support when it comes to partnerships. While **75% of respondents prefer a direct route to market**, **84% of respondents still see value in partnering and collaborating with larger suppliers** as another route to market.

**87% would welcome techUK providing a service to make collaborating in the public sector easier.**

Regardless of whether they prefer direct or indirect supply to government, many SMEs want the same thing – for improved access to the market, for the process to be smooth, and to deliver the right outcome.



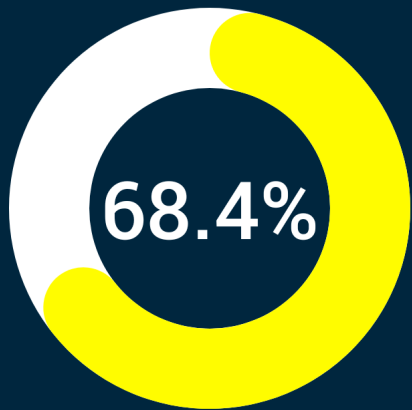
**prefer a direct  
route to market**



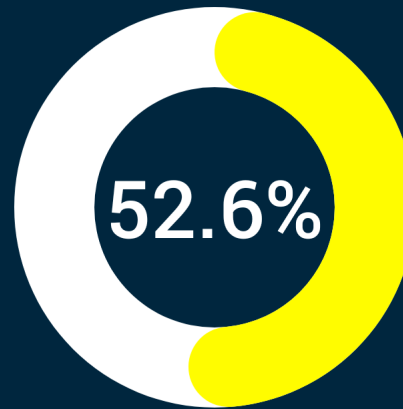
**still see value in  
partnering and  
collaborating with  
larger suppliers**

# Barriers

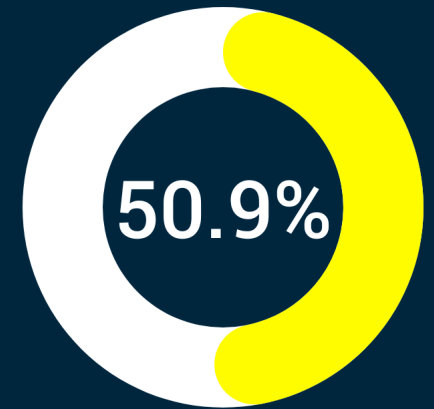
Despite the Digital Marketplace making things easier, we know there are several barriers that stand in the way of SME access to the public sector market, and disappointingly the top three remain unchanged from last year.



**a risk-averse  
culture within the  
civil service**



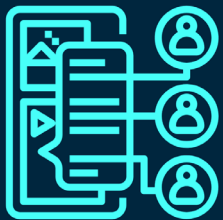
**too many  
frameworks**



**lack of meaningful  
early industry  
engagement**

# Recommendations

For the most part these findings remain unchanged from last year, and any signs of improvement are still marginal and slow. The government must continue to work with SMEs on harnessing their capabilities and recognising how they can meet its needs. 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.



**More early  
pre-procurement  
market  
engagement**



**More support  
around  
social value**



**Fewer  
frameworks**



**Ministerial  
SME  
champions**



**More opportunities  
for collaborative bids  
and partnerships**

# About techUK

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

With over 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 our members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.



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