

Time to end the Small Business Research Initiative (SBRI) farce

In 2001, Lord Sainsbury had an idea to introduce a support programme based on the successful USA Small Business Innovative Research (SBIR) programme. The resultant UK Small Business Research Initiative (SBRI) programme was designed to help early stage, high-technology SMEs gain greater access to Research opportunities supporting the future procurement needs of Government Departments. But SBRI has never had the success of the USA programme because it was not actively supported by Government Departments (only MoD have actively used this scheme – they have 75% of current SBRI spend).

In recent speeches, Lord Mandelson has made great play out of a relaunched SBRI scheme which he says is now funding small business to the tune of £200 million. BUT in 2006, in the Treasury report on the Science & Innovation strategy we were told that in 2004/05 the SBRI spend was £269million and again in the 2007 report we were told that the 2005/06 spend was £225 million. How depressing is that – despite further Government intervention we are going backwards on SBRI.

In my experience, small firms do not need research contracts, they need development contracts to take their ideas forward. If Government really want to persist with SBRI, isn't it time to re-route the funding into SME development contracts and also to focus Government action on areas where there is real scope for procurement.

Bizarrely, in the 2008 Annual Innovation Report, SBRI is highlighted as one of the main actions to improve innovation in public procurement. However, SBRI spend represents only 0.13% of the Public Procurement spend. Shouldn't BIS be focussing on the really big innovation opportunities in the £150 **billion** procurement spend? There is one obvious place to start. Last year, the government asked DeAnne Julius to examine how government should treat what it defined as the 'public services industry'. This was an inspired review. The whole public services industry across all sectors represents about 6 per cent of GDP, or £80 billion. This presents huge opportunities for government and business to cooperate, use technology to achieve efficiencies and promote economic growth after the recession. We were promised a response to this review in Autumn 2008 – so far nothing has appeared.

Lord Mandelson should galvanise his troops into action on Public Services instead of fiddling with relatively low impact schemes like SBRI.

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