

Does the Glover Review mean more public sector work for contractors?

Easier access to public sector contracts, at least for those contractors running their own [limited companies](#), could be the result of this week's [Glover Review](#).

It includes twelve key recommendations, all of which have been accepted and adopted by the government, designed to give small and medium enterprises (SMEs), including contractors, opportunities to win much more public sector work.

The aim is to nearly double the amount of contracts currently awarded to SMEs to 30% of total spend. Of the £175 billion spent every year by the public sector on goods and services, only 16% of contracts are awarded to small businesses, despite SMEs' huge contribution to the economy and the skills and expertise that resides in them.

To put this into context and demonstrate how biased the current system is towards large corporates, the Glover Review points out that SMEs, which also include a large proportion of the estimated 1.4 million freelancers and contractors in the UK:

- o Account for 99.9% of the total number of businesses in the UK
- o Employ 59% of the workforce
- o Contribute 52% of total business turnover.

Recommendations

The top line outcomes of the review include:

- o Making public sector contract opportunities open and transparent
- o Simplifying the process, and making it fairer for contractors
- o Managing procurement strategically', which is supposed to encourage innovation and make sure contractors and SMEs get treated fairly.

The report fell short of requiring that public bodies commission a minimum percentage of work from businesses below certain thresholds of turnover and size. But public authorities must now record and report on the amount of contracts that end up with SMEs.

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By 2010, all public sector contracts over £20,000 will be available electronically via a single online portal, which could cut the time taken over the search process significantly. This has already begun, with the launch of the www.supply2.gov.uk website.

'Simplicity'

The most important changes for contractors, many of whom could benefit hugely from wider access to contracts in those parts of the public sector that maintain and increase spending during the current recession, relate to qualification criteria:

- o Standardisation will mean that contractors do not have to repeatedly submit the same information in differing formats
- o Relevant private sector experience will be taken into consideration by evaluators
- o Procurers will be required to show flexibility over criteria such as accreditations; business will be able to provide other evidence to demonstrate their competence in such areas.

In addition, prime contractors, such as the larger businesses that win most of the work now, will be expected to provide sub-contracting opportunities through the same online portal.

Hurdles for SMEs under existing system

The Glover Report acknowledges that there are currently considerable hurdles for contractors to overcome.

Contractors who have bid for public sector contracts will know that the odds are stacked heavily against small and microbusinesses, which cannot afford dedicated teams to focus on what the Glover Review recognises are all-too-often needlessly complex, costly and time-consuming tender processes.

Many smaller businesses and contractors simply don't bid for work in the first place, often coming to the conclusion that days spent preparing tenders are better spent earning fees, rather than bidding for contracts. After all, there is no guarantee of work after all the effort, and history has proven they are seen by the public sector as the 'lame duck' bidders, compared to larger organisations.

In addition, the prequalification requirements of most public sector tenders, such as lengthy trading histories, are often unattainable by contractors. And other requirements are simply irrelevant for many contractors and SMEs, like the need to hold international standards and accreditations designed for major organisations.

Contractors bring benefits

With the current number of contract awards to contractors and SMEs at such a low level, public sector procurers are missing out on a range of benefits that SMEs generally, and contractors specifically, can bring to the table. These include:

- o Better value for money, with considerably lower overheads
- o Higher quality of service, and often a more personal approach, with fewer intermediaries, such as 'account managers'
- o Faster and more effective responses to changes in the marketplace
- o Higher quality niche products and services
- o Greater innovation.

Contractors are able to bring all of these benefits to many public sector tenders, particularly in the high skill and often niche contracting sectors, such as engineering and IT.

It won't happen overnight

The review acknowledges that there is a long way to go before the full benefits of its recommendations will be enjoyed by contractors and other SMEs.

However, for contractors who have recently found themselves without a new contract to go onto, or are concerned their existing contract might not lead to a renewal, now might be the time to start looking at the public sector as a realistic source of interesting and profitable contracts.

Background

The Glover Review was commissioned by [HM Treasury](#) earlier in the year to investigate SME access to public sector contracts. It coincides with the Pre-Budget Report that has been widely welcomed as being relatively small business and contractor friendly.

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