

Department of Health Small and Medium-sized Enterprise (SME) Agenda Action Plan

The purpose of this action plan is to set out how the Department of Health is contributing to the Government's SME agenda; its aspiration that 25% of central government procurement spend goes to SMEs – both directly and indirectly (through the supply chain) – by 2015. It was last updated in November 2012.

Minister: Dr Daniel Poulter, Parliamentary Under Secretary of State **Date:** 28th November 2012

Date of Next Review: January 2012

Action	Target Date	Tasks	Progress
<p>Agree a stretching goal for the Department's contribution to the Government's 25% aspiration; a target percentage of the Department's direct and indirect procurement spend that will go to SMEs by 2015.</p>	<p align="center">November 2012</p>	<p>Identify current SME spend.</p> <p>Factor in known future procurement activity and the effect of increased mandatory use of Government Procurement Service contracts and framework agreements on the level of influenceable spend.</p> <p>Agree a robust methodology for capturing direct and indirect spend.</p> <p>Propose and agree a percentage target with Cabinet Office.</p>	<p>A target of 18% has been agreed.</p>

		<p>Monitor progress against the agreed target on a monthly basis.</p>	
<p>Create and agree a credible, adequately resourced plan that is subject to regular senior review, which sets out the key actions designed to deliver real outcomes.</p>	<p>The revised action plan is to be published by 30th November 2012.</p>	<p>Review the Department's existing action plan, which was first published in March 2012 and updated in September 2012.</p> <p>Identify additional actions the Department will undertake.</p> <p>Update the existing action plan and agree it internally with the Department's SME Champion during w/c 5th November 2012.</p> <p>Send the action plan to the Department's Ministerial SME Champion during w/c 12th November 2012, for signoff.</p> <p>Publish the revised action plan on the Department's website and share it with Cabinet Office by 30th November 2012.</p> <p>Schedule regular monthly reviews of the action plan with the Department's SME Champion and provide a monthly update on progress to</p>	<p>The existing action plan has been updated, agreed internally, and was signed off by the Department's Ministerial SME Champion on 28th November 2012.</p> <p>Monthly reviews have been diarised with the Department's SME Champion.</p> <p>Internally, a more detailed project plan to support this published action plan to be reviewed by the Department's SME Champion on a monthly basis.</p>

		<p>the Department's Ministerial SME Champion.</p> <p>Update actions and republish it accordingly.</p>	
<p>Publish a pipeline of spend that will be completed before March 2015, which identifies procurements with significant SME potential.</p>	<p>A first tranche of the pipeline, focussing on procurements with SME potential, will be published by March 2013.</p>	<p>Create a business planning model with functionality for business units to identify procurements with significant SME potential.</p> <p>Produce a pipeline of procurement spend/potential opportunities for publication in March 2013.</p> <p>Publish the pipeline on Contracts Finder and on the Department's website in March 2013.</p> <p>Schedule regular monthly reviews of the pipeline with the Department's SME Champion and update it accordingly.</p> <p>Liaise with the Association of Directors of Adult Social Services and local authorities to work towards the publication of pipelines in respect of adult social care.</p>	<p>The Department is already publishing pipeline procurement activity on behalf of the government for medical technology and pharmaceutical projects, on Contracts Finder. This is updated regularly.</p> <p>All opportunities advertised on Contracts Finder are already flagged where they are suitable for SMEs.</p> <p>The business planning model has been created.</p> <p>Monthly reviews have been diarised with the Department's SME Champion.</p>

<p>Ensure early engagement with markets before any formal procurement is launched, particularly for procurements with significant SME potential.</p>	<p>A review on procurement activity will be undertaken by 31st January 2013.</p> <p>A product surgery will be held by 28th February 2013.</p> <p>A project to be advertised on Solutions Exchange will be identified by 31st March 2013.</p>	<p>Publish all contract opportunities on Contracts Finder and specifically flag them where they are suitable for SMEs. Publish advertisements for market/supplier briefing days on Contracts Finder.</p> <p>For all appropriate procurements, publish Prior Information Notices in the Supplement of the Official Journal of the European Union to inform the market of forthcoming opportunities.</p> <p>By 31st January 2013, undertake a review of procurement activity to seek assurance that SME opportunities are being flagged and briefing days are being held.</p> <p>Apply Lean Sourcing principles to procurements, i.e. use structured and time-boxed advertised industry days to test out and refine thinking on business requirements and target outcomes before formal</p>	<p>Whilst not all of the tasks are appropriate for all procurements, each has been incorporated into the Department's internal operating manual for consideration by its buyers when planning procurements.</p> <p>Lean Sourcing training has been undertaken by the majority of the Department's buyers.</p> <p>Continued one-to-one discussions with prospective suppliers to the Department following up enquiries received through the dedicated e-mail address.</p>
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Ensure the optimal contract (or lot) size is determined for planned procurements.	30 th November 2012	Build into internal operating processes, the completion of a pro forma. This will be completed during the procurement strategy/planning stage and will evidence the optimal contract size for the requirement. This will be signed off by the Department's SME Champion before commencing the procurement.	Optimal contract size is a routine consideration, as part of procurement discussions and the development of the specific procurement strategy for each contract.
Ensure prime contractors provide data on subcontracted spend with SMEs and pay their subcontractors promptly.	December 2012	<p>Ensure the Department's contract terms and conditions stipulate subcontractors are paid within the same time period the Department pays its prime contractors (within 30 days of receipt of a valid invoice).</p> <p>Explore with the Department's legal advisors whether provision for payment to SMEs</p>	<p>A clause stipulating payment to subcontractors within 30 days of receipt of a valid invoice exists in the Department's current contract terms and conditions. The Department would investigate complaints by subcontractors if this was not being met.</p> <p>A clause stipulating payment to SME subcontractors within 10</p>

		<p>within 10 days of receipt of a valid invoice can be incorporated into contract terms and conditions and build into terms their recommendations.</p> <p>Obtain from Cabinet Office robust indirect SME spend data for our prime suppliers and help develop the Cabinet Office's approach to assessing payment performance.</p>	<p>days of receipt of a valid invoice has been drafted.</p> <p>The Department is following Cabinet Office's lead in terms of obtaining and validating centralised spend data and developing an approach to assessing payment performance.</p> <p>Invitation to tender templates have been reviewed. They now include specific references to the Prompt Payment Code, encouraging suppliers to become signatories and signposting them to the Prompt Payment Code website.</p>
<p>Ensure the Department's prime contractors – those not part of Cabinet Office's Strategic Supplier Programme – have plans in place to seek full value from and increase their spend with SMEs.</p>	<p>March 2013</p>	<p>Identify the Department's prime contractors that are not part of Cabinet Office's Strategic Supplier Programme.</p> <p>Agree with contract managers strategies how prime contractors can put plans in place to seek full value from and increase their spend with SMEs.</p>	<p>The Department's prime contractors have been identified.</p> <p>Meetings have been held with some of the contract managers of the Department's larger contracts.</p>

		Explore with the Department's legal advisors whether mandation of the creation of plans to seek full value from and increase spend with SMEs can be incorporated into the terms and conditions of future contracts with prime contractors.	
Recognise the Government's aspiration to increase the scale of the Small Business Research Initiative (SBRI) and take advantage of the scheme.	Ongoing	The Department has committed to spend £10m over two years to running health related competitions under the SBRI.	£5m has already been allocated during the 12/13 financial year and a further £5m will be allocated during the 13/14 financial year. Four competitions have been launched, two of which were co-funded with partner organisations.
Identify opportunities for SMEs within specific categories of spend. Initially to focus on information and communications technology (ICT), and communications.	March 2013	Liaise with internal ICT/communications teams to identify forthcoming procurement opportunities. Identify and publish those opportunities suitable for SMEs on Contracts Finder. Liaise with internal ICT/communications teams to identify any supply chain opportunities for SMEs.	Yet to be started.

<p>Undertake a thorough analysis of current spend with SMEs. This will include both understanding SME prime contractors and SMEs within the Department's supply chain.</p>	<p>July 2012</p>	<p>Identify SME prime contractor spend.</p> <p>Work with contract managers and main suppliers to understand the prevalence of SMEs and SME opportunities in supply chains.</p> <p>Request SME supply chain spend from the Department's main suppliers.</p>	<p>SME prime contractor spend has been identified and is being monitored monthly.</p> <p>A list of the Department's main suppliers has been provided to Cabinet Office for inclusion in their centralised data collection of SME supply chain spend with central government suppliers.</p>
<p>Review and continue to develop the Department's internal processes in order to continue to identify opportunities for SMEs and remove any remaining barriers.</p>	<p>July 2012</p>	<p>Undertake a review of all the invitation to tender templates to ensure content is supportive of the SME agenda and use good practice examples.</p> <p>Undertake a review of the Department's internal operating manual to ensure that all documented processes support the SME agenda. Continue to work with procurement colleagues to ensure that processes are followed.</p> <p>Review and consider the Department's current strategy for financial appraisal.</p>	<p>Invitation to tender templates have been reviewed. They have been simplified and now include specific references to the SME agenda and Prompt Payment Code, encouraging suppliers to become signatories and signposting them to the Prompt Payment Code website.</p> <p>The internal operating manual has been reviewed and updated. It continues to be updated on an ongoing basis.</p> <p>Financial appraisal is undertaken only when absolutely necessary. This is incorporated into the</p>

		<p>Work with the Department's suppliers to understand how our documentation and processes can be improved.</p> <p>Capture and promote all the success stories.</p>	<p>Department's internal operating manual for consideration by its buyers when planning procurements. In the spirit of encouraging supplier growth, the Department does not rule out a supplier unless there is clear evidence that the supplier's financial position places public money or services at unacceptable risk.</p> <p>Success stories are being recorded using the pro forma put together by Cabinet Office.</p>
<p>Review the Department's standard terms and conditions/contract documentation to build in SME considerations (where appropriate).</p>	<p>July 2012</p>	<p>Review the current standard conditions of contract and look to include specific conditions to support SMEs within the supply chain.</p> <p>Consider including in all standard contracts a condition asking all suppliers to provide management information on their subcontractors.</p>	<p>The standard conditions of contract have been reviewed and SME specific clauses are being explored with the Department's legal advisors, including one asking suppliers to provide management information on their subcontractors.</p> <p>A clause stipulating payment to SME subcontractors within 10 days of receipt of a valid invoice has been drafted.</p>
<p>Work with and influence Departmental contract</p>	<p>August 2012</p>	<p>Understand the supply chain opportunities for SMEs within</p>	<p>Work has been undertaken with a number of contract</p>

<p>managers, responsible for the main contracts, to develop SME opportunities within those contracts.</p>		<p>the Department's main contracts.</p> <p>Work with suppliers to publish their subcontract opportunities on Contracts Finder.</p> <p>Ensure prime contractors adhere to prescribed payment terms and that these permeate through the entire supply chain.</p>	<p>managers to explore opportunities for SMEs within current and forthcoming contracts.</p> <p>The Department is following Cabinet Office's lead in terms of developing an approach to assessing payment performance.</p>
<p>Continue to refresh the Department's procurement pages on the website with relevant and useful information for SMEs.</p>	<p>June 2012</p>	<p>Create a dedicated e-mail address to enable SMEs to get in touch with the Department.</p> <p>Publish additional useful content, as information becomes available.</p>	<p>Since its launch the e-mail address has received enquiries from over 30 organisations. A number of these have led to one-to-one discussions with prospective suppliers to the Department.</p> <p>The website is updated on a regular basis.</p>
<p>Develop an internal SME Champion network.</p>	<p>July 2012</p>	<p>Identify SME Champions throughout the Department and its arm's length bodies.</p>	<p>In addition to the Department's SME Champion, SME representatives have been identified by five of its arm's length bodies.</p>
<p>The Department will support and contribute to the development of the government wide e-market place solution.</p>	<p>It is expected that the Department will contribute to the development and implementation from April 2011.</p>	<p>Work with colleagues from Cabinet Office and other government departments to develop and implement the government wide e-market</p>	<p>The Department is now utilising Contracts Finder to advertise all of its open opportunities.</p>

<p>From May 2011, the Department will develop and maintain information on its website relevant for SMEs. The information will include, but will not be limited to, signposting for SMEs to access relevant procurement details and how they can work with the Department. The Department will provide clear contact points for additional information and queries.</p>	<p>The website will be initially updated in May 2011 and will be reviewed on a monthly basis.</p>	<p>place solution.</p> <p>Review and update the website with relevant information including clear contact details.</p>	<p>An update to the Department's website was made in May 2011. This included the publication of information signposting SMEs to where they can find out further information about procurement within the Department and a clear contact point.</p>
<p>The Department will undertake a review of its categories (excluding Centralising Commodity Procurement categories), within its procurement spend that typically attract SMEs and those categories that do not typically attract SMEs.</p> <p>Once those categories have been identified, the Department will review its procurement strategy for those category areas to look at ways to improve the participation of SMEs. This may include undertaking more market</p>	<p>It is expected that the work to review categories will commence June 2011.</p>	<p>Review data to understand in which categories SMEs have been or are involved and where they are not.</p> <p>Talk to the Department's SMEs to understand the barriers that they face in working with the Department.</p> <p>Review procurement strategies in those categories to reduce unnecessary barriers to SMEs and increase opportunities for participation.</p> <p>Work with the procurement team to make them aware of</p>	<p>A review of category spend has been undertaken and it has identified categories where there are a number of SMEs working with the Department and a number of categories where they may be the potential to improve SME involvement.</p> <p>The Department is now working internally to influence strategies and develop ways to increase SME involvement in opportunities for those categories.</p> <p>An important method the</p>

<p>engagement exercises in order for suppliers to contribute to the Department's procurement strategies.</p>		<p>categories across the Department, which attract SMEs and those that do not attract SMEs.</p> <p>Work with the procurement team to consider more market engagement events prior to procurement exercises.</p>	<p>Department is now actively using in these category areas is conducting supplier open days prior to the start of the procurement.</p>
<p>The Department will initiate, in collaboration with Cabinet Office, developing standard assessment guidance for supplier selection with the aim that the rest of government could potentially use it.</p>	<p>It is expected that a guidance document will be drafted by September 2011.</p>	<p>Review the current selection process in collaboration with Cabinet Office.</p> <p>Identify a common approach to scoring supplier selection.</p> <p>Draft guidance material for potential use across government.</p> <p>Issue for feedback and comments.</p> <p>Implement within the Department if agreed.</p>	<p>This project is on hold.</p>
<p>The Department will explore opportunities in forthcoming procurements to potentially trial the breaking up of contracts into smaller lots to encourage SME participation.</p>	<p>It is expected that the Department will review forthcoming procurements from May 2011 to potentially identify a suitable procurement to be split into lots.</p>	<p>Forthcoming procurements will be reviewed to identify whether they are suitable to be split into lots.</p> <p>If appropriate, the Department will identify a procurement</p>	<p>Forthcoming procurement opportunities have been assessed for their suitability for lots.</p> <p>The Department has published a contract, which was broken</p>

		<p>where the requirement can be split into lots and use this as a trial.</p> <p>The advertisement and procurement will set out clearly the lots that the requirement will be split into.</p> <p>Details of the procurement will then be published on the Department's website and Contracts Finder.</p>	<p>into three lots.</p> <p>A smaller contract, sub Official Journal of the European Union threshold, has also been broken into lots.</p> <p>Case studies have been developed.</p> <p>The Department now routinely breaks contracts into smaller lots whenever possible.</p>
<p>By June 2011, the Department will have identified a suitable forthcoming procurement to trial the use of the open procedure.</p>	<p>It is expected that the procurement will commence no later than July 2011.</p>	<p>A suitable procurement will be identified for use with the open procedure.</p> <p>The procurement documentation will be developed to support the open procedure.</p> <p>An outcome based specification will be developed.</p> <p>Details of the procurement will be published on the Department's website and Contracts Finder.</p>	<p>All procurement projects, during the planning stage, are now actively considered whether they would be suitable for the open procedure.</p> <p>A number of projects have now gone through the open procedure. Examples of these include:</p> <ul style="list-style-type: none"> • Provision of Whistleblowing Helpline; • Masters in Health Policy; and • Involve Coordinating Centre.

			<p>Case studies are in development.</p> <p>The open procedure is now the default procedure used by the Department.</p>
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