

# STATEMENT OF BEST PRACTICE ON PARTNERSHIP WORKING

between larger  
businesses or  
VCSE organisations  
and SMEs





Mark Fox, Chief Executive,  
Business Services Association



WE HAVE COME  
A LONG WAY  
IN MAKING  
SUPPLY CHAIN  
RELATIONSHIPS  
FAIRER. THIS  
STATEMENT  
SETS OUT SOME  
EXAMPLES OF  
WHAT HAS BEEN  
ACHIEVED. ”

## ONE IMPORTANT LESSON FROM THE COVID PANDEMIC AS WE PLAN OUR ECONOMIC AND SOCIAL FUTURE IS THAT WE ARE ALL IN THIS TOGETHER.

As we look forwards, everyone needs to contribute in full if the UK is to recover quickly, sustainably and equitably.

That means the public sector, and private sector and VCSE organisations large and small, together in harness, working towards the same common goals.

Key to that is getting relationships between these organisations right.

The public sector has a vital role to play in this. But those of us from the private and VCSE sectors need to make sure our house is in order too.

This Statement covers relationships between large and small organisations. Each has an invaluable contribution to make to rebuilding our economies and our communities. We need to draw on the innovation, flexibility, capacity and reach which different organisations bring to the table, in order to deliver the services, jobs and prosperity we need.

We have come a long way in making supply chain relationships fairer.

This Statement sets out some examples of what has been achieved. But we are all on a journey, and we recognise that much more needs to be done. We hope this Statement will highlight examples which all larger businesses can learn from and adopt.

The most important issue for many SMEs is prompt payment. The BSA welcomes the strengthening of the Prompt Payment Code. We support the principles it sets out and welcome BSA members signing up to the Code. To be paid promptly when delivering a service is an important underlying principle for future economic success. It will also help to ensure that the UK remains, and grows as, an attractive place to invest.

This Statement looks not only at prompt payment but also at other areas where joint working between large organisations and SMEs is being strengthened.

We are grateful to all BSA members involved in drawing up this Statement, and to the Federation of Small Businesses for their advice and support and for endorsing its principles.

This is an example of the sort of the collaboration we need if we are going truly to build back better in the months and years ahead.



Martin McTague, National Vice Chair Policy and Advocacy, Federation of Small Businesses

## **SUPPLY CHAIN MANAGEMENT HAS, FOR A NUMBER OF YEARS, BEEN A CRITICAL ISSUE FOR MANY SMES, AS WELL AS LARGER BUSINESSES AND THE PUBLIC SECTOR.**

When we get this picture right, we have the opportunity to turbocharge not just our immediate projects and deadlines, but deliver across the board for UK PLC, and help create new growth in local communities across the UK.

The issues and challenges are numerous, such as increasing the number of SMEs in supply chains, building those relationships, collaborating as partners, changing the culture on prompt payment, and unlocking the social value in our work.

For decades SMEs have been forced to swim against the tide in trying to compete for work and, once work has been won, to be treated fairly with respect.

Thankfully, after years of campaigning and joint work with industry and public sector, that tide is changing.

But the industry is in dire need for leaders to come forward and tackle these challenges, challenges that pose more of a risk to SMEs and supply chain viability as the economy recovers from Covid-19.

All partners in the supply chain deserve to be treated fairly and all firms should have good practice ingrained into their ethos - something which should be mutual and extend to suppliers. Engaging SMEs in this area has historically been a challenge for private and public sector alike; however it is something that must change if we want the economy to thrive in a post-Covid world.

Reforms to the Prompt Payment Code, strengthening of procurement rules,

the establishment of the Good Business Charter and inclusion of prompt payment as one measure of what makes "a good business", all show that progress can be made.

This statement from the BSA, setting out five key principles to good supply chain management, and giving real world examples of how these principles can begin to be met, therefore comes at a very important time.

The work carried out by the BSA should act as a conversation starter for every business dealing with SMEs in their supply chain to ask, "how are we engaging with our supply chain on these core principles".

Not every business will have answers to these questions and issues; however if we can start the conversation in the Boardroom, we can begin to change the culture and improve our supply chain management for all involved.

There is a real risk that if supply chains are disregarded, SMEs currently supplying considered 'replaceable', and many of the old ways of working continued, we could see a slow collapse of the many intricate and sensitive supply chains critical to public service and private enterprise.

As well as leaders in industry, Government must also play its part to adhere to the new standard and empower office holders such as The Small Business Commissioner to ensure a level playing field across business.

Industry can be a force for good and change the culture, but there must be tools to address issues and consequences for those who do not share these principles.

That's why prompt payment and mutual respect must be at the forefront of supplier relationships not just for now, but for generations to come.



HOW ARE WE ENGAGING WITH OUR SUPPLY CHAIN ON THESE CORE PRINCIPLES?"



## THE BUSINESS SERVICES ASSOCIATION - BSA

The BSA represents large and small business and VCSE providers of services and infrastructure projects across the private and public services. Our members deliver ICT, BPO, facilities management, construction and infrastructure services, managed public services and some professional services such as banking, accountancy, consultancy, and legal services. Some BSA members are micro, small or medium-sized enterprises; others work closely with thousands of SMEs as supply chain partners or in other ways.



## THE FEDERATION OF SMALL BUSINESSES - FSB

The Federation of Small Businesses (FSB) is the UK's leading business organisation. Established over 40 years ago to help members succeed in business, we are a non-profit making and non-party political organisation that's led by our members, for our members. Our mission is to help smaller businesses achieve their ambitions.

FSB is the UK's leading business campaigner, focused on delivering change which supports smaller businesses to grow and succeed. Our lobbying arm starts with the work of our team in Westminster, which focuses on UK and English policy issues. Further to this, our expert teams in Glasgow, Cardiff and Belfast work with governments, elected members and decision-makers in Scotland, Wales and Northern Ireland.

FSB is grateful for the opportunity to comment on the statement of best practice as it has been developed by the BSA and its members and we thoroughly welcome the chance to endorse this pro-small business statement from the BSA. It is a positive and constructive development that is in the best interests of businesses of all sizes along with the UK economy and public service delivery.



THE SECTOR HAS MADE PROGRESS. IT IS MAKING A POSITIVE IMPACT AND WILL CONTINUE TO PROGRESS AND DEVELOP ITS OFFER AND IMPACT. ”

## THE WAY IN WHICH LARGER BUSINESSES AND VCSE ORGANISATIONS WORK WITH SMES HAS BEEN DEVELOPING AND IMPROVING IN RECENT YEARS.

We recognise it should continue to do so. It strengthens the sector and its offer. It also contributes to future UK based economic development.

This Statement sets out some of the reasons why. It then looks at some specific examples of best practice which BSA members have put into effect.

This is an ongoing journey. Different businesses and VCSE organisations have focused their efforts in different areas of best practice. The purpose of this Statement is to demonstrate what can be done, with the hope that all organisations can share and learn from best practice, to enable everyone to improve and move forward collectively.

The sector has made progress. It is making a positive impact and will continue to progress and develop its offer and impact.

## A Smarter Way of Working

Putting into effect better partnership working with SMEs is a smarter way of working. Collaboration on the basis of genuine equality is a win-win.

First and foremost it is good for society and the wider economy. Stronger SMEs mean a more resilient economy with increased productivity. They can help contribute to entrepreneurship, innovation, and disruptive technology. They may also be able to offer niche skills and specialisms. As a result, society benefits from modernised, innovative and future-proofed public services.

As economic recovery develops, the importance of local employment and strong communities will be greater than ever. SMEs make an invaluable contribution to both. They can also offer real added value and insight for larger organisations.

Larger organisations benefit from a healthy and diverse supply chain. SMEs may be able to bring to the table particularly well-embedded links with local communities.

# STATEMENT OF BEST PRACTICE

They may also reduce the need for - and the large upfront cost involved in - the larger provider having to develop specialist skills in-house, contributing to the speed and impact of the service offering and making it a more cost-effective approach. However, regardless of size it is critical that valued and essential supply chain SME businesses are seen and treated as business partners with positive collaboration and engagement, underpinned by excellent prompt payment cultures and performance.

The SMEs themselves benefit from the capacity and reach of larger organisations, which can help them scale and replicate their efforts - provided the SMEs themselves benefit fully from their contributions. Parent company guarantees and balanced risk sharing models may help to de-risk projects, opening up opportunities to apply SME skills which might not otherwise be available. Resources can be shared, including back-office specialist and professional resources which the SME might not have access to independently.

## Challenges Faced by SMEs

The Government's Green Paper Transforming Government Procurement highlights the complexity and challenges which often exist in the current public procurement process - complexity which "stifles innovation and deters small businesses and start-ups from ever bidding for public contracts"<sup>1</sup>. The Green Paper sets out proposals to address this, and the BSA's submission<sup>2</sup> highlighted barriers such as iniquitous risk transfer which affect SMEs in particular.

Despite the benefits of collaboration outlined above, SMEs may also face challenges when working in partnership with larger organisations on public procurement projects. These have long been documented by the Federation of Small Businesses and others.<sup>3</sup> This note therefore sets out 'five routes to best practice', that seek to address the actual and potential challenges faced by SMEs.

## Five Routes to Best Practice



### Actively Encouraging SME Partners and Supply Chains

Larger organisations have a particular responsibility to help create smart, diverse and resilient supply chain models which treat SMEs fairly, responsibly and as equals.

Government has stated an aspiration for £1 in every £3 going to SMEs by 2022, and best practice may link with



this target. The target will only be reached through a concerted effort involving both central government and, crucially, businesses and VCSE organisations themselves when they are involved in public sector procurement.



### Building Relationships with SME Partners and Supply Chains

The size of the supply chain may be important in delivering diversity and resilience, but at least as important is the management and depth of a supply chain, the way the parties interact with each other, and the length of time they have to build relationships. A strong supply chain underpinned by positive partnering behaviours should add value to the whole, and create a basis for skills enhancement and greater impact, whilst at the same time offering enhanced efficiency and productivity.

Long-term partnerships allow continuous improvement in delivery and offer stability and security to all parties and also to public sector commissioners.



### Prompt Payment

Prompt payment has been a particular concern of SMEs and of government. Some larger organisations are going beyond the requirements of the Government's Prompt Payment Code, which itself is being strengthened so signatories are obliged to pay small businesses within 30 days.



## Social Value

Central government has developed a renewed focus on social value, often building on the experience of local and devolved authorities. The Green Paper and forthcoming National Procurement Policy Statement seek to embed the importance of values, including aspects of social value, across the public procurement process. So demonstrating social value in the delivery of public sector contracts will become ever more important, including on issues relating to sustainability and Net Zero where larger and smaller organisations can work together.

A collective approach to social value between different sizes of organisations is mutually beneficial. PPN06/20<sup>4</sup> specifically lists activities relating to supply chains as part of a larger organisation's social value offer. But SMEs' contribution to social value objectives goes much

further.<sup>5</sup> SMEs often bring innovation, and a closeness to communities, which is particularly important for service and infrastructure providers alike. Larger organisations can help demonstrate how this can be applied to particular contracts, and can then help to scale and replicate social value improvements which SMEs have pioneered. This means that social value can be applied to larger projects than would otherwise be the case.

## Aligning Objectives

Genuine collaboration between larger and smaller organisations depends on a relationship of mutual trust and, where relevant, partnership. Such a cultural mindset is established from the top. It starts from the assumption that both parties will benefit equally from joint working. Mission, vision and values are therefore aligned.

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/943946/Transforming\\_public\\_procurement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/943946/Transforming_public_procurement.pdf)

<sup>2</sup> <https://www.bsa-org.com/bsa-response-to-green-paper-on-transforming-public-procurement/>

<sup>3</sup> Recent example: <https://www.fsb.org.uk/resources-page/late-again-how-the-coronavirus-pandemic-is-impacting-payment-terms-for-small-firms-.html>

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/921437/PPN-06\\_20-Taking-Account-of-Social-Value-in-the-Award-of-Central-Government-Contracts.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921437/PPN-06_20-Taking-Account-of-Social-Value-in-the-Award-of-Central-Government-Contracts.pdf)

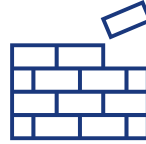
<sup>5</sup> FSB report 'Small Business, Big Heart': <https://www.fsb.org.uk/resource-report/small-business-big-heart-communities-report.html>

# CASE STUDIES

---



Actively Encouraging SME Partners and Supply Chains



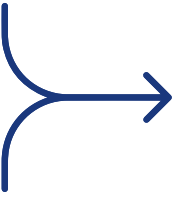
Building Relationships with SME Partners and Supply Chains



Prompt Payment



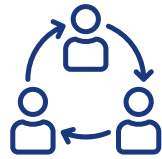
Social Value



Aligning Objectives



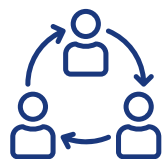




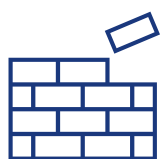
Amey's Social Value Supply Chain Charter<sup>6</sup>, launched in 2019, set out the goal of building healthy and diverse supply chains by engaging with suppliers and making Amey an easier business to work with. The Charter focuses on four areas: developing and empowering people, supporting local economies and businesses, reducing environmental impact, and delivering positive change in communities by creating employment opportunities and improving people's skills. Under the Charter Amey seeks to engage its supply chain and SMEs and discuss jointly how these goals can be met. Amey provides guidance and examples of actions and commitments potential suppliers can make to support the delivery of social value. The Charter has helped to open up new conversations, improve relationships and deliver positive impact.



Specific priorities within the Charter include increasing spend with SMEs and VCSEs and paying them promptly. Amey now spends almost £1 billion with SMEs annually, and these businesses represent over 75 per cent of vendors. Amey has also set a target to spend 5 per cent of addressable spend with VCSEs by 2023; in 2019 its VCSE spend was £5 million, and many of these are SMEs. In order to achieve this, Amey is helping existing social enterprise SMEs to grow and diversify and new social enterprises to establish.

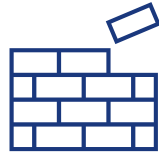


One example of Amey supporting VCSEs is its partnership agreement with Paint360, a family-run social enterprise based in Cradley Heath, near Birmingham. The company works with household waste recycling centres across the UK to recycle waste paint, while creating jobs for people facing barriers to employment. In the last seven years, it has created jobs for 34 young people who are ex-offenders or long-term unemployed in the Black Country. The partnership agreement with Amey sets out common objectives. Amey supports this by providing environmental planning; advice, communications and marketing support and access to innovation partners and experts. In addition to this deeper support, in 2019 alone Amey purchased around 10,000 litres of recycled paint from Paint360.



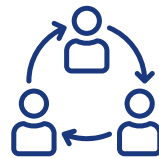
A further example of relationship building was Amey helping supply chain businesses and VCSEs prepare for Brexit - both by helping to cascade government guidance, including volunteering for a BEIS initiative aimed at helping small UK businesses in the infrastructure sector prepare, but also organising supplier workshops led by subject matter experts. The aim was for Amey and its SME partners to prepare together and learn from each other.

<sup>6</sup> <https://www.amey.co.uk/media/6422/supply-chain-social-value.pdf>



Atos Horizons selects SMEs with innovative propositions to work in close partnership with Atos, bringing new thinking to clients, supporting the growth of the SMEs and enhancing the services offered.

One example of Atos's successful approach to partnering with SMEs is the partnership with Tier 1, an SME providing secure ICT disposal services. As well as being an active member of Atos's SME Horizons programme in the UK, it recently won a place on Atos's Global SME Scaler programme, enabling Atos's global clients also to benefit from Tier 1's sustainable offering.



Tier 1's innovative prison workshop, 'Through the Gate', at HMP Forest Bank was created in partnership with Atos and its client, the Ministry of Justice. Tier 1's technology recycling model provides the core funding for the Atos ANTZ Mentor Programme. Tier 1 reinvests the residual value of decommissioned IT provided by Atos, which enables Atos and its VCSE partner ANTZ, who are a social impact organisation building strategy and services, to support prison-leavers in Manchester and London to find jobs and further education, helping social inclusion. Unified by a shared goal to change lives, this programme has created over £1.4 million in societal savings since its inception in 2015 and was awarded Winner of the Third Sector Category at the Institute for Collaborative Working Awards 2020.

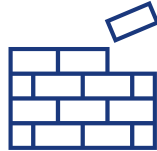
The overall programme aligns to best practice and embodies the partnership principles set out in ISO 44001. The parties defined a joint vision to change people's lives, with a shared goal of a partnership where sustainable business growth and social change go hand in hand. Principles and values were agreed, with ways of working and governance developed together - including joint value creation, roles and responsibilities, risk tracking and formal measures.

Jonathan Rose, the Co-Founder and Managing Director of Tier 1 said: "Tier 1 is delighted to work with Atos in what we believe is the most innovative and cohesive social value-related partnership in our sector. In terms of size, reach and range of services, the gap between our organisations could not be wider. Yet the symbiosis, support and the life-changing outcomes of our mentoring programme is worthy of any global coalition. It acts as a catalyst for mutual growth in our respective fields".

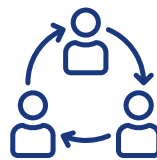
## Balfour Beatty



In 2014 Balfour Beatty committed to spending £1 billion each year with SMEs, a commitment praised by the then Prime Minister<sup>7</sup>. Since then it has in fact gone on to spend more than £9 billion. Of this, £5.9 billion went to small and micro businesses. It has achieved this through a combination of improvements to internal processes; engagement with third party organisations to increase the number of SMEs who are in a position to compete for business; and working in partnership with those already in the supply chain to improve their capability and capacity.



One of the improvements to its internal processes included updating its template procurement strategy documentation to include a stage gate to consider if contract opportunities are suitable, or could be made suitable, for SMEs - in terms of how they are packaged - as well as encouraging the use of SMEs by its tier 1 contractors. It works in partnership with its supply chain in other areas too, for example in its commitment to encourage more women into construction. Since 2014 it has spent £334.5 million with women-owned businesses.



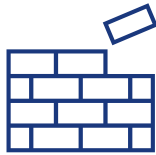
Balfour Beatty aims to maximise social value through its supply chain, delivering locally in order to have a disproportionately positive impact on communities. Since 2014 it has spent more than £14 million with local voluntary, community and social enterprises and, since 2017, it has been tracking spend with companies based in some of the most deprived areas of the UK - and has now spent £442 million with them.



<sup>7</sup> <https://www.balfourbeatty.com/news/prime-minister-joins-balfour-beatty-to-celebrate-1-billion-supply-chain-spend-with-small-business/>



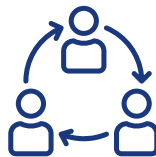
Bouygues E&S's supply chain is made up of 69 per cent of SMEs, with many long-lasting relationships. They are vital for its service delivery.



Bouygues E&S has developed, with Sustainability Supply Chain School, workshops on several subjects including social value, modern slavery, circular economy, fairness, inclusion, and respect, to raise awareness and empower its Supply Chain with best practice. Partner status has been very helpful in developing and energising relationships. Bouygues is also looking to provide a follow-up seminar for its partners on cyber security, to promote best practice and share experience. It hosts Virtual Supply Chain Awards to recognise key Supply Chain partners, most recently for their prompt responses, shared commitment and contribution during the pandemic.

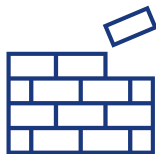


Recognising that prompt payment is more important than ever in the current times, Bouygues E&S developed a companywide campaign "Getting it Right First Time", including workshops for employees to generate a positive impact on the overall speed of payment to the supply chain. Latest figures are shared across the business daily, and procurement teams speak directly with the supply chain every week to update on progress.



Bouygues E&S has worked to incorporate and deliver social value within its supply chains wherever possible, especially through TOMS methodology, and last year hosted a workshop inviting key members of the supply to share ideas on how they could add and record social value within their own business processes.

Data is key to Bouygues's sustainability strategy and it has recently been implementing an entity-wide sustainability reporting tool. It will soon be using this to capture its supply chain's emissions to ensure they can work together to reduce them.



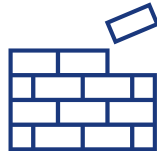
Over the last three years, hundreds of start-ups and innovative SMEs responded to calls for innovation through the Bouygues E&S Matching Up programme. One example of such partnership is Airlite, the first technology designed and developed exclusively to improve the air quality inside and outside people's homes and living spaces. They are now a partner with Bouygues Construction globally and preferred supplier of choice for all activities in the UK<sup>8</sup>.

<sup>8</sup> <https://www.bouygues-es.co.uk/buildings/airlite-paint-purifies-air>



SME spend represents 42 per cent of Capita's total supply chain cost. It has experience of working with over 26,000 supply chain partners of all sizes annually.

Capita actively looks to work with all types of business, including those owned or led by under-represented groups including women, black and minority ethnic and people with disabilities.

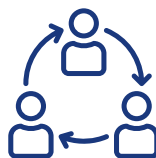


Capita has taken steps to make it easier and more cost-effective for SMEs to work with Capita - for example by asking for shorter requests for proposals, so SMEs need fewer resources in order to respond and bring more value to Capita's overall supply chain as well as strengthening specific growth opportunities. SMEs are engaged as key Partners in Capita's supply chain, including full involvement at bidding stage and co-designers of solutions.

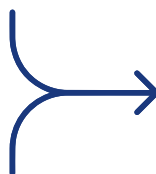
For example, Capita Fire and Rescue has supported a family-run specialist SME to deliver hot-burn Aircraft Rescue and Firefighting (ARFF) training rigs at the Fire Service College. Fire Control Services (FCS), a leading fire safety, training, and fire engineering solutions company, was helped by Capita to navigate complex MoD programmes and process compliance. Capita took on commercial risk in order for FCS to supply the rigs, which are an essential tool in Defence firefighter training, and provided some initial funding at the outset. FCS has been delighted with the support from Capita and, in turn, has delivered a great product and outstanding value for money.



Capita operates significantly more demanding payment terms than the Prompt Payment Code. In the year ending 2019, it paid 76 per cent of micro-organisations and 86 per cent of SME suppliers within its new payment terms of 7 days for sole traders, 14 days for micro businesses and 30 days for SMEs. These numbers continued to rise in 2020. It has achieved this through an unrelenting focus on payment terms and performance supported by consistent thorough monitoring and feedback.



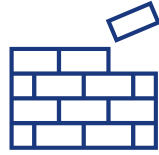
Capita's Supplier Charter applies the core principles of the Social Value Act which it is embedding as business as usual. It does not engage SMEs and VCSEs only as transactional partners, but in co-designers of solutions including on social value.



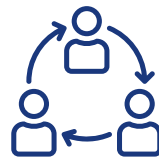
Capita's Supplier Charter codifies its approach to supply chain management. It sets out the basic principles according to which it conducts business in an open, honest and transparent manner, and the behaviours and practices it expects of suppliers and partners.



Working with Foodbuy, its specialist procurement business, Compass Group UK & Ireland is committed to working with and supporting local SMEs and social enterprise suppliers. In total, Compass works with 600+ food and beverage SMEs across several different categories, as well as hundreds of SME service providers.



Compass also partners with a leading multi-temperature distribution partner to give smaller suppliers a route to market to deliver their products nationally. Farmers, growers and smaller, local suppliers simply deliver their products to the distribution partner's regional hubs for onwards distribution. Not only does this arrangement unlock a world of opportunity for SMEs, but other advantages also include fewer food miles and CO2 emissions.



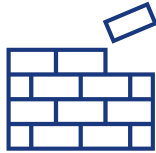
Foodbuy became the first food and drink company to join the Buy Social Corporate Challenge in 2019 and has now reinforced its commitment for a minimum of three further years. The Challenge, launched in 2016, brings together corporate partners from a broad range of industries with a collective ambition to spend £1 billion with social enterprise suppliers.

On social enterprise day, Compass also joined the Challenge. Foodbuy had its work recognised on a global scale by winning the 'Best Social Value Initiative' at the 2020 CIPS Excellence in Procurement Awards. Collectively, Compass and Foodbuy committed to spend £5 million with UK social enterprises to incubate and support small suppliers who are giving back to communities and tackling wider social and environmental issues.

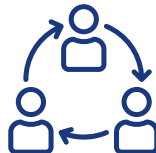




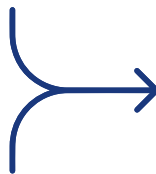
Over the years Ingeus has supported and developed SME organisations to work on the larger-scale government contracts that Ingeus UK has delivered. For instance, within the Work Programme, Ingeus' supply chain included over 100 providers; they helped Ingeus to achieve top performance in six out of seven of its regions. Currently Ingeus operates three Work and Health Programme contracts, where approximately 30 per cent of delivery is undertaken by supply chain partners.



Ingeus assists SMEs to work with it, and to develop their own delivery capability, by simplifying selection and on-boarding processes; adapting payment and contractual terms (to ensure they are reasonable for smaller providers); and providing access to Ingeus' CRMs, reporting suites, IT support and staff training. It values the expertise, localism and diversity SMEs bring to delivery, and works closely with them to determine how best to incorporate their knowledge and experience to benefit participants.



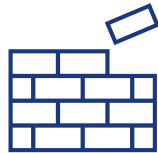
Ingeus has supported more than 235,000 job-seekers in the UK into work. Constructive relationships and close joint working have resulted in 73,000 of these jobs being achieved by its talented network of supply chain partners.



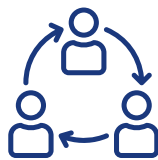
Ingeus encourages a culture of openness and true partnership-working. Across its contract geographies, it brings together delivery teams. This involves induction and training sessions for partner organisations in new contract delivery; operational management meetings involving both supply chains and Ingeus, to ensure consistency of messaging, joint formation of plans and collective responsibility for delivery; surveys of delivery partners to solicit ideas for improvements and allow organisations the opportunity to provide anonymous feedback; and Strategic Partnership Boards, providing senior managers within delivery organisations the opportunity to come together and share feedback to discuss delivery and improvements. SME partners value the insights from other organisations and being treated as a meaningful Partner.



KBR structures its ITT packages individually, taking into account the prevailing market conditions, the number of potential suppliers and their organisation size. This means that KBR's ITT Packages do not inadvertently disadvantage SMEs from participating and it actively makes more tender opportunities widely accessible. This is demonstrated through the increased SME involvement on the client contract, where the SME usage has risen from 33 per cent to 45 per cent.



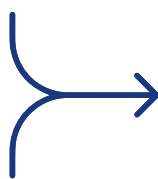
KBR Supply Chain offers tailored and dedicated tender feedback sessions for technical responses received at ITT stage. Following evaluation of supply chain tender responses, KBR frequently arranges 1:1 tailored feedback sessions with the suppliers to discuss their responses in greater detail and highlight key areas for improvement. This improves future responses from the supply chain when suppliers are invited to tender subsequent opportunities.



KBR's local 'zoning' approach to large scale, national procurements ensures that the local economy and community, relative to the project site, is strongly considered, in turn generating a greater social impact. On KBR client projects, it encourages larger players actively to engage with smaller suppliers on opportunities wider than just the immediate project; this holistic approach ensures the smaller suppliers can continue to grow long after their current project has ended.



KBR Supply Chain is signed to the prompt payment code which see suppliers paid within 30 days; fully supports the prompt payment code system; and offers flexible payment terms within this to ensure smaller suppliers are paid promptly and efficiently. 97 per cent of suppliers to KBR Ltd are paid within their contractual terms, with an average time taken to pay invoices of 21 days.



KBR Supply Chain collaborates with clients and suppliers to ensure strategic visions, values and objectives are aligned. KBR has recently implemented environmental workshops with SMEs to drive efficiencies for the benefit of their client's estates. KBR holds focused workshops and forums to encourage best practices and support the growth of SMEs in line with KBR's objectives. KBR has developed a "Working With Us" document to outline clearly what KBR expects of its supply chain and how suppliers can best engage with its Supply Chain teams. KBR holds regular dialogue sessions with key public sector clients to feed back the views of the supply chain and provide constructive feedback to help develop their procurements, contracts and engagements to make sure they are fit for purpose and work for suppliers of all sizes

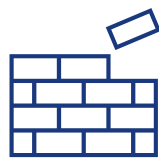




Kier targets over 80 per cent of its spend on SMEs to support the delivery of its regional public sector framework projects. Of the total 7,300 subcontractors it partnered with in 2019-20, 88 per cent were SMEs, representing a spend of over £1 billion.

Kier has a network of offices across the UK and has a 'regional market; local delivery approach'. Its local workforce provides great insight and reinforces the Kier commitment to providing a real and lasting legacy.

To maintain a sustainable supply chain, Kier holds regular 'Meet the Buyer' events, to encourage the introduction of new local supply chain and SMEs to its project teams.



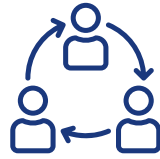
Kier is a founding partner of the Supply Chain Sustainability School (SCSS), providing skills and training opportunities to SMEs. The School today has over a hundred partners and thousands of suppliers participating.

It aims to upskill those working in, or aspiring to work in, the built environment, and the idea is to enable the supply chain to assess its own maturity in relation to sustainability and then to set development pathways to improve knowledge and performance. It achieves this through workshops and networking events covering sustainability; offsite; Building Information Modelling; lean construction; and management. Kier sits on various special interest groups including the Offsite Leadership Group, the Waste and Resources Group and the Carbon Action Group. These enable collaboration with the supply chain and peers, with further learning resources and tools being developed together to benefit the supply chain. For example, Kier has been one of the leading contributors to the Offsite for Everyone training materials, and it has helped to deliver sustainability training events for SMEs with Aberdeenshire Council.

Kier's supply chain also played a vital part in the local approach which was integral to the construction of the NHS Nightingale Hospital in Bristol, in conjunction with the NHS, the MoD, BDP, Faithful+Gould and UWE Bristol.

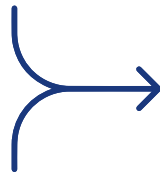


Kier has an extensive supply chain and collaborates with a wide range of partners from SMEs and local companies to technical and specialist providers. Prompt payment to these suppliers is critical and Kier is a signatory of the Prompt Payment Code which is overseen by the Office of the Small Business Commissioner. In line with the Code, Kier publishes payment data biannually in January and July for each of the Group's registered trading entities on its website and the Government reporting portal. The recent announcement on reforming the Code reduced the payment period to small businesses to 30 days from July 2021. Kier will be making some additional changes to meet this key commitment to an integral part of its supply chain.



Kier works in partnership with Community Wood Recycling, a network of social enterprises, many of them SMEs, which collects and reuses waste wood in the most environmentally-beneficial way while creating jobs and training for disadvantaged groups.

As a result of the partnership with Kier, in the year to April 2020, some 1200 tonnes were rescued from the waste stream and nearly 600 tonnes of carbon dioxide were saved, as well as jobs and training being provided for over 40 people, including prison leavers, people with learning difficulties and those recovering from substance abuse or from mental health issues.



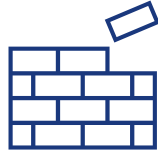
Kier cascades its social value initiatives across its project workforces, to ensure impact is delivered to the widest effect.

For example it surveyed its local supply chain in the North West to determine their social impact contributions, including to the wellbeing of individuals, communities, social capital and the environment. To support them to develop these activities further it identified nine focus areas (such as apprenticeships; community engagement; work experience with priority groups; engagement with local subcontractors and material and plant suppliers). It received 146 questionnaire responses from construction supply chain members. Over two-thirds confirmed they employ apprentices, resulting in almost 1000 being employed locally. Those doing well were awarded gold, silver or bronze status, and each supply chain preferred contractor had a meeting with a Kier Supply Chain Manager and a member of the senior management team. Bespoke CSR action plans are being worked on to help businesses achieve silver status or higher.

As a result of its wider focus on SMEs and in particular VCSE SMEs, last year Kier spent £2.1 million with VCSEs, which translates into social value generated of approximately £68 million.



For recent procurement (for example the DWP CAEHRS framework and MoJ Dynamic Framework opportunities) Maximus created a simplified expression of interest process to remove barriers to engagement for smaller organisations, asking for only basic details and following-up through discussions as required.



In Scotland, Maximus hosts an annual event for all members of its Transforming Lives Community (TLC) of 100+ local delivery partners, including SMEs and VCSE organisations, facilitating sessions on policy issues with commissioners and government officials, and encouraging networking between SME partners. This provides additional value to members beyond referrals to the programmes they deliver or spot-purchase payments for service they provide. Recent TLC events have included break-out sessions with Scottish Government officials on the future of employability services in Scotland, facilitating direct engagement between local partners and policy teams, and group sessions discussing the impact of Covid-19 on the delivery of public services, sharing best practice on adapting and signposting to support available to small businesses.

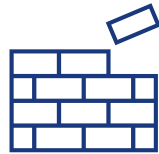


In Wales, Maximus has facilitated joint working between SME partners on procurement and funding opportunities through networking and events, supporting them to diversify their revenue streams.

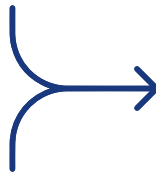




Mitie has taken steps to make it easier for VCSEs, many of which are SMEs, and SMEs more widely, to do business with it. This is helping work towards the goal of increasing spend with VCSEs to £2.25 million, and SMEs to 33 per cent, by the end of 2024/25. For example it advertises opportunities in wider forums (such as LinkedIn), and enables suppliers to register an interest in future events via an easy access supplier portal. It also regionalises tender packages/ lots where it makes business sense, so that work packages are more accessible to SMEs. As a result of this and other work, Mitie spent an additional £17 million with SMEs in 2019-20.



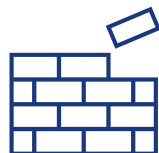
Mitie has worked in partnership with SMEs by providing training and assistance in using the tendering system so that SMEs are not disadvantaged in putting together their bid responses, and hosting open days and supplier events to build relationships. An example is the MoD national FM tender, where several large regional supplier days were held with the bid team to explain the approach and provide early engagement. This was an opportunity to explain Mitie's approach to working with potential suppliers. Such early engagement was much appreciated by the suppliers in attendance, which included many SMEs.



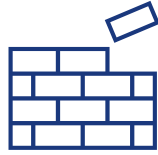
Over a fifth of Mitie's spend is covered by suppliers who are part of the Mitie Supplier Management Framework programme, which includes resources and advice on a wide range of areas from Net Zero to wider social value.



MTC Group operates the London and Thames Valley Community Rehabilitation Companies (CRC). The London CRC for example works with, and through, a number of valued VCSE partners including Catch 22, Novus, Milton Keynes College, Social Interest Group, St Andrews, Thames Valley Partnership, Advance, and St Mungos



One of the key features of the Group's new CRC 'Enhanced Through the Gate (eTTG)' model is that it is tailored in accordance with each supply chain partner's cluster of prisons it delivers to. This has resulted in some great work done with service users and achievement of very visible outcome improvements. It has also launched pilot programmes specifically targeted to the needs of Black, Asian and Minority Ethnic service users across the five geographical areas, with localised suppliers or providers selected who had a footprint within the community.



As a family-run business which started as a Scottish SME, Robertson Facilities Management is fully committed to maximising the number of SMEs within its supply chain. It regularly runs collaborative events to engage local suppliers, to develop trust and ensure that supply chain opportunities are beneficial for all. Procurement workshops cover topics such as completing preferred supplier forms, delivering social value and responding to tenders.

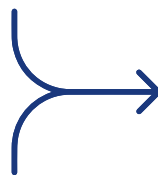
During the current pandemic it has for example used Expression of Interest adverts to advertise upcoming opportunities and ensure that local supply chains are aware of future tenders, distributed amongst local companies using connections with local enterprise groups.



In just one Local Authority partnership, Robertson Facilities Management have a local SME spend of £1 million with 36 per cent of suppliers sourced within a 10 mile radius and 420 local people employed. 97 per cent of supply chain spend is with suppliers in the local area, with 58 per cent of local spend coming from contractors based in a 5-mile radius.



Robertson Facilities Management also offers prompt payment terms to support the cash flow of its SMEs. It has supported organisations throughout the pandemic by ensuring that prompt payments and in some cases paid for goods in advance. One social enterprise used by Robertson during the pandemic was Tsukure, a professional 3D Printing and Laser Etching company which began using its equipment to produce much need PPE during the pandemic, with the ability to produce up to 8,000 face masks a week. Robertson was able to adjust payment terms and to allow it to pay this social enterprise upfront during this difficult time.

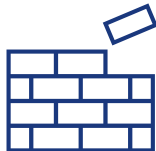


To ensure social value is achieved within contracts, Robertson FM works with SMEs to develop apprenticeships and additional training, including retraining to sectors most affected by the pandemic, as well as its work with hard-to-reach groups. It ensures alignment of vision and values on social value, enabling joint ownership for its programme of social inclusion and for all targets to maximise social value impact, achieving a truly collaborative approach.



Sodexo has pledged to increase SME spend to £200 million by 2025 - 33 per cent. For the period July 2019 to June 2020 it far exceeded this with £265 million to SMEs - equating to 44 per cent of total spend. It has also pledged to prioritise partnering with small to medium sized staff mutuals and VCSE organisations in the delivery of public services.

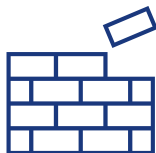
It organises specific programme dedicated to SMEs, providing an understanding of how large organisations work, their requirements and how to engage and grow business. It also hosts meet the buyer events specifically for SMEs in conjunction with partners such as Enterprise Nation, WeConnect and MSDUK.



Sodexo offers a supplier support programme to SMEs including apprenticeship levy gifting.



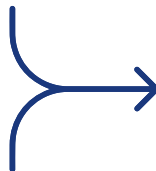
Sodexo has implemented a Regional Buyer programme where FM vendors are appointed and managed on a regional basis. Regional buyers will connect with SMEs within region; provide support and guidance; and invite SMEs to meet the buyer events and tendering opportunities.



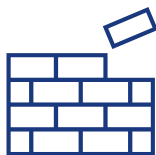
Sodexo is communicating Government / Industry advice through such schemes as the Recovery Advice for Business Scheme.



Sodexo is also influencing its Tier 1 suppliers to deliver prompt payment to Tier 2 SMEs. This has been a collaborative venture; Sodexo asked strategic partners in the supply chain to join it and pay their SME suppliers at 30 days, and supported them with the tools and process required.



Sodexo's 2020 Social Impact Pledge<sup>9</sup> has a significant focus on partners and SMART targets. Its Supply Chain Inclusion Programme engages proactively with SMEs and aims to secure a diverse range of SMEs for its supply chain. It has introduced measures such as increased order values in order to support SME operations.



Sodexo has supported, especially in the COVID period, SME operational efficiencies via reduced delivery frequencies, and implementation of (or increased) minimum delivery values.

<sup>9</sup> <https://uk.sodexo.com/social-impact.html>

With thanks to Chair of SME Working Group

Richard McCarthy CBE,  
Senior Director - Government Affairs, Capita



The Business  
Services  
Association  
2nd Floor  
130 Fleet Street  
London  
EC4A 2BH  
[bsa@bsa-org.com](mailto:bsa@bsa-org.com)  
[www.bsa-org.com](http://www.bsa-org.com)

@THEBSASSOC

April 2021

