

Home Office's Small and Medium-sized Enterprise (SME) action plan

How we are backing your business

Through [Backing your business: our plan for small and medium-sized businesses](#), we are delivering the most comprehensive package of support for small and medium-sized enterprises (SMEs) in a generation.

Growth is this government's number one mission and SMEs are the engine room. Our plan is to make the UK the best place to start and grow a business, with a culture that supports entrepreneurship in every community and high street.

We're delivering:

- the most significant legislation to tackle late payments in over 25 years, giving the UK the strongest legal framework on late payments in the G7
- a new Business Growth Service to simplify finding advice and support, including a new streamlined digital offer – [Business.gov.uk](#), ending the chop and change of previous government business support programmes
- a package of support tailored to high streets to make it easier for SMEs to set up shop, ranging from a new licensing framework to targeted funding for places
- a massive £4 billion finance boost to increase access to finance for entrepreneurs – to inspire the next generation of small business owners, make the UK the best place to start and grow a business, and build a culture that celebrates and champions entrepreneurs

We also committed to making SMEs a national priority, ensuring they have a fair opportunity to win public contracts and setting ambitious SME targets for each department. Each departmental SME action plan sets the steps government departments are taking to maximise SME and start-up spend across their department and wider agencies. These plans also include [departmental targets for direct spend](#) with SMEs and the actions being taken to remove and reduce barriers to SMEs bidding for government contracts.

The [Procurement Act 2023](#) creates a more simple and transparent procurement regime, making it easier for SMEs to do business with the government. This action plan sets out why SMEs should work with us, where to find opportunities, and the actions we are taking to reduce barriers for SMEs in bidding for work.

The plan is monitored through an annual publication (as a minimum) of our direct spend with SMEs as a percentage of our total procurement spend.

SMEs are suppliers that have fewer than 250 staff, and have a turnover of an amount less than or equal to £44 million or a balance sheet total of an amount less than or equal to £38 million. For more information, see [Clause 122 of the Procurement Act 2023](#).

Foreword

Welcome to the Home Office Commercial Directorate SME Action Plan. This plan sets out our objectives to provide procurement opportunities to a diverse range of suppliers to support the department with the goods and services needed to deliver our Missions. The Home Office conducts its business in a fair, open, and transparent manner, giving smaller businesses opportunities to bid for and win contracts. The Home Office plays a fundamental role in the security and economic prosperity of the UK, as we face increased challenges and economic constraints.

Procurement policy has transformed with a renewed focus on social value. The Procurement Act 2023 and the National Procurement Policy Statement have set expectations on providing opportunities to both SMEs and Voluntary Community and Social Enterprise (VCSEs) and the Home Office is committed to achieving these expectations. This plan sets out how we will support the government's ambitions for growth through our SME action plan. In addition, to economic benefits we know that wider social value benefits can be achieved when we work with SMEs. SME businesses can support us to provide greater localisation, reduce carbon to achieve net zero by 2050, create jobs and apprenticeships, and create community initiatives, helping the UK towards economic prosperity.

Home Office Commercial has experienced much change in recent years, we intend to embrace the Procurement Act 2023 to maximise the benefits that new regulations will bring. I look forward on reporting back on progress in the next iteration of this plan.

Lee Tribe

Chief Commercial Officer

Department Overview

The first duty of the government is to keep citizens safe and the country secure. The Home Office plays a fundamental role in the security and economic prosperity of the UK.

[Read more about what we do \(www.gov.uk\)](http://www.gov.uk)

This government has an ambitious agenda for the Home Office to deliver:

- a safer, fairer and more prosperous United Kingdom
- on the priorities of the British people

The Home Office is at the frontier of keeping the UK safe and secure, delivering services that make a real difference to the public. Times of unprecedented change and challenging circumstances remind us of the importance of the department's work.

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Looking to the next two years, we have an ambitious Outcome Delivery Plan focused on the areas that matter most to the public. We are committed to reducing crime and want to see a return to common-sense policing. We will reform our immigration system to ensure those with no right to be here are removed. We will continue to enable the legitimate movement of people and goods to drive prosperity and reduce homeland security risks to the UK's people, prosperity and freedom.

Our greatest priority as a department is to stop the record level of small boat arrivals which have placed unprecedented strain on our asylum system, and to continue to disrupt the business model of people smugglers who exploit vulnerable individuals and put lives in danger. We have introduced legislation which will allow those coming to the UK illegally to be processed efficiently and have their claims concluded in another safe country. Our plan will ensure that immigration is legal, orderly and controlled. We will promote public confidence in the fairness and efficacy of the system through prompt removal of illegal migrants and protection of the most vulnerable.

Our vision is to create a world leading border that facilitates the flow of legitimate migration and goods and delivers for a safe and prosperous UK, as set out in the 2025 UK Border Strategy. The future development of the migration and borders system is based on enhancing the use of data and technology alongside redesigning operations to improve outcomes across all areas of delivery, at the border and within the UK.

We will also address 'hidden harms' – crimes that disproportionately impact the vulnerable and are often out of sight, under-reported and under-identified. We prioritise driving down the prevalence of said crimes whilst driving up the reporting of them – which is a necessary step to increasing victim confidence. We are also focused on:

- increasing the number of offenders brought to justice
- improving the broader criminal justice response
- improving the support on offer for victims.

We are continuing to deliver on the 127 commitments set out in the Violence Against Women and Girls and Domestic Abuse strategies:

- Tackling labour exploitation and supporting the victims who suffer from it
- Working with business and international partners to tackle slavery in supply chains

Why SMEs should work with us

The Home Office conducts its business in a fair, open and transparent manner. It deals with a multitude of local, national or global organisations - from those with just a few employees to those with many thousands.

The Procurement Act 2023 puts SMEs front and centre of procurement decisions across the public sector, to ensure barriers to their participation in public procurement are actively

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challenged and removed, meaning all procurements will be evaluated on the principle of the Most Advantageous Tender (MAT). This is different to the Most Economically Advantageous Tender (MEAT), which currently exists under PCR 2015. This will allow the Home Office to consider quality over price, which should be of benefit to SMEs, who often cannot compete against large companies when it comes to the price they can offer. MAT will be achieved through competition unless there are compelling reasons to the contrary. Our [Procurement at Home Office \(www.gov.uk\)](https://www.gov.uk) page provides information about our procurement arrangements and how to become a supplier.

A large proportion of Home Office spend is with large prime suppliers who deliver high value and high-risk services. Where possible, we welcome SMEs partnering together with another business(s) to create a consortium bid. Opportunities to create a consortium are addressed at the pre-procurement market engagement phases, where potential suppliers are brought together as part of our market building exercises. At this point, we help SMEs to understand the different corporate models and provide guidance on how to work as a consortium in the bidding process.

The opportunity to use SMEs is reviewed as part of the procurement strategy for every procurement over £10,000. Furthermore, the Commercial Assurance Board (CAB) provides additional assurance for procurements and contract changes where the value of proposed spend is above £10m or the requirements are deemed novel or contentious.

The procurement strategy, along with CAB documentation where relevant, supports the identification and removal of barriers for SMEs. This includes, where appropriate, breaking down requirements into smaller, more manageable lots. Furthermore, in cases where a prime delivery model is established, we will collaborate with our supplier partners to promote subcontracting opportunities for SMEs, ensuring these are effectively advertised and accessible.

The majority of our contracts are tendered through the Crown Commercial Service (CCS). CCS is the national procurement partner for the UK public sector for common goods and services.

CCS commercial agreements are published as frameworks, catalogues, and dynamic purchasing systems (DPS). Further information on how to become a CCS supplier and how to do business with the government, can be found on [Crown Commercial Service \(www.gov.uk\)](https://www.gov.uk).

Links to departmental commercial opportunities

Direct Opportunities

One of the most important things contracting authorities can do is to provide the market with information about current and future public contract opportunities by publishing a forward-looking procurement pipeline. The Procurement Act 2023 achieves this by requiring the publication of pipeline notices in certain circumstances. This is of particular benefit to SMEs,

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as it provides them with time to plan for future work, ensuring a competitive and diverse market.

Pipeline notices (UK1) for any intended requirement over £2 million are published on Find a Tender.

Our pipeline notices are a forward look for 18 months and are reviewed and updated every 6 months, or as necessary.

[View our pipeline of potential activities.](#)

[Read about how to look at the notices, notifications and the use of data](#)

[Search and apply for contract opportunities](#)

Joining Frameworks / DPS

Joining a commercial agreement, such as a framework or Dynamic Purchasing System (DPS), can put SMEs in front of buyers actively seeking their services.

- Framework agreements establish terms for future contracts, providing a pool of pre-selected suppliers from which public sector buyers can call off orders.
- DPSs are an "always open" electronic list of pre-qualified suppliers that public sector buyers use to quickly and flexibly purchase goods, services, or works.

[Search the Crown Commercial Service commercial agreement pipeline for upcoming agreements](#)

Joining a Supply Chain

By joining our supply chain, you, as an SME, can gain access to larger government contracts that you might not secure on your own. We believe this is a valuable opportunity to build strong relationships with larger companies and gain invaluable experience working with us.

You can also use the Find a Tender service to identify potential prime contractors bidding on large government projects. By keeping an eye on these opportunities, you can proactively reach out to these organisations and offer your services as subcontractors or suppliers. We see this as an effective way for you to get involved in significant projects and establish yourselves within our government supply chain.

Many industry bodies and trade associations also advertise opportunities in supply chains.

[Further information on how to do business with our department](#)

Departmental supplier events

The benefits of market engagement are considered early and discussed with our customers before drafting full requirements and finalising the procurement strategy. Due to the scale and nature of our projects, market engagement can take various forms and we know that the supply market can help us to shape our requirements.

Where possible, we will use planned procurement notices to advertise upcoming procurements. The planned procurement notice is designed to give as much advance information to the market as possible to enable potentially interested suppliers to determine if the upcoming procurement is something that they wish to bid for, and to provide maximum time for preparation.

The next notice in the sequence, is a preliminary market engagement notice. This notice is used to invite suppliers to participate in preliminary market engagement or to notify the market that engagement has taken place. The Procurement Act 2023 does not require central government departments to conduct preliminary market engagement, however we recognise that it's a particularly important tool for the achievement of value for money and to keep the market informed of developments. All planned and preliminary market engagement notices will be published on the Find a Tender portal.

By conducting engagement with suppliers in a variety of category areas and on a number of different themes, we can raise awareness of joined-up cross-Government missions and discuss current opportunities and challenges in particular industries. We also encourage our strategic and critical suppliers to invite their SME industry partners to our events, in order to reach the widest range of suppliers possible. We plan our events several months in advance and communicate this to our suppliers with sufficient notice to allow them to communicate with their industry partners. Below are some examples of the type of events we offer, which cover a range of topics, and are held virtually to allow the maximum reach and avoid regional bias:

- HO Social Value Event, last held on 10th October 2024
- HO Commercial Supplier Conference last held on 6th February 2025

Our actions and milestones

Improvement action	Benefit to SMEs	Milestones
Reduce the complexity of the procurement process	Simplifying the procurement process by refining guidance and	Explore how we could launch a supplier introduction programme within digital

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documentation helps SMEs better navigate instructions and requirements in tenders. It also prevents confusion and increases the chances of SMEs submitting relevant bids that meet expectations.

tendering opportunities by December 2025.

Enhance SME understanding of the Social Value Model during market engagement by providing clear and accessible guidance by December 2025.

Explore our tender review process that checks if contracts could be reduced into smaller works packages, where appropriate by June 2026.

Ensure continuous improvement by regularly assessing feedback to reduce ambiguity in Procurement Act tools and templates

Develop guidance which helps SMEs understand the new Invitation to Tender documents and explains expectations to SMEs during the market engagement process by June 2026.

Monitoring SME Performance

Enhanced Visibility: Digital monitoring provides SMEs with better insight into the number and types of contracts available, enabling them to identify and pursue relevant opportunities more effectively.

Data-Driven Decisions: Access to comprehensive data on procurement activities allows SMEs to make informed decisions about which contracts to bid for, improving their chances of success.

Maintain notice information posted on the Find a Tender portal to provide SMEs with real-time insights into available procurement opportunities. This information should allow SMEs to filter opportunities based on their specific capabilities and interests, enabling them to target their bids more effectively.

Establish internal working group to improve the quality of pipeline notifications. Early insight into future procurement opportunities will provide SMEs with ample time to prepare by May 2025.

Begin to track and understand SME direct and indirect trend analysis vs procurement processes to identify opportunities vs contracts awarded. Data collected will be used to inform future action plans and demonstrate economic growth given the flexibilities of the Procurement Act 2023.

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Trend Analysis:
By observing trends in procurement under both old and new regulations, SMEs can adapt their strategies to align with market demands and governance changes, enhancing their competitiveness.

Monitoring procurement processes through digital platforms allows us to build a better picture of the number being let under both old and new Procurement Regulations

Improve engagement with SMEs

Increased Understanding of Social Value: Inviting SMEs to discuss Social Value (SV) with the Home Office will enhance their understanding of how SV is evaluated in tenders, enabling them to tailor their proposals effectively and increase their competitiveness.

Access to Information: SMEs receive vital insights into procurement processes and requirements, allowing them to prepare more comprehensive and aligned responses

Organise 1-2 supplier events which are focused on supporting SMEs by March 2026.

Recognise that attending in-person can be disproportionately costly to SMEs and offer online/hybrid forums in addition.

Annual supplier survey offers insight into supplier thoughts on our engagement to be issued by March 2026.

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to tender opportunities.
Cost-Effective Participation:
Recognising the costs of in-person attendance, the inclusion of online or hybrid formats ensures that more SMEs can participate without facing financial burdens, thus enhancing accessibility.

Skills Development:
The discussions and insights shared during the event can serve as an educational opportunity for SMEs, helping them refine their approaches to public sector bids and increasing their success rates.

Feedback Mechanism: The event provides a platform for SMEs to voice their concerns or challenges regarding Home Office process, ensuring that their perspectives are considered in future procurement strategies.

Having regard for small businesses

Recognising that attending in-person supplier days can be disproportionately costly to SMEs, we will offer online/hybrid

We will continue to promote hybrid industry days as part of our market engagement processes. Facilitating 'meet the buyer' opportunities where appropriate.

forums. This will allow for greater SME participation, giving them the opportunity to shape and define the procurement, such as considering regional lotting and selecting appropriate key performance indicators.

Explore how to encourage internal business partners to realise the benefits of competition (educational piece – benefits of PA23 and how it will deliver value for money)
Encourage innovation by bringing new entrants in

A clear understanding of the rules of competition will mean a more beneficial structure and opportunities for SMEs.

We will produce a Social Value Guide for our business partners highlighting the benefits of delivering against the National Procurement Policy Statement by June 2025.

Case studies

Please use below link to access Home Office Social Value case studies:

[Home Office Social Value case studies](#)

Our spend with SMEs

Between the years 2015/2016 to 2021/2022, Home Office achieved a steady increase in proportion of SME spend against total procurement spend which peaked at 30.4% in 2021/22 but has shown a decrease in 2022/2023 and 2023/2024.

Although Home Office total procurement spend has continued to increase, the overall number of contracts has decreased. The number of bronze, silver and gold contracts split across Home Office has changed significantly and this has contributed to the reduction of SMEs and overall proportion of total procurement spend.

Bronze Contracts – Low risk / low value

We have seen a decrease in the number of bronze contracts in 2024/2025 (690) compared to 2023/2024 (1050) with a difference of £0.7b in total contract value of bronze contracts.

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	HO Bronze Contracts	Value (£b)	Suppliers
22/23	806	1.4	476
23/24	1050	2.1	564
24/25	690	1.4	424

The Home Office has awarded fewer bronze-level contracts, while the total value, number of contracts, and number of suppliers for silver and gold-level contracts have increased. This trend helps explain the overall rise in procurement spend and the shift in SME expenditure towards silver and gold contracts. The majority of procurement spend from 2022/2023 to 2024/2025 has been concentrated in gold and silver contracts, which are typically unsuitable for SMEs due to their complexity and high value.

The tables below show the changes in number of gold and silver contracts from 2022/2023 – 2024/2025.

Silver – Medium risk, value and complexity

Year	HO Silver Contracts	Value (£b)	Suppliers
22/23	75.0	2.0	62.0
23/24	131.0	2.4	125.0
24/25	214.0	5.5	120.0

Gold - Business critical, highest risk contracts

Year	HO Gold Contracts	Value (£b)	Suppliers
22/23	40.0	19.7	28.0
23/24	63.0	21.4	40.0
24/25	77.0	24.1	50.0

Classification of SMEs

Another factor contributing to the reduction in SME spend is the reclassification of 11 Home Office suppliers in 2022/23. Due to significant increases in expenditure with these suppliers, they no longer meet the criteria to be classified as SMEs. The table below illustrates the annual spend in 2021/22—when these suppliers were still considered SMEs compared to the substantial increases in 2022/23 and 2023/24. This growth in spend has been primarily driven by increased activity to support the asylum accommodation workstream over the past 36 months.

Improving visibility of SME spend

We are working to improve visibility of SME spend. We currently pay our prime suppliers through the Home Office financial system (Oracle Fusion) and do not capture supply chain spend on our systems.

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However, we have improved visibility of our incoming SME suppliers through our integration of Dun and Bradstreet checks into our new commercial lifecycle system (Jaggaer). We are looking into whether this may enable us to update the Oracle SME flags and better track SME spend through our finance systems.

To access the HO's published SME spend data, please use this [link](#).

An overview of our 24/25 SME spend data can be found below:

- Total procurement spend £6.4bn
- Direct spend with SMEs £253.5m
- Direct spend with SMEs 4%

[View central government spend with SMEs](#) - These publications provide data on the central government's direct and indirect spend with SMEs.

In light of the downward trend in direct SME spend, as outlined in the 'Our Spend with SMEs' section of this Plan, and the reclassification of several SME suppliers, our Direct Spend **Target for FY 2025/26 will be set at 8%**, increasing to 10% by 2027/28.

Over the next three years, we will initiate the tracking and reporting of our indirect expenditure with SMEs, acknowledging that a substantial portion of SME engagement is facilitated through subcontracting arrangements. For instance, during the 2024/25 period, approximately £140m was directed to SMEs via sub-contract agreements within our high-expenditure categories. Looking ahead, we forecast spending £30m indirectly with SMEs within a single category alone, over a 12-month period. This allows us the opportunity to drive SME spend in supply chains in addition to our focus on direct spend. At the time of publishing this plan it is not possible to provide targets for indirect spend, however we will work with our prime suppliers during 2025/26 and build these into the next iteration of the plan.

Financial year	Direct spend with SMEs % Target	Total procurement spend (£)	Direct spend with SMEs (£)	Direct spend with SMEs %
2019/20	26.5%	£2.4b	£382m	15.9%
2020/21	20.8%	£2.9b	£622m	20.8%
2021/22	N/A	£4.3b	£1.3b	30.4%
2022/23	N/A	£5.8b	£968m	16.7%
2023/24	N/A	£6.8b	£1b	14.7%

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2024/25	N/A	£6.4b	£253.5m	4%
2025/26	8%	Not yet known	Not yet known	Not yet known
2026/27	9%	Not yet known	Not yet known	Not yet known
2027/28	10%	Not yet known	Not yet known	Not yet known

[View historical central government spend with SMEs](#)

Our payment performance

Government is leading by example and paying our suppliers promptly. Late payment is an issue for businesses, especially smaller businesses, as it can adversely affect their cash flow and jeopardise their ability to trade. The government recognises that the public sector should set a strong example by paying promptly. The public sector is required to pay their suppliers in 30 days and report on their performance on an annual basis. 30-day terms also apply in public sector supply chains. Our department's latest payment performance is set out below.

Latest report covering August 2024:

- 70% Percent of invoices were paid within 5 days.
- 95% Percent of invoices were paid within 30 days.

View our [Home Office prompt payment data 2024 to 2025 \(www.gov.uk\)](https://www.gov.uk)

[View further information on government's payment policy and legislation](#)

SME Hub

The [small and medium business hub](#) is a dedicated space for SMEs looking to work with the government. Here you will find links to other departmental action plans and centralised guidance on bidding for government work.

Contact us

Home Office

SMEEnquiries@homeoffice.gov.uk

[Find out about our department](#)

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[^1]: “small and medium-sized enterprises” means suppliers that— (a) have fewer than 250 staff, and (b) have a turnover of an amount less than or equal to £44 million or a balance sheet total of an amount less than or equal to £38 million; See Clause 122 of the [Procurement Act 2023](#),