

Supporting SMEs – The Vital Link in the Supply Chain

David Clarke, Technical Director, Railway Industry Association

Elaine Clark, Chief Executive Officer, Rail Forum Midlands

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RIA/ RFM supporting SMEs



Railway Industry Association

The voice of the UK rail supply community

Railway Industry Association

- 60% of RIA Members are SMEs
- SME Group
- SME Board Member
- Unlocking Innovation Events
- Export support for SME
- Meet the Tier 1/ 2 Buyer
- Reduced Membership Fee
- Sector Deal – Balanced Scorecard

Rail Forum Midlands

- 75% of RFM Members are SMEs
- Business Growth Group
- Minimum of 8 SME Board Members
- Meet the Buyer and Supplier Conferences
- Sector Deal – Pilots focussed on SMEs

Discounted Joint Membership for small companies

DfT SME Action Plan



- June 2018 - how DfT will meet Government's aspiration of ensuring 33% of all procurement spend will be with SMEs by end of 2020/21, either directly or indirectly through the supply chain.
 - Visibility – use of Contracts Finder and CompeteFor (HS2) by both client and Tier 1
 - Prompt Payment
 - Category Analysis (identified need to open up Tier 1 supply chains)
 - Cascaded to key rail clients e.g. NR, HS2
 - DfT 2017/18 SME Spend 10.5% Direct, 20.8% Indirect, 31.3% Total
- NR IP has adopted its own targets and 'SME Friendly' T&Cs:
 - 20% Female by 2020, one apprentice per £3m spend, 65% Local & SME spend by 2021
 - Project Bank Accounts, sub contract payment terms, prohibit retentions

DR support for SMEs

- The DR Programme recognises that no one organisation has all the skill sets both technical and change management, to deliver Digital Railway.
- Therefore DR has a number of positive initiatives to encourage increased SME involvement to support agility in both thinking and delivery including:
- Joint Development Group
 - Designed to engage SMEs however the team are now reviewing and refining their approach due to a low initial take-up.
- East Coast Delivery Partner
 - There will be opportunities for SME to engage with Network Rail, Train Operators and the Tier 1 suppliers.
- Wider opportunities
 - It is likely that devolution will result in other opportunities for SME especially in the broader digital space (not train control). There are already examples amongst train operators such as LNER who have involved SME in their customer and internal applications.

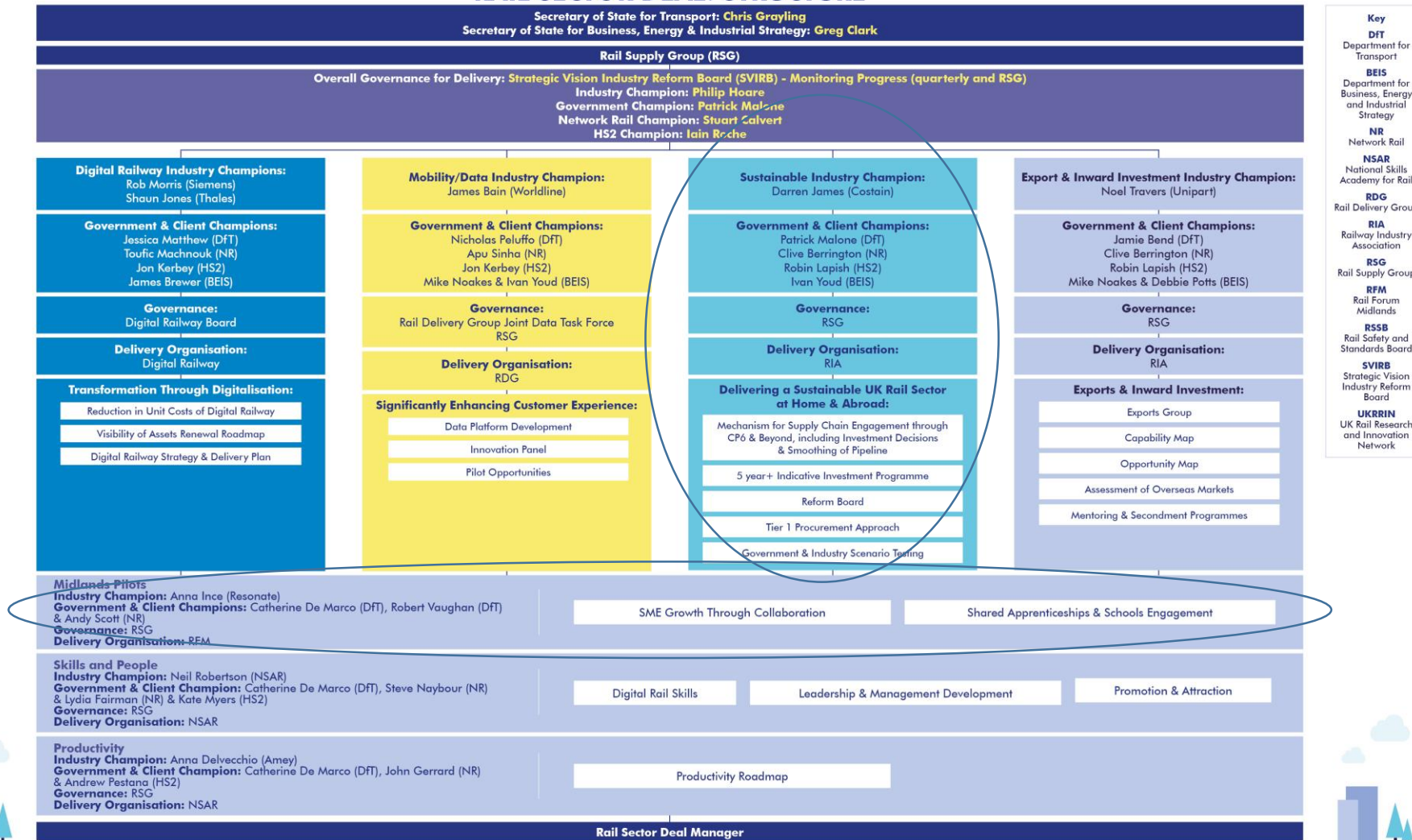
Rail Sector Deal



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RAIL SECTOR DEAL: STRUCTURE

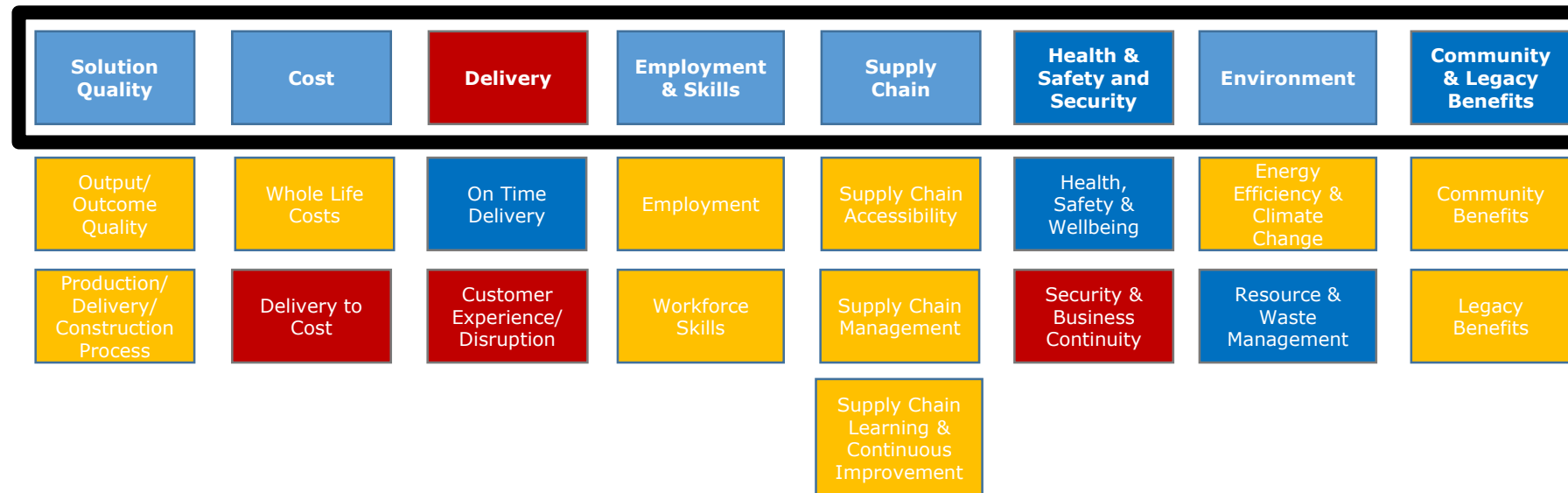


Balanced Scorecard

- An unintended consequence of public procurement regulations valuing deep and proven experience can be to reduce innovation and SME involvement. It can also lead to the wider economic benefits offered by the supply chain not being valued.
- Extensive consultation 2018/19 – nine workshops, 30 1:1 interviews
- Proposal
 - Applies to all clients and Tier 1s for projects >£4.5m (£1m for services/ goods)
 - Balances costs against factors including socio/ economic
 - Aligns with Crown Commercial Services ‘Procuring Growth’ Scorecard
 - Enables value for money across
 - 10 Generic Enablers
 - 17 variable critical success factors (CSF’s) across 8 strategic themes

1. Smooth, Visible Future Demand
2. Proportionate Terms, including Fair Payment Terms
3. Customer Focus
4. Pre-Procurement Market Engagement
5. Collaborative Business Relationships
6. Behaviours
7. Efficient Procurement
8. Risk Identification, Assessment, Allocation & Management
9. Legislative/Regulatory Compliance
10. Contract and Supplier Performance Management

Strategic Themes & CSFs



Should allow businesses to have their strengths valued as well as just cost

Compared to CCS 'Balanced Scorecard – Procuring for Growth'

The Midlands Rail Cluster



**Civil and structural engineering
Track design and renewal**



**Design, manufacture and installation of
signalling and electrification equipment**



**Rolling stock: leasing, design,
consultancy, manufacture,
assurance
and testing including manufacture of
numerous 'parts' and sub systems.
Refurbishment and maintenance of
existing rolling stock**



**Passenger and freight
operators**



**Technology solutions for traffic
management, asset management,
condition monitoring and passenger
Information systems**

Objective: To develop a holistic, co-ordinated approach to schools engagement across the region

- Bottom up approach
- Understand current range of rail related initiatives across the Midlands and map these
- Develop holistic / co-ordinated strategy using best practice principles, building on what exists
- Identify gaps and agree any actions needed
- Gain wider support / involvement for a co-ordinated approach leading to sustainable funding model

Objective: To drive greater numbers of apprentices within supply chain and SMEs

- Greater SME involvement in shaping skills requirements
- Increase in number of SMEs 'recruiting' apprentices
- Consultation with employers and training providers underway – barriers and needs

Employers

Lack understanding of apprenticeships and funding

Business too small to support apprentices

Difficulty finding suitable training provision/programmes

Calibre of candidates

Providers

Lack of viable cohort for 'rail specific' programmes

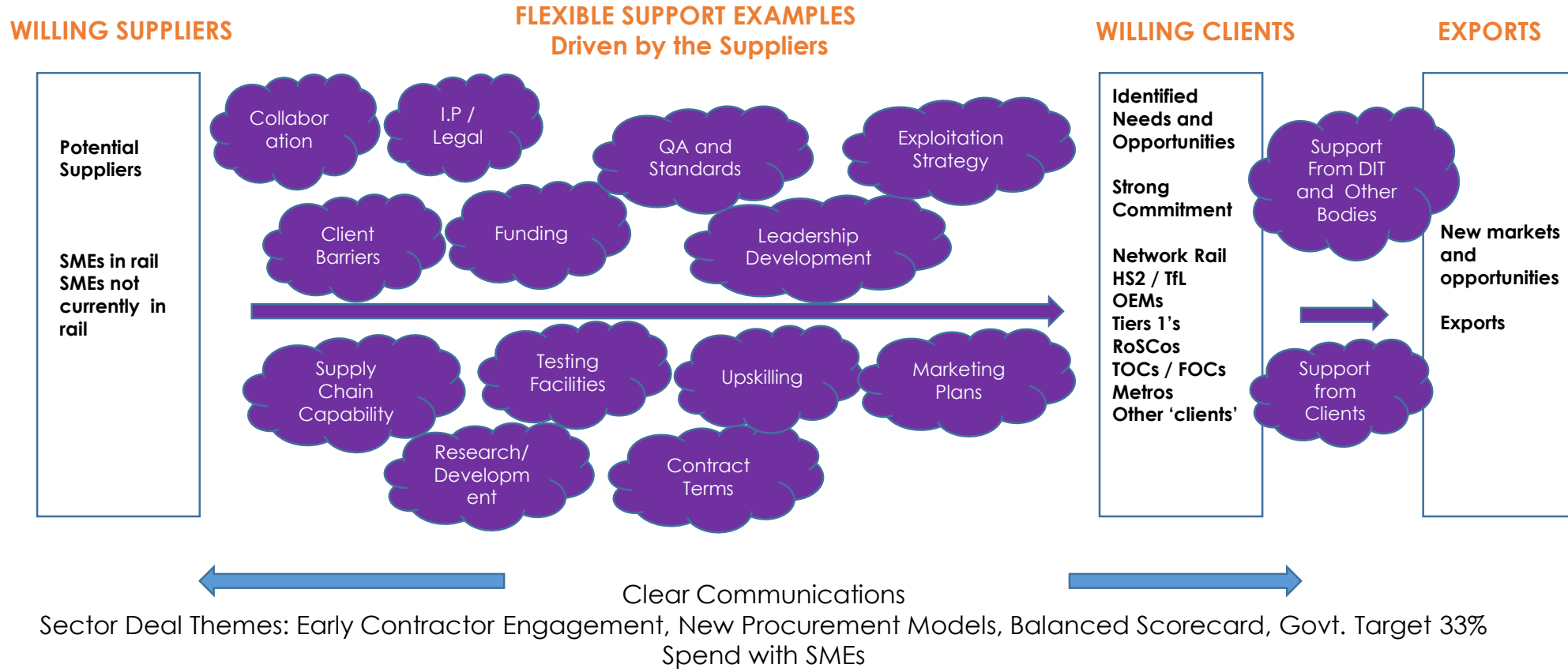
Lack understanding of employers' needs

Keen to support and willing to collaborate

Objective: To provide opportunities for SMEs to collaborate and grow in response to real needs

- Identify real opportunities for SMEs to work with clients, OEMs, TOCs, RoSCos e.g. import substitution
- Identify SMEs who want to collaborate and facilitate
- Signposting to support with collaboration, T&Cs, IP, funding, research, testing, development, future marketing etc. etc.
- Eventually leading to other markets and export opportunities
- Number of collaborative models to be developed – must have SME input
- Extensive involvement and consultation with SMEs (and others) vital

SME Growth Through Collaboration



NOT A PROCESS "DONE" TO SMES!!

Thank You



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david.Clarke@riagb.org.uk

www.riagb.org.uk



elaineclark@midlandsrail.co.uk

www.midlandsrail.co.uk



@railindustry



Railway Industry Association



@MidlandsRail



Rail Forum Midlands (RFM)