



# Small and Medium Enterprise (SME) Action Plan



January 2023



## Contents

Small and Medium Enterprise Action Plan .....	1
.....	1
Contents .....	2
Forewords .....	4
Introduction.....	5
Who we are .....	5
What we do .....	6
How we do business .....	6
How and where we publish opportunities .....	6
How to access an opportunity .....	7
Partnering together to submit a bid .....	7
Defence and security opportunities.....	7
How we ensure SMEs are considered in opportunities.....	7
Social value strategy.....	7
SME Spend .....	8
Historical SME Spend .....	8
Actual SME Spend Total %.....	9
Good news stories .....	9
Future procurement pipeline .....	9
Action plan workstreams .....	10
Simplifying the procurement process.....	10
What we plan to achieve.....	11
Engagement with SMEs .....	13
What has been done so far.....	13
What we plan to achieve.....	13
Supply chain activities .....	13
	2



## Home Office

What has been done so far.....	13
What we plan to achieve.....	15
Risks and issues .....	16
Our approach to risk management .....	16
Mitigation taken during 2021 .....	16
2022/23 Risks and issues.....	17
Useful Links.....	18



Home Office

## Forewords

Welcome to the Home Office Commercial Directorate SME Action Plan. This plan sets out our objectives to deliver procurement opportunities to a diverse range of suppliers leading to a greater choice for provision of goods and services for the department.

The Home Office conducts its business in a fair, open and transparent manner, giving smaller businesses every opportunity to bid for and win contracts. At the Home Office, our reason for being is to keep citizens safe and the country secure, which is why this plan aligns fully to our key focus points delivering great value as we face economic constraint.

Procurement policy has evolved to include greater delivery of social value. There are many ways in which social value can be achieved and at the Home Office we recognise that SMEs are crucial to delivering the economic ambitions of this plan. Creating opportunities for the SME sector can, in itself, be a creator of social value. We know, through engagement with SME businesses, that they can support us to deliver greater localisation, reduce carbon to achieve net zero by 2050, create jobs and apprenticeships, and deliver community initiatives, helping the UK to economic prosperity.

Our commitment to engage SMEs throughout our procurement activities to deliver departmental objectives, has led to £3.631m spend with SMEs from and including financial year 2015 to 2016 to financial year 2020 to 2021 (both Direct and Indirect).

Our country has experienced much change over the last few years, as we continue to recover from the coronavirus pandemic, we look forward to implementing the benefits that procurement rules reform will bring. At the Home Office we will ensure continuous creation of opportunities for SMEs when implementing changes to our procurement policies and procedures. I look forward on reporting back on progress in the next iteration of this plan.

Sam Ulyatt

Chief Commercial Officer



Home Office

## Introduction

Government and [Home Office](#) have a commitment to make Great Britain the best place to start and grow a business. To do this, we are committed to supporting start-ups and small to medium sized businesses (SMEs) through our procurement activities.

The [small business hub](#) outlines how the government is supporting this commitment.

This SME Action Plan outlines how the Home Office will contribute to the government's commitment; and has been approved by the Commercial Directorate's Senior Leadership Team.

This SME Action Plan will be reflected in the objectives of the Home Office Chief Commercial Officer.

## Who we are

The Home Office is a ministerial department with the Secretary of State for the Home Department, The Rt. Hon Suella Braverman, KC MP, having overall responsibility for the department and its Arm's Length Bodies and Matthew Rycroft CBE Permanent Secretary.

Our main offices are based in Greater London, but we have many staff based around the country.

We are supported by a number of [agencies and public bodies](#) including:

- [Border Force](#)
- [HM Passport Office](#)
- [Immigration Enforcement](#)
- [UK Visas and Immigration](#)

We fully recognise the impact that supplier performance can have on the reputation of the Home Office and UK government and the value that positive engagement with third party suppliers can deliver. For this reason, we have four key focus points:

- To act as a key delivery partner supporting the operational business
- To improve contract management capability
- To enhance the customer experience of working with Commercial
- To work closely with existing and new suppliers to exploit the opportunities available to our department.

Home Office has been on a journey of transformation in recent years. We want to continue to improve and develop, in order to provide the business with excellent customer service at all levels of spend; while we manage inevitable changes in our economic, political and technology landscape.



Home Office

## What we do

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.](#)

## How we do business

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.

All Home Office procurements are based on value for money, defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”. This should be achieved through competition, unless there are compelling reasons to the contrary. Our [Procurement at Home Office](#) page provides information about our procurement arrangements and how to become a supplier.

## How and where we publish opportunities

### How

The majority of our contracts are tendered using Crown Commercial Services (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 and why to become a CCS supplier and how to do business with the government can be found on CCS web pages.

### Where

Our [commercial pipeline](#) gives sight of our future procurements.

Our notices and opportunities are published on:

[Contracts Finder](#) - You can use this service to search for procurement opportunities, subcontracting opportunities and awarded contracts

[www.findatenderservice.co.uk](http://www.findatenderservice.co.uk) - You can use this service to search for high-value opportunities or awarded contracts, this can vary in some cases across the whole of the UK.



Home Office

## How to access an opportunity

The guide [Sell goods or services to the public sector](#), gives detailed information about the procurement and tendering process, how to search for a contract and how to use contracts finder and Find a Tender.

## Partnering together to submit a bid

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.

## Defence and security opportunities

If you are a small business working in defence and security, you will occasionally see Home Office funded innovation opportunities through the [Defence and Security Accelerator](#).

The Joint Security and Resilience Centre (JSaRC) hosts open days to encourage cooperation between the security sector, industry and academia. Security sector SMEs should consider registering with [www.jsarc.org](http://www.jsarc.org) to receive newsletters containing industry news with opportunities to attend events facilitated by JSaRC to encourage interaction between the UK government, academics and suppliers, helping them to collaborate more closely. JSaRC itself is not a procurement route to market. Any requirements it has follow Home Office commercial processes.

## How we ensure SMEs are considered in opportunities

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 and where applicable CAB documentation help to consider barriers for SMEs and how they can be removed.

## Social value strategy

The Home Office has a Social Value strategy which sets out how it will meet the legal obligations and policy requirements in order to achieve positive, sustainable outcomes, in line with best practice and with the highest overall value from our contracts.



## Home Office

The Social Value strategy has been fully aligned to the [Social Value Model](#) and includes award criteria which aim to create new businesses, new jobs and new skills. These are applied (where relevant and proportionate) to all procurements for goods, works or services (within Part 2 of the Public Contracts Regulations 2015) that are above the relevant threshold.

We will continue to work collaboratively across our directorates to consider SME accessibility when identifying and defining requirements. We recognise that our teams within commercial (and the operational customers across the business) need to be regularly informed of the latest Social Value policies and best practice from public, private and third sector.

## SME Spend

Our department has a large and complex commercial function within government with an:

- influenceable spend of circa £4.4bn (based on financial year 2021 to 2022 data),
- assurance of ~£3bn grants spend and assurance of ~£3.4bn Police and Fire third party spend (based on financial year 2021 to 2022 data).

Our SME spend is a combination of direct contracts (where Home Office contracts directly with an SME and money is paid directly to them) and indirect (where Home Office contracts with a supplier, often a large company who then sub-contract themselves with an SME to deliver aspects of the service and are paid by the supplier, not Home Office).

We will continue to look for and act upon opportunities for SME spend and use the levers available to us, reviewing this position annually and in consultation with our suppliers, customers and stakeholders.

Tracking of SME spend and usage is monitored via the Home Office Commercial Performance Board, held on a quarterly basis, chaired by the Commercial Director of Missions with senior management attendance.

## Historical SME Spend

The Home Office approach is to proactively engage with our SMEs to support the [Growth Plan 2022](#) aim 'to make growth the government's central economic mission, setting a target of reaching a 2.5% trend rate. Sustainable growth will lead to higher wages, greater opportunities and provide sustainable funding for public services.'

In 2020 to 2021 Home Office was responsible for over £2.98bn of commercial spend with third party suppliers; and over £948m spent with SMEs of which £622m was direct and £326m indirect.

This represents 31.7% of Home Office's total spend.





## Actual SME Spend Total %

Financial Year	Actual SME Spend Total %
2015 / 16	20.5%
2016 / 17	22.6%
2017 / 18	25.8%
2018 / 19	24.6%
2019 / 20	25.9%
2020 / 21	31.7%

## Good news stories

Between 2021 to 2022 the Home Office saw 11 of its prime suppliers change their status from SME to non-SME. This equated to approximately £413,201,680 direct spend that no longer features within quarter 1 2022/23 spend data reporting.

We are working closely with our supply chain to understand how our processes and procedures may have helped attract SMEs; and what Home Office has done to reduce barriers to them to grow their business. Where possible we will create and share [case studies](#).

## Future procurement pipeline

Our [commercial pipeline](#) provides a forward look at our anticipated outsourcing activity over the next 6 years. It is refreshed every 6 months.

SMEs can use the pipeline to

- understand the likely future demand for services across the government,
- anticipate new opportunities
- and prepare their resources

SMEs suitability is considered as part of reviewing our commercial pipelines process. Additionally, we are beginning to capture new measures to help understand the contracts better. For example: financial pricing models, records of bidders, SME subcontractors, contract value assigned to each sub-contractor, and more.



## Home Office

In order to continuously improve the pipeline, we will approach our SME sector annually via our 'Voice of the Supplier' survey to see if the pipeline is working for them; and if there is anything more they would like to know.

## Action plan workstreams

### Simplifying the procurement process

#### What we've done so far

Home Office understands that completing multiple procurement documents to bid for public contracts can potentially be a barrier for SMEs.

To help overcome this barrier we have:

#### Simplified procurement documentation by:

- reviewing our low value procurement documents and thresholds,
- using standard forms of contract, such as the [Model Service Contract](#), [Mid-tier Contract](#) and [Short Form Terms and Conditions](#),
- operating lean procurement methodologies and adopt a proportionate approach to lower value contracts to minimise burden on SMEs,
- continuing to minimise complexity when designing our technical evaluation criteria by making use of shortened low value contract terms where appropriate,
- ensuring our procurement strategies identify opportunities to disaggregate requirements into smaller 'lots' (where appropriate) to be more attractive to smaller businesses.

#### Updated our policies and procedure manuals

We are continuing to regularly improve and update our policies and procedure manuals to include considerations to SMEs. We have representation at cross government policy and contract management working groups to ensure we align to emerging commercial changes.

#### Updated our assurance process

Our assurance will continue to include SME accessibility for procurements above £10m pa.

#### Alternative commercial models

As part of the [Greening government: ICT and digital services strategy 2020 to 2025](#) we have considered alternative commercial models wherever possible - examples of where we are removing barriers within digital contracts:

- **Improved Dynamic Purchasing System (DPS)**



## Home Office

[Quality Assurance and Testing](#) provides a simpler, quicker and accessible services

It offers 10 categories, enabling specialist suppliers (including SMEs) to offer services through the central route to market until the DPS expires on 01/12/2023

- **Making use of Crown Commercial Service**

Where possible we make use of [CCS commercial agreements](#) and [catalogues](#) of which are accessible to SMEs.

- **Running 'Supplier Introductions'**

We have run a trial for connecting SMEs with large companies. The aim is to create a live list of suppliers interested in partnering for stated categories of service. Further information can be found within [SME case study: Range of centralised DDaT service contracts](#).

### What we plan to achieve

- Use CCS agreements, where possible
- Explore how we could apply 'supplier introductions' within digital tendering opportunities
- Increase SMEs understanding of the Social Value Model during market engagement
- Disaggregate contracts where relevant and appropriate

### Pre-Procurement

Our procurement teams will continue to engage with the SME supplier community in a way that best suits our stakeholders needs and this will vary by agreement.

### Pre-procurement engagement

Pre-market engagement with suppliers helps us to understand the drivers of cost, quality and efficiency, and we are continuing to raise awareness of SMEs and Social Value in these discussions. To help, we have developed a tool for procurement leads to use to design their social value specification for complex procurements in a way that achieves best value for the taxpayer, this will help to identify opportunities for SMEs to bid or become a supply chain delivery partner.

Further support is needed to ensure project leads run extensive pre-market engagement with suppliers to encourage SMEs to actively contribute and to test Social Value themes, policy outcomes, and the minimum 10% Social Value weighting. This can be achieved through 1 to 1 calls, face to face sessions, webinars and surveys with SMEs to capture their feedback on proposed commercial agreements, associated timescales and Social Value



outcomes. Additionally, we approach bidders for information about their performance in paying sub-contractors promptly.

### **Post-procurement engagement (Debrief)**

Unsuccessful suppliers are usually notified in writing as soon as the award decision has been made. We recognise that suppliers will usually seek to know why they were not successful and how they compared with other bidders, particularly the winner.

If requested, unsuccessful suppliers are provided with a debrief to inform them of the reasons. This is particularly helpful for SMEs, so that they can use lessons learnt (and strengths) in future government bids.

Debriefing is mutually advantageous as it helps suppliers improve future bids through constructive feedback on their bids. It gives them some return for their time and effort in bidding. Home Office debriefing takes place via the contractual agreement and this would usually be made in writing and if required either clarification via telephone or face to face.

### **Further ongoing supplier engagement**

We are committed to hosting a series of engagement events to connect with our suppliers and wider markets on a range of topics. By conducting engagement with suppliers in a variety of category areas and on a number of different core topics, we can raise awareness of joined-up cross-government Social Value ambitions and discuss current opportunities and challenges in particular industries when it comes to addressing Social Value.

We will host a series of Small-Scale Industry Events (SSIEs), focussed on specific market categories such as Language Services, or topics such as Innovation. Social Value will be discussed as a common theme across events. We are aware that suppliers' welcome updates through a variety of pathways, therefore we plan to create a newsletter/update, where small businesses and Social Value will be a feature within it.

These activities will ensure increased understanding of cross government (and Home Office) policies and objectives and create a more inclusive environment for suppliers to engage.

Home Office is keen to hear the opinions of our suppliers. We continue to engage regularly and seek feedback through contract and supplier management conversations; but also seek more quantitative feedback on an annual basis through the Voice of the Supplier survey. This survey sent out to our current supply base ensures we receive feedback on all aspects of the commercial lifecycle. It allows us to identify areas for improvement in our processes and plan actions to address these.



## Engagement with SMEs

### What has been done so far

- **SME focussed Social Value workshop**

Aim to demystify our priorities and hear from JSARC SMEs who have successfully embedded Social Value within their processes.

- **Digital & Technology SME industry event**

In March 2022 in partnership with [the UK's technology trade association \(www.techuk.org\)](http://www.techuk.org), intelligence was gathered to inform internal strategies and enable us to interact better with the market. Workshops included barriers to engagement and social value.

- Participated at national cross-government '**Meet the Buyer**' events.
- Hosted a **Strategic Supplier event** that will include a social value case study session.

### What we plan to achieve

#### Offer hybrid forums

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

#### Strengthen our social media presence

To ensure we reach a diverse range of SMEs we will review our social media publishing process for our pre-market engagement opportunities.

### Supply chain activities

Our aim is to raise awareness of how to do business with the Home Office and how to increase visibility of opportunities for SMEs to contract with us and our supply chain; whilst apply Social Value in bid responses.

### What has been done so far

- **Regular engagement with Home Office's [Accelerated Capability Environment](#).**

The engagement was established to respond to unpredictable and fast-moving threats and challenges. ACE hosts regular "show and tell" events that bring together SMEs with people who work in the Home Office's front-line missions. These events provide useful business insights but are also a powerful business-to-business networking opportunity. ACE addresses



## Home Office

challenges from Home Office missions and from dozens of other public sector bodies. ACE procures solutions from its community of 340+ suppliers. In 2022, 79% of the membership of this community are SMEs or academic institutions; in the five years to 2022, 75% of ACE's total £100M+ buying was from SMEs.

- **Helped prime suppliers understand SME barriers**

A prime supplier was invited to present to the cross-government SME Champions to raise awareness of barriers to SMEs and the benefits of opportunities through primes.

- **Raised awareness of the SME agenda**

Via internal communications and workshops.

- **Made SMEs and Social Value standard agenda items**

Both are now a standard agenda items within our quarterly contract review meetings. This has been incorporated within our Contracts Management Manual.

- **Mandated e-learning**

We have made the completion of social value e-learning mandatory for those whose role in commercial involves dealing with contracts and suppliers.

- **Ambassadors**

Established a team of ambassadors across commercial business areas whose role includes sharing policy, ensuring SME and Social Value opportunities have been incorporated within strategic and critical contracts. The ambassadors also act as Social Value evaluators for some of our strategic and critical procurements.

- **Embedded policy**

We have fully embedded [Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts](#) within our Procurement and Contract Management Manuals and Commercial and Social Value strategies.

- **Bespoke terms**

We have updated our bespoke Social Value terms and conditions for use alongside the [Model Services Contract](#) and the [Mid-Tier Contract](#).

- **Social Value**

We have produced a Social Value 3-year plan that includes short, medium and long-term goals. This plan will help to improve staff social value obligations including reducing barriers to SMEs and creating opportunities where proportionate.



## Home Office

- We have produced a Social Value Model Matrix to help procurement leads create their Social Value specifications and identify potential opportunities for SMEs.

### What we plan to achieve

- Run small scale industry events to engage the market on specific categories or topics.
- Collaborate with the Small Business Crown Representative, Cabinet Office and cross-government SME champions to share best practice and innovation
- Develop our categories and supplier intelligence function to enable our category leadership teams to engage with Home Office business units to remove barriers and create more opportunities for SMEs.
- Explore our use of social media to promote and signpost opportunities.
- Track the number of colleagues completing the mandatory social value e-learning to ensure staff remove barriers and create opportunities for SMEs where proportionate.
- Generate Social Value reporting for all Home Office strategic and critical suppliers that are in scope of [Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts](#).
- Social Value Ambassadors will continue to share policy, ensure Social Value and SME opportunities have been incorporated within strategic and critical contracts; and act as Social Value evaluators for some of our strategic and critical procurements.
- Continue to assess our commercial pipeline to ensure adherence to [Procurement Policy Note 08/21 - Taking account of a bidder's approach to payment in the procurement of major government contracts](#).

### Social Value

- ACE will be focusing on how they can help their customers with positive impacts of Social Value and are looking to roll out from next year with key deliverables.

We will continue to:

- update and re-publish our [commercial pipeline](#) every 6 months
- promote extensive pre-market engagement for procurements and hosting supplier industry events, these will be hosted on Contracts Finder, Find a Tender and additionally for technology solutions [www.techuk.org](http://www.techuk.org)
- publish opportunities on [Contracts Finder](#)
- publish notices on [www.findatenderservice.co.uk](http://www.findatenderservice.co.uk)
- use [CCS SME-friendly agreements](#) for common goods and services
- publish [case studies](#) to provide examples of benefits to working with SMEs



- apply [Procurement Policy Note 06/19](#) for Reserving Below Threshold Procurements where appropriate.

## Risks and issues

### Our approach to risk management

A crucial element of managing the contract is risk management, which can be defined as: 'A robust, balanced approach to identification, monitoring and mitigation of risks.'

To ensure that the risks that arise are mitigated appropriately and quickly, a joint risk register is developed by the contract manager and the supplier for strategic and operational contracts and where appropriate for below £5m pa spend. This is to ensure that all risks are considered in a way that fosters understanding between the commercial delivery team, and the supplier of any risk to service delivery.

Our commercial delivery teams ensure that, where a primary supplier uses sub-contractor(s), appropriate assurances are sought from the main supplier giving the commercial delivery team comfort that services are being provided in line with the terms of the contract, and the primary supplier is effectively monitoring and managing the performance of its sub-contractors.

We are aware that some concerns from SMEs are:

- **Risk allocation**, which is why the level of contract management is proportionate to the value, risk and complexity of the contract. Simple purchase contracts usually only require inspection on receipt and payment of an invoice. Whilst for the Home Office's strategic/operational contracts, it will be necessary to appoint a full-time contract manager, team and develop a contract management plan.
- **Understanding Financial Planning Models (FPM)**. We continue to provide sufficient guidance and examples for SMEs to ensure they fully understand the pricing solution and the FPM.

Based on National Audit Office best practice, a risk-based approach is applied. The various Heads of Commercial have overriding decision making powers (and are accountable to the Chief Commercial Officer for them), to manage any given contract in an appropriate manner with due regard for compliance with the law, best practice, risks and proportionate action.

### Mitigation taken during 2021

The overall spend trajectory for the Home Office will impact the opportunities for SME spend. Management of the risks identified below will support delivery.





**Risks and issues**

Prime/tier 1 suppliers not supporting activities to improve supply chain data or subcontract to SMEs.

**Mitigation taken during 2021**

We have reviewed our existing and new contractual terms which now cover our requirements to monitor during contract management.

**2022 to 2023 Risks and issues**

In delivery of our actions and the outcomes they will achieve, we have identified the below key risks which may impact delivery and what actions we plan to take to mitigate.

A more detailed risk register will be used by the Assurance Team to manage risk effectively.

<b>Risks and issues</b>	<b>Mitigation to take during 2022/23</b>	<b>Owner</b>
<p><b>Barrier to SMEs</b></p> <p>SMEs see Social Value as a barrier to bidding for our contracts.</p>	<p>Continue to collaborate with SME, JSARC and ACE communities. Continue to host industry sector events to demystify priorities.</p>	<p>SME Champion</p>
<p><b>Barrier to SMEs</b></p> <p>Requirements are either too specific or too vague, dissuading SMEs from bidding for opportunities.</p>	<p>We will develop a lunch &amp; learn training offer for the business to learn how to write effective Statement of Requirements.</p>	<p>People and Communications Lead</p>
<p><b>Resource constraints</b></p> <p>Not enough capacity to support delivery of the outcomes contained in the action plan. This would lead to the effectiveness of results being reduced and SMEs not getting the support needed.</p>	<p>Review what deliverables we can continue to deliver and update progress to the plan on an annual basis.</p>	<p>SME Champion, Playbook and Supplier Relationship Management Lead</p>
<p><b>Incomplete/variable quality source data</b></p> <p>This is in terms of direct data from accounting systems and</p>	<p>All new suppliers are identified using DUNS numbers. We will work to update existing suppliers with</p>	<p>SME Champion, Head of Commercial</p>



in terms of indirect data collection from suppliers. This could lead to inconsistent spend reporting.	DUNS numbers to measure SME direct spend.	Systems and Performance
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## Useful Links

[Small and Medium Business Hub](#) - This site contains centralised guidance for SMEs and departments on government's commitment to support start-ups and small businesses via government procurement and commit to paying them on time. Overhauling innovation and allowing them to engage with the market more effectively and proactively.

[Case studies](#) - Case studies demonstrating how government actions are increasing contracts with small and medium enterprises.